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COMMISSION STAFF WORKING DOCUMENT

Analysis of the recovery and resilience plan of Slovenia

Accompanying the document

Proposal for a COUNCIL IMPLEMENTING DECISION

on the approval of the assessment of the recovery and resilience plan for Slovenia

{COM(2021) 384 final}

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1. EXECUTIVE SUMMARY

Slovenia's economy was severely disrupted by the COVID-19 pandemic – with GDP declining by 5.5% in 2020. The economy is set to recover in 2021-22 aided by policy measures, investments and reforms financed by the recovery and resilience plan and a gradual lifting of restrictions. Losses in employment were limited, thanks to measures taken by the government to support jobs. Recovery signs are already visible as of the first quarter of 2021, and it is expected that growth will gain momentum over the remaining 2021 and into 2022. Public finances have also been severely affected, but higher levels of temporary discretionary spending helped to fend off a deeper decline in output and employment. The general government balance turned from surplus of 0.4% of GDP in 2019 to a deficit of 8.4% of GDP in 2020. In 2021, it is expected to reach 8.6% of GDP and to be below 3% of GDP only in 2024.

Slovenia has requested EUR 1.78 billion of non-repayable financial support and EUR 705 million in loans under the Recovery and Resilience Facility. Together, this represents some 5.4% of GDP. Slovenia has also signalled that a further loan request may follow at a later stage. Slovenia's recovery and resilience plan contributes to the economic and social recovery and the long-term development of the country. It addresses a significant subset of long-standing, structural challenges as identified in relevant country-specific recommendations addressed to Slovenia by the Council in 2019 and in 2020, notably in the areas of long-term care, healthcare, pensions and labour market, education and skills, research, development and innovation, green and digital transition, business environment and public procurement. The plan is also in line with the Draft Council Recommendations on the economic policy in the euro area[1].

The plan is structured around four 'clusters': 'Green transition'; 'Digital transformation'; 'Smart, sustainable and inclusive growth'; and 'Health and welfare'. In the short and medium term, the plan will boost sustainable and digital investment across most sectors of the economy, from energy production to tourism, with the double objective of kick-starting the economy and supporting the twin transition. In the longer term, reforms targeting the public administration, the business environment, the labour market and the education system will increase productivity and competitiveness, thus strengthening Slovenia's growth potential and job creation. Reforms will also strengthen Slovenia's social safety net and ensure that the country is more resilient to future shocks. Overall, the plan constitutes a sufficient response to the economic and social situation in the country.

Overall, the plan constitutes a comprehensive and adequately balanced response to the economic and social situation of Slovenia, across the six policy pillars referred to in Article 3 of the Recovery and Resilience Facility Regulation. Several reforms will strengthen

[1] Pending final adoption by the Council, after endorsement by the European Council. The text agreed by the Eurogroup on 16 December 2020 is available at: https://data.consilium.europa.eu/doc/document/ST-14356-2020-INIT/en/pdf

economic and social resilience. These include an overhaul of the social security system (i.e. the healthcare, long-term care and pension systems) addressing demographic trends and challenges linked to a rapidly aging society. Structural reforms, especially in the labour market, are expected to raise labour market participation and promote longer working lives. These will, in turn, raise long-term growth and also address fiscal sustainability challenges. The envisaged modernisation of public administration and improvements in the business environment will also be instrumental in the recovery process, especially as the country aims to strengthen its competitive position in the region. The plan addresses coherently social challenges in line with the European Pillar of Social Rights, notably with its reforms and investments on healthcare, long-term care, active labour market policy and affordable housing. The plan also includes various policies for the next generation, notably on improving the quality of education, modernising schools, promoting the development of competences for the digital and green transition, supporting youth employment and addressing demographic trends to ensure greater intergenerational fairness.

The plan has a strong focus on the green transition, with a dedicated cluster of five components, amounting to more than two-fifths of the plan's total financial allocation. It includes key reforms to unlock the renewable energy potential and expand sustainable mobility, which are essential steps for decarbonising the energy and transport sectors. Investments in renewable energy sources, energy efficiency of public buildings, flood prevention, upgrading rail infrastructures, and dedicated measures on the circular economy will also facilitate the green transition in key sectors of the economy, including through reforms on green budgeting and public procurement criteria. Measures supporting climate change objectives account for 42.4% of the plan's total allocation. The plan also indirectly supports biodiversity conservation with a key forestry reform and establishment of a seed, nursery and forest protection centre, by promoting nature-based solutions for climate change adaptation measures, and by prioritising wastewater investments with positive impacts on Natura 2000 sites. All measures in the Slovenian plan have passed the ex-ante assessment of the 'do no significant harm' principle.

The plan is expected to significantly contribute to Slovenia's digitalisation. This will include the introduction of new electronic identification documents for citizens and companies as well as investments in connectivity and digital skills to reduce the digital divide. The plan has a strong focus on the digitalisation of the public sector, in particular justice and e-health, and includes important measures to foster digital literacy in the education system. The plan incorporates a strong cross-border dimension, with a number of important multi-country projects on cloud, microelectronics, quantum communication and blockchain technology. Overall, measures with a digital impact account for 21.4% of the plan's total allocation.

The plan includes coherent and mutually-reinforcing actions and is expected to have lasting environmental and socio-economic impacts. The plan's major structural reforms, in particular those of the social security system, along with the important investments in the twin transition (e.g. flood protection and digitalisation of the public administration) are expected to have positive long-term effects. If properly implemented, the plan should prepare the country to face key structural challenges, notably on demographic change, climate mitigation and adaptation, and fiscal sustainability. The measures included in the plan cover all seven European flagship areas, with a particular focus on Power Up, Recharge and Refuel, Modernise, and Reskill and Upskill.

Slovenia has designed a robust legal and organisational framework underpinning the implementation of the plan. This includes the establishment of the Office for the Implementation of the recovery and resilience plan as the Coordinating Authority, the adoption of a National Decree and Guidelines of the Coordinating Authority and other entities. Pending legislative actions in this area will be completed prior to the first instalment. The milestones and targets of the Slovenian plan constitute an appropriate system for monitoring the plan's implementation.

Slovenia has provided clear and sufficient information and evidence on costs. Although Slovenia has not provided a validation of the cost estimates by an independent public body, the estimated total costs of the plan seem reasonable, plausible and proportionate. The total costs of the plan do not include elements that would be covered by existing or planned Union financing.

The overall strategy and the measures contained in the plan are coherent. Each cluster is built around components containing consistent packages of mutually-reinforcing reforms and investments, pursuing complementary aims. For example, investments to promote the use of new technologies in the public administration are complemented by reforms to promote e-services and improve the digital skills of staff. These are closely linked to investments in digital education and skills, and investments in the digitalisation across a variety of economic sectors, including smart energy grids, rail and road infrastructures. The measures' objectives are also well embedded in European and national initiatives and complement particularly regional and cohesion policies.

Chart 1: Assessment scheme

(1) Balanced Response	(2) CSRs*	(3) Growth, jobs…	(4) DNSH**	(5) Green target	(6) Digital target	(7) Lasting impact	(8) M&T***	(9) Costing	(10) Control systems	(11) Coherence
A	A	A	A	A	A	A	A	B	A	A

** CSR: country-specific recommendations; ** DNSH: Do no significant harm; *** M&T: milestones and targets.*

2. Recovery and resilience challenges: scene-setter

2.1. Macroeconomic outlook and developments since the 2020 country report

Slovenia's economy was severely disrupted by the COVID-19 pandemic, with GDP declining by 5.5% in 2020, but prompt policy actions helped to minimise its impact in particular on employment. Aggregate demand declined by 7.6% with private consumption and investment in machinery most severely affected, falling by 9.7% 11.1% respectively. Overall, imports declined faster than exports, and the growth contribution from net exports was positive. The economy appears to have started its recovery in the first quarter of 2021 and according to the Commission 2021 spring forecast, the economy is now projected to grow by 4.9% in 2021 and by 5.1% in 2022.

The labour market remained quite resilient considering the unfavourable economic environment, benefiting from substantial government support. The unemployment rate increased modestly from an annual average of 4.5% in 2019 to 5.0% in 2020. Based on the Commission 2021 spring forecast, employment is expected to substantially recuperate the losses incurred in 2020, although hours worked will adjust more quickly than employment and the recovery in service sectors is likely to be slower. The unemployment rate is projected to remain at 5% in 2021 before falling to 4.8% in 2022. Inflation continues to remain contained, but has accelerated to 2.2% in May 2021 and wages are projected to also grow more moderately.

While the data for 2020 is not yet available, it can be expected that the impact of the crisis on Slovenia's social conditions was also limited thanks to timely policy intervention. Slovenia is a relatively equal society, income distribution is among the most equal in the EU and the ratio of minimum wage to average wage is among the highest in the EU. The share of people at risk of poverty or social exclusion (14.4% in 2019) was significantly below the EU average (20.9% in 2019). However, poverty among elderly people, especially among women, is still a concern. In 2019, the at-risk-of poverty or social-exclusion (AROPE) rate for the age group 65+ was higher than the EU average (20.5% compared to EU average of 18.4%). The AROPE rate was also significantly lower in West Slovenia (11.5%) than in the East Slovenia (17.0%).

Fiscal policy provided extensive support to businesses and households during the COVID-19 crisis. The general government balance turned from surplus of 0.4% of GDP in 2019 to a deficit of 8.4% of GDP in 2020. The annual change in the primary budget balance amounted to -8.9% of GDP, including discretionary budgetary measures aimed at mitigating the consequences of the pandemic of 5.2% of GDP. In 2021, the budget deficit is expected to reach 8.6% of GDP and is only expected to fall below 3% of GDP in 2024. Discretionary policy measures in response to the COVID-19 pandemic are forecast to amount to 2.6% of GDP in 2021. These measures include, among others, (i) wage compensations for employees staying at home, (ii) a monthly basic income for self-employed workers and farmers, (iii) wage supplements for special working conditions for public sector employees, and (iv) coverage of companies' fixed costs. Most of the COVID-19-related measures are expected to be phased out by the end of 2022. Whilst Slovenia's public debt was on a declining path prior to the COVID-19 crisis, the debt-to-GDP ratio increased from 65.6% in 2019 to 80.8% in 2020. With the expected economic rebound, the public debt-to-GDP ratio is set to decrease already in 2021, but it will take years for it to reach its pre-pandemic level.

Fiscal sustainability risks are low in the short term, but continued monitoring is warranted. Based on the Commission's S0 indicator, which is presently below its critical threshold, risks appear contained. Financial market data show stable spreads of credit defaults swaps and a gradually improving credit rating, prior to and during the crisis. However, if the recovery is delayed and/or crisis-related spending turns out to be permanent or revenues fall short of the forecast, risks to fiscal sustainability will intensify.

Over the medium term, fiscal sustainability risks are deemed to be medium, given the significant level of debt and sensitivity to macroeconomic shocks. Under the baseline scenario, the government debt level is expected to reach its peak in 2025 and fall afterwards to 70.8% of GDP in 2031.[2] Moreover, the debt trajectory is sensitive to macroeconomic shocks, with a significant probability of the debt ratio to be higher in 2025 than in 2020, according to a stochastic extension of the baseline projection. The S1 indicator confirms the medium-risk category. Contingent liability risks remain in the banking sector. Although the ratio of non-performing loans was on the declining path before the crisis, it still remained above the critical threshold. The debt sustainability risks are also aggravated by a high share of government debt held by non-residents. However, the increase in the average residual maturity has reduced the short-term rollover risks linked to significant levels of government debt. The implementation of reforms and investments under the Next Generation EU, notably the Recovery and Resilience Facility, is expected to have a substantial positive and long-lasting impact on GDP growth in the coming years, which, ceteris paribus, should contribute to strengthening debt sustainability.

Driven by rising age-related expenditure, fiscal sustainability risks are deemed to be high in the long term. The S2 indicator indicates high risk over the long-term due to the projected increase of ageing costs. This is in particular driven by future public pension spending developments, with a projected increase from 10% of GDP in 2019 to 16.1% of GDP in 2057, according to the latest 2021 Ageing Report. This represents the second highest increase in the EU.

The crisis has also impacted macroeconomic imbalances which warrant close monitoring. Specifically, the 2021 Alert Mechanism Report highlighted risks related to the housing market and government debt in Slovenia. Real house prices grew by 5.3% in 2020, below but close to the MIP scoreboard threshold of 6%. Private sector debt increased in 2020, mostly due to the decline in GDP, since net credit flows remained subdued despite generous breaks to loan repayments mandated by the government. Still, the private debt ratio to GDP in Slovenia remains below the MIP scoreboard threshold. Government debt increased strongly in 2020, reaching 80.8% of GDP, due to decline in economic activity and policy response to the crisis. The current account surplus, already high before the crisis, widened further – on the back of falling investment and consumption – while the net international investment position worsened slightly. Nominal unit labour costs growth increased further in 2020, bringing the 3-year percentage change to 14.8%, significantly above the MIP scoreboard threshold of 9%.

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[2] The Recovery and Resilience Facility is included in the baseline projection in so far as sovereign financing conditions are expected to remain favourable and stable over the medium term. The investments to be financed under the facility are only partially included in the Commission Autumn 2020 forecast.

The macroeconomic scenario underpinning the plan is plausible and consistent with the European Commission's 2021 spring forecast. The scenario embedded in the Plan foresees a rebound of economic growth in 2021 following the COVID-19 induced contraction in 2020[3]. Real GDP is set to increase by 4.6% in 2021. According to the recovery and resilience plan's scenario, growth will remain robust reaching 4.4% in 2022 before easing somewhat to 3.3% in 2023. Real GDP growth is expected to be driven by a recovery in private consumption, investment and a continued positive contribution from net trade. Inflation is set to remain contained below 2% until 2024. The European Commission 2021 spring forecast foresees real GDP in Slovenia to grow at 4.9% and 5.1% in 2021 and 2022, respectively. Similar to the Slovenian authorities, the Commission considers domestic demand as the main growth engine behind the recovery. The Commission expects a weaker rebound of investment in 2021 but a catching up by 2022. For net exports, both the Commission and the Slovenian authorities forecast a positive contribution to growth in 2021 and 2022. Labour market projections and inflation projections are also very similar. For the general government deficit and debt, the Commission forecasts more favourable developments in line with a slightly more positive macroeconomic scenario. There are, however, significant risks that some crisis-related spending turns out to be permanent or revenues fall short of the forecast, risking a deterioration of the fiscal outlook in 2022 and fiscal sustainability in the longer term. The period beyond 2022 is currently not covered by the Commission forecast. The macroeconomic and fiscal outlook continue to be affected by high uncertainty related to the COVID-19 pandemic and its economic consequences.

Table 1: Comparison of macroeconomic developments and forecasts

	2019	2020		2021		2022		2023	2024	2025	2026
	COM	COM	RRP	COM	RRP	COM	RRP	RRP	RRP	RRP	RRP
Real GDP (% change)	3.2	-5.5	-5.5	4.9	4.6	5.1	4.4	3.3	3.0	2.5	2.5
Employment (% change)	2.5	-1.0	-1.0	0.9	0.8	2.0	1.5	1.5	1.2	0.9	0.8
Unemployment rate (%)	4.5	5.0	5.0	5.0	5.0	4.8	4.8	4.5	4.2	4.0	3.9
HICP inflation (% change)	1.7	-0.3	-0.3	0.8	0.8	1.7	1.2	1.7	2.1	2.0	1.9
General government balance (% of GDP)	0.4	-8.4	-8.4	-8.5	-8.6	-4.7	-5.7	-3.8	-2.8	n.a	n.a
Gross debt ratio (% of GDP)	65.6	80.8	80.8	79.0	80.4	76.7	79.6	79.0	78.0	n.a	n.a
Source: Commission Spring Forecast 2021 (COM); Recovery and resilience plan (RRP), Stability Programme 2021											

[3] Forecasts of the Institute of Macroeconomic Analysis and Development, Slovenia's independent forecast institution, that forms the basis for the 2021 Stability Programme.

2.2. Challenges related to sustainable growth, cohesion, resilience and policies for the next generation

Smart, sustainable and inclusive growth

Low investment rates weigh on Slovenia's economic potential and productivity growth. Before the COVID-19 crisis, labour productivity growth was resuming after a period of rather limited convergence to the EU average. This was driven largely by efficiency gains, as past structural reforms started to pay off. However, investment remained below historical and EU averages, chocking off a more rapid catching up: in 2019 investment was almost 3 percentage points below the EU average (19.6% compared to 22.5%). During the crisis in 2020, total investment declined by 4.1%, less than the fall in GDP (5.5%). However, the fall in equipment investment was more significant at 11.1%.

Access to finance, especially for many SMEs, remains a challenge. Thanks to public support measures since the outbreak of the COVID-19 liquidity and financing continued to support private sector firms. However, financing is still heavily skewed towards loans and dependent on banks. To make the financial market more resilient and to provide both investors and companies seeking finance with better access to equity, the equity market should play a greater role in Slovenia. This is especially the case as an important share of job creation is attributed to start-ups and young firms, in line with the EU average.

The regulatory burden in Slovenia has been gradually decreasing but remains relatively high in some areas. Between 2010 and 2019, Slovenia's position in the World Bank's ease-of-doing-business index ranking (World Bank, 2020) improved from 53rd to 37th place. Slovenia has been implementing measures to enhance professionalization and strengthen remedy procedures in public procurement. However, the level of competition in public procurement still remains unsatisfactory.

The research and innovation potential of the economy is hampered by rather low public and private investment. Overall, R&D intensity has declined between 2010-2019, whilst the country's scientific and technological performance remains modest. The translation of research results into innovation remains hampered by the low level of academia-business cooperation and low research and development digital capacities among firms, notably domestic SMEs. Between 2012 and 2019, Slovenia witnessed the greatest decline in the EU in its innovation performance (9.9%-point), in sharp contrast to the EU performance change, which improved by 8.9%-point during the same period.[4] The market capitalisation of Slovenia's national stock exchange is low and equity and venture capital markets are still not sufficiently developed. This may stifle market entry and growth of innovative and high potential firms.

[4] European Innovation Scoreboard 2020

Social and territorial cohesion

Slovenia performs well on social indicators, with the notable exception of the low activity and employment rates of older workers. Before the COVID-19 crisis, unemployment was contained to an all-time low (4.5%), the activity rate was improving, while the risk of poverty and social exclusion were decreasing from over 14% in 2013 to 12% in 2019. However, the inactivity rate of 55-64 year olds remained significantly above the EU average as was their unemployment rate, particularly the long-term unemployment rate.

The COVID-19 crisis has negatively affected the social cohesion in Slovenia. The labour market participation has deteriorated significantly for some groups, in particular among young people, as well as women. Youth unemployment (8.1% in 2019) reached 14.2% in 2020. The number of young people with lower education (primary or lower) who in 2020 registered at Public Employment Service increased by 34.7% compared to the previous year. Unemployment among women increased from 4.9% in 2019 to 5.5% in 2020.

Regional and sub-regional disparities in Slovenia persist and despite the accelerated economic growth after 2014, they had remained broadly stable until 2019. Eastern Slovenia lags behind Western Slovenia (which includes the capital) in GDP per capita (71% and 103% of the EU average in 2017 respectively). The disparities are pronounced at sub-regional (local) level. In particular, the role of the capital sub-region around Ljubljana in the economy is predominant: its GDP per capita in 2017 (120% of the EU average) was almost three times higher than in Slovenia's poorest region (Zasavska, 45% of the EU average).

Health, economic and social/institutional resilience

Slovenia's pension system faces both sustainability and adequacy challenges. Pension expenditure is expected to increase from 10.0% in 2016 to 16.0% of GDP in 2070, which represents the second highest increase in the EU. If unchecked, this increase will exert significant pressure on public finances in the long term and a burden for younger generations. The use of long-term unemployment and long-term sick-leave schemes as bridges to early retirement put further pressure on the system. At the same time, the Slovenian pension system produces relatively low aggregate replacement ratios and low median relative incomes of people aged 65+. The incomplete or short working careers of a large part of the current working-age population may imply that their pensions may not be able to ensure an income above the poverty line after retirement.

Significant structural weaknesses remain in the health sector. The COVID-19 pandemic has exposed the structural weaknesses of the healthcare system revealing limited resilience in terms of resources, staff and ability to respond to the sudden increases of specific care demand. The level of unmet needs and long waiting times are long-standing issues, which have been aggravated with the temporary restrictions imposed during the current COVID-19 crisis. This is linked to the reduced availability and increased workload of primary-healthcare staff. The first wave of the COVID-19 pandemic (April-May 2020) has forced healthcare services to immediately put on hold routine preventive care, outpatient visits, dental services etc.[5] The following waves of the COVID-19 pandemic forced the Ministry of Health to put again on hold all non-essential outpatient medical check-ups and planned surgery. Overall, there are shortages in the health workforce, especially family doctors (GPs), but also high turn-over rates in nursing, which hinder access to health services. Public spending for health remains below the EU average and the financing of the health system is strongly cyclical. In the long run, it will be difficult to cover the increasing health costs with the decreasing active and rapidly ageing population having a growing disease burden of chronic conditions. Important investments are needed to: i) modernise equipment and upgrade obsolete medical infrastructure in pace with sector development and hospital facilities and ii) ensure a better deployment, use and financial coverage of e-Health tools (telemedicine), an important factor enabling the health system to work in times of pressure.

The long-term care system lacks a coherent regulatory framework. Regulation of the system for various groups of recipients and for various long-term care benefits is scattered across different legislative acts and several social care providers are involved in this policy field. The COVID-19 pandemic exposed deep-rooted problems in the long-term care system, including in particular in terms of staffing and inadequate facilities. Significant structural efforts and investment are necessary for setting up the system of quality long-term care services, including social and health services, and infrastructural upgrades. New care models, focussing on prevention and integration of health and social services and a better mix between institutional and community care for all age groups in line with the deinstitutionalisation principle, are crucial as the population is ageing and chronic conditions will be even more prevalent in the future.

Policies for the next generation, children and youth, including education and skills

The education system is performing relatively well at all levels, but there are gaps for certain groups. Slovenia's early-school-leaving rate of 4.6% (2019) is significantly below the EU average (10.2%). Slovenian pupils perform well in terms of basic skills, but there are large gaps in reading skills between genders and between native-born pupils and those with migrant background. The educational achievement differs based on socio-economic background. Participation in early childhood education and care is growing and close to EU average, but is low among children from migrant and low socioeconomic backgrounds. The percentage of people aged 30-34 with tertiary qualifications in 2019 was 44.9%, above the EU average of 40.3%, but with the second largest gender gap in the EU (women 57.1%; men 34.5%).

[5] https://analysis.covid19healthsystem.org/index.php/2020/05/06/how-are-countries-reorganizing-non-covid-19-health-care-service-delivery/

The response of the education system to the COVID-19 pandemic was quick, however the crisis demonstrated the importance of stepping up the readiness for on-line learning and addressing the digital divides. This requires adequate digital infrastructure and education materials, teachers with the necessary skills and additional support for students in rural areas, with low socio-economic background, with migrant background, or with disabilities. Slovene schools are better equipped digitally than the EU average, but the connectivity in remote areas and access to devices have presented a challenge. The crisis showed that the teachers' digital competences need significant improvement to be able to fully exploit digital technologies for teaching. Moreover, learning of digital skills should become much more integrated in the curricula throughout the education system. There is a risk that the crisis may affect vulnerable learners most, especially those from lower socio-economic backgrounds, those with special educational needs and those in rural or remote areas. This might lead to an increasing digital divide.

Knowledge and skills of both the employed and job seekers are insufficiently adjusted to the current and future needs of the economy. This is a result of slowly adapting educational programmes as well as a lack of an appropriate system for forecasting future skill needs and a consequentially slow adaptation of the skills of workers. By autumn 2020, one third of the young unemployed had completed secondary school and a little less than a third had completed primary school or less. In order to improve employment opportunities, the Employment Service implements various active employment policy programs. However, in the first ten months of 2020, 5 551 young people were included in active labour market policies (ALMP) programs, 9.8% less than in the same period in 2019.

2.3. Challenges related to the green and digital transition

Green dimension

The recovery and resilience plan should contribute to the green transition and at least 37% of the financial allocation needs to contribute to climate objectives. The measures in the plan shall contribute to achieving the 2050 climate neutrality objective, and the 2030 energy and climate targets, taking into account Member States' national energy and climate plans. They should also contribute to meeting environmental targets for waste, water, pollution control, sustainable mobility, biodiversity protection and restoration, marine and water resources, and support the transition to sustainable food systems as well as to a circular economy as appropriate, while ensuring that nobody is left behind.

Climate and energy policies

Slovenia's economy is carbon intensive and the pace of emission reduction is slow. Greenhouse gas emissions intensity of energy consumption remains above the EU average (with an indicator of 89.8 in 2019 compared to 82.8 at EU level) and its rate of reduction since 1990 is below the EU average[6]. The gap in greenhouse gas emissions productivity has narrowed in recent years. However, this has been mainly due to one-off and external factors (e.g. closure of a thermal power plant and reduced heating in milder winters). This means that the country might fall behind its own 2030 development strategy goals[7].

The Europe 2020 target for renewables will most likely not be reached with current policies. The latest assessment of progress towards the 2020 renewable targets showed that Slovenia is falling behind the planned progress for 2017-2018 and 2019 data[8] confirms this trend. In addition, the national contribution to the EU 2030 renewable energy target specified in Slovenia's National Energy and Climate Plan (NECP) is unambitious (27% of gross final energy consumption by 2030), as it implies only a 2 percentage points increase in comparison to the 2020 goals while further energy efficiency measures kick in. The Slovenian NECP describes difficulties in increasing its share of renewable energy power generation because of environmental considerations – almost 40% of its territory is designated under Natura 2000 – and the opposition of local communities and environmental organisations to certain projects. The Commission assessment of the Slovenian NECP recommended removing administrative barriers and improving the regulatory framework. The existing energy storage is underdeveloped and insufficient to address the needs of local renewables production.

Slovenia's economy is more energy intensive than the EU average. Primary energy intensity Energy consumption of Slovenia is above the EU average (144 toe/MEuro2015 compared to 102 toe/MEuro2015 in 2019[9]) and was increasing before COVID-19, putting the achievement of the EU 2020 energy efficiency target at the deadline under pressure[10].

The high dependency on road transport and cars and the low use of public transport contribute greatly to Slovenia's carbon emissions. Transport emissions are responsible for 42.7% of the total Slovenian CO_2 emissions, which is well above the EU average (32.6%)[11], and

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6 See for example, Tsemekidi-Tzeiranak, S., Bertoldi, P., Paci, D., Castellazzi, L., Ribeiro Serrenho, T., Economidou, M. and Zangheri, P., Energy Consumption and Energy Efficiency trends in the EU-28, 2000-2018, EUR 30328 EN, Publications Office of the European Union, Luxembourg, 2020, ISBN 978-92-76-21074-0, doi:10.2760/847849, JRC120681.

7 See for example, Tsemekidi-Tzeiranaki, S., Paci, D., Cuniberti, B., Economidou, M. and Bertoldi, P., Analysis of the Annual Reports 2020 under the Energy Efficiency Directive, EUR 30517 EN, Publications Office of the European Union, Luxembourg, 2020, ISBN 978-92-76-27416-2, doi:10.2760/180952, JRC122742.

8 22% of gross final energy consumption

9 Calculated as primary energy consumption 2020-2030 divided to GDP in fix 2015 prices

10 See for example, Tsemekidi-Tzeiranaki, S., Paci, D., Cuniberti, B., Economidou, M. and Bertoldi, P., Analysis of the Annual Reports 2020 under the Energy Efficiency Directive, EUR 30517 EN, Publications Office of the European Union, Luxembourg, 2020, ISBN 978-92-76-27416-2, doi:10.2760/180952, JRC122742.

11 Statistical Pocketbook, EU Transport in Figures

they continue to rise in absolute terms. Sustainable transport connections, in particular rail, are not sufficiently developed to fully support a carbon-friendly modal shift or the economic development of less- developed regions. The use of public transport is very low by international standards. The public transport options are outdated and limited, including on intermodal connections. Public transport was also severely affected during the COVID-19 pandemic; the use of public transport services fell by 65% per passenger-kilometre and faced a 75% fall in passenger numbers.

The country is exposed to climate change-related damages. Major changes in climate variables are being witnessed, which are above average in Slovenia. The increase in air temperature is most pronounced, changes in rainfall are significant and extreme weather events are higher. A significant share of the population lives in areas exposed to floods, which is one of the costliest natural disasters in Europe. Slovenia identified a significant number of areas exposed to the risk of floods, with a high risk of damage to health, economy and environment. In mountain regions, the risk of avalanches is increasing. Precipitation will take the form of strong rainfall and winter precipitation is expected to increase strongly. With a small amount of snow, the risk of large-scale flooding will increase significantly in winter. Drought periods will be extended in summer and short-term rainfalls will increase. The climate change scenarios up to 2050 show that Slovenia's air temperature will continue to rise. Slovenia will experience more frequent droughts and the length and intensity of heat waves will increase.

Air quality in Slovenia continues to be a cause for concern. As energy production and heat generation from solid fuels are among the main contributing factors to air pollution, it is important to further diminish emissions in these areas and to increase efficient and clean district heating.

Performance on circular economy is mixed. Slovenia has a sound waste management system overall, with advanced rates of separate collection and a high recycling rate. At the same time, Slovenia's low material productivity and high-energy intensity are improving but still below the EU average.

The quality of water has improved, but Slovenia faces difficulties with urban wastewater and water losses in distribution networks. Supported by EU funds, Slovenia has invested significantly in wastewater treatment, as well as in drinking water systems. However, it still does not comply with the Urban Waste Water Directive and water supply losses (29%) remain above the EU average (23%)[12]. Such leakages are a waste of surface and ground water, and they result in higher energy use for water treatment and distribution purposes. They also bring increased risks of water contamination.

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[12] SWD(2017) 449 final - Commission Staff Working Document Impact Assessment Accompanying the document Proposal for a Directive of the European Parliament and of the Council on the quality of water intended for human consumption (recast) - Brussels, 1.2.2018.

Slovenia makes no use of green budgeting practices. While the overall level of environmental taxation is above the EU average, there may also be scope to improve its use to better support the policy objectives and to ensure a just transition.

The table below gives an overview of Slovenia's objectives, targets and contributions under Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action.

Table 2: Slovenia's objectives, targets and contributions under the Governance Regulation

	National targets and contributions	Latest available data	2020	2030	Assessment of 2030 ambition level
	Binding target for greenhouse gas emissions compared to 2005 under the Effort Sharing Regulation (%)	-7% / -9% (2019)	4%	-15%	More ambitious national target of -20%
	National target/contribution for renewable energy: Share of energy from renewable sources in gross final consumption of energy (%)	21.1% in 2018	25%	27%	Unambitious (37% is the result of RES formula)
	National contribution for energy efficiency:				
	Primary energy consumption (Mtoe)	6.81 / 6.52 (2019)	7.1	6.4	Modest
	Final energy consumption (Mtoe)	4.975 / 4.8 (2019)	5.1	4.7	Low
	Level of electricity interconnectivity (%)	83.6%	No specific target	No specific Target	N.A.

Source: Assessment of the final national energy and climate plan of Slovenia, SWD (2020) 923 final, with indicated updates for 2019 data.

Digital dimension

The recovery and resilience plan should contribute to the digital transition and at least 20% of the financial allocation needs to contribute to digital objectives. The measures in the plan should, inter alia, contribute to the digital transformation of the economic and social sectors (including public administration, public services, and the justice and health systems). The objective of the measures in the plan should be to improve not only the competitiveness, but also the resilience, agility and security of companies and public actors, all while ensuring inclusiveness.

The adoption of digital technologies is generally well advanced, but some sectors are lagging behind. Slovenia ranks 16th among EU Member States in the 2020 European Commission Digital Economy and Society index (DESI)[13]. In particular, Slovenia needs to improve the up-take of the 100 Mbps fixed broadband, while addressing the remaining urban-rural divides, and mobile broadband. In addition, the deployment of 5G, including swift assignment of spectrum, remains a challenge. The Slovenian market would benefit from greater collaboration between all public stakeholders and the industry, especially in establishing the appropriate regulatory environment necessary to boost private investment and competition, and in adopting the radio spectrum management strategy.

There is growing awareness on the need to integrate digital technology in business models. Some 75% of Slovenian firms have implemented - either fully or partially - at least one digital technology. This is more than the EU average of 58% (EIB, 2019)[14]. At the same time, the degree of integration varies considerably across different sectors of the economy. There is a higher degree of digitalisation in services than in manufacturing. The digital transformation is strong in the e-commerce, tourism, automotive sector, innovation of composite materials and companies integrated into foreign value chains. Furthermore, some niche areas such as robotics, fin-tech, cyber security and artificial intelligence, are very well developed.

Slovenia ranks in the middle of EU countries for digital public services in DESI 2020. A wide range of basic online services for businesses is available in Slovenia (78% of such services are online, compared to 84% at EU level according to eGovernment Benchmark[15]). The country performs well in the open data indicator for which it ranks 10th (DESI, 2020). Yet, only 59% of Slovenian internet users actively engage with e-government services compared to an EU average of 67%, according to DESI 2020. A wide range of basic online services for businesses is available in Slovenia. Nevertheless, the use of these services by businesses is lower than on average in the EU. According to the latest eGovernment Benchmark Report[16] Slovenia is characterised by a medium-low level of penetration and average level of digitalisation. Therefore, Slovenia is part of the expandable eGovernment scenario, where the innovation process has been carried out efficiently, but there is the desirability to expand the number of online users, to maximise all potential advantages. Citizens and companies have unique identification numbers that are used for identification, but these are not electronic identification means. At present, most of the e-services rely on qualified digital certificates issued by public or

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[13] https://ec.europa.eu/newsroom/dae/document.cfm?doc_id=66929
DESI is the main analytical tool of the European Semester on digital. DESI provides the baseline on the level of digitisation of Member States and identifies the main challenges that will need to be addressed.
[14] https://ec.europa.eu/newsroom/dae/document.cfm?doc_id=66929
[15] https://digital-strategy.ec.europa.eu/en/library/egovernment-benchmark-2020-egovernment-works-people
[16] https://digital-strategy.ec.europa.eu/en/library/egovernment-benchmark-2020-egovernment-works-people

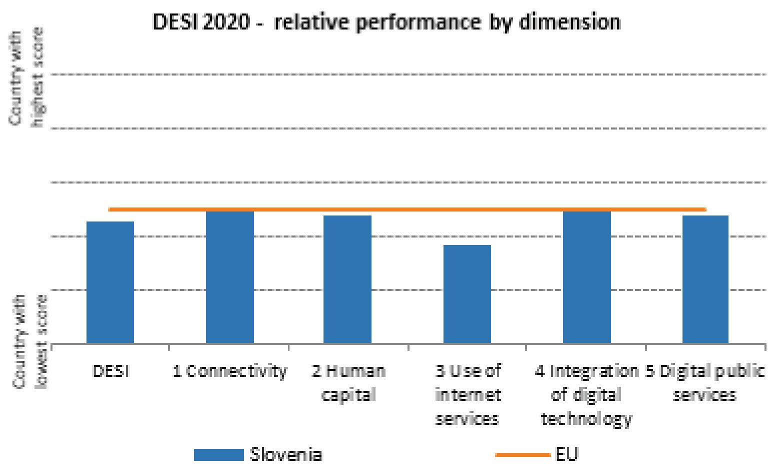
private sector used for authentication and e-signature. Slovenia performs below the EU median on the availability of user centric e-government services and the availability of digital public services for foreign businesses.

Lower than expected up-take of digital public services might be linked to trust, security and low interoperability issues. A common national electronic identifier is missing, access to several open databases and services is not secure and user friendly. Slovenia needs to accelerate the introduction and rollout of secure, unique and user-friendly solutions such as e-identifiers or e-signatures, which are expected to boost the reception of digital public services, increase trust in online transactions and ensure mobile and cross-border access to public services. It is also necessary to increase interoperability across big systems (tax authority, land cadastre, company register, etc.) which all are designed as closed systems, operating with access codes different from the general digital public services platform e-VEM.

Basic digital skill levels are slightly below the EU average and the digital divide is significant. According to DESI 2020, 55% of people aged 16 to 74 years have at least basic digital skills (56% in the EU as a whole). A major source of concern is the low level of inclusion of digital skills in the curricula of primary and secondary schools and lack of obligatory ICT training for teachers. Improving digital skills would allow a broader use of teleworking and digital services, a better match of digital skills with the requirements of the labour market, as well as inclusion of vulnerable groups such as elderly or people living in rural areas. Marginalized and disadvantaged groups in rural areas (e.g. Roma), older low skilled unemployed, citizens at risk of poverty, persons with foreign background and elderly are not sufficiently included in the digital economy and society.

The Slovenian telecoms market is overall competitive, with a strong presence of the state. There are four operators in a market of two million inhabitants. The Republic of Slovenia owns directly 62.54% share of Telekom Slovenije Group to which the incumbent Telekom Slovenije belongs to. Adding indirect control through state owned funds (SDH and Kapitalski sklad), the control stake increases to 72.38%. In 2019, Telekom Slovenije's market shares were: 31% in fixed broadband access (-2.0 percentage points compared to 2018), 34.8% in Voice over Internet Protocol (VoIP) telephony - retail (-1.3 percentage points), 37.1% in IP TV (-3.2 percentage points) and 39.9% in the mobile telephony retail market (-2.7 percentage points). Telekom Slovenije continued to slowly lose market shares over the last two years. Since then, the multiband auction took place in April 2021 and frequencies were acquired by A1 Slovenije, T-2, Telekom Slovenije and Telemach. Radio frequency bands 700 MHz FDD, 700 MHz SDL, 1500 MHz SDL, 3600 MHz and 26 GHz will be available after issuing the licences by mid-2021[17].

Graph 1: Relative performance of Slovenia compared to EU average for the five DESI 2020 dimensions



Slovenia's ranking in the Digital Economy and Society Index 2020. https://ec.europa.eu/digital-single-market/en/scoreboard/slovenia[18]

Note: EU aggregate corresponds to EU28, based on 2020 DESI report.

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[17] Frequencies in the 2100 MHz band will be available from 22 September 2021 and those in the 2300 MHz band - from 1 January 2022.

[18] Note: EU aggregate corresponds to EU28, based on 2020 DESI report

Box 1: Progress towards the Sustainable Development Goals

In this figure, the United Nations' Sustainable Development Goals are represented under a specific Commission guiding principle for competitive sustainability from the 2021 Annual Sustainable Growth Strategy, to which they are strongly associated. It should be noted that most Sustainable Development Goals contribute, to varying degrees, to several guiding principles.

The objectives of the Sustainable Development Goals are integrated in the European Semester since the 2020 cycle. This provides a strong commitment towards sustainability in coordination of economic and employment policies in the EU. In that respect, this section outlines Slovenia's performance with respect to SDGs with particular relevance for the four dimensions underpinning the 2021 Annual Sustainable Growth Strategy and of relevance to the recovery and resilience plans (green transition, fairness, digital transition and productivity, and macroeconomic stability), indicating possible areas where investments and reforms in line with the objectives of the Facility could further accelerate the progress on the SDGs.

Green Transition

The performance on SDGs related to the green transition is mixed. On climate action (SDG 13), Slovenia is well above the EU average on greenhouse gas emissions in 2018, with an index of 94.4 vs 79.3 for the EU. The share of renewable energy in gross final consumption (22% in 2019) is above the EU average (19.7% in 2019) but below the objectives (25% by 2020). On circular economy (SDG 12) Slovenia is making progress with an increase in the circular material use rate (from 8.4% in 2014 to 10.4% in 2019), which is however still below the EU average (11.9% in 2019). Similarly, the air emission intensity from industry is improving (from 0.16 grams per euro in 2013 to 0.14 in 2018) but is still above EU average (0.08 in 2018). On biodiversity (SDG 15), Slovenia is the Member State with the highest percentage of Natura 2000 areas in 2019 (38%).

Fairness

Slovenia performs well on most SDG indicators related to fairness. On risk of poverty, social exclusion or material deprivation (SDG 1) Slovenia is following a downward trend and performs better than the EU average except on the indicators concerning the percentage of population living in households with poor housing conditions (20.6% vs. 12.7% at the EU level in 2019). The performance is mixed on good health and well-being (SDG 3) where Slovenia is progressing on some indicators (healthy years at birth; perceived good health status; number of deaths due to accident at work or car accidents). However some indicators like smoking, obesity rate and exposure to air pollution are still above the EU average. Moreover, the access to medical care has considerably deteriorated, as self-reported unmet need for medical care increased in the period 2014-2019 from 0.2% to 2.9%. On quality education (SDG 4) Slovenia outperforms on basic and tertiary education. However, there is still a gap in education outcomes between men and women and a significant one between native and foreign born pupils. Slovenia lags behind the EU average on the participation of adults in adult learning– this indicator was at 11.9% in 2015 and has fallen to 8.4% in 2020. On gender equality (SDG 5) Slovenia is performing much better compared to the EU average on the gender employment gap, pay gap and gender gap in inactive population due to caring responsibilities. It is however not catching up with the trends at the EU level on gender equality in leadership positions. On inequalities within the country (SDG 10) the risk of poverty or social exclusion between urban and rural areas has increased which is contrary to the trends at the EU level.

Digital transition and productivity

As regards Industry, innovation, and infrastructure (SDG 9), Slovenia performs below the EU average on the gross domestic expenditures on R&D ranking, with 2.04% in 2019 compared to the EU average of 2.20%. The expenditure share was falling between 2013 and 2017 but turned upwards again in 2018. Share of research personnel in Slovenia is higher than in EU in general, so the potential to use more research resources appears to be available. The scientific and technological performance of the country (measured by the 10% top-cited publications) and academia-business cooperation (measured by public-private scientific publications) remains modest (ranked 17th in the EU in 2017 and 16th in 2019). The country is lagging behind in patent applications, with only 79 per million inhabitants sent to the European Patent Office in 2020, compared to an average of 147 at EU level. On digital skills (SDG 4), in 2019 Slovenia performed slightly below the EU average in terms of adults with at least basic digital skills.

Macroeconomic stability

On decent work and economic growth (SDG 8), Slovenia still faces challenges. While the GDP per capita has increased rapidly since 2015, reaching 74% of EU average by 2020, the gap with the EU average has remained rather constant over the years. Investment share of GDP has been lower than the EU average since 2010. This indicator reached its low point in 2016 and has been improving since then, but in 2019 it was still almost 3 percentage points below the EU average (19.6% compared to 22.5%). On the more positive side, Slovenian labour market indicators are better than the EU average. Employment rate has been improving rapidly and reached 75.6% in 2020, clearly above the EU average of 72.4%. The share of young people neither in employment nor in education and training has been consistently lower in Slovenia than the EU average. Also, the long-term unemployment rate and in-work poverty rate are low. Regarding the institutional framework (SDG 16), Slovenians perceive the independence of the justice system more negatively than EU citizens on average. Corruption perception index shows that the perceived corruption level is lower compared to countries in similar socioeconomic situation.

3. OBJECTIVES, STRUCTURE AND GOVERNANCE OF THE PLAN

3.1. Overall strategy of the plan

The plan aims to support Slovenia's socio-economic recovery and long-term development following the standstill caused by the COVID-19 pandemic. It also aims to address the long-standing challenges facing the economy identified in the Slovenian Development Strategy 2030, in particular the slow response to technological and demographic changes, and climate change. Such challenges are reflected in the structure of the plan and its four 'development area' clusters: green transition; digital transition; smart, sustainable, and inclusive growth; and health and welfare. These four clusters consist of 16 components in total.

The green transition cluster includes key reforms to unlock renewable energy potential and sustainable mobility, which are essential steps to decarbonise the energy and transport sector (e.g. amendments to the renewable energy sources and electricity supply acts, new national regulatory framework in the field of alternative fuels in transport). Investments in renewables, energy efficiency of public buildings, environment, upgrading rail infrastructures, deployment of recharging and refuelling infrastructure for alternative fuels in road transport, and dedicated measures on the circular economy are also expected to enable the green transition in key sectors of the economy. With more than 40% of the total allocated budget, this cluster is by far the biggest in terms of estimated costs.

The digital transformation cluster covers a strategy for digital transformation and reforms on electronic identification that will increase use of public e-services and digitalisation of

companies. These are accompanied by an important reform to boost cybersecurity across all sectors. Investments in connectivity and digital skills are expected to reduce the digital divide, and key public sector segments (e.g. justice and health) are also expected to be digitalised. The cluster comprises four multi-country projects (cloud, microelectronics, quantum communication and blockchain). In financial terms, this covers 13% of the total allocation but it is important to note that several additional digital investments are included in other clusters (e.g. digital skills in the component on education).

The smart, sustainable and inclusive growth cluster includes important reforms of the labour market. These will address the long-term sustainability and adequacy of the pension system notably by limiting early retirement and other forms of early exit from the labour market and introducing other reforms in the system. Importantly, it will also increase the employability of low-skilled and older workers through training provision and more targeted active labour market policies. Legislation on a short-time work scheme should allow the labour market to deal with major shocks in times of crisis. Mutually-reinforcing reforms and investments in research and innovation, productivity of companies, tourism and culture, and educational infrastructure and curricula will also contribute to higher productivity and advancing the twin transition. Targeted reforms of public institutions will also reduce administrative barriers and further improve public procurement. This is the second biggest cluster, representing some 30% of the plan's financial allocation.

Finally, the health and welfare cluster includes long-awaited flagship reforms of the healthcare and long-term care system. These will ensure the provision of high-quality services, including for both healthcare and social care, while ensuring fiscal sustainability. The long-term care act, the first comprehensive legislation in this area in Slovenia, has been under discussion for more than a decade. After the adoption by the Government on 17 June 2021, the long-term act entered the parliamentary procedure. Together with the pension reform and healthcare reform, the long-term care system is expected to make social security in Slovenia much more effective, accessible and sufficient for citizens' needs. Investments in related infrastructure, skills, and in affordable housing are expected to also mitigate the social impact of the crisis on marginalised people. This cluster represents some 15% of the plan's estimated costs.

Table 3: Components and associated costs

Component	Costs (EUR million)
Green transition	**1064.75**
C1 K1: Renewable energy and energy efficiency	146.00
C1 K2: Sustainable renovation of buildings	86.05
C1 K3: A clean and safe environment	472.80
C1 K4: Sustainable mobility	311.90
C1 K5: Circular economy – resource efficiency	48.00
Digital transformation	**316.67**
C2 K1: Digital transformation of the economy	56.50

Component	Costs (EUR million)
C2 K2: Digital transformation of the public sector and public administration	260.17
Smart, sustainable, and inclusive growth	**737.36**
C3 K1: Research, development and innovation	132.22
C3 K2: Raising productivity, a business-friendly environment for investors	157.50
C3 K3: Labour market – measures to reduce the impact of negative structural trends	56.28
C3 K4: Restructuring of Slovenian tourism and investment in infrastructure in the field of tourism and cultural heritage	127.00
C3 K5: Strengthening competences, in particular digital competences and those required by the professions of the future and the green transition	264.36
C3 K6: Efficient public institutions	0.00
Health and welfare	**363.90**
C4 K1: Health	224.90
C4 K2: Social security and long-term care	79.00
C4 K3: Housing	60.00
Total:	**2482.69**

3.2. Implementation aspects of the plan

Slovenia's recovery and resilience plan is consistent with other European and national programmes. In particular, the plan is consistent with the National Energy and Climate Plan, by including measures to support green transition (e.g. building renovation and energy-efficient construction, deployment of renewables, sustainable transport). It also aims to complement the Just Transition Plans for coal regions identified as eligible under the Just Transition Fund, currently under discussion. Similarly, it complements the implementation of the Youth Guarantee with measures aimed at accelerating the entry of young people into the labour market and strengthening cooperation between the education system and the labour market. The plan is expected to also increase the productivity of the economy's resilience against future shocks also in line with the 2020 new industrial strategy.[19] The plan is consistent with the objectives of a key national development document - Slovenia's development strategy 2030 - which relates to the implementation of the UN Sustainable Development Goals. It builds on and complements the Resolution on the Slovenian National Health Care Plan 2015-2025 "Together for a Health Society".

While a partnership agreement and operational programmes under the European Structural and Investment Funds (ESIF) for the period 2021-2027 have not been yet finalised, the plan explains per component key areas of demarcation between the RRF and ESIF and how their complementarity will be ensured.

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[19] See European Commission, Updating the 2020 New Industrial Strategy, COM(2021) 350 final, 05.05.2021.

Slovenia's plan is consistent with the challenges and priorities identified in the most recent Draft Council Recommendation on economic policy in the euro area[20]. The plan provides both a short-term boost to the economy, through considerable investments, but also envisages a series reforms that will boost economic resilience and raise growth potential, including long-term care, healthcare and pension reforms. The reforms, particularly of the pension system, labour market, and health and long-term care systems, will also contribute towards long term fiscal sustainability. A number of measures included in the plan will help to improve the business environment and boost investment and research, development and innovation (RDI) while also ensuring the digital and green transitions. These include reforms and investments in RDI and education and training, an improved capital markets framework to attract equity investments, and new acts to address bureaucracy and improve and simplify spatial planning. Reforms to modernise public administration and increase the efficiency, and greening, of public procurement will contribute to a strengthening of the national institutional framework.

In terms of administrative organisation, the government of Slovenia approved the recovery and resilience plan in the government session of 28 April 2021. The Government Office for Development and European Cohesion Policy was responsible for the preparation and coordination of the recovery and resilience plan and its submission to the European Commission. For the implementation of the plan, three offices of the Ministry of Finance - the Office for the Implementation of the RRP, the Budget Supervision Office and the Department for the Management of EU Funds - will perform the roles of the Coordinating Authority, National Audit Coordinator and National Cost Coordinator, respectively. Relevant line ministries will be involved in the implementation of individual components of the plan. Section 4.10 provides further information on the designation of entities and their respective responsibilities.

The plan addresses the issues of gender equality and equal opportunities for all. In particular, the plan refers to relevant national legislation (i.e. Law on Equal Opportunities for Women and Men, Protection from Discrimination Act, and Law on Equal Opportunities for Persons with Disabilities), the EU *acquis* and European Pillar of Social Rights, and relevant international conventions (e.g. the UN Convention on the Rights of Persons with Disabilities). Slovenia states that respect for these principles will be ensured at all stages of preparation and implementation of the envisaged reforms and investments. The plan describes key challenges in the area of gender equality and supports them with disaggregated data and to a lesser extent addresses the challenges of equality of all.

Slovenia carried out a stakeholder consultation with local and regional authorities, social partners, civil society organisations and other relevant stakeholders before the submission of the recovery and resilience plan. For the plan implementation, consultations with social

[20] Pending final adoption by the Council, after endorsement by the European Council. The text agreed by the Eurogroup on 16 December 2020 is available at: https://data.consilium.europa.eu/doc/document/ST-14356-2020-INIT/en/pdf

partners or relevant stakeholders are envisaged for key reforms (e.g. pension system, health system, flexible forms of work, public sector pay system, renewable energy sources) before the adoption of the relevant legislation.

The Technical Support Instrument (TSI) provides expertise in building capacities to implement the plan in a number of areas. Slovenia will, for example, receive technical support in the areas of pensions, healthcare, capital markets, renewable energy and nature protection needs, and transport. The Horizon Europe Policy Support Facility will be available during the implementation of the plan to provide sectoral support for the design, implementation and evaluation of research and innovation policy reforms.

Slovenia's plan includes four multi-country projects in the digital sector: i) European common data infrastructure and services; ii) Low-Power Processors and Semiconductor Chips; iii) European Blockchain Service Infrastructure; and iv) European quantum communications infrastructure. The European common data infrastructure and services and the Low-Power Processors and Semiconductor Chips projects may take shape of planned important projects of common European interest (IPCEI). Slovenia aims to contribute to building a new generation of energy-saving infrastructure and services from edge to cloud, implementing cutting edge and fast expandable industrial and service applications, and increasing the cybersecurity of cloud infrastructure and services. In addition, Slovenia's objectives are to strengthen planning capabilities and increase the innovativeness and resilience of semiconductor value chains in the EU and Slovenia, to extend the applicability of European blockchain service infrastructure by integrating it with a series of national infrastructures, and to establish a national quantum communication infrastructure network connected to the national networks of neighbouring countries. Slovenia has engaged in close cooperation with several Member States who have expressed their interest to participate in these projects.

In accordance with Article 18(4)(g) of the RRF Regulation, Slovenia carried out a security self-assessment for investments in connectivity. In the Digital transformation of the public sector and public administration component, Slovenia explains that where digital solutions are based on the use of new generation 5G networks, the 5G investments will be subject to the legislation implementing the European Commission Communication of 29 January 2020 *Secure 5G deployment in the EU — Implementing the EU toolbox*[21]. Throughout the plan, several other components (i.e. C1K1 "Renewable energy and energy efficiency", C2K1 "Digital transformation of the economy", C3K5 "Strengthening competences, in particular digital competences and those required by the professions of the future and the green transition", C4K1 "Health" and C4K2 "Social security and long-term care") include a section that outlines the contribution of the measures to the Union's open strategic autonomy and security issues. Strategic measures mentioned in the security self-assessment would need to be closely monitored during the implementation of the plan.

[21] COM(2020) 50.

The plan outlines a communication strategy to raise awareness and ensure visibility and recognition of the Recovery and Resilience Facility's contribution to the economic recovery and green and digital transition of the country to the citizens. The strategy focuses on communicating both reforms and investments and identifies joint communication actions on the projects of strategic importance to be implemented together with the European Commission.

In the communication strategy, the Slovenian authorities plan to target five main groups (general public, potential beneficiaries, relevant stakeholders by component, participants in project, media). General communication objectives have been developed for all target groups that will be appropriately adapted through communication messages to the target groups. Communication will take place at two levels: (i) the content by development area and component; and (ii) targeted and proportionate to the size of the projects financed. It is envisaged to use different communication channels and actions. Regionally relevant content will be communicated through the regional and local media. The overall coordination of the communication strategy and its implementation will be ensured by the coordinating body. The strategy stipulates regular monitoring of the communication impact.

The scope of communication and promotion will be proportionate to the amount of funding allocated and to the strategic importance of the reform or project. The labelling will take into account the communication guidelines for European cohesion policy implemented under the Common Provisions Regulation and the specific RRF guidance issued by the European Commission. In terms of communication, special attention will be given to projects of strategic importance, which will be selected in each of the plan's four policy clusters. Communication on these projects envisages development of national communication campaigns and active cooperation with the European Commission. For communication and dissemination of information on the Slovenian recovery and resilience plan and its implementation, the authorities have set-up a dedicated sub-page to the already existing national key landing webpage on the European funds.

State aid and competition rules fully apply to the measures funded by the Recovery and Resilience Facility. Union funds channelled through the authorities of Member States, like the RRF funds, become state resources and can constitute State aid if all the other criteria of Article 107(1) TFEU are met. When this is the case and State aid is present, these measures must be notified and approved by the Commission before Member States can grant the aid, unless those measures are covered by an existing aid scheme or comply with the applicable conditions of a block exemption regulation, in particular the General Block Exemption Regulation declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 TFEU[22]. When State aid is present and it requires notification, it is the duty of the Member State to notify State aid measures to the Commission before granting them, in compliance with Article 108(3) TFEU. In this respect, the State aid analysis carried out by Slovenia in the

[22] Commission Regulation (EU) No 651/2014, OJ L 187, 26.6.2014, p. 1.

recovery and resilience plan cannot be deemed a State aid notification. In as far as Slovenia considers that a specific measure contained in the recovery and resilience plan entails *de minimis* aid or aid exempted from the notification requirement, it is the responsibility of Slovenia to ensure full compliance with the applicable rules.

4. SUMMARY OF THE ASSESSMENT OF THE PLAN

4.1. Comprehensive and adequately balanced response to the economic and social situation

The plan follows a holistic approach to ensure economic recovery and enhance socio-economic resilience. This is done with the support of 83 measures (33 reforms and 50 investments). The plan helps to tackle key structural challenges and paves the way for the twin transition. The total financial allocation of the recovery and resilience plan amounts to EUR 2.5 billion, with EUR 1.8 billion requested in the form of non-repayable financial support and another EUR 0.7 billion in loans.

The plan's reforms and investments have many interdependent and complementary objectives. In particular, reforms leverage the impact of associated investments, notably by bringing structural change and increasing the participation of private operators. Overall, the plan is balanced and focuses on Slovenia's main challenges, which - beside the twin transition - largely refer to the country's institutional resilience, effectiveness and sustainability of healthcare, long-term care, pensions and education systems, and the need to boost the productive potential of the economy by investing in research and innovation and by improving the business environment.

The components in the plan address all six pillars defined in the RRF regulation: (i) green transition; (ii) digital transformation; (iii) smart, sustainable and inclusive growth, including economic cohesion, jobs, productivity, competitiveness, research, development and innovation, and a well-functioning single market with strong SMEs; (iv) social and territorial cohesion; (v) health, and economic, social and institutional resilience, with the aim of, inter alia, increasing crisis preparedness and crisis reaction capacity; and (vi) policies for the next generation, children and the youth, such as education and skills. The coverage of the plan's components toward the six pillars is summarised in Table X below. All pillars are covered by at least one component while a component may contribute to several pillars.

Table 4. Coverage of the Facility's six pillars by the components of the Slovenian plan

	Green transition	Digital transition	Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic social and institutional resilience	Policies for the next generation
Green transformation						
C1 K1: Renewable energy and energy efficiency	●	○	○			
C1 K2: Sustainable renovation of	●		○			

buildings						
C1 K3: A clean and safe environment	●		○	○		
C1 K4: Sustainable mobility	●	○	○			
C1 K5: Circular economy – resource efficiency	●		○			
Digital Transformation						
C2 K1: Digital transformation of the economy		●	○			
C2 K2: Digital transformation of the public sector and public administration		●	○	○	○	
Smart sustainable and inclusive growth						
C3 K1: RDI – research, development and innovation	○	○	●			
C3 K2: Raising productivity, a business-friendly environment for investors	○	○	●			
C3 K3: Labour market – measures to reduce the impact of negative structural trends			●	○	○	○
C3 K4: Restructuring of Slovenian tourism and investment in infrastructure in the field of tourism and cultural heritage	○	○	●	○		
C3 K5: Strengthening competences, in particular digital competences and those required by the professions of the future and the green transition	○	○	●	○		●
C3 K6: Efficient public institutions		○	●		○	
Health and welfare						
C4 K1: Health		○		○	●	○
C4 K2: Social security and long-term care				○	●	○
C4 K3: Housing				●	○	○

Key: '●' investments and reforms of the component primarily contribute to the pillar; '○' the component partially contributes to the pillar.

Green transition

The plan has a strong focus on the green transition. The five components in cluster 1 "Green transformation" that contribute primarily to the green transition pillar account for more than two-fifths of the total financial allocation. These include **key reforms** to unlock the renewable energy potential in component C1K1 "Renewable energy and energy efficiency", to expand public transport and alternative fuels in component C1K4 "Sustainable mobility" and to introduce green budgetary planning in C1K5 "Circular economy".

Key investments will target the energy transition. In particular, investments in component C1K1 “Renewable energy and energy efficiency” will support the development and integration of renewable energy sources (EUR 130 million), complemented by measures to promote energy efficiency investments in the economy, as well as pilot projects to promote the use of new technologies in the economy to reduce energy consumption. Component C1K2 “Sustainable renovation of buildings” includes investments in energy efficiency of buildings (EUR 86 million) to achieve average energy savings and reductions in greenhouse gas emissions of around 30% compared with the situation prior to renovation.

The plan also covers investments in climate change adaptation and environmental protection. The largest investment in the plan is included in component C1K3 “Clean and safe environment” and it addresses climate change adaptation investments focused on flood prevention (EUR 310 million). Additional significant investments on environment in the same component include measures on energy-efficient wastewater and drinking water systems (EUR 107 million). A dedicated scheme for promoting circular economy principles in production processes is also included in component C1K5 “Circular economy” (EUR 20 million).

On transport, a sizeable effort is made to increase the sustainability of the sector. A very significant allocation in component C1K4 “Sustainable transport” is dedicated to the upgrading of rail infrastructures (more than EUR 280 million), complemented with investments to digitalise rail and road transport, to enable greenhouse gases emissions reductions, and investments in electric charging infrastructures to promote e-vehicles.

Several other measures in other components will at least partially support the green transition pillar. These include (i) investments in research and innovation focusing on the low carbon economy, circular economy and sustainable food systems in component C3K1 “Research and innovation”; (ii) measures promoting green public procurement in component C3K2 “Raising productivity”; (iii) investments in sustainable tourism accommodation in component C3K4 “Restructuring of Slovenian tourism”; and (iv) measures in component C3K5 “Strengthening competences” focusing on the development of green skills and the provision of more modern and environmentally friendly education infrastructure.

Digital transformation

The components that contribute primarily to the digital transformation pillar account for 12.75% of the total financial allocation. Key measures in the two components in cluster 2 “Digital transformation” cover the digitalisation of both the public and the private sector. In particular, investments in connectivity (EUR 30 million) are expected to contribute to boost digitalisation in certain areas of the country that are currently not covered and are unlikely to be covered in the near future.

Component C2K2 “Digital transformation of the public sector” includes a strategy for digital transformation of the public sector, accompanied by prominent investments. The component includes a reform that introduces electronic IDs for citizens and companies and investments in digital skills are envisaged to reduce the digital divide (EUR 66.72 million are directed to digitalisation of education, science and sport). Some key parts of the public sector (e.g. justice and internal security) will benefit from better-performing equipment and better-skilled civil servants. The digital transformation of public services linked to spatial planning, real estate, nature and water is also targeted by the plan (EUR 33.5 million).

The measures included in component C2K1 "Digital transformation of the economy" will also support businesses transformation through digital technologies. Increased support for digitalisation of few consortia will aim to increase competitiveness of large companies and SMEs (EUR 44 million). This component also comprises four multi-country projects on microelectronics, cloud, quantum communication and blockchain.

Several measures in other components will at least partially support the digital pillar. These include, for instance, (i) measures in smart electricity distribution network in C1K1 "Renewable energy and energy efficiency", (ii) investments in the digitalisation of roads and rail in C1K4 "Sustainable transport", (iii) investments in research and innovation focusing on digitalisation in component C3K1 "Research and innovation"; (iv) the establishment of a digital governance platform by beneficiaries in the investments to provide innovative ecosystems in component C3K2 "Raising productivity"; (v) investments fostering digital literacy in the education system (EUR 56 million) in C3K5 "Strengthening competences", (vi) the digital transformation of public procurement in C3K6 "Effective public institutions; and (vii) the sizeable investments in the area of e-health in C4K1 "Health" (EUR 83 million).

Smart, sustainable and inclusive growth

The components that contribute primarily to the pillar of smart, sustainable and inclusive growth account for 19.3% of the total proposed spending. Key measures are included in all components of cluster 3 "Smart sustainable and inclusive growth". Given the wide scope of the third RRF pillar, the below list is not exhaustive.

In particular, labour market and pension reforms in component C3K3 "Labour market" will contribute to sustainable growth. The pension reform will contribute to the long-term sustainability and adequacy of the pension system; legislation on a short-time work scheme that should allow the labour market to deal with major shocks in times of crisis.

The plan is expected to contribute to productivity and competitiveness through a number of measures. Component C3K2 "Raising productivity" includes a reform to support the development of alternative investment funds and investments to boost productivity and investments of companies (EUR 138.5 million). Those investments take into account the role of SMEs by dedicating a very large portion of the allocation to SMEs support (EUR 121 million). Measures in component C3K4 "Restructuring of Slovenian tourism" also include prominent investments to upgrade the tourism and culture sectors (EUR 127 million) with the aim to improve the international positioning of Slovenia as a leading destination in the field of environmental sustainability.

Further measures are expected to improve research, development and innovation. Component C3K1 “RDI” includes measures to increase the efficiency of public investment in RDI, accompanied by sizeable financing for research projects in the green and digital transition (EUR 117.52 million). Reforms of public institutions in component C3K6 “Effective public institutions” will contribute to lowering administrative burdens and improving public procurement.

Several other measures will support at least partially the objective of smart, sustainable and inclusive growth. Those include, inter alia, measures in the field of education in component C3K5 “Strengthening competences”, and investments in support of green and digital transitions in clusters 1 and 2, particularly those sub-measures specifically targeting SMEs, such as investments to support environmentally-friendly production processes and resource efficiency in SMEs in component C1K5 “Circular economy” and investments for the digital transformation of businesses in C2K1 “Digital transformation of the economy”.

Social and territorial cohesion

The social and territorial cohesion dimension is mainstreamed across the plan. A number of measures relate to areas in which also European Structural and Investment Funds promote cohesion, while ensuring that double funding is avoided.

Several measures across various clusters and components will contribute to the objective of territorial cohesion. These include: (i) geographically balanced investments in tourism accommodation and infrastructure (EUR 127 million) in C3K4 “Restructuring of Slovenian tourism”; (ii) connectivity measures in component C2K2 “Digital transformation of the public administration”, which will contribute to bridging the digital divide between rural and urban areas (EUR 30 million); (iii) measures in component C1K3 “Clean and safe environment”, such as investments in flood and landslide prevention (EUR 335 million) and wastewater and drinking water systems across the country (EUR 107 million). The key reforms of the labour market in component C3K3 “Labour market”, and the reforms of the healthcare and long-term care system in cluster 4 “Health and welfare”, as well as investments in lifelong learning in C3K5 “Strengthening competences” will also have an impact across the country. The territorial cohesion dimension is taken into account but is less pronounced in case of the research, development and innovation, and the raising productivity, a business-friendly environment for investors’ components. Component C4K3 “Housing” contributes primarily to the social and territorial cohesion pillar and accounts for 2.4% of the total financial allocation. The component focuses on investments totalling EUR 60 million in affordable housing to mitigate the social impact of the crisis on marginalised people.

Health, and economic, social and institutional resilience

The components that contribute primarily to the pillar of health, and economic, social and institutional resilience account for 12.4% of the total financial allocation. Key measures to bolster the health, social and institutional system's resilience are foreseen in two components of cluster 4 "Health and welfare".

The limited resilience of the healthcare system will be tackled by targeted measures. Reforms in the healthcare system foreseen in component C4K1 "Health" will provide the definition of statutory health insurance rights, restructure the complementary health insurance system, reform the remuneration system for health professions, and provide sustainable financing of the system. Targeted primary care investments (mainly in training of healthcare staff) are welcomed as a starting point for further improvements in the quality of care. Key investment in healthcare is linked with improving the infrastructure and treatment of infectious and communicable diseases, as the COVID-19 epidemic showed many shortcomings in that area (EUR 110 million).

Social and institutional resilience will be improved with the adoption of comprehensive legislation regulating long-term care system. These measures are included in component C4K2 "Social security and long-term care". They will integrate both healthcare and social care services, while investments in nursing homes and care homes will set up appropriate infrastructure and improve the accessibility and quality of care (EUR 79 million).

Several other measures in other components will at least partially support the objective of health, and economic, social and institutional resilience. These include, for instance, reforms and measures to improve efficiency and effectiveness of public administration in component C3K6 "Effective public institutions", and the labour market reform in component C3K3 "Labour market". The resilience of Slovenia's public administration is also increased by the measures on the digital transformation of public administration (EUR 62.05 million) in component C2K2 "Digital transformation of the public administration". By aiming to reduce the share of households below the housing poverty threshold, the measures in component C4K3 "Housing" also contribute to increasing social resilience.

Policies for the next generation, children and the youth, such as education and skills

The components that contribute primarily to the policies for the next generation pillar account for 10.8% of the total financial allocation. It includes important reforms and investments in component C3K5 "Strengthening competences" to improve quality of education.

The plan has a strong focus on acquiring skills. In particular, sizeable investments are planned in component C3K5 "Strengthening competences", aiming at equipping students and teachers with new skills for the digital and green transition and to improve their financial literacy (EUR 110 million).

The plan also provides for more modern, digital and environmentally friendly education. Component C3K5 "Strengthening competences" also covers investments in schools infrastructure (EUR 145 million), complemented by investments in digital education (EUR 41.1

million) included in component C2K2 “Digital transformation of the public administration”, aiming at strengthening the resilience of the education system.

Measures in other components will also pursue policies for the next generation, children and the youth. In particular, labour market measures in component C3K3 “Labour market” are expected to support youth employment. That component, as well as components C4K1 “Health” and C4K2 “Social security and long-term care” also include key structural reforms to address demographic trends and ensure greater intergenerational fairness. Measures in C4K3 “Housing” will target socially disadvantaged and marginalised groups, including young people and young families.

Overall assessment

Taking into consideration all reforms and investments envisaged by Slovenia, its recovery and resilience plan represents, to a large extent a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3 of the RRF Regulation, taking the specific challenges and the financial allocation of Slovenia into account. This would warrant a rating of A under the assessment criterion 2.1 in Annex V of the RRF Regulation.

4.2. Link with country-specific recommendations and the European Semester

Overall, the plan provides an adequate response to a large set of economic, social and environmental challenges faced by Slovenia. The plan introduces reforms and investments addressing a significant subset of the challenges identified in the country-specific recommendations to Slovenia as part of the European Semester. In particular, the plan addresses challenges related to fiscal policies and public finances, social safety nets, employment and social, business environment and investments in RDI, green and digital transitions.

Slovenia has implemented measures sustaining the economy to effectively address the COVID-19 pandemic (CSR 1, 2020). Slovenia managed to attain a relatively healthy fiscal position prior to the COVID-19 crisis, reducing public debt substantially close to the 60% threshold. This allowed it to borrow relatively easily and cheaply on the markets to create sufficient fiscal space for the seven stimulus packages introduced since April 2020. These packages have so far sustained the economy and should support recovery in the near future, in line with the first recommendation of 2020. When the epidemiological situation improves, the temporary measures adopted in the crisis would need to be gradually withdrawn to achieve a prudent medium-term fiscal position and ensure debt sustainability.

Social safety net

The plan intends to address in a comprehensive manner the long-standing Council recommendations to Slovenia on social safety net (CSR 1, 2020, CSR 1, 2019). The plan includes the following **key structural reforms** of the long-term care, healthcare, and pension systems, covering the three pillars of the social safety net.

The long-term care reform in component C4K2 “Social security and long-term care” is a key measure of the plan. It would establish a comprehensive long-term care regime, which currently does not exist in Slovenia. The reform will establish a new social security pillar focused on the specific needs of those requiring long-term care, ensuring equal access regardless of socio-economic status. It would cover both institutional care in nursing homes for the most complex needs as well as community day care and care at home to pursue the goal of reducing dependency on health institutions. For family members, especially for women, the new regime should reduce the burden of informal care and thereby allow them to take up (full-time) formal employment. At the same time, investments in care homes, complying with modern standards, should improve the quality of care and living considerably for all age groups.

The healthcare reform in component C4K1 “Health” should make the system more efficient. Improvements in primary care should reduce the burden on (and cost of) secondary and tertiary care. Together with measures in long-term care, the healthcare reform should also lead to a better integration of long-term care and healthcare and thus improve their resilience, accessibility and quality. To address shortages of health workers, the secondary professional education in area of health and social services would be modernised and allow more enrolments at the medical faculties. The reform would be supported by the planned reform of the remuneration system of the public sector in component C3K6 “Efficient public institutions” to improve incentives and overall working conditions in the sector. The implementation of the reforms may result into higher financing needs for both healthcare and long-term care and it will therefore be crucial that all elements of the reforms (i.e. quality, accessibility and long-term fiscal sustainability) are fully implemented.

The pension reform should ensure the fiscal sustainability of the system in the medium to long term. These objective should be achieved, among others, through parametric reforms and other flanking measures in component C3K3 “Labour Market”. These measures aim, for example, to prolong employment at the end of the career by limiting loopholes such as using sick leave or unemployment benefits as a bridge to retirement.

Employment and social

Slovenia has been relatively successful in mitigating the social and employment impact of the COVID-19 crisis (CSR 2.1, 2020). Seven stimulus packages have been adopted since April 2020 providing horizontal and sectoral support to the economy as well as employees and people in need. The plan intends to develop some of these measures further and incorporate them on a permanent legal framework in the reform foreseen in component C3K3 “Labour market”.

Several measures in component C3K3 “Labour market” are intended to improve the functioning of the labour market in normal and exceptional situations (CSR 2.2, 2020). Support will be provided to companies and employees to establish more flexible working arrangements. A legal act will adopted for the crisis short-time working scheme to be applied in times of extreme stress to provide employers and employees with a dependable framework to deal with crises. The legislation on unemployment benefits will be amended to promote longer working lives. Amendments to healthcare and pension legislation are envisaged to improve occupational rehabilitation.

Other measures in the same component C3K3 increasingly target active labour market policies to reduce the number of long-term unemployed persons and older workers (CSR 2, 2019). In particular, these measures target specific groups or employment situations like long-term unemployment or a low level of skills. The effectiveness of occupational rehabilitation will be increased. Employers will be incentivised to hire young staff on a permanent basis instead of as "student workers" or on other temporary contracts. This would support a faster transition of young wage earners from education into a standard employment relationship.

Measures in the area of education and training should also help address the labour shortages with which Slovenia was faced in an increasing number of sectors before the outbreak of the COVID-19 crisis (CSR 1, 2019). Component C3K5 "Strengthening competences" aims to improve the resilience of the labour market and the employability of workers in precarious situations. The plan envisages support for the re-skilling and up-skilling of workers, the promotion of life-long learning, and the promotion of vocational education and apprenticeships in particular in areas with high and growing labour demand that is hard to cover like health sector. Education and training should become more relevant for the labour market and the digitalisation should play a much greater role in education.

Component C4K3 "Housing" is expected to help mitigating the social impact of the crisis (CSR 2, 2020). The reform and investments in this component are expected to reduce the cost of housing for people at risk of poverty and social exclusion and other vulnerable groups by increasing the number of public housing through new constructions and activation of the existing housing stock.

Business environment

Several measures of the plan are expected to improve access to finance and the development of equity markets (CSR 2.1, 2019). Besides several incentive schemes, component C3K2 "Raising productivity" would establish a legal regime for alternative investment funds that would provide both investors and companies with better-tailored financial instruments and more choice in the design of their portfolios. This new regime would have to build on, and be fully consistent with, existing EU-wide capital market legislation as well as ongoing initiatives at EU level.

The plan also tackles administrative burdens and regulatory restrictions, which are other important obstacles for private entrepreneurship (CSR 2.2, 2019; CSR 3, 2020). The Debureaucratisation Act and the recast of the Construction Act and the Spatial Planning Act included in component C3K6 "Effective Public Institutions", together with measures to reduce the cost and the time necessary to comply with administrative requirements in cluster 2 "Digital Transition", will help the private sector to take up its economic activities after the crisis. Furthermore, at least four components (C1K1 "Renewable Energy Sources and Energy Efficiency", C3K2 "Raising Productivity", C3K4 "Tourism and Culture", and C3K6 "Efficient

Public Institutions" would contribute to the streamlining and modernising of regulatory requirements in their respective areas.

The plan intends to further reduce the inefficiencies in Slovenia's public procurement system (CSR 2.3, 2019). Spending the funds efficiently is a crucial success factor for the plan, since Slovenia intends to make intensive use of public calls for tenders in the implementation. Component C3K6 "Efficient Public Institutions" should help to increase the level of professionalization among stakeholders in public procurement in Slovenia, to establish a public procurement academy, to push the digital transformation of public procurement and to increase competition in public procurement procedures. Moreover, changes in the way public procurement is organised in the health sector would be part of the planed revision of the public procurement act. The plan does not address the CSR sub-part recommending to "carry out privatisations in line with the existing plans" (CSR 2.4, 2019). This seems understandable in light of the high degree of uncertainty regarding the economic developments and the improved governance of state-owned companies compared to the time when the list had been established. Furthermore, progress was made in the past on privatisations in the banking sector and plans are ongoing in the tourism sector.

The plan is expected to improve the business environment, promote investment and support productivity enhancing reforms (CSR 2,3, 2019, CSR 3, 2020). Demographic changes, combined with low innovation and low public investment are undermining Slovenia's growth potential. The components "Raising productivity, a business-friendly environment for investors" (C3K2) and "Research, development and innovation" (RDI; C3K1) comprise of measures to improve productivity in Slovenia. The former aims at improving access to capital for young and innovative companies, the provision of direct subsidies to support investments that are suited to increase the productivity of the economy, and the creation of innovative ecosystems of economic and business infrastructure. In addition, a number of other measures should contribute to higher productivity in specific sectors (e.g. in the circular economy, tourism and culture) or horizontally through the provision of a more efficient digital and physical infrastructure (e.g. the components on the digital transition, sustainable mobility or effective public institutions) or increased human capital (e.g. the component on strengthening competences).

Investments in RDI, green and digital transitions

The plan is expected to give a significant boost to (public) investment in Slovenia (CSR 3, 2019; CSR 3, 2020). The components of the plan combine direct public investment and support of private investments with reforms to make investments in areas like RDI more attractive and efficient, or set the necessary regulatory framework for investments in dynamic areas, such as the green transition or the circular economy. These measures would help the country meeting important targets like the 2050 climate neutrality objective and the 2030 energy and climate targets. The measures would broaden digital capacities and competences considerably.

Component C3K1 "Research, development and innovation" is set to support investment in RDI through various measures and increase the efficiency and effectiveness of these investments and hence improve the performance of the national RDI ecosystem (CSR 3.1,

2019; CSR 3.8, 2020). It also aims at improving the coordination of RDI between research institutes and companies as well as among researchers. With the creation of a market for alternative investment funds Slovenia tries to channel more money into RDI by start-ups, small and mid-sized companies. As described in more detail in paragraph 4.3 below, investment in RDI under the plan will be primarily focussed on the green and digital transition and on the attractiveness of Slovenia as a location for RDI in Europe.

With significant reforms and investments in cluster 1, the plan focuses investments on the green transition (CSR 3.2, 2019; CSR 3, 2020). With component C1K1 "Renewable energy and energy efficiency" Slovenia intends to adapt the relevant legislation to make investments in clean and efficient production and use of energy more attractive. As explained in more detail in paragraph 4.5 below, important reforms are expected to remove bottlenecks and provide support for obtaining consents and permits for renewables projects and to facilitate investments in energy efficiency and new technologies for demand-response services. Reforms and investments in components C3K1 "Clean and safe environment" are focused on environmental infrastructure, such as flood prevention and wastewater and drinking water systems. The measures in component C1K4 "Sustainable transport" will also promote public transport and the transition to alternative fuels. The reform and investment measures in the plan described in more detail in paragraph 4.5 below, are aimed at reducing emissions from transport, which alone is responsible for more than two-fifth of the country's total CO_2 emissions.

The digital challenge (CSR 3, 2020) is addressed through two dedicated components in cluster 2 "Digitalisation" but also through specific measures in other components. The digitalisation is expected to be a core driver of economic growth in the future in Slovenia and crucial for the international competitiveness of its small open economy. As described in more detail in section 4.6 below, Slovenia intends to introduce an e-ID and to adopt a national cybersecurity strategy. Significant investments would go into the creation of cloud capacities, the digitalisation of public services, the broadband rollout (5G), the modernised digital education infrastructure, and e-health. Furthermore, the plan intends to promote the digitalisation of the public administration and the public sector. The existing one-stop shop for business operators for their dealings with the public administration and the government will be expanded to cover citizens as well. To contribute to increasing European industrial data cloud capacities and the ability to develop the most powerful, cutting edge, and sustainable processors, the plan intends to support the establishment of hybrid cloud, the development of low-consumption processors and semiconductor chips.

Investments in digital infrastructure will be complemented by investment in the digital skills of employees and citizens (CSR 3.11, 2020). The development of digital literacy at all levels of education system and lifelong learning will be supported through an overhaul of curricula at all education levels (from early childhood education and care to higher education) foreseen in component C3K5 "Strengthening competences". The aim of the measures is to integrate basic computing and digital competences in the curricula. To empower schools for this task, 20 000 teachers/educators will be trained in digital skills.

Overall assessment

Taking into consideration the reforms and investments envisaged by Slovenia, its recovery and resilience plan is expected to contribute to effectively addressing a significant subset of challenges identified in the country-specific recommendations, or challenges in other relevant documents officially adopted by the Commission under the European Semester, and the recovery and resilience plan represents an adequate response to the economic and social situation of Slovenia. This would warrant a rating of A under the assessment criterion 2.2 in Annex V of the RRF Regulation.

Table 5. Mapping of country challenges identified in 2019-20 country-specific recommendations and the components of the Slovenian recovery and resilience plan

Country challenges	Associated CSR (2019-2020) or Euro Area recommendations	Component of the plan*															
		C1					C2		C3						C4		
		1	2	3	4	5	1	2	1	2	3	4	5	6	1	2	3
Fiscal policy and public finances																	
Public debt sustainability	2019.1, 2020.1.1, 2020.1.2										●				●	●	
Labour market, social safety net and education																	
Employment protection legislation and framework for labour contracts	2019.1.5, 2020.2.2, 2020.2.3										●						
Social protection and Unemployment benefits	2020.2.1										●						●
Active Labour Market policies	2019.1.5										●						
Skills & life-long learning	2019.1.5, 2020.3.11							●			○		●				
Health & long-term care	2019.1.2, 2020.1.2, 2019.1.3														●	●	
Investment-related policies																	
Research and innovation	2019.3.1, 2020.3.8								●								
Digital transition	2020.3.5, 2020.3.9, 2020.3.10, 2020.3.12, 2020.3.13						●	●	●				●		●		
Green transition	2019.3.2, 2019.3.3, 2019.3.4, 2020.3.5, 2020.3.6, 2020.3.7	●	●	●	●	●			●								
Productivity and business environment																	
Access to finance	2019.2.1, 2020.3.1									●							
Business environment	2019.2.2, 2020.3.2	○								●	●	●		●			
Public administration	2019.2.3							●						●			

Key: "●" investments and reforms of the component significantly address the challenge; "○" the component partially addresses the challenge

4.3. Growth potential, job creation, economic, institutional and social resilience, European Pillar of Social Rights, mitigating the impact of the crisis, and social territorial cohesion and convergence

Fostering economic growth and jobs

The plan contains several investments and reforms that aim to foster economic growth, stimulating job creation and boosting the growth potential of the Slovenian economy, and mitigating the adverse effects of the crisis. The plan will help provide a short-term demand boost and stimulate investment, thus contributing to the recovery of the economy in the short to medium term. Reforms will help raise growth in the medium and long run. Among the most important reforms that address the growth potential of the economy are the reforms aiming to improve labour supply, reform of the RDI system, public administration reforms and improvement of the education system.

Proposed reforms in component C3K3 "Labour market" aim at increasing the participation rate of older people in the labour market, and raising labour supply. Importantly, the plan proposes to amend the unemployment-benefit provisions in the Labour Market Regulation act with a view to increase the employment of older people and prevent early exits from the labour market. A pension reform will ensure the fiscal sustainability of the pension system (i.e. risks stemming from age-related expenditure will be significantly reduced from the current high-risk category) and adequacy of pensions. This reform will be adopted by the end of 2024, after proper analytical work and consultations with social partners. The reform will, in addition to parametric changes in the system, aim at extending the period of employment and increasing the labour market integration of older people while ensuring the adequacy of the pension system. While the details are still to be fleshed out in the implementation, these are key reforms that will contribute to growth, intergenerational fairness and fiscal sustainability and they need to be implemented in line with the full ambition laid out in the plan. These reforms are complemented by additional training measures to improve the employability of older workers. Furthermore, reforms that will boost labour supply include measures to encourage the inclusion of workers with disabilities and young people in the labour market, the latter through support to access quality jobs with open-ended contracts.

Boosting investments will also raise the country's potential GDP in the medium to long run. In line with this goal, several components across clusters 1, 2 and 3 of the plan envisage increasing investments in numerous areas. With investments in cluster 3, Slovenia will provide support for productive investments by enterprises (C3K2 "Raising productivity", mainly focusing on energy efficiency and the circular economy) and also specifically for investments in the tourism sector (C3K4 "Restructuring of Slovenian tourism and investment in infrastructure in the field of tourism and cultural heritage"). Planned investments in improving the quality of tourist accommodation infrastructure, public tourism infrastructure and the renewal of cultural heritage are expected to lead increased growth potential for Slovenian tourism. Component C1K1 "Renewable energy and energy efficiency" also envisages support for productive investments in the renewable energy sector, to be directed to a large extent in new technologies, creating potential for future growth. Finally, the plan also provides for support for the digital transformation of the economy (component C2K1), to enable companies to increase their productivity. This should accelerate the uptake of advanced technologies in companies and enable them to be more productive.

A key pillar of the plan deals with investment in research and development which is instrumental in boosting total factor productivity (component C3K1). A number of elements of the plan directly address productivity:

- The plan proposes to finance two research and innovation programmes, in green and digital technologies. Substantial support will be directed to research and development activities of research organisations and enterprises, including for setting up demonstration projects. Targeted calls (green and digital) are expected to significantly increase research capacity in these priority areas. These programmes are also expected to support dissemination and translation of relevant technological knowledge into market applications, benefitting the economy and society at large.
- The envisaged funding instruments for researcher mobility schemes will support human resources for R&D, with a view to reversing the brain drain and attracting/retaining top talents in the country. Given that researchers will come to Slovenia after several years of residence abroad, they are expected to make a significant contribution to the internationalisation of the R&D system and R&D capacity building (e.g. access to new knowledge and know-how, access to international networks/teams, transfer of knowledge, benefitting local researchers/organisations). These measures are expected to boost the scientific and technological performance of the host institutions and increase their participation in top EU/international R&D programmes.
- In the long-term, the success of the economy depends greatly on the quality and content of the education and training provided. The plan envisages the modernisation of education, including higher education programmes and infrastructure. In particular, the emphasis is on the strengthening of digital and sustainable development competences and on financial literacy. This is expected to reduce the mismatch between current and future labour market needs and the skills of the labour force.
- Productivity of the economy is also expected to be supported by the de-bureaucratisation measures included in the plan, which will improve the business environment.

Improved public procurement procedures, also set out in the plan, are expected to lead to greater competitiveness of the economy. Slovenia will also reform planning and construction procedures. The renewal of the Building Act and the Spatial Planning Act aims to accelerate planning and permit procedures and thus support faster economic development.

The plan also includes investment measures with potentially significant short-term effects on job creation. Among these measures are the sustainable renovation of public buildings, aiming to increase their energy efficiency[23], investments in flood protection measures, extension of water and wastewater systems, and investments in hospital and long-term care networks and affordable housing.

Investments in the plan financed through the RRF are expected to be additional to the baseline without the RRF. According to the data presented in the plan, the baseline of growth enhancing public expenditures not financed by the RRF over the period of 2021-2026 is approximately at the same level as it was in the three-year period before the pandemic (2017-2019). The projected RRF-financed growth enhancing expenditure is estimated at 0.75% of GDP in 2021-2026.

The plan includes the analysis of general economic impact. The analysis provided by the Slovenian authorities is based on the European Commission's standard QUEST III R&D model. The expenditure from the plan has been classified into four model groups of measures: infrastructure investment; various forms of aid; RDI; and human capital. Investment in public infrastructure has been simulated through a temporary increase in government investment. Various forms of aid (mainly to enterprises) have been simulated by reducing the cost of tangible capital of companies producing finished products. Similarly, the promotion of RDI has been simulated by reducing the cost of intangible capital for companies producing intermediate products. Measures in the area of education (human capital) have been simulated through a labour productivity (efficiency) shock. Some of the measures deemed to contribute in limited manner to higher productivity were simulated as a temporary increase in government consumption.

The model-based analysis on the macroeconomic impact included in the plan shows clear long-term positive results. The presented estimated impact appears somewhat lower than the Commission's own expectations regarding the results of the plan (see Box 2). The RRP results do not take into account the positive impact of the plans of Slovenia's trading partners, which again provide positive influence for the small open economy. The simulations also do not take fully into account the impact of the envisaged reform measures, as the details will only be formulated later. The conversion of individual measures into model shocks requires additional analyses (e.g. how the reform of the education system will affect the efficiency of future employees or changes in the educational structure of the economy).

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[23] The employment impacts of building energy renovations are discussed, among others, in: Zangheri, P., Armani, R., Kakoulaki, G., Bavetta, M., Martirano, G., Pignatelli, F. and Baranzelli, C., Building energy renovation for decarbonisation and Covid-19 recovery, EUR 30433 EN, Publications Office of the European Union, Luxembourg, 2020, ISBN 978-92-76-24766-1, doi:10.2760/08629, JRC122143., and in Shnapp, S., Paci, D. and Bertoldi, P., Untapping multiple benefits: hidden values in environmental and building policies, EUR 30280 EN, Publications Office of the European Union, Luxembourg, 2020, ISBN 978-92-76-19983-0, doi:10.2760/314081, JRC120683.

Box 2: Stylised NGEU impact simulations with QUEST - Slovenia

Model simulations conducted by the Commission using the QUEST model show that the economic impact of the NGEU in Slovenia could lead to an increase of GDP of between 1.1% and 1.7% by 2026.[24]. After 20 years, GDP could be 0.5% higher. Spillovers account for a large part of such impact.

According to these simulations, this would translate into up to 6,000 additional jobs. Cross border (GDP) spillovers account for 0.6 pps in 2026, showing the value added of synchronised expenditure across Member States (line 2). Even in a scenario with a lower productivity of NGEU funds, it would still lead to a significant impact (line 3).[25]

Table 1: QUEST simulation results (deviation of real GDP level from non-NGEU case, linear disbursement assumption over 6 years)

Scenario	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2040
Baseline	0.9	1.4	1.4	1.5	1.6	1.7	1.3	0.9	0.9	0.8	0.5
of which spillover	0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.4	0.3	0.2	0.1
Low productivity	0.6	1.0	1.0	1.0	1.0	1.1	0.7	0.3	0.3	0.3	0.2

This stylised scenario does not include the possible positive impact of structural reforms, which can be substantial. A model-based benchmarking exercise shows that undertaking structural reforms that would result in halving the gap vis-à-vis best performers in terms of indicators of structural reforms could raise Slovenia GDP by 14% in 20 years time, more than the 10% found for the EU average, the difference reflecting the relatively larger gaps towards best performers in Slovenia.[26]

Due to the differences in the assumptions and methodology, **the results of this stylised assessment cannot be directly compared to the numbers reported in chapter 4 of Slovenia's RRP.**

Strengthening social cohesion

While Slovenia already has a strong social protection system, the plan aims to reinforce it further. In particular, it is aimed at improving the long-term care system and providing significantly more housing units for the vulnerable population. If implemented in line with the targets, the long-term care reform will provide the sustainable funding basis for the long-term care system in Slovenia. The long-term care reform is expected to relieve the burden on the

[24] RRF amounts to roughly 90% of NGEU, which also includes ReactEU, Horizon, InvestEU, JTF, Rural Development and RescEU.

[25] Technically, the low productivity scenario considers a significantly reduced output elasticity of public capital.

[26] Varga, J, in 't Veld J. (2014), "The potential growth impact of structural reforms in the EU: a benchmarking exercise", European Economy Economic Papers no. 541.

families of people needing special care, instead establishing a system funded by society. In the broader system, people needing care do not depend on the resources available for their families, but all people in an equal position are expected to receive equal care. The measure will be strengthened by the construction of long-term care nursing homes and care homes, to be made available as an alternative, non-compulsory service in addition to the community-based care services.

The plan contains measures to address gender mainstreaming and equality for all. The plan states that under the Law on Equal Opportunities for Women and Men, all ministries must ensure that all measures and policies are systematically assessed from a gender equality perspective or that the possible effects on the situation of women and men are taken into account at all stages of their implementation. The forthcoming National Programme for Equal Opportunities for Women and Men up to 2030 will also contribute to this goal. Mainstreaming of gender equality and equal opportunities for all should be ensured through measures in several components, notably on sustainable renovation of buildings, clean and safe environment, circular economy, digital transformation of the public administration, research and innovation, education, labour market, social security and long-term care, health system and affordable housing. For example, the greater availability of affordable housing renting will benefit older women who are at greater risk of poverty or social exclusion, persons with disabilities, and younger families. Setting up the long-term care system will enable integrated social and healthcare services for all age groups, which is currently the case only for those over 65 years. The long-term care reform is also expected to strengthen the development of community-based services in line with the process of deinstitutionalisation and to contribute to women's ability to re-enter the labour market by improving the availability of long-term care services for all ages across the country. The introduction of more flexible working arrangements would improve the gender gap among the active population in caring responsibilities. The subvention for open-end contracts in the labour market component will increase employment levels of young women (up to 25 years) who currently face the second highest share of short-term jobs in Europe, while people with disabilities will benefit from adapting their workplaces to more flexible forms of work. The renovation of public buildings is planned to include improvement of their accessibility through architectural adaptability for people with disabilities. The needs of disadvantaged groups, such as children with special needs, will be taken into account in the context of digitalising the education sector and constructing a suitable modern education infrastructure.

The most important policy for children and youth in the plan is the modernisation of the education system. Scheduled reforms and investments will further strengthen the quality of education in particular by adapting education, study and training programmes in different fields across the education system, and supporting the development of teacher competences towards the acquisition of green and digital competences to enable full participation in society and in the labour market. Connectivity of educational institutions is also expected to be enhanced, thus reducing the digital divide.

The education policy measures will also strengthen the link between education and the labour market, ensuring a faster and easier transition of young people into the labour

market. The revamping of education programmes through the plan is expected to enable the education system to respond more quickly to the needs of the labour market and society, and the strengthening of key competences of young people is expected to improve their active participation in both of these.

Reducing vulnerability and increasing resilience

The plan includes various measures to increase economic and social resilience to shocks. Among the most important measures in this regard are reforms of the business environment and labour markets and the actions taken to mitigate the effects of climate change. In the area of the environment, the plan will provide funding for prevention activities (flood prevention, earthquake prevention) and for coordinated response activities, creating a competent force to respond in a coordinated and timely manner in the event of floods and major fires. These actions are expected to limit the magnitude, duration and damage of such disasters. The activities for flood prevention also contribute to the prevention and preparedness for natural disasters by regulating water circulation, preventing soil erosion, and ensuring the wood-production, environmental and nature-conservation functions of forests.

The plan includes elements to enable services to be available remotely for segments of society. The plan provides for significant advancement in government e-services. This will lead to better coverage of services for citizens, faster processing of applications, and reduced social barriers for people with special needs. Digital services in health are expected to contribute towards the faster and more efficient management of healthcare needs. In addition, IT networks are planned to be improved with the RRF funding, thus making them and IT systems as a whole more resilient.

The plan also envisages more flexible working methods. As part of the plan, Slovenia will carry out a pilot programme to address issues facing teleworkers. Information will be made available for employers and employees, and practical problems, such as health and safety issues and working time recording, will be studied. Practical projects will be carried out in a number of companies to identify the changes needed to implement teleworking more broadly. It is expected that these results will enable more teleworking in the future, either always or in case there is a need. This would also increase the resilience of society. Another measure in the labour market, the establishment of a permanent short-time work scheme, will address negative social consequences and make society economically and socially more resilient to labour market shocks.

Resilience will also be improved through the creation of new and updated medical facilities and equipment. The plan provides for the construction of two hospitals, aimed at the control of infectious diseases, in Ljubljana and Maribor. This will enable to better tackle future challenges requiring the availability of modern hospital beds. The creation of long-term care hospitals will also support this aim. In addition, the plan seeks to increase the response speed of emergency medical teams by providing better IT solutions and new ambulances.

Cohesion and convergence

The investments proposed in the plan envisage supporting territorial cohesion. To some extent this aspect will be supported through investment in digital services, communication networks, energy networks, improvement of public transport services, and targeted investments in productivity and tourism.

Investments in the energy sector in component C1K1 will take place throughout Slovenia. These include the restructuring of district heating systems and investments to strengthen the electricity distribution network to ensure the connection of an increased number of renewables generating installations throughout Slovenia, thereby strengthening territorial cohesion.

Promoting and increasing the competitiveness of public transport has the potential to bring the country closer together. The use of public transport was severely affected during the pandemic. Through better management of public transport services, it will be possible to improve the mobility of the population while reducing emissions from transport. The plan will provide for major investments for the upgrading of congested railway lines and stations. For remote areas not fully benefitting from public transport, investments to promote transition to clean vehicles in road transport is expected to have a positive effect. The plan will address this through the appropriate geographical diversification of recharging/supply infrastructure for alternative fuels in transport.

Investments in digitalisation are also expected to have a positive effect on territorial cohesion. With public and private ICT services more readily available through support under the plan, the attractiveness of more remote areas increases, as the need to physically move decreases. The plan also provides for investments in fast networks in underserved areas, allowing more people to use high-quality connections in rural and mountainous areas. This is further supported by planned measures under the labour market component to improve teleworking conditions.

The plan also provides for investment grants in border areas to improve productivity and make production processes cleaner. In addition to the planned strategic investments, a separate funding is planned for smaller enterprises in the border areas. The call for such projects will be separate from the call for larger, more strategic projects. This is expected to ensure that investments by SMEs in remote locations are also properly supported.

With component C3K4, the plan aims to ensure that investments in tourism and culture support territorial cohesion. The tourism strategy divides Slovenia into four regions in terms of tourism products, within which the 35 leading destinations are evenly distributed. The leading destinations are evenly distributed throughout the country, with 17 belonging to the eastern cohesion region and 18 to the western cohesion region. Investments in the restoration of cultural monuments will be spread throughout Slovenia.

Overall assessment

Taking into consideration all reforms and investments envisaged by Slovenia, its recovery and resilience plan is expected to have a high impact on strengthening growth potential, job creation, and economic, social and institutional resilience of the Member State, on contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union. This would warrant a rating of A under the assessment criterion 2.3 of Annex V of the RRF Regulation.

Box 3: Employment and social challenges in light of the Social Scoreboard accompanying the European Pillar of Social Rights

Slovenia performs relatively well on most indicators of the social scoreboard supporting the European Pillar of Social Rights. The COVID-19 crisis has impacted negatively on employment, which declined by 0.8 percentage points to 75.6% in 2020, compared with the year before, while unemployment increased by 0.5 percentage points to 5.0%. Labour market participation of older and low-skilled workers remains a challenge. Participation of these workers in lifelong learning is also below the EU average. Although the share of people at risk of poverty or social exclusion is well below the EU average, it remains high for the elderly. Also, poverty risks and inequalities (also below the EU average) may increase due to the economic and social impact of the crisis. The net earnings of a full-time single worker earning the average wage are slowly increasing but this remains to be monitored. While education in general performs well, with low number of early leavers from education and training, good basic skills and high tertiary education attainment, there are gaps between men and women, as well as between the native-born and foreign born pupils at all levels of education.

Social Scoreboard for SLOVENIA

Equal opportunities and access to the labour market	Early leavers from education and training (% of population aged 18-24) (2020)
	Youth NEET (% of total population aged 15-24) (2020)
	Gender employment gap (2020)
	Income quintile ratio (S80/S20) (2019)
	At risk of poverty or social exclusion (in %) (2019)
Dynamic labour markets and fair working conditions	Employment rate (% population aged 20-64) (2020)
	Unemployment rate (% population aged 15-74) (2020)
	Long term unemployment (% population aged 15-74) (2020)
	GDHI per capita growth (2019)
	Net earnings of a full-time single worker earning AW (2019)
Social protection and inclusion	Impact of social transfers (other than pensions) on poverty reduction (2019)
	Children aged less than 3 years in formal childcare (2019)
	Self-reported unmet need for medical care (2019)
	Individuals' level of digital skills (2019)

Critical situation	To watch	Weak but improving	Good but to monitor	On average	Better than average	Best performers

Update of 29 April 2021. Members States are classified on the Social Scoreboard according to a statistical methodology agreed with the EMCO and SPC Committees. It looks jointly at levels and changes of the indicators in comparison with the respective EU averages and classifies Member States in seven categories. For methodological details, please consult the Joint Employment Report 2021; NEET: neither in employment nor in education and training; GDHI: gross disposable household income.

Slovenia's Recovery and Resilience Plan addresses some of the key employment and social challenges relevant for implementing the Pillar, in particular the ones linked with access to healthcare and long-term care. The plan also aims to improve access to non-profit rental housing for young people, the socially deprived and other marginalised groups which would also contribute to the greater social inclusion of these groups. To foster equal opportunities and access to the labour market, the plan envisages a measure supporting young people in their transition to the labour market. Furthermore, adapting working environments to the needs of people with disabilities is also set out in the plan. As for healthcare, some measures aim to increase its accessibility and resilience, while long-term financial sustainability will also be addressed. The plan also covers long-term care reform and investment measures, such as the adoption of relevant legislation and investment in long-term care facilities. In addition, by setting up a proper long-term care system, informal caretakers / caretakers at home will be relieved from informal care of family members and can re-enter the labour market.

The plan particularly fosters dynamic labour markets and fair working conditions through an ambitious investment in skills that match the labour market needs. It also aims to modernize the education and training system in the light of digital and green transitions. This investment will contribute to reducing the mismatch between competences acquired during education and those sought by employers, thus facilitating a better transition from education to the labour market. Actions include promoting vocational education and apprenticeships, training mentors in companies, improving the

4.4. The principle of ‘do no significant harm’

Slovenia’s recovery and resilience plan provides an assessment for compliance with the ‘do no significant harm’ (DNSH) principle. Slovenia’s recovery and resilience plan follows the methodology set out in the technical guidance on the application of ‘do no significant harm’ (DNSH) under the Recovery and Resilience Facility Regulation[27]. Slovenia has included a detailed DNSH assessment, in accordance with the template provided by the Commission, for each measure included in its recovery and resilience plan.

Each ‘do no significant harm’ assessment follows a two-step approach. The first step assesses whether there is a risk that a measure could do significant harm to one or more of the environmental objectives. Certain measures that contribute substantially to one of the six environmental objectives are considered compliant with DNSH for that objective, in line with the DNSH technical guidance. Other measures (e.g. in education and culture, labour market, public administration) have no or insignificant foreseeable impact on some or all of the six environmental objectives. Other measures are designed to ensure compliance with DNSH, including broad support schemes that span across sectors and activities (e.g. in research and innovation, productivity, and energy efficiency in the economy). For measures requiring a second step ‘substantive DNSH assessment’ as per the DNSH technical guidance (e.g. renewables power production and district heating, water management, sustainable mobility, digitalisation, touristic investments, and new building constructions), Slovenia has provided evidence and assurances substantiating that the measures will not lead to significant harm to any of the six environmental objectives.

Some measures include specific evidence and commitments through milestones and targets to substantiate that they will not lead to significant harm to environmental objectives. These examples include measures supporting productivity investments covering installations under the EU Emissions Trading System (ETS), broad support schemes spanning across sectors and activities, investments in renewables power production, and flood prevention measures. Slovenia ensures DNSH compliance of financial support to sectors covered by the ETS by, among other conditions, making the selection of supported projects conditional upon achieving greenhouse gas emissions that are substantially below the relevant benchmarks established for free allocation as set out in Commission Implementing Regulation (EU) 2021/447. Where the emission reductions are not substantially lower than the relevant benchmarks, Slovenia has committed to provide an explanation on why this level of emission reductions cannot be achieved. This condition is substantiated in the component description, included in the DNSH assessment, and reflected in the milestones and targets for this measure. The selection criteria therefore ensure that projects supported under the Recovery and Resilience Facility are in

[27] Commission Notice 2021/C58/01.

accordance with the DNSH technical guidance and will not lead to significant harm to any of the six environmental objectives within the meaning of Article 17 of the Taxonomy Regulation. The selection criteria for broad industry support schemes, including investments in research and innovation and SMEs, will exclude fossil fuels, activities that are not substantially below the ETS benchmarks for free allocation, incinerators, and landfills. Through this approach, Slovenia ensures that the broad measures included in the recovery and resilience plan are DNSH-compliant.

The plan includes investments to increase renewables power production, including hydropower. While these investments fully contribute to climate mitigation objectives, they require specific attention in terms of DNSH compliance for the objectives of the sustainable use and protection of water, and the protection of biodiversity. Slovenia ensures DNSH compliance by confirming that the measure is not expected to have significant negative effects on Natura 2000 and by introducing selection criteria for these investments, requiring compliance with the relevant EU and national environmental *acquis* and with Section 4.5 'Electricity generation from hydropower' (Annex I of the Commission Delegated Regulation (EU) (C(2021) 2800/3) under the Taxonomy Regulation (EU) 2020/852). Similarly, investments in flood prevention measures envisaged in the plan will favour and integrate nature-based solutions and blue or green infrastructure. Slovenia will also ensure DNSH compliance of any possible residual impact of those investments, especially with the objectives for the sustainable use and protection of water and biodiversity. Project selection in fact will require, in addition to compliance with the relevant EU and national environmental *acquis*, compliance with the relevant annexes of the Commission Delegated Regulation (EU) (C(2021) 2800/3) under the Taxonomy Regulation (EU) 2020/852. These requirements are also reflected in the milestones and targets for these measures.

Overall assessment

Taking into consideration the assessment of all the measures envisaged, no measure for the implementation of reforms and investment projects included in Slovenia's recovery and resilience plan is expected to do any significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852 (the principle of 'do no significant harm'). This would warrant a rating of A under the assessment criterion 2.4 of Annex V of the RRF Regulation.

4.5. Green transition

Climate target

The plan correctly follows the methodology for climate tracking set out in Annex VI by identifying both the intervention fields and the corresponding coefficients for the calculation of support to climate-change objectives for the relevant measures. Whenever the selected intervention field includes specific additional conditions, those are substantiated in the component description and reflected in the milestones and targets for the measure (e.g. high-efficiency cogeneration; energy renovation of buildings; construction of new energy-efficient buildings; and wastewater and drinking-water investments compliant with energy-efficient criteria). To ensure an accurate selection of the intervention fields, and to avoid any overestimations of the contribution of certain measures to the climate objectives, the plan splits the measures based on their costs whenever possible. In particular, the plan excludes from the climate tagging: (i) costs for seismic or static renovation of buildings; and (ii) costs for the prevention of non-climate-related natural risks (i.e. earthquakes). When the type of measure contributes to both the climate and digital targets (e.g. research and innovation projects to support the green and digital transition; and renewal of the education system for the green and digital transition), the plan considers that only half of the relevant costs will contribute to the climate target. The plan does not propose any increased climate coefficients for any measure.

Overall, the plan contributes to climate objectives for 42.4% of Slovenia's allocation of EUR 2.5 billion, and the climate target of 37% is therefore considered to have been met. Nine of the 16 components in the recovery and resilience plan include expenditure that contributes to the climate objective.

The most significant contributions to the climate target are included in Cluster 1 of the plan. In particular, the plan allocates: (i) more than EUR 300 million to climate-change-adaptation measures to prevent and manage the risk of floods (component C1K3); (ii) EUR 290 million to upgrade and digitalise railways (component C1K4); and (iii) EUR 146 million to promote the deployment of renewables by investing in high-efficiency RES district heating, installing new RES capacity and upgrading the electricity-distribution network (component C1K1). Other important investments contributing to the climate target include: (i) energy-efficiency renovation of buildings (component C1K2) and (ii) resource-efficiency investments in SMEs (component C1K5).

Clusters 3 also includes other measures contributing to the plan's climate target. The largest measures include: (i) productivity investments focused on energy and resource efficiency (component C3K2); (ii) research and innovation projects focusing on the low carbon economy, resilience and adaptation to climate change, and focusing on the circular economy (C3K1), and (iii) the energy renovation and the construction of energy-efficient buildings in various sectors (components C3K4 and C3K5).

Table 6. Contribution to climate objectives per component

Component	Total cost (EUR million)	Contribution to climate objectives (EUR million)	Share of contribution to climate objectives
C1 K1: Renewable energy and energy efficiency	146.00	143	5.8%
C1 K2: Sustainable renovation of buildings	86.05	62.02	2.5%
C1 K3: A clean and safe environment	472.80	365.16	14.7%

C1 K4: Sustainable mobility	311.90	282.05	11.4%
C1 K5: Circular economy – resource efficiency	48.00	24.72	1%
C2 K1: Digital transformation of the economy	56.50	0	0%
C2 K2: Digital transformation of the public sector and public administration	260.17	0	0%
C3 K1: RDI – research, development and innovation	132.22	40	1.6%
C3 K2: Raising productivity, a business-friendly environment for investors	157.50	55.4	2.2%
C3 K3: Labour market	56.28	0	0%
C3 K4: Restructuring of Slovenian tourism and investment in infrastructure in the field of tourism and cultural heritage	127.00	13.8	0.6%
C3 K5: Strengthening competences, in particular digital competences and those required by the professions of the future and the green transition	264.36	67.64	2.7%
C3 K6: Efficient public institutions	0	0	0
C4 K1: Health	224.90	0	0
C4 K2: Social security and long-term care	79.00	0	0
C4 K3: Housing	60.00	0	0
Total	**2 482.68**	**1 067.6**	**42.4%**

Green transition

The plan has a strong focus on the green transition, with a dedicated cluster of five components, totaling 42% of the plan's financial allocation. Cluster 1 "Green transition" includes key reforms to unlock renewable-energy potential and sustainable mobility, both of which are essential steps to decarbonise the energy and transport sector. Investments in RES, energy efficiency of public buildings, flood prevention measures, the environment, upgraded rail infrastructure, and dedicated measures on the circular economy will also contribute to the green transition of the economy. The envisaged reforms and investments will support the implementation of the European Green Deal and will help accelerate Slovenia's green transition while contributing to economic recovery.

On the contribution to the EU's 2030 climate and energy-related targets, the recovery and resilience plan broadly addresses the three key policy challenges identified in the Commission's recommendations on the Slovenian national climate and energy plan. In fact, the recovery and resilience plan includes key reforms and investments to promote renewable energy, and to support energy efficiency and sustainable transport.

Component C1K1 "Renewable energy and energy efficiency" is expected to help achieve the RES target. The legislative reforms aim to address regulatory challenges and RES network integration, while striking a balance between nature-protection requirements and further development of RES. By setting up a single contact point for administrative procedures for investors, and by reducing the time taken for administrative procedures to obtain permits and authorisations, the plan is expected to help unlock the existing potential of private investment in renewables. Moreover, the reform is expected to implement the recommendations resulting from technical assistance on the revision of legislation for spatial planning of wind power plants, financed under the Technical Support Instrument. In addition, the mapping of suitable areas for

RES investments based on nature-protection requirements should help provide further clarity for investors. The recovery and resilience plan will also increase the use of renewables in district-heating systems. In addition, the plan will include actions to develop energy infrastructure, in particular by developing and upgrading the electricity-distribution grids to cater for a slight increase in RES capacity. The impact of the proposed investments in RES on the 2030 RES target (both the proposed investment in hydropower/geothermal plants as well as the alternative of constructing solar-power plants on public buildings) is expected to be moderate to low, especially if compared with the share that has been calculated using the formula in Annex II of the Governance Regulation as described in the assessment of the final national energy and climate plan[28]. However, the plan also sets out a complementary future scheme to support RES that will be financed with national support. This complementary future scheme would be developed by building on the results of the reforms and its details are not specified yet. The recovery and resilience plan states that the legislative changes in the RES reform will explicitly plan for Slovenia to participate in the renewables financing mechanism, to complement RES investments in the country. The planned contribution to the renewables financing mechanism is not yet quantified.

On energy efficiency, the recovery and resilience plan covers energy-efficiency measures in industry, as well as a dedicated component on the energy renovation of buildings. These two issues are discussed in the two bullet points below.

- **The plan tackles the need to decarbonise the industrial sector.** Component C1K1 “Renewable energy and energy efficiency” includes an important reform to promote the implementation of energy-audit recommendations and an energy-management system by making exemptions from RES and CHP charges conditional upon fulfilling certain energy-efficiency obligations. The reform also introduces a digital platform with energy ‘e-identities’ to facilitate access by users and exchanges between RES producers and industrial consumers. This digital platform will improve the functioning of the national ETS registry through the implementation of advanced technologies, which will increase transparency and reduce the risk of fraud. In addition, a pilot phase will be initiated with the setting up of a regulatory ‘sandbox’ to promote demand-response technologies. While the energy savings to be achieved in this first pilot phase are unclear, demand-response technologies can make energy systems more efficient, and a second phase for energy-efficiency investments is already planned. The investment is expected to increase the implementation of recommendations from energy audits in industry by at least 10%. In addition, the substantial investments in the productivity component will have an important energy-efficiency dimension. This is because investments in ETS sectors will be conditional on achieving greenhouse gas emissions that are substantially below the relevant benchmarks set for free allocation.

[28] https://ec.europa.eu/energy/sites/default/files/documents/staff_working_document_assessment_necp_slovenia_en.pdf

- **On the energy efficiency of buildings, the plan covers a broad range of reforms and investments, covering both construction and renovation**. Component C1K1 "Renewable energy and energy efficiency" includes a reform measure to promote the energy-efficiency potential of the construction sector by adopting a building-information-modelling (BIM) strategy. This strategy promotes the use of building information models both in the building-construction and building-management phases. As foreseen in C1K2 "Sustainable renovation of buildings", the implementation of the recently adopted long-term renovation strategy (LTRS) will make it possible to identify: (i) cost-effective renovation approaches, policies and measures to promote cost-effective deep renovations of buildings; (ii) measures to guide investment decisions by individuals, the construction industry and financial institutions; and (iii) an assessment of expected energy savings and wider benefits. In particular, the reform foreseen in component C1K2 will introduce a legal ban on the design and installation of heating-oil, mazut and coal boilers for heating buildings. The reform introduced in C1K2 will also set up a revolving fund for energy renovations in the public sector to be self-financed with energy savings. On investments, the plan broadly responds to the objectives of the Renovation Wave and the national energy and climate plan. The recovery and resilience plan and in particular component C1K2, has a strong focus on the energy renovation of public buildings and a rather small allocation for the energy renovation of publicly owned residential buildings, for which a minimum of 30% energy savings overall, compared to *ex-ante* emissions, is laid down. The level of investment suggests a high level of ambition on renovation, in line with the objective indicated in the LTRS to achieve minimum energy-performance requirements in renovations. For private residential buildings, the plan explains that the actions on public buildings will be complemented with additional comparable investments financed from other sources (i.e. the ESIF, EU REACT, the national budget or investors' own resources). In any event, the plan also requires energy renovations of buildings in the tourism sector, which should require an energy performance certificate of at least class B. The reform linked to housing will cover the acquisition and renovation of approximately 2 000 existing housing units. In addition to the increased energy efficiency of buildings, some of such investments will also address broader resource efficiency considerations, such as water use or sustainable construction materials.

Component C1K4 "Sustainable transport" has a very significant focus on promoting sustainable transport with concrete reforms and investments. These measures will promote: (i) public transport; (ii) rail passenger and freight transport; (iii) alternative fuels in transport; and (iv) the digital transformation of rail and road transport. The reform on public transport foreseen in that component will provide an improved governance framework for public transport by setting up an integrated public-passenger operator at national level, which will help integrate rail and bus public transport with intercity, urban, school and commuter transport. The reform is also expected to enhance the accessibility and competitiveness of public transport so that it can recover after the pandemic. Under the reform of the deployment of alternative fuels also foreseen in component C1K4, an entity will be designated to coordinate the needs of the transport and energy sectors. This will help to ensure and coordinate the deployment of alternative-fuels infrastructure and thus make the transition to zero-emission mobility more resilient. Key investments for the upgrade of railway stations and railway lines will: (i) target the most problematic areas of dense traffic; (ii) remove bottlenecks and increase the capacity, speed and safety of rail transport; and (iii) improve the attractiveness of rail transport for passengers. In addition, the digitalisation of road transport should allow real-time adjustment of travel speed limits to prevent accidents and congestion and to reduce emissions and air pollution.

The plan aims to increase resilience towards climate change. The component C1K3, "Clean and safe environment" includes the creation of dedicated centres to prevent, prepare for, and respond to climate change and climate-driven disasters. It also sets out plans to train the civil-protection forces to ensure integrated actions and raise awareness among the general public. The component specifically targets the risk of floods, which is one of the most relevant climate-change-related risks for Slovenia. In particular, it envisages the adoption of a flood-risk management plan for the period 2022-2026, to ensure that risk management becomes a permanent task, including by promoting nature-based solutions. The reform will be complemented by very significant investments to prevent flood risks, which will prioritise nature-based solutions and green infrastructure to the extent possible. The measures aim to protect 62 000 additional people from climate-related flood risks.

The plan contributes to the EU environmental policy with a focus on water management and the circular economy. The following two points discuss each of these issues.

- **On water, the plan proposes significant measures to build and upgrade energy-efficient wastewater and drinking-water systems, including the reduction of water leakages.** It also aims to increase the efficiency of public environmental-protection services by: (i) ensuring environmental charges on water use are cost-effective; (ii) upgrading the information system for monitoring and reporting the activities of the municipal utilities; and (iii) increasing data access. The measures in C1K3 "Clean and safe environment" are expected to increase the efficiency of the water-management system by: (i) increasing energy efficiency; (ii) strengthening system response and adaptation; (iii) reducing water losses; and (iv) promoting water reuse.
- **The plan also includes reforms and investments to accelerate the transition to a circular economy.** Component C1K5 "Circular economy" adopts a holistic approach to circularity, including concrete measures on: (i) material productivity; (ii) eco-innovation; and (iii) the link to waste-management and support schemes. The dedicated component on the circular economy takes into account the full lifecycle of material goods, from waste prevention to consumption and more efficient recycling. The planned reform will set up a legal framework to: (i) reduce food waste; (ii) review and update the collection system for packaging waste; and (iii) carry out waste-awareness projects to promote changes in consumption patterns. The reform included in the plan will also: (i) strengthen the existing green public-procurement system by integrating circular public-procurement principles; and (ii) introduce green budgetary planning. A one-stop shop for circular-economy projects will also be set up. The reform will contribute to a more efficient and faster implementation of investments in circular-innovation projects. The plan also

focuses on circular-economy solutions to increase the capacity of the wood-processing sector. The investment and activities under component C1K5 and the investment and activities under component C3K2 will mutually reinforce each other and ensure mutual coherence.

Slovenia has included measures in cluster 1 of its plan, which contribute indirectly to biodiversity. The plan does not contain any measures directly addressing biodiversity. However, some measures for climate mitigation and adaptation contained in the plan may also indirectly be beneficial to biodiversity, given that climate change is one of the main threats to biodiversity. For example, the plan tackles the key challenge for Slovenia's green transition of developing renewable technologies, without harming the extensive coverage of Natura 2000 areas. This is because the reform to unlock the potential of renewables in Slovenia in component C1K1, will take into account the findings of a sensitivity mapping of biodiversity. In component C1K3, the reform that deals with protecting forests from climate change and forest restoration following climate change addresses the Commission's recommendations for Slovenia's common agricultural policy strategic plan issued in SWD(2020) 394 of 18 December 2020. It does this by fostering the sustainable forest management of forestry land and enhancing multifunctionality, forest protection and restoration of forest ecosystems, in particular after catastrophic events. This forest reform aims for Slovenia's forests to reach good condition of habitats and species linked to the forests in order to: (i) enhance ecological services and biodiversity; and (ii) build resilience to threats such as climate-change impacts on forests. The accompanying investment in the Centre for Seeds, Nurseries and Forest Protection is a cornerstone measure for increasing long-term quantity, quality and resilience in EU forests, notably against fires, pests and other threats likely to increase with climate change. With a focus on genetic preservation and genetic diversity, biodiversity-friendly forest practices will be further developed. The integration of nature-based solutions in flood-prevention investments may also contribute to biodiversity objectives. Finally, the investments in wastewater installations will also prioritise areas with a greater positive impact on Natura 2000 sites and water-protection areas, while at the same time focusing on the energy efficiency of the wastewater systems. Slovenia has carried out a systematic DNSH assessment indicating that none of the proposed measures generates harm to the protection and restoration of biodiversity and ecosystems.

Lasting impact

The measures put forward in the plan are expected to generally have a positive long-term impact on environmental objectives. The development of RES promoted with the plan will stimulate investments that provide new jobs in the short term (in the construction and installation phase) and in the long term (in the operation and maintenance phase). Supporting the development of RES will help create green jobs. The energy-efficiency reforms and investments, although small, could contribute to lower energy bills, thus partly mitigating the economic effects of the crisis. In particular, the creation of a revolving fund to be self-financed with energy savings will ensure a continuous source of funding for future renovation of buildings in the public sector. The combination of energy renovation with seismic renovation will also ensure a lasting impact of the energy-renovation investments, as Slovenia is one of the EU countries with the highest seismic risk. Reforms and investments in the sustainable transport component are expected to contribute to significant reductions in greenhouse-gas emissions and air pollution from transport, thus ensuring a better living environment for the population and better operating conditions for economic operators. Measures increasing the resilience of forests will in turn support a more resilient economy in rural areas. The introduction of green budgetary planning and of circular public-procurement principles will also have a lasting impact on transforming the economy into a circular one, where the value of products and materials is maintained for as long as possible. This is expected to bring economic benefits by creating an optimal business environment for sustainable growth, job creation and innovation.

Overall assessment

Taking into consideration the assessment of all the measures envisaged, the recovery and resilience plan is expected, to a large extent, to make a significant contribution to the green transition or to address the challenges resulting from it and ensures that at least 37% of its total allocation contribute to the climate target. This would warrant a rating of A under criterion 2.5 of Annex V of the RRF Regulation.

4.6. Digital transition

Digital tagging

The recovery and resilience plan correctly follows the methodology for digital tracking in Annex VII by identifying intervention fields and corresponding coefficients to calculate support to the digital objectives for each investment measure. To ensure an accurate selection of the intervention fields and to avoid any overestimations of the contribution of certain measures to the digital objectives, the plan splits the measures based on their costs whenever possible (i.e. for the investment on strengthening skills, especially digital skills and skills required by the professions of the future – the comprehensive transformation of green and digital education to emphasise sustainability and resilience). The plan does not propose any increased digital coefficients for any measure.

When the type of measure contributes to both the climate and digital targets (e.g. research and innovation projects to support the green and digital transition, or renewal of the education system for the green and digital transition), the plan considers that only half of the relevant costs will contribute to the digital target.

Overall, based on the methodology, the plan contributes to digital objectives for 21.4% of Slovenia's allocation of EUR 2.5 billion and the digital target of 20% is therefore considered to have been met. The most significant contributions to the digital target are included in Cluster 2. In particular, the plan allocates more than EUR 260 million to improve the digital transition of the public administration (which also includes connectivity) and over EUR 55 million to support the digitalisation of the business sector. Slovenia has also earmarked in the plan four multi-country projects to foster the development of advanced technologies in collaboration with other Member States. Other significant investments include e-health (EUR 83 million) in the health component and strengthening digital skills in the education component (EUR 60 million).

Table 7. Contribution to digital objectives per relevant component

Component	Total cost (EUR million)	Contribution to digital objectives (EUR million)	Share of contribution to digital objectives
C1 K1: Renewable energy and energy efficiency	146.00	32	1.3%
C1 K2: Sustainable renovation of buildings	86.05	0	0%
C1 K3: A clean and safe environment	472.80	0.90	0.04%
C1 K4: Sustainable mobility	311.90	30.09	1.2%
C1 K5: Circular economy – resource efficiency	48.00	0	0%
C2 K1: Digital transformation of the economy	56.50	56.50	2.3%
C2 K2: Digital transformation of the public sector and public administration	260.17	258.89	10.4%
C3 K1: RDI – research, development and innovation	132.22	10	0.4%
C3 K2: Raising productivity, a business-friendly environment for investors	157.50	0	0%
C3 K3: Labour market	56.28	0	0%
C3 K4: Restructuring of Slovenian tourism and investment in infrastructure in the field of tourism and cultural heritage	127.00	1	0.04%
C3 K5: Strengthening competences, in particular digital competences and those required by the professions of the future and the green transition	264.36	60.35	2.4%
C3 K6: Efficient public institutions	0	0	
C4 K1: Health	224.90	83	3.3%
C4 K2: Social security and long-term care	79.00	0	0
C4 K3: Housing	60.00	0	0
Total	**2 482.68**	**532.7**	**21.4%**

Digital transition

The plan aims to increase the efficiency and growth of businesses, especially traditional businesses. On the one hand, reforms and investments in Component C2K1 "Digital transformation of the economy" should accelerate the greater use of advanced technologies in business processes. On the other hand, they should help companies to adapt to market needs and a changing regulatory framework, while improving market access through better transparency and security. The reforms related to the digitalisation of businesses should contribute to create a digital transformation of enterprises strategy that will foster the wider integration of advanced technologies, especially in relation to the necessary skills to implement these technologies. The strategy will contribute to the objective of making the 2020s Europe's digital decade. The reform will also reduce administrative burden for businesses, by creating a single digital identity for companies. This will improve companies' access to the market, increasing security, reducing operational risks and increasing the quality of business. The plan also envisages: (i) the adoption of guidelines for innovative public procurement; and (ii) the development of the connectivity toolbox roadmap, which will foster 5G and broadband roll-out with the introduction of best practices. The reforms proposed in this component are expected to contribute to a faster and more efficient implementation of the two investments: the establishment of a hybrid cloud and the industrial/business digital transformation programme (this programme will focus on the development and implementation of a digitalisation strategy for 20 consortia of large, medium-sized and small enterprises).

The digitalisation of public administration brings a holistic and comprehensive approach to facilitate a significant change of the sector. The dedicated component C2K2 "Digital transformation of the public sector and public administration" dedicates 10.4% of the total plan allocation to the digitalisation of the public administration with a total of almost EUR 260 million. A balanced package of reforms and investments will bring significant changes, supporting investments in ICT infrastructure to strengthen: (i) e-government; (ii) the data economy; and (iii) the research and development potential of artificial intelligence. In particular, the plan introduces a national electronic identifier, which will enable the rapid and uniform development of e-services at national and international level, facilitating access to interoperable e-services. By adopting the digital public services strategy 2021-2030, re-establishing the Informatics Development Council as a one-stop shop for coordination of all IT-related investments, Slovenia's plan is expected to guide investments in the digitalisation of the public sector. In addition, the national cybersecurity strategy aims to strengthen cybersecurity capacity and diminish cybersecurity risks, raising awareness about cybersecurity at national level. Investment in research, development and innovation on the digital transition should contribute to the implementation of digital solutions that are state of the art.

The dedicated component C2K2 "Digital transformation of the public sector and public administration" addresses the digital transformation of several parts of the public sector. On internal security, the plan aims to improve and upgrade the technology available to the Slovenian police by: (i) ensuring that police applications run smoothly; and (ii) constructing a state-wide, TETRA digital-radio network infrastructure for 11 000 users. An additional investment focuses on tackling the need for real-time spatial data and services. This additional investment will seek to use innovative approaches and modern technologies to access and use real estate records, environmental records, water records, economic public-infrastructure records, and building-land records. The plan also emphasises the digital transformation of the **agricultural, food and forestry sector**, which will also ultimately contribute to the objectives of the European Green Deal. The objective is to complement activities under the Common Agricultural Policy, to harness the potential of precision farming and reduce the environmental impact of agriculture, such as the sustainable use of fertilisers, and to simplify the implementation of the common agricultural policy. This will be achieved by: (i) interconnecting different databases; and (ii) establishing a single gateway to consult databases and tools to improve the management of agricultural land and forests. These measures are expected to enable savings on inputs and the reduction of farm-related greenhouse gas emissions. The plan is also expected to contribute to **the digitalisation of justice**, particularly regarding the electronic communication between courts/prosecution and the parties. For example, targeted investment will create or upgrade videoconferencing and associated audio equipment for courts and build a virtual assistant at the Supreme State Prosecutor's Office. This would contribute to further improving the quality of the justice system, including access to justice.

The plan includes investments to boost connectivity in areas where there is currently no broadband infrastructure and where this infrastructure is unlikely to be developed in the near future ('white areas'), with an allocation of EUR 30 million. This sum is part of a larger effort to ensure broadband connectivity for at least 8 500 households in white areas. Connectivity initiatives are crucial to ensure that all citizens can access basic services online and benefit from an enriched, accessible and secure digital space, thus preventing social exclusion. This investment will ensure digital connectivity for households. Over the long term, this is expected to strengthen the economic (cost-efficiency, increased productivity and competitiveness) and social (contribution to the creation of a digital society) dimensions and territorial cohesion by increasing resilience and reducing disparities between regions, local communities and different groups of population. In addition, the plan also proposes the creation of 40 publicly owned long-distance and optical R&D network connections with transmission speeds of 100 Gbps. This will ensure high-speed and reliable optical connections for at least 75% of all connections between public institutes in the Academic and Research Network of Slovenia. The plan also proposes to set up two data centres to store data, thus making research data more accessible. Moreover, 228 educational organisations shall be connected to optical connections above 1Gbps reaching 40 000 pupils.

The plan will also ensure interoperability, more efficient management and better safety by digitalising rail and road transport. Investments in European Train Control System (ETCS) will ensure the interoperability of the Slovenian railway system with the European rail network. This will improve the capacity of the rail network, increase the permeability of the rail network and the safety of rail, reduce the burden on drivers and also reduce travel times. By digitalising road infrastructure, the plan will integrate modern IT to increase transport safety and fluidity and the efficiency of road transport.

The plan has a particular focus on e-health by proposing fast access to high-quality data in healthcare. This will primarily be ensured by: (i) integrating new digital services into healthcare; (ii) promoting the use of information technology to communicate with patients and stakeholders; (iii) introducing quality monitoring based on real-time data; (iv) improving capacity and patient-management planning; and (v) improving the planning of hospital facilities, medical services and material requirements. The importance placed on the transformation of the health system is accompanied by a sizeable allocation of funding (EUR 83 million) to this investment. 1 500 doctors are expected to have access to the new digital e-health system.

Improving skills is a key focus for digitalisation in the plan, with significant measures to support digital skills development. These measures are discussed further in the two bullet points below.

- **The plan addresses the development of digital skills in the public administration**. In particular, component C2K2 "Digital transformation of the public sector and public administration" proposes the creation of a competence centre, which will contribute to the strategic approach to skills management and act as a training centre for the public sector. The underpinning investment will support 200 training sessions, 40 specialised sessions and 8 new e-training sessions per year. The centre will aim for 40 000 participants including 1 000 IT specialists trained by 2026. Its aim will be to increase: (i) information literacy; (ii) online communication and collaboration; (iii) digital content creation; (iv) security; (v) digital skills for management; and (vi) methods and techniques for decision support in the public administration.

- **On the digital skills of the wider population, Slovenia has a strong focus on strengthening digital skills throughout the whole educational system, including reducing the digital divide in terms of connectivity of schools.** Under component C2K2, Slovenia will develop 12 new IT solutions for: (i) digitalised curricula; (ii) e-home reading; (iii) project-based learning; (iv) e-national examination including electronic examination for testing students' digital skills; (v) sport for all platforms (providing information for sports recreation programmes for citizens); (vi) citizens' rights in sports platforms (a record of technically qualified and professionally educated workers and athletes); (vii) training programmes in remote sport platforms (digital solutions for accreditation); (viii) user-friendly sport infrastructure (overview of the public and private sport infrastructure platform); (ix) learning analytics (analysing data generated by digital teaching); (x) an application to motivate pupils; and (xi) an application to improve the employability of VET graduates, (xii) an application for systemic improvements and the development of higher education (called Record 2.0). Comprehensive transformation of digital education includes several measures under component C3K5 to train professionals in education, and various projects on educational establishments to support updated teaching practices (study development, development of ordinary buildings and e-buildings, examples of good practice, etc.). This will be underpinned by two reforms to: (i) modernise the curricula for digital skills development; and (ii) create digitally equipped learning places for students in pilot programmes.

The plan also addresses investment needs in culture. On the digitalisation of culture, the plan is allocating almost EUR 10 million to build an e-culture platform, an e-inheritance system, and an upgraded system to increase the accessibility of cultural heritage (on the website e.ARH.si). The plan will help cultural institutions to use dynamic e-services (such as development and management of an e-platform for books, theatre, visual arts, media, design, architecture, music, multimedia and film) and specific IT solutions are expected to deliver more digitalised archives. The plan will also seek to integrate high-quality e-content into the European digital library Europeana.

Slovenia intends to be part of four digital multi-country projects. As a signatory of several declarations at EU level, Slovenia reaffirms its commitments to develop advanced technologies and contribute to cross-border collaboration between Member States in the digital domain. Two of the projects Slovenia is participating in may take shape of planned Important Projects of Common European Interest (IPCEIs) in the areas of 'Next-generation cloud infrastructure and services' and 'Low-power processors and semiconductor chips'. These projects aim to: (i) develop and firstly industrially deploying the next generation of data processing (cloud and edge) infrastructure and services; and (ii) initiate at least 3 projects in microelectronics. In addition, Slovenia is directing several investments to the European Blockchain Service Infrastructure (EBSI), which will support the opening of a larger number of EBSI nodes for additional needs/services at national level. The European quantum communication infrastructure is the fourth multi-country project aiming to establish a national quantum communication infrastructure network connected to the national networks of neighbouring countries and a space segment linking optical ground stations in Member States via satellites. The aim of the project is to ultimately ensure the connection of dedicated satellites to other national networks across the EU and worldwide.

Lasting impact

The digitalisation reforms and investments proposed by Slovenia are mutually reinforcing and balanced and are expected to increase the country's competitiveness. Slovenia is expected to be able to boost the efficiency of the economy and maximise the use of digitalisation potential by: (i) accelerating the use of advanced technologies in business processes; (ii) adjusting to market needs; (iii) increasing consumer safety; (iv) using innovation-procurement guidelines; and (v) creating a digital identity for companies. Reforms and investments in the public administration are expected to help provide the public with user-centric, accessible and interoperable e-services through the use of eIDs. Measures targeting several sectors (such as agriculture and forestry, justice, culture, health, spatial planning, and internal security) should in turn bring the necessary changes for the comprehensive modernisation of the public administration. The efficiency gains resulting from the digitalisation of the administration are expected to have a lasting impact beyond the lifetime of the Recovery and Resilience Facility. The plan goes beyond acquiring IT equipment and adjusting the legislative framework. The important underlying measures that will be key for unlocking long-lasting effects are those measures focused on skills and connectivity. These two elements are the essential backbone for ensuring that both the public sector and businesses are ready to absorb the investments proposed under the plan.

Overall assessment

Taking into consideration the assessment of all the measures envisaged, the recovery and resilience plan is expected, to a large extent, to make a significant contribution to the digital transition or to address the challenges resulting from it and ensures that at least 20% of its total allocation contribute to support digital objectives. This would warrant a rating of A under criterion 2.6 of Annex V of the RRF Regulation.

4.7. Lasting impact of the plan

Structural change in administration and institutions

The implementation of the reforms envisaged in the recovery and resilience plan is expected to bring about structural changes to the public administration, improving its effectiveness and efficiency. The adoption of the civil-service management strategy and the reform of civil-service legislation will help modernise the human-resources-management system in the Slovenian public administration. A skills centre will be set up to provide training for staff and to introduce a standardised skills-assessment system for public servants. Efforts will also be made to strengthen the digital awareness and skills of civil servants. In addition, the introduction of a new public-sector wage system is expected to improve the quality of staffing and its overall performance, while preserving the fiscal sustainability of the system.

The plan will foster private investment and further improve the provision of services to businesses and the public. Building on the public consultations and efforts of the Strategic Council for Debureaucratisation, several measures aimed at simplifying existing laws and procedures are set to be adopted. Reform efforts will also focus on better management of national and municipal spatial planning. To this end, the planned amendment of the Construction Act and the Spatial Planning Act aim at digitalising the key spatial-data systems and simplifying the procedures for obtaining construction permits. Furthermore, the provision of public e-services for citizens and businesses will be improved, for example by setting up a national e-identity system.

A number of measures will help to modernise the public-procurement system in Slovenia. The Public Procurement Academy should raise the level of professionalisation of the staff working in the field, while some procurement procedures will be simplified and the existing IT systems upgraded. To promote green and innovative procurement and increase competition in the system, amendments to the Public Procurement Act are set to be adopted in 2021. Technical assistance will support reforms in this area and help assess progress after implementation.

Several reforms and investments in the plan contribute to the digitalisation of public administration. Slovenia plans to adopt the strategy for the development of digitalisation of public administration and to set up the Informatics Development Council. This should ensure that all the IT development activities in the State administration (including investment projects, technical standards and solutions deployed in the public sector) are coherent and cost-efficient. The implementation of the national cybersecurity strategy is expected to increase the level of cybersecurity in Slovenia, partly by promoting relevant research and development and by fostering cooperation between the public sector, the private sector and civil society.

Structural change in policies

Structural changes are also planned in the legal framework in several other policy areas. The reforms in the areas of renewable energy sources (RES), energy supply, and energy efficiency will provide the enabling conditions for investments relevant for the green transition. Reforms are expected to facilitate administrative and other procedures to accelerate the construction of some RES installations by simplifying the procedures and reducing the time needed to obtain a building permit. The electricity-distribution network is also expected to be modernised to allow for the faster deployment of RES. The reforms will also promote the use of RES in existing district-heating systems.

If implemented in a timely manner, the flagship reforms of the healthcare and long-term-care systems will provide high-quality services while ensuring fiscal sustainability. Together with the pension reform, these reforms should make the social security system in Slovenia much more effective in meeting the country's needs. The reform of long-term care in particular will create a comprehensive regime integrating both healthcare and social-care services, which currently does not exist in Slovenia.

Further reform measures will focus on supporting productive foreign and domestic investment. A law on forms of alternative investment funds will be adopted. This law will define three types of alternative investment funds and provide a predictable legal environment for their functioning. A strategy will also be drawn up to support the development of Slovenia's capital markets.

Finally, the reform of the Social Housing Fund will address the long-term financial sustainability of public-housing funds by harmonising the levels of non-profit rent. The reform could be an important factor in the economic development of the construction sector.

Lasting impact

Overall, the measures included in the plan are expected to address the root causes of the challenges identified and not just the symptomatic issues. Investments and reforms included in the plan are complementary and can be expected to have a lasting impact (on the long-lasting impacts of green and digital investment, see Sections 4.5 and 4.6 above).

Taking into consideration all reforms and investments envisaged by Slovenia in its recovery and resilience plan, their implementation is expected, to a large extent, to bring about a structural change in the administration and in relevant policies and to have a lasting impact. This would warrant a rating of A under criterion 2.7 of Annex V of the RRF Regulation.

4.8. Milestones, targets, monitoring and implementation

Adequacy of the structure tasked with implementing the plan, monitoring of progress and reporting

The arrangements and mechanisms to collect, store and report data on the milestones and targets are described clearly and appear adequate. The plan clearly identifies the bodies responsible for implementing the components. Ministry of Finance, the Office for the Implementation of the Recovery and Resilience Plan, acting as the Coordinating Authority, will have the overall responsibility for monitoring and implementing the plan as a whole. It will be responsible for monitoring, verifying and validating the achievement of milestones and targets. Moreover, the Coordinating Authority will be responsible for drawing up and signing the management declaration, while the National Cost Coordinator will be responsible for preparing payment requests and submitting them to the European Commission. Section 4.10 lays out further information on the designation of entities and the description of their respective tasks.

Milestones, targets and indicators

Milestones, targets, and indicators for the implementation are of sufficient quality to ensure the effective monitoring of the recovery and resilience plan. Their number is adequate and meaningful, and appropriate to ensure that progress in implementing the plan can be robustly tracked, while remaining manageable. The request for loans is accompanied by additional milestones and targets to measure progress in the additional reforms and investments supported. The plan therefore generally puts forward acceptable milestones and targets. A number of monitoring steps will also be included in the operational arrangements to facilitate implementation progress.

Overall, the plan's milestones and targets are sufficiently detailed and clear. Reforms are underpinned by clear commitments, which include an appropriate level of additional qualitative information to ensure that the key policy intentions are reflected. The reforms are clearly trackable, focusing on discrete key moments in the reform process, such as the entry into force of new acts or amendments. In a number of cases, milestones and targets for reforms include commitments as to the expected results of the implementation of reforms on the ground. Milestones and targets related to investments are unambiguous and precise, and most of these have quantitative targets. These milestones and targets successfully highlight key moments for the delivery of the expected output, such as the award of contracts following a call for tender, the completion of projects, or the entry into operation of infrastructure.

The set of milestones and targets presented strikes an appropriate balance between realism and ambition. The focus is clearly on output indicators, and the timeline envisaged is appropriate for their delivery and execution. For reforms, the key milestones and targets present sufficient assurances that key elements from country-specific recommendations will be appropriately reflected while taking into account the need to: (i) ensure appropriate consultation of stakeholders; and (ii) develop quality legislation and measures. For investments, the commitments envisaged would meaningfully contribute towards addressing the key challenges identified, while taking due account of: (i) the level of complexity; and (ii) in many cases, the need to complete public-procurement procedures. For both reforms and investments, the milestones and targets selected are generally consistent with long-term objectives, which are further enshrined in the descriptions provided for each measure.

The sequencing of milestones and targets is sufficiently regular to enable payments and to allow progress to be monitored. In general, larger investments and significant reforms follow a lifecycle approach that ensures that their progress through key stages on the way to full implementation is appropriately monitored. For certain reforms, this sequencing also covers: (i) steps leading up to the adoption of legislative amendments by the National Assembly; and (ii) steps for monitoring the actual impact of such legal changes on the situation on the ground. For investments, larger and more complicated projects are organised into more milestones and targets (the targets could include the award of contracts) or intermediate cumulative targets.

Therefore, the sequencing of milestones and targets is commensurate with the importance of the given reform or investment, and this sequencing ensures that the overall number of milestones and targets remains manageable. All milestones and targets are expected to be reached by Q2 2026, in line with the requirements of the Recovery and Resilience Facility.

The proposed indicators linked to the achievement of milestones and targets are generally relevant and acceptable. They provide direct or suitable proxy measures for the successful implementation of the reforms and investments. For milestones, the qualitative indicators provide the necessary assurances on the key qualitative characteristics of the milestone (for example, the adoption of key legislation or the award of contracts following tenders). For targets, quantitative indicators are directly linked to the expected outputs and deliverables. These indicators include, for example, the number of pieces of infrastructure that are put to their intended use or the number of completed projects by companies. Overall, the indicators are sufficiently granular to accurately reflect the level of ambition for each measure.

The data-collection and data-verification mechanisms are generally robust. All indicators proposed are under the control of the Member State, which can realistically be considered directly responsible for their delivery. In each case, a reporting institution is identified, which should ensure that collection methods are sound, reliable, and verifiable. Due attention has been paid to the availability of data-collection mechanisms to ensure that indicators can be properly measured, thereby ensuring their robustness. Verification mechanisms are specified for each separate milestone and target. These mechanisms should make it possible to accurately track the achievement of milestones.

Overall organisational arrangements

Arrangements set up to devise, negotiate and ensure the efficient and regular implementation of the plan appear credible. The authorities designated for the implementation of the plan are legally empowered through the Decision of the Government of 28 April 2021 and will be further strengthened in the National Decree, which is to be adopted by 1 September 2021. Moreover, the designated authorities have adequate administrative capacity. They also have sufficient knowledge and experience in: (i) similar instruments; (ii) similar development policies; and (iii) implementation of other EU funds. Procedures are in place to ensure that adequate staff are available at all levels. Section 4.10 provides further details on the designation of authorities, their respective tasks and description of the internal control systems.

Overall assessment

The arrangements proposed by Slovenia in its recovery and resilience plan are expected to be adequate to ensure effective monitoring and implementation of the recovery and resilience plan, including the envisaged timetable, milestones and targets, and the related indicators. This would warrant a rating of A under the assessment criterion 2.8 of Annex V of the RRF Regulation.

4.9. Costing

Slovenia has provided individual estimated costs for all investments and reforms in the recovery and resilience plan. Slovenia has provided clear and sufficient information and evidence to consider that costs are reasonable and plausible, as the amounts are appropriate and in line with the nature and type of envisaged investments. For all investments and reforms, calculations behind the cost estimates are provided, and for the majority, comparative cost data is provided. For demand-driven measures (such as investments in decarbonisation and productivity of companies, support for RDI, business digitalisation investments), a milestone or target covering the full budgetary execution has been included, providing further reassurance with regards to the cost estimates.

Evidence was provided establishing the eligibility of the costs. All costs are incurred after February 2020 and do not substitute recurring national budgetary expenditure. Value added tax has been excluded from the calculations behind all measures. In certain limited cases, the plan includes labour costs for temporarily recruited civil servants whose work is essential to the successful implementation of investments and reforms, such as: (i) digitalisation of the public service; (ii) organisation of R&D investments; (iii) education; and (iv) healthcare. Slovenia provided reassurances that all such recruitment is temporary. Cost estimates are generally detailed and well-substantiated and based on a variety of sources. The template tables are filled in with the basic costing information on the methodology and on budgetary implications.

Reasonable costs

Cost estimates for most of the measures in the plan are reasonable. In most cases, the cost estimates are presented clearly and are appropriate for the specific reforms and investments. They are sufficiently clear and understandable, although the level of details provided varies between measures. It is clear from the document and its annexes how Slovenia calculated the amount estimated. The underlying assumptions behind the cost estimates are generally sound, although in certain cases they could be justified better or more clearly. On occasions, when deriving costs from similar projects adjustments made are not fully explained. Slovenia did not provide an independent validation for any of the cost estimates proposed.

Plausible costs

The estimated total costs of the plan are in line with the nature and the type of the envisaged reforms and investments. Slovenia has provided an extensive collection of documents that broadly substantiate the cost estimates: studies, reports, and calculation sheets. Slovenia has provided information on the cost of similar reforms and investments that have been carried out in the past whenever possible. However, for a limited number of investments underlying evidence is not provided, although in certain cases these are pilot or innovative projects without obvious relevant precedents. Comparative cost data for the main cost drivers of the proposed reforms and investments have been made available for the large majority of measures, although at occasion the relevance of supporting documentation could be further justified. The estimated cost of proposed reforms and investments is in line with – and consistent with – similar reforms/investments, including those funded by other EU programmes if available. For certain investments, while costs remain plausible, they are in the high range compared to the costs of similar past investments.

Cost estimates are generally plausible, taking into account the limits of an *ex-ante*-based assessment of cost estimates. The output targets provided in the plan for investment are commensurate with the costing justifications and assumptions provided.

No double EU financing

Slovenia has provided information on whether parts of the proposed measures are covered or planned to be covered by other EU financing. In the few cases where other EU financing is involved, Slovenia has provided information on the name of the instruments, the amounts covered or expected to be covered, and a clear description of which parts of the measures are expected to be covered. These amounts are clearly identified in the standard tables. Slovenia has given assurances that the costs that are expected to be covered by other EU financing have been taken out of the cost calculation. If other EU financing is planned, there is a clear delineation between the elements of the measures covered by RRF and those covered by EU financing. The description of the audit and control system will provide an assurance that the same costs will not be financed from different sources (see Section 4.10 *Adequacy of arrangements to avoid double EU funding)*.

Commensurate and cost-efficient costs

The recovery and resilience plan is expected to effectively help address a significant subset of challenges identified in the country-specific recommendations. As discussed in Sections 4.1 and 4.3, the plan contains measures to support economic growth and economic cohesion in an inclusive manner. In particular this means addressing the weaknesses of the Slovenian economy, boosting its growth potential, stimulating job creation, and mitigating the adverse effects of the crisis. Several of these measures also contribute effectively to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and young people. The control and audit system to be in place for RRF-related spending and the public procurement system in Slovenia will further support the objective of cost-efficiency.

It is deemed that the costs of the plan are commensurate to its economic and social impact.

Overall assessment

The justification provided by Slovenia on the amount of the estimated total costs of the recovery and resilience plan is to a medium extent reasonable, plausible, in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact.

Slovenia provided sufficient information and evidence that the amount of the estimated cost of the reforms and investments of the recovery and resilience plan to be financed under the Facility is not covered by existing or planned Union financing. This would warrant a rating of B under the assessment criterion 2.9 of Annex V of the RRF Regulation.

4.10. Controls and audit

The Commission has assessed the systems planned to be put in place in time for disbursements as adequate. Finalisation of the legal and institutional framework is pending until Slovenia has: (i) set up the Office for the Implementation of the RRP (which will operate until 1 August 2021) to act as the coordinating authority; (ii) adopted the National Decree and the Guidelines of the Coordinating Authority and other entities; and (iii) finalised upgrades to the uniform accounting system of the Ministry of Finance's MFERAC IT system[29]. These measures are spelled out in a dedicated milestone in the Council Implementing Decision. The National Decree and the Guidelines of the Coordinating Authority and other entities, which are to be adopted by 1 September 2021, will cover the following rules and procedures:

- procedures for carrying out audits and controls to ensure compliance with applicable EU and national legislation;
- verification of milestones and targets and associated reporting deadlines;
- procedures for reimbursement of unduly spent EU funds;
- an anti-fraud strategy;
- a system for reporting on detected irregularities and suspected fraud, and additional measures to contribute to managing the risk of fraud;
- specific provisions on the guidelines to ensure coherent work for ministries and other implementing institutions, with a clear delineation of the use of funds from different EU sources;
- detailed description of the functions of the internal organisational units in the supporting ministries and mutual relations between the authorities involved in the implementation of the plan.

The MFERAC IT-system upgrades are to be finalised by 1 September 2021. The upgrades include currently missing fields for data encoding, verification and reporting of milestones and targets. The system will enable monitoring and reporting on the plan. It will also generate data for the preparation of payment claims. The review phase of the data fields is currently underway. Data from indirect budget users, agencies and other bodies that do not have access to MFERAC will be sent by the leading ministries in Excel tables, which will be imported into MFERAC in such a way that all necessary information is made available in one place. All necessary IT support will be provided by the National Cost Coordinator, which is the certifying authority for the implementation of European cohesion policy and has more than 15 years of experience in providing a computerised audit trail in this area.

Robustness of internal control system and distribution of roles and responsibilities

The Slovenian set-up of the internal-control system as described in the plan is based on existing processes and structures. In its Decision of 28 April 2021 submitted along with the

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[29] Ministrstvo za Finance - Enotni Racunovodski Sistem.

plan, the government formally designated the authorities involved in the implementation of the plan. The designated authorities are: (i) the Office for the Implementation of the Recovery and Resilience Plan, designated as the Coordinating Authority; (ii) the Budget Supervision Office of the Republic of Slovenia, designated as the National Audit Authority; and (iii) the Ministry of Finance's Department for the Management of EU Funds, designated as the National Cost Coordinator. The Coordinating Authority and the National Audit Authority are both organisationally and functionally separate bodies within the Ministry of Finance. The National Costing Coordinator is a department of the Ministry of Finance. The structures also include the supporting ministries that are involved in the implementation of the plan.

The Coordinating Authority has yet to be legally created. In the Decision of 28 April, the government tasked the Ministry of Public Administration with preparing by 1 June 2021, and in consultation with the Ministry of Finance, an amendment to the Decree on Bodies within Ministries. This amendment will make it possible to create a new body within the Ministry of Finance, serving as the Coordinating Authority for the implementation of the plan. The body itself is to be set up by 1 August 2021 at the latest. The adoption of the National Decree and the Guidelines of the Coordinating Authority and upgrade of the central IT system MFERAC by 1 September 2021 is captured by a dedicated milestone in the Council Implementing Decision.

Among other tasks, the Coordinating Authority will be responsible for the monitoring, verification and validation of the achievement of milestones and targets. It will also implement controls and control measures at the level of ministries and beneficiaries involved in the implementation of the plan. The Coordinating Authority will also prepare and sign the management declaration. The National Audit Coordinator will be responsible for carrying out audits and preparing summaries of audits to accompany payment requests. Among its other tasks, the National Cost Coordinator will be responsible for: (i) making payments at national level; (ii) preparing requests for advance payment; (iii) preparing requests for payment and submission to the European Commission; (iv) carrying out checks in connection with the preparation of payment requests; and (v) providing extracts from the MFERAC IT system.

Audits by the National Audit Coordinator will be conducted by sampling based on a risk assessment and an audit strategy. The audit coordinator will verify that the expenditure included in the payment application to the European Commission is carried out in accordance with the RRF Regulation and draw up a summary of conducted audits. The frequency and coverage of the checks will be proportionate to the size of the financial support to the measures and to the level of risk identified by the National Audit Coordinator. The Budget Supervision Office has established working procedures in place in its procedural manuals on audit work. It also has a risk register, which is updated at least once per year. The risk register will be complemented with the tasks to be carried out in the plan.

The responsibility for ensuring an adequate audit trail lies with all stakeholders involved in the implementation of the plan. An audit trail will be ensured for each project at all levels. Documentation will also be kept for each project, and this documentation will be available to relevant national authorities as well as the European Commission, OLAF, the European Court of Auditors and the European Public Prosecutor's Office. The designation of authorities and the description of their tasks ensures the clear identification of the bodies responsible for controls and the segregation of their functions from the bodies involved in implementing the measures. The authority responsible for audit is also clearly identified and its independence ensured.

Adequacy of control systems and other relevant arrangements

Arrangements and mechanisms to collect, store and make available data on final recipients are clearly described and adequate. The data will be centrally managed in the MFERAC IT system, which, in addition to the financial flows, will also ensure the monitoring and reporting on the projects of the recovery and resilience plan. The system enables the overall monitoring of aggregated data. The line ministries will collect data for audits and controls and for providing comparable information on the use of funds in line with the RRF Regulation. This will include data on final recipients, contractors, subcontractors, and beneficial owners. It will also include a list of all measures under the plan. The collected data will be accessible by national and EU supervisory institutions. The accessibility of data will also be laid down in the National Decree. The Coordinating Body will be responsible for ensuring accessibility.

Risk management covers: (i) the internal-control environment; (ii) risk management; (iii) control activities; (iv) information and communication; (v) training; and (vi) supervision. Together, these components can prevent fraud, corruption, conflict of interest etc.

Slovenia intends to use different risk-assessment tools including the ARACHNE tool, made available by the European Commission, for internal control and risk prevention. The other tools that will be used for this purpose are GVIN (an analytical tool for detailed market monitoring), ERAR (the national registry of public entities' transactions); and (iii) AJPES (the national business register).

For preventing/detecting fraud, corruption and conflicts of interest, the authorities will implement procedures to manage various risks and give guidance for this purpose. Identified business risks are recorded in the risk register, which contains a description, a risk assessment, an action to address the risk, and a responsible person. All ministries in Slovenia have a risk register in place. The risks are defined by reference to the tasks or activities of the individual internal organisational units of the government bodies. The risk register is updated at least once per year, or whenever major organisational changes occur. Furthermore, the bodies involved in implementing the plan are required to comply with the legislation on integrity and prevention of corruption and other relevant rules. Under the Public Finance Act, all ministries also have an internal audit service, which is responsible for identifying fraud and suspected fraud. The systems in place for internal control and risk prevention consist of: (i) appropriate checks; (ii) training of staff; (iii) sufficient use of appropriate risk-assessment tools; (iv) the development of procedures to prevent, detect, and correct suspected fraud and irregularities; (v) the development of an integrity plan; (vi) a code of ethics for the civil service; and (vii) staff experience.

Authorities have put in place integrity plans to identify: (i) risks; (ii) the severity of risks; (iii) risk-prevention measures; and (iv) risk-management policies. In addition, the Coordinating Authority will prepare an anti-fraud strategy by 1 September 2021. The purpose of the strategy will be to set up a legal, institutional and operational framework to effectively and efficiently fight fraud in the implementation of the plan. The main focus of the strategy will be on the prevention, deterrence, detection and reporting of fraud and corruption. It will also incorporate DG OLAF's guidelines, which refer to: (i) national anti-fraud strategies and assessment of fraud risk; and (ii) effective and proportionate anti-fraud measures.

In addition to the anti-fraud strategy, all bodies involved are also preparing and implementing additional measures to help manage the risk of fraud and respond to detected fraud. This includes a self-assessment of risks by each ministry. The Integrity and Prevention of Corruption Act obliges all public bodies to draw up an integrity plan, which is notified to the Commission for the Prevention of Corruption. The law also requires: (i) the use of anti-corruption clauses in public-procurement contracts; and (ii) the reporting of assets of public officials managing public contracts. All state authorities, public organisations and public officials are obliged to report any discovered offences.

For the correction of fraud, corruption and conflicts of interest, the information provided by the European Commission on the list of indicators ('red flags'), in the context of EU cohesion policy, will be taken into account by the Coordinating Authority. This information will be used by the Coordinating Authority when it is drawing up the guidelines for all authorities involved in the implementation of the plan. The Coordinating Authority will develop the procedures for reporting on irregularities by individual ministries and it will monitor any corrective actions. A register of detected irregularities will be kept as part of risk management. The National Decree will formalise the reporting on detected irregularities, suspected fraud and fraud. When reporting on the achievement of milestones and targets, the leading ministries will also report on any irregularities detected and suspected fraud. In addition, any person can report suspected fraud at any time to the national and European contact point already in place.

The National Audit Coordinator is also tasked with reporting irregularities and suspected fraud to OLAF. In doing so, the National Audit Coordinator will be guided by the recommendations of the European Commission. The supporting ministries, the Coordinating Authority and the National Audit Coordinator are jointly responsible for verifying whether the corrective measures were taken.

In addition, Slovenia's Interdepartmental Working Group on Cooperation with OLAF already coordinates the sending of information on detected irregularities in the use of EU funds. The working group includes representatives of the Ministry of Finance (including the Budget Supervision Office), the Public Prosecutor's Office, the Commission for the Prevention of Corruption, the Ministry of Justice, the Ministry of Interior, the Agency for Agricultural Markets and Rural Development, and the Government Office for Development and European Cohesion Policy.

Overall, the strategic objective will be achieved through: (i) strengthening the ethical culture of fraud prevention; (ii) improving the management of fraud risk in the implementation of the plan; (iii) ensuring effective supervisory and control systems; and (iv) improved cooperation with the authorities responsible for the detection, investigation and prosecution of fraud in the implementation of plan.

Based on the abovementioned observations, the plan seems to be in line with the assessment guidelines for anti-fraud measures. The plan provides for the collection, storage and making available of data on all categories of data mentioned in Article 22 of the RRF Regulation (final recipients, etc.). Furthermore, the plan includes a general description of measures to prevent, detect, investigate, and correct serious irregularities, including by reporting suspicions to national investigative/prosecution authorities and OLAF. The European Public Prosecutor Office contributes to the protection of the Union's financial interests, requiring also a swift finalisation of the procedure for appointing European Delegated Prosecutors to the European Public Prosecutor Office.

Adequacy of arrangements to avoid double EU funding

The plan adequately describes the systems in place to ensure avoidance of double funding from the RRF and other EU financial instruments. Double funding will be checked before payments from the national budget are made, or when checks are carried out. At that stage it must be verified whether there is double funding from other EU or national funds or any other sources of funding. The occurrence of double funding will be checked at the project-selection stage by means of a declaration by the beneficiary. A controller in the Coordinating Authority will also check the possibility of double funding during implementation. This check will be based on: (i) signed declarations by the beneficiary; (ii) the adequacy of the beneficiary's separate accounts to monitor implementation; (iii) available data in the IT systems MFERAC, ARACHNE, GVIN and ERAR; and (iv) a list of projects at higher risk of double funding identified by the responsible ministry.

The IT system MFERAC will also provide another layer of control to check for double funding. Each project in the system will be recorded with a unique code that is used uniformly regardless of the source of funding. Each project has its own group of budget lines showing the source of funding. Payment from the state budget will be made from the budget lines indicated in the project. This means that a project cannot be financed from different sources. If a project were to be financed from different sources, it would be divided into sub-projects, each with its own financing plan and budget lines. The arrangements to detect and avoid double funding from the RRF and other EU funds are clearly described. Moreover, the arrangements prove sufficient and adequate to exclude the possibility of double funding.

Legal empowerment and administrative capacity of control function

The designated authorities are legally empowered through the Decision of the Government of 28 April 2021. This will be further confirmed in the National Decree, which will formalise the audit and control systems mentioned above.

The Ministry of Finance (fulfilling in three different units the roles of Coordinating Authority, National Audit Coordinator and National Costing Coordinator) has adequate administrative capacity, knowledge and experience in: (i) similar instruments; (ii) development policies; and (iii) implementation of other EU funds. Procedures are in place to ensure that adequate staff are available at all levels. Posts are defined in the Act on the Internal Organisation and Classification of Posts in the respective bodies and in the Catalogue of Posts. The organisational charts and a detailed description of the functions of units in ministries and other bodies are given in the descriptions of the management and control systems for these units.

Moreover, if it proves necessary, recruitment of additional staff is planned to ensure proper implementation of the plan. The authorities may also contract appropriate external experts to perform certain tasks.

Overall assessment

The arrangements proposed by Slovenia in the recovery and resilience plan to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds provided under the Facility, including the arrangements aimed to avoid double funding from the Facility and other Union programmes, are assessed to be adequate.

This would warrant a rating of A under the assessment criterion 2.10 of Annex V of the RRF Regulation.

4.11. Coherence

The recovery and resilience plan presented by Slovenia is structured around four coherent clusters, **which contribute to the common objectives of the Facility.** The wide range of measures will support the recovery of Slovenia's economy and strengthen its resilience against future shocks. The plan includes important reforms to close the generational gap and further the green and digital transition, providing for sustainable and inclusive growth. Each cluster is built around components including consistent packages of both reforms and investments, pursuing complementary aims and mutually reinforcing measures.

Mutually-reinforcing measures

The first cluster, which aims to decarbonise the economy, includes a subset of measures on energy efficiency, sustainable mobility and the circular economy. This subset of measures are expected to contribute to achieving both the objectives of the National Climate Plan by 2030 as well as the EU's goal for climate neutrality by 2050. It covers a wide range of investments that will increase the use of renewable energy sources. This is backed by two interlinked reforms, which will effectively reduce barriers to the deployment of renewable energy and ultimately increase the share of renewable energy sources in existing district-heating systems. Energy efficiency will be improved both through investments in the renovation of existing public buildings and changes in the underlying legal framework. In the area of sustainable mobility, Slovenia will put forward a comprehensive legal package on the use of alternative fuels and the public passenger-transport system, including a number of investments in rail infrastructure. The carbon-intensity of the transport industry is one of the main causes for Slovenia's high level of greenhouse-gas emissions. The envisaged reforms and investments will therefore be crucial for the economy's shift towards climate neutrality. In addition, several measures will enhance the transition to a low-carbon circular economy and contribute to the mainstreaming of climate action and environmental sustainability.

The second cluster, which aims to foster the digital transformation, **plans a number of complementary investments that will promote the use of new technologies in less advanced and more traditional industries and in the public administration.** In addition, several reforms are expected to strengthen the long-term prospects for the digitalisation of the economy and the public sector, ultimately increasing Slovenia's digital competitiveness. However, this cluster goes beyond the national level. The European dimension is reflected in the cross-border and multi-country projects in the areas of joint Common data infrastructure and services, blockchain, microelectronics, and quantum-communication infrastructure. By adopting a national strategy for the digital transformation of business, the measures are expected to facilitate and enhance the use of digital solutions. In addition, the creation of a digital identity for citizens and businesses that can be used for both administrative purposes and between businesses will simplify market access and improve transparency. Furthermore, the plan encompasses e-solutions in the area of public procurement, which is consistent with a reform of the public-procurement system included in the plan. For the digital transformation of the public administration, the plan sets out six reforms, including measures to promote e-services and improve the digital skills of staff in the public administration. With the adoption of a national digital public services strategy, Slovenia aims to lay the foundation for a forward-looking policy framework. This will be complemented by establishing a new body: the IT Development Council, which will be responsible for steering and coordinating the development of digital solutions in the public sector.

The third cluster aims to support businesses, among others the tourism sector, and promote research and innovation. This cluster plans a balanced mix of reforms and investment to enhance smart, sustainable and inclusive growth. It includes investments to foster funding for scientific and technological research activities and stimulate investments in innovative projects, which will be safeguarded by: (i) reforms to improve the underlying legislative framework; and (ii) a new set-up for monitoring and evaluating research and innovation policies. This subset of measures will have a mutually-reinforcing effect with clusters 1 and 2 and will increase the efficiency and effectiveness of investments in more advanced technologies. It will also increase investments contributing to the decarbonisation of the economy. In addition, the plan sets out coherent reforms and investments to create a business-friendly environment for investors. These reforms include legal changes to reduce administrative barriers and remove the root causes of underinvestment, as well as legal changes to improve access to finance. A new strategy for Slovenia's capital market will promote alternative products on the capital market and investments in investment funds. In addition, the cluster entails measures to increase the resilience of the tourism industry and provides for new solutions for green tourism. The investments are consistent with the planned reforms, which seek to modernise the legal framework and develop a medium-term strategy for cultural tourism and sustainable tourism in

Slovenia by 2028. These measures will also help Slovenia achieve its energy and climate policy objectives and complement the overarching green objectives of cluster 1. Furthermore, cluster 3 includes a consistent package of reforms and investments, which will strengthen the resilience of the labour market and emphasise upskilling and training activities. In particular, this will contribute to the mainstreaming of equality and create equal opportunities for all. By increasing employment among older people and creating new job opportunities for younger people, the measures will effectively address the needs of the most vulnerable groups in Slovenian society. The long-term prospects of employees will be safeguarded by the preparation of a green paper on the future of work and an analysis of the impact of digitalisation on the Slovenian labour market. These measures are therefore mutually reinforcing with cluster 2.

The fourth cluster, which aims to improve healthcare and set up a long-term care system, includes important reforms to ensure high-quality, accessible and financially sustainable public health and social care. The overarching objective of achieving long-term fiscal sustainability will also bridge the generational gap and ensure sustainable growth, which is in line with component 3. The measures in the area of social security will reduce the number of people at risk of poverty or social exclusion by improving the institutional and legal framework. Furthermore, investments providing for financing schemes for public rental housing will improve the situation of socially disadvantaged groups. This will be strengthened by bringing forward a reform of the underlying legislation on housing policy.

Complementarity of measures

All clusters in the plan pursue complementary, consistent and coherent objectives. The various components complement each other and create important synergies. In particular, cluster 1 and cluster 2 include significant interdependencies. All clusters are expected to contribute, at least to some extent, to 'greening' the planned activities, including new construction, and will help reduce greenhouse-gas emissions in the economy. Increasing the use of digital solutions will help decarbonise the economy, but it will also create smart, sustainable and inclusive growth. The digital dimension is identifiable in all clusters. It is particularly identifiable in: (i) the investments in smart grids, the promotion of advanced technologies to stimulate demand-response actions in the industry, and the digitalisation of rail and road infrastructure in cluster 1; (ii) the digital transformation of businesses and the public administration in cluster 2; (iii) the comprehensive overhaul of curricula with green and digital skills and increased training of workers in cluster 3; and (iv) the e-health elements in cluster 4. The focus on improving access to finance in cluster 3 will also foster investments included in the green and digital components. This is also expected to boost employment and lead to the creation of new jobs in the medium and long term. The social dimension is therefore coherently addressed in all four clusters and will effectively contribute to the implementation of the European Pillar of Social Rights. Overall, the plan will equip the next generation of Slovenes with the relevant skills and create a future-proof business environment to ensure the competitiveness of the Slovenian economy in the future.

In conclusion, the plan does not present inconsistencies or contradictions between the content of the different clusters and components. Due care was given to ensure that implementation timelines and reforms and investments were aligned to ensure successful delivery of the measures. In order to promote wider coherence across instruments, notably with the European cohesion policy funds, a balanced territorial allocation of resources is encouraged.

Overall assessment

Taking into consideration the qualitative assessment of all components of Slovenia's recovery and resilience plan, their individual weight (importance, relevance, financial allocation) and their interactions, the plan contains measures for the implementation of reforms and public investments which, to a high extent, represent coherent actions. This would warrant a rating of A under the assessment criterion 2.11 of Annex V of the RRF Regulation.

ANNEX - CLIMATE AND DIGITAL TAGGING IN THE RECOVERY AND RESILIENCE PLAN OF SLOVENIA

Measure ID	Measure/ Sub-Measure Name	Budget (EUR m)	Climate		Digital	
			Int. field	Coeff. %	Int. field	Coeff. %
C1K1.I.D	Energy efficient restructuring of district systems with the use of renewable sources	11,00	034bis	100%		
C1K1.I.E	Production of electricity from renewable energy sources	50,00	032	100%		
C1K1.I.F	Strengthening the electricity distribution network (transformer stations)	30,00	033	100%	033	40%
C1K1.I.F	Strengthening the electricity distribution network (low-voltage network)	50,00	033	100%	033	40%
C1K1.I.G	Investing in increasing energy efficiency in the economy	5,00	024	40%		
C1K2.I.B	Sustainable renovation and management of buildings	58,02	026bis	100%		
C1K2.I.B	Sustainable renovation and management of buildings - individual upgrading of technical building systems	10,00	026	40%		
C1K3.I.E	Social and economic resilience to climate-related disasters in the Republic of Slovenia – SLO SERCID - Construction of new energy efficient buildings	23,42	025ter	40%		
C1K3.I.E	Social and economic resilience to climate-related disasters in the Republic of Slovenia – SLO SERCID - Trainings and awareness raising measures: floods	0,34	035	100%		

C1K3.I.E	Social and economic resilience to climate-related disasters in the Republic of Slovenia – SLO SERCID - Trainings and awareness raising measures: fires	0,34	036	100%		
C1K3.I.E	Social and economic resilience to climate-related disasters in the Republic of Slovenia – SLO SERCID_ICT solution	0,91			011	100%
C1K3.I.F	Climate change adaptation - Reducing flood risks	310,00	035	100%		
C1K3.I.G	Centre for Seeds, nurseries and forest protection	5,10	025ter	40%		
C1K3.I.H	Urban waste water discharge and treatment projects	34,00	041bis	40%		
C1K3.I.I	Drinking water projects	33,70	039bis	40%		
C1K3.I.H	Urban wastewater discharge and treatment projects (loans)	20,00	041bis	40%		
C1K3.I.I	Drinking water projects (loans)	20,00	039bis	40%		
C1K4.I.C	Increasing railway infrastructure capacity_ Upgrading of the railway line Kranj-Jesenice-d.m.	89,13	065	100%		
C1K4.I.C	Increasing railway infrastructure capacity_ Digitalisation of the railway line Kranj-Jesenice-d.m.	10,04	070	40%	070	100%
C1K4.I.C	Increasing railway infrastructure capacity_ upgrading of Grosuplje and Domžale railway stations	19,66	066	40%		
C1K4.I.C	Increasing railway infrastructure capacity_ Upgrading of the Ljubljana-Brezovica – Preserje – Borovnica railway line	72,27	064	100%		

C1K4.I.C	Increasing railway infrastructure capacity_ Upgrading the Ljubljana railway station	93,00	064	100%		
C1K4.I.D	Digitalisation of rail and road infrastructure_rail	8,00	071	40%	071	100%
C1K4.I.D	Digitalisation of rail and road infrastructure_road dedicated in part to GHG emissions reduction	12,05	063bis	40%	063bis	100%
C1K4.I.E	Fostering the deployment of alternative fuels infrastructure in transport	7,75	077	100%		
C1K5.I.B	Integrated strategic project for the decarbonisation of Slovenia through the transition to a circular economy_ Contributing to green skills	9,20	01	100%		
C1K5.I.B	Integrated strategic project for the decarbonisation of Slovenia through the transition to a circular economy_Support to environmentall y-friendly production processes and resource efficiency in SMEs	10,80	047	40%		
C1K5.I.C	Increasing environmentally-friendly wood processing to accelerate the transition to a climate-neutral society	28,00	047	40%		
C2K1.I.B	Industrial/business digital transformation agenda_large enterprises	34,00			010bis	100%
C2K1.I.B	Industrial/business digital transformation agenda_SMEs	10,00			010	100%
C2K1.I.C	Establishment of hybrid cloud infrastructure at the Ministry of Economic Development and Technology	2,50			010	100%
C2K1.I.D C2K1.I.E	Cross border and multi-country projects - European common data infrastructure and services and Low-Power Processors and Semiconductor Chips	7,50			021quater	100%
C2K1.I.F	Cross border and multi-country projects - European Blockchain Services Infrastructure	2,50			010	100%

C2K2.I.G	Modernising the digital environment of public administration	60,77			011	100%
C2K2.I.H	Gigabit infrastructure	30,00			053	100%
C2K2.I.I	Digitalisation of internal security	23,63			011	100%
C2K2.I.J	Digitising education, science and sport	66,73			055	100%
C2K2.I.K	Green Slovenian location framework	33,50			011	100%
C2K2.I.L	The digital transition in agriculture, food and forestry	24,06			011	100%
C2K2.I.M	Digitalisation in the field of culture	9,90			011	100%
C2K2.I.N	Digitalisation in the field of justice	10,31			011quater	100%
C3K1.I.B	Co-financing of research and innovation projects in support of green transition and digitalisation - focusing on the low carbon economy, resilience and adaptation to climate change	10,00	022	100%		
C3K1.I.B	Co-financing of research innovation projects in support of green transition and digitalisation - digital related R & I	10,00			009bis	100%
C3K1.I.B	Co-financing of research innovation projects in support of green transition and digitalisation - focusing on circular economy	45,00	023	40%		
C3K1.I.D	Co-financing of investments in RDI demonstration and pilot projects	30,00	023	40%		

C3K2.I.C	Providing innovative ecosystems of economic and business infrastructure: SMEs	121,00	047	40%		
C3K2.I.C	Providing innovative ecosystems of economic and business infrastructure: large enterprises	17,50	047bis	40%		
C3K4.R.A	Enhancing the sustainable development of tourism - upgraded data monitoring in the Slovenian Green Tourism Scheme	1,00			011	100%
C3K4.I.B	The sustainable development of tourist accommodation offer to raise the added value of tourism - energy renovation	24,25	025	40%		
C3K4.I.B	The sustainable development of tourist accommodation offer to raise the added value of tourism - new energy efficient buildings	10,25	025ter	40%		
C3K5.R.A	Renovating the education system for the green and digital transitions - green skills	1,31	01	100%		
C3K5.R.A	Renovating the education system for the green and digital transitions - digital skills	1,31			108	100%
C3K5.R.B	Reform of higher education for a green and resilient transition - green skills	1,01	01	100%		
C3K5.R.B	Reform of higher education for a green and resilient transition - digital skills	1,01			108	100%
C3K5.R.C	Modernisation of secondary vocational training and vocational education including apprenticeships - green skills	1,67	01	100%		
C3K5.R.C	Modernisation of secondary vocational training and vocational education including apprenticeships - digital skills	1,67			108	100%
C3K5.I.E	The comprehensive transformation (sustainability and resilience) of green and digital education - digital skills	27,87			108	100%

C3K5.I.E	The comprehensive transformation (sustainability and resilience) of green and digital education - green skills	2,44	01	100%		
C3K5.I.F	Pilot projects to prepare the ground for higher education reform for a green and resilient transition - green skills	28,49	01	100%		
C3K5.I.F	Pilot projects to prepare the ground for higher education reform for a green and resilient transition- digital skills	28,49			108	100%
C3K5.I.H	Greening education infrastructure in Slovenia	40,01	025ter	40%		
C3K5.I.H	Greening education infrastructure in Slovenia (loans)	41,80	025ter	40%		
C4K1.I.C	Health digital transformation	83,00			095	100%

Int. Field = intervention field

Coeff. = Coefficient for the calculation of support to climate change objectives and to digital transition, on the basis of Annex VI and Annex VII to the RRF Regulation