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COUNCIL IMPLEMENTING DECISION

of ...

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

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility¹, and in particular Article 20 thereof,

Having regard to the proposal from the European Commission,

¹ OJ L 57, 18.2.2021, p. 17.

Whereas:

- (1) The COVID-19 outbreak has had a disruptive impact on the economy of Slovenia. In 2019, the gross domestic product (GDP) per capita of Slovenia was 74 % of the Union average. According to the Commission's spring 2021 forecast, the real GDP of Slovenia declined by 5,5 % in 2020 and is expected to decline by 0,9 % cumulatively in 2020 and 2021. Long-standing aspects with an impact on medium-term economic performance include in particular low investment-to-GDP ratio and relatively low level of productivity, as well as challenges linked to a fast ageing society and long-term sustainability of the pension and health systems.

- (2) On 9 July 2019 and on 20 July 2020, the Council addressed recommendations to Slovenia in the context of the European Semester. In particular, the Council recommended Slovenia to take all measures necessary to effectively address the pandemic, to sustain the economy and to support the ensuing recovery, and to mitigate the social and employment impact of the COVID-19 crisis. It also recommended Slovenia to improve the resilience of the healthcare and long-term care systems and implement reforms that ensure their quality, accessibility and long-term fiscal sustainability. It recommended Slovenia to ensure the long-term sustainability and adequacy of the pension system and to increase employability of low-skilled and older workers as well as to improve labour market relevance of education and training. Lastly, it recommended Slovenia to provide liquidity and financing to businesses and households, to improve the business environment as well as to invest in research and development, the green transition and the digital transition. Having assessed progress in the implementation of these country-specific recommendations at the time of submission of the recovery and resilience plan ('RRP'), the Commission finds that the recommendation regarding measures necessary to effectively address the COVID-19 pandemic, sustain the economy and support the ensuing recovery has been addressed.

- (3) The Council Recommendation on the economic policy of the euro area recommended euro-area Member States to take action, including through their RRPs, to, *inter alia*, ensure a policy stance which supports the recovery and to further improve convergence, resilience and sustainable and inclusive growth. The Council Recommendation also recommended euro-area Member States to strengthen national institutional frameworks, to ensure macro-financial stability, to complete the economic and monetary union and to strengthen the international role of the euro.
- (4) On 30 April 2021, Slovenia submitted its national RRP to the Commission, in accordance with Article 18(1) of Regulation (EU) 2021/241. That submission followed a consultation process, conducted in accordance with the national legal framework, involving local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders. National ownership of the RRPs underpins their successful implementation and lasting impact at national level and credibility at European level. Pursuant to Article 19 of Regulation (EU) 2021/241, the Commission has assessed the relevance, effectiveness, efficiency and coherence of the RRP, in accordance with the assessment guidelines set out in Annex V to that Regulation.

- (5) The RRP should pursue the general objectives of the Recovery and Resilience Facility established by Regulation (EU) 2021/241 (the ‘Facility’) and of the European Union Recovery Instrument set up by Council Regulation (EU) 2020/2094¹ in order to support the recovery in the aftermath of the COVID-19 crisis. They should promote the Union’s economic, social and territorial cohesion by contributing to the six pillars referred to in Article 3 of Regulation (EU) 2021/241.
- (6) The implementation of the Member States’ RRP will constitute a coordinated effort involving reforms and investments across the Union. Through the coordinated and simultaneous implementation and the implementation of cross-border and multi-country projects, such reforms and investments will mutually reinforce each other and generate positive spillovers across the Union. Therefore, about one third of the impact of the Facility on Member States’ growth and job creation will come from spillovers from other Member States.

Balanced response contributing to the six pillars

- (7) In accordance with Article 19(3), point (a), of and Annex V, criterion 2.1, to Regulation (EU) 2021/241, the RRP represents to a large extent (Rating A) a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all of the six pillars referred to in Article 3 of that Regulation, taking into account the specific challenges faced by and the financial allocation for the Member State concerned.

¹ Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis (OJ L 433I, 22.12.2020, p. 23).

- (8) The RRP contributes to tackling key structural challenges and paves the way for the twin transition to a green and digital economy. It is structured around four clusters on ‘green transition’, ‘digital transformation’, ‘smart, sustainable, and inclusive growth’ and ‘health and welfare’. Comprehensive reforms in the areas of long-term care, healthcare, the labour market and pensions are envisaged and expected to have a long-lasting impact, making the country’s social security system more resilient and sustainable. Green and digital measures are also at the core of the RRP of Slovenia. With regard to the green transition, the RRP includes measures that aim to unlock the potential of renewable energy sources while ensuring nature protection, to support the energy renovation of buildings, to mitigate climate change risks, to improve water management, to promote sustainable mobility, and to adopt green budgetary planning and foster circular economy. Significant investments to promote the green transition are also planned throughout the entire RRP, including on sustainable tourism accommodations, the promotion of green public procurement and green skills. With regard to the digital transformation, targeted measures are expected to contribute to the digitalisation of both the public and the private sector. Those include the further digitalisation of the public sector, in particular justice and e-health, and measures fostering digital literacy in the education system, the introduction of electronic identification documents for citizens and companies, and some investments in connectivity and digital skills, which aim to reduce the digital divide.

- (9) The measures that primarily address the pillar of smart, sustainable and inclusive growth include labour market and pension reforms that should contribute to raising the employment rate for older workers and potential GDP growth, and address the long-term fiscal sustainability and adequacy of the pension system. Legislation introducing a short-time work scheme is expected to increase the resilience of the labour market to shocks. Dedicated reforms and investments should jointly boost productivity and environmental sustainability in companies, including in the tourism and culture sectors, while reforms of public institutions are expected to contribute to lowering administrative burdens. Smart, sustainable and inclusive growth is supported by further measures, in particular in the fields of research, development and innovation, education, and investments in support of the green and digital transitions. To support social and territorial cohesion in Slovenia, the RRP includes measures to offer affordable housing to mitigate the impact of the crisis on young families and marginalised people, measures to bridge the digital divide between rural and urban areas, reforms of the labour market, reforms of the healthcare and long-term care systems and investments in lifelong learning.

- (10) The measures that contribute primarily to the pillar of health, and economic, social and institutional resilience include reforms and investments that aim to strengthen the accessibility, effectiveness and financial sustainability of the healthcare and long-term care systems. They are expected to provide the definition of statutory health insurance rights, to restructure the complementary health insurance system, to reform the remuneration system for health professions, and to ensure its financial sustainability. Investments in the skills of primary care staff, upgrading infrastructure for emergency care and for treatment of infectious diseases are expected to increase the accessibility, resilience and preparedness of the healthcare system. The adoption of a comprehensive legislation regulating long-term care system should integrate both healthcare and social care services, while investments in care homes are expected to improve access and quality of care. The RRP also includes important measures to improve the efficiency and effectiveness of public administration, including through its digital transformation. The RRP of Slovenia also includes policies for the next generation such as reforms and investments to improve the quality of education, to equip schools with key infrastructure and competences for the digital and green transition, and to support youth employment.

Addressing all or a significant subset of challenges identified in country-specific recommendations

- (11) In accordance with Article 19(3), point (b), of and Annex V, criterion 2.2, to Regulation (EU) 2021/241, the RRP is expected to contribute to effectively addressing all or a significant subset of challenges (Rating A) identified in the relevant country-specific recommendations addressed to Slovenia, including fiscal aspects thereof, or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester.
- (12) The RRP includes an extensive set of mutually reinforcing reforms and investments that contributes to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Slovenia by the Council in the context of the European Semester in 2019 and in 2020, in particular in the areas of long-term care, healthcare, pensions and the labour market, education and skills, research, development and innovation, the green and digital transitions, business environment, and public procurement.

- (13) The RRP includes key structural reforms of the long-term care, healthcare, and pension systems in line with longstanding recommendations. Once implemented, such reforms are expected to: (a) significantly enhance the resilience of Slovenia's social security system; (b) improve quality and access of long-term care and healthcare and adequacy of pensions; and (c) contribute to long-term fiscal sustainability in the context of significant demographic challenges. The envisaged long-term care act, the first comprehensive piece of legislation in this area in Slovenia, has been under discussion for more than a decade. 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. A special law is expected to ensure more diversified financing sources, in particular through the introduction of compulsory long-term care insurance. For healthcare, the reform is expected to ensure a broad basket of rights under the compulsory health insurance scheme, ensure the financial sustainability of the healthcare system, and improve its management and performance, including through the establishment of an independent body monitoring quality and safety aspects. As regards the labour market, the reforms will increase labour participation and facilitate labour reallocation – especially through training and active labour market policies – which is key in periods of economic transformation. The pension reform will address the fiscal sustainability of the system while ensuring intergenerational fairness and pension adequacy.

- (14) The RRP is expected to contribute to mitigating the social and employment impact of the crisis, including through a reform of short-time work schemes, promotion of more flexible working arrangements, and measures on expanding affordable housing. Moreover, the labour market and education measures included in the RRP should increase the employability of low-skilled and older workers, improve the labour market relevance of education and training, and promote lifelong learning and activation measures, including through better digital literacy.
- (15) The RRP also includes structural reforms aimed at strengthening the national institutional framework. It features reforms to improve competition and professionalisation in public procurement. It further contains reforms that improve access to finance and business environment, in particular by strengthening capital markets, reducing the administrative burden, and improving digital public services.
- (16) The RRP is expected to contribute to frontloading mature public investment projects and promoting private investment to support the economic recovery. It focuses investment in the green and digital transitions, in particular renewables, energy efficiency in public buildings, flood protection, rail transport, broadband and digital skills and on research, development and innovation. The RRP also contributes to promoting digital capacities of businesses, e-commerce and e-health.

- (17) The recommendations related to the immediate fiscal policy response to the pandemic can be considered to fall outside the scope of Slovenia's the RRP notwithstanding the fact that Slovenia has generally responded adequately and sufficiently to the immediate need to support the economy through fiscal means in 2020 and 2021, in line with the general escape clause of the Stability and Growth Pact. Moreover, the recommendation to achieve the medium-term budgetary objective in 2020 is no longer relevant, due to both the lapsing of the corresponding budgetary period and the activation in March 2020 of the general escape clause of the Stability and Growth Pact in the context of the COVID-19 crisis.

Contribution to growth potential, job creation and economic, social and institutional resilience

- (18) In accordance with Article 19(3), point (c), of and Annex V, criterion 2.3, to Regulation (EU) 2021/241, the RRP is expected to have a high impact (Rating A) on strengthening the growth potential, job creation and economic, social and institutional resilience of Slovenia, contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and young people, 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.

- (19) Simulations by the Commission services show that the RRP, together with the rest of measures of the European Union Recovery Instrument, has the potential to increase the GDP of Slovenia by between 1,1 % and 1,7 % by 2026, not including the possible positive impact of structural reforms, which can be substantial. After 20 years, the GDP of Slovenia could be 0,5 % higher. The economic boost provided by the RRP is also expected to support the public finances.
- (20) The RRP of Slovenia is expected to improve the country's macroeconomic performance, in particular through increasing the productivity of the economy and long-term growth, and the creation of innovative ecosystems of economic and business infrastructure. It also includes measures to improve access to capital for new and innovative companies, to support investment in research and innovation and to improve coordination between research institutes and companies and among researchers. With the creation of a market for alternative investment funds, Slovenia aims to channel more resources into research and innovation by start-ups and small and medium-sized companies. Further measures are expected to raise productivity across the economy through the provision of a more efficient digital and physical infrastructure and investing in human capital, including in specific sectors such as the circular economy, sustainable food systems, tourism and culture.

- (21) The RRP of Slovenia addresses employment and social challenges relevant for the implementation of the European Pillar of Social Rights. A scheme supporting young people in their transition to the labour market should foster equal opportunities and labour market access. Adapting working environments to the needs of persons with disabilities should promote inclusion. Several elements of the long-term care and the healthcare reform should improve accessibility and resilience. Investments and reforms in affordable housing should also contribute to social inclusion and poverty reduction. The RRP provides for investments in skills and human capital, in promoting lifelong training, and in equipping students with the skills for the future, for example those required for the green and digital transitions.

Do no significant harm

- (22) In accordance with Article 19(3), point (d), of and Annex V, criterion 2.4, to Regulation (EU) 2021/241, the RRP is expected to ensure that no measure for the implementation of reforms and investments projects included in the RRP does significant harm to environmental objectives (Rating A) within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council¹ (the principle of ‘do no significant harm’).

¹ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

(23) Slovenia has provided a detailed assessment for each measure included in its RRP in accordance with the technical guidance provided in the Commission Notice entitled ‘Technical guidance on the application of “do no significant harm” under the Recovery and Resilience Facility Regulation’¹. The RRP of Slovenia is expected to ensure that no significant harm is done to environmental objectives by selecting measures that either contribute substantially to an environmental objective, or have no or an insignificant foreseeable impact on environmental objectives. Other measures, including broad support schemes, are designed to ensure compliance with the principle across all stages of implementation, including during the tendering process where applicable, and in all cases in the final outputs. For measures requiring a substantive assessment in accordance with the Commission’s technical guidance, such as renewables power production and district heating, water management, sustainable mobility, digitalisation, investments in tourism, and new building constructions, Slovenia has committed through its RRP and specific milestones and targets to not do significant harm to any of the six environmental objectives. As such, ‘do no significant harm’ criteria are integrated into the milestones related to the selection process for relevant projects and, where applicable, references to an exclusion list in the relevant milestones.

¹ OJ C 58, 18.2.2021, p. 1.

Contribution to the green transition, including biodiversity

- (24) In accordance with Article 19(3), point (e), of and Annex V, criterion 2.5, to Regulation (EU) 2021/241, the RRP contains measures that contribute to a large extent (Rating A) to the green transition, including biodiversity, or to addressing the challenges resulting therefrom. The measures supporting climate objectives account for an amount which represents 42,4 % of the RRP's total allocation, calculated in accordance with the methodology set out in Annex VI to Regulation (EU) 2021/241. In accordance with Article 17 of that Regulation, the RRP is consistent with the information included in the National Energy and Climate Plan 2021-2030.

- (25) In terms of contribution to the Union 2030-2050 climate and energy-related targets and the objective of Union climate neutrality by 2050, the RRP addresses some of the key policy challenges identified in the Commission's recommendations to the National Energy and Climate Plan 2021-2030. The RRP includes key reforms and investments to promote renewable energy by removing regulatory obstacles and developing new renewable capacity and upgrading the electricity distribution grid, while taking into account nature protection needs. The RRP also envisages energy-efficiency investments with a focus on public buildings and promotes energy efficiency investments in the industry. The RRP further promotes the use of public transport, rail passenger and freight transport, the use of alternative fuels in transport, and the digital transformation of rail and road transport. The RRP aims to increase resilience towards climate change, with a specific focus on flood risks. The combined effect of those measures is expected to contribute to significant reductions in greenhouse gas emissions, to stimulate new green jobs, and to reduce energy bills, thus ensuring a better living environment for the population and better operating conditions for economic actors.

- (26) The RRP also contributes to the Union’s further environmental policy objectives. The RRP is expected to increase the efficiency of the water management system and accelerate the transition to a circular economy, in particular by integrating circular public procurement principles and introducing green budgetary planning. The RRP contains no measures having biodiversity as their objective. However, some of the measures for climate mitigation and adaptation may also be beneficial to the preservation of biodiversity, as climate change is one of the main threats to biodiversity. The RRP is expected to support indirectly biodiversity with a key reform on forest conservation and development, by promoting nature-based solutions for climate change adaptation measures, and by prioritising wastewater systems upgrades with positive impacts on Natura 2000 areas. Slovenia has carried out a systematic do-no-significant-harm assessment indicating that none of the proposed measures causes harm to biodiversity.

Contribution to the digital transition

- (27) In accordance with Article 19(3), point (f), of and Annex V, criterion 2.6, to Regulation (EU) 2021/241, the RRP contains measures that contribute to a large extent (Rating A) to the digital transition or to addressing the challenges resulting from it. The measures supporting digital objectives account for an amount which represents 21,4 % of the RRP’s total allocation calculated in accordance with the methodology set out in Annex VII to Regulation (EU) 2021/241.

- (28) The RRP has a strong focus on the digitalisation of the public administration, proposing a comprehensive package of reforms and investments to accelerate the country's digital transformation and to provide user-centric, interoperable and secure services. The RRP includes the adoption of a Broadband Plan with the objective of ensuring coverage across Slovenia by 2025, improvements in the capacity to respond to cybersecurity incidents, the introduction of a national e-identity and the simplification of user registration for the use of public e-services. The RRP supports the development of digital infrastructure and advanced and user-friendly digital solutions and services in various areas of the public administration, such as internal security, education, science and sport, spatial planning and environment, agriculture, food and forestry, culture, justice, and e-health. As regards the private sector, the RRP includes a strategy for the digital transformation of companies, the introduction of a single digital identity card for companies, and the adoption of guidelines for innovative procurement to enhance high-tech innovation potential of small and medium enterprises. Such measures are underpinned by investments aimed at transforming business processes and closing the digital gap for more traditional companies.

- (29) The RRP adopts a holistic approach as the reforms and investments proposed for the digitalisation are supported by two key structural elements: providing better connectivity for households and schools and increasing the digital skills of workers, civil servants, teachers and students. Large-scale trainings and a competence centre should support improvement of digital skills in the public sector. Basic computing and digital competences should be integrated into the schools' curricula and investments in educational institutions should adapt the learning process in view of the digital transition. The effects of those measures are expected to increase Slovenia's competitiveness, lower the administrative burdens and facilitate market access, simplify the procedures and interaction with public services, provide access to connectivity for more households and education establishments, and contribute to maximising the potential of the Slovenian digital sector.

Lasting impact

- (30) In accordance with Article 19(3), point (g), of and Annex V, criterion 2.7, to Regulation (EU) 2021/241, the RRP is expected to have a lasting impact on Slovenia to a large extent (Rating A).

- (31) The envisaged reforms of the healthcare, long-term care and pension systems are expected to result in lasting improvements to the social security system in Slovenia, in terms of service provision to all citizens, efficiency, adequacy, and financial sustainability. Those reforms are expected to make a lasting contribution in addressing the key socio-economic challenges of a rapidly aging society. The long-term care reform is expected to establish a new comprehensive regime integrating both healthcare and social care services. The healthcare reform should contribute to the accessibility, quality, and financial sustainability of the system. Related investments should improve the capacity and quality of long-term care and healthcare services in Slovenia, including the accessibility and responsiveness of the health system. Reforms to the pension system and labour market regulations, together with more effective active labour market policy and targeted investments in trainings, should promote longer working lives and ensure the medium and long term sustainability and adequacy of the pension system, thus raising long-term growth.

(32) The implementation of the reforms envisaged in the RRP is expected to bring about significant structural changes to public administration, improving its effectiveness and efficiency. The adoption of a civil-service management strategy, the establishment of a competence centre and the reform of the civil-service legislation are planned with a view to modernising the human-resources management system in the Slovenian public administration. Furthermore, the RRP aims to upgrade the skills, including the digital skills, of civil servants, while the introduction of a new public-sector wage system is expected to improve incentives and performance. Further measures aimed at simplifying existing laws and regulations are set to be adopted as part of the legislative packages aimed at reducing bureaucracy. Reform efforts should also focus on making the management of national and municipal spatial planning more efficient and on modernising the public procurement system in Slovenia in compliance with relevant Union requirements. Moreover, the provision of public e-services for citizens and businesses should be upgraded and their governance strengthened with the establishment of the Informatics Development Council, which should ensure the coherence and cost efficiency of IT development activities in the public administration. Importantly, the RRP also aims to increase the level of cybersecurity, making the country's digital infrastructure more resilient.

- (33) In the area of investment, a lasting structural change is expected from the measures to boost productivity and investments of companies, including those in the tourism sector. Further investments should accelerate the digital transformation of the public sector and companies. The largest investment in the RRP should contribute to climate change adaptation with a focus on civil protection and flood prevention, while many others should directly contribute to climate change mitigation. Investments in sustainable transport 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. Further measures should support the energy efficiency of the economy. Measures increasing the conservation of forests should support a more resilient economy in rural areas. Key investments in healthcare should boost e-health and improve the infrastructure and treatment of infectious and communicable diseases, thus contributing to the health system's preparedness and resilience.
- (34) The Lasting impact of the RRP can also be enhanced through synergies between the RRP and other programmes financed by the cohesion policy funds, in particular by addressing in a substantive manner the deeply rooted territorial challenges and promoting a balanced development.

Monitoring and implementation

- (35) In accordance with Article 19(3), point (h), of and Annex V, criterion 2.8, to Regulation (EU) 2021/241, the arrangements proposed in the RRP are adequate (Rating A) to ensure effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators.
- (36) Milestones, targets, and indicators for the implementation are of sufficient quality to ensure the effective monitoring of the RRP. The request for loans is accompanied by further milestones and targets to measure progress in the additional reforms and investments supported. Milestones and targets are sufficiently detailed and clear, focusing on output indicators and key steps in the reform or investment process. They strike an appropriate balance between realism and ambition within the timeline of the Facility. The sequencing of milestones and targets is sufficiently regular to allow progress to be monitored and is commensurate with the importance of the given reform or investment. Arrangements and mechanisms to collect, store and report data on the milestones and targets are described and appear adequate. The Coordinating Authority should have the overall responsibility for monitoring and implementing the RRP as a whole and should be responsible for drawing up and signing the management declaration.

- (37) Member States should ensure that financial support under the Facility is communicated and acknowledged in line with Article 34 of Regulation (EU) 2021/241. Technical support may be requested under the Technical Support Instrument established by Regulation (EU) 2021/240 of the European Parliament and of the Council¹ to assist Member States in the implementation of their RRP.

Costing

- (38) In accordance with Article 19(3), point (i), of and Annex V, criterion 2.9, to Regulation (EU) 2021/241, the justification provided in the RRP on the amount of the estimated total costs of the RRP is to a medium extent (Rating B) reasonable and plausible, is in line with the principle of cost efficiency and is commensurate to the expected national economic and social impact.

¹ Regulation (EU) 2021/240 of the European Parliament and of the Council of 10 February 2021 establishing a Technical Support Instrument (OJ L 57, 18.2.2021, p. 1).

(39) Slovenia has provided individual cost estimates for all investments and reforms with an associated cost included in the RRP. The RRP includes adequate descriptions of the methods used in calculating the costs and relevant justifications. The calculations rely on generally reasonable unit costs or on experience gathered in recent projects, although in some cases underlying assumptions could be better justified. They are usually supported by evidence of comparable costs, with the necessary adjustments, that allows plausibility assessment for the vast majority of measures. In some cases, while cost estimates remain plausible, they are in the higher range of other comparable costs. For a very limited number of measures, the link between provided documents and cost estimates is not sufficiently clear. A solid control and audit system to be put in place and the public procurement framework shall further ensure cost efficiency at the RRP level. Finally, the estimated total cost of the RRP is in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact.

Protection of the financial interests of the Union

- (40) In accordance with Article 19(3), point (j), of and Annex V, criterion 2.10, to Regulation (EU) 2021/241, the arrangements proposed in the RRP and the additional measures contained in this Decision are adequate (Rating A) to prevent, detect and correct corruption, fraud and conflicts of interest when using the funds provided under that Regulation, and the arrangements are expected to effectively avoid double funding under that Regulation and other Union programmes. This is without prejudice to the application of other instruments and tools to promote and enforce compliance with Union law, including for preventing, detecting and correcting corruption, fraud and conflicts of interest, and for protecting the Union budget in line with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council¹.
- (41) The RRP clearly identifies the responsible entities for its implementation and sets out their respective roles and responsibilities for the performance of the internal control tasks. The relevant functions are appropriately segregated. The control system and other relevant arrangements, including the collection and dissemination of data to the final recipients, are adequate to prevent, detect and correct corruption, fraud and conflicts of interest and to prevent double funding under the Facility and other Union programmes. The actors responsible for controls should have the legal empowerment and administrative capacity necessary to exercise their planned roles and tasks. Such commitments are part of a specific milestone on control and audit systems.

¹ Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433 I, 22.12.2020, p. 1).

- (42) The establishment of a coordinating body, the adoption of a National Decree and Guidelines of the Coordination Body laying out the procedures for carrying out audits and controls in compliance with applicable Union and national legislation and the upgrade of the national IT system are included as a milestone that needs to be completed prior to the first disbursement of funding.

Coherence of the RRP

- (43) In accordance with Article 19(3), point (k), of and Annex V, criterion 2.11, to Regulation (EU) 2021/241, the RRP includes to a high extent (Rating A) measures for the implementation of reforms and public investment projects that represent coherent actions.
- (44) The RRP is structured around four coherent clusters, which are expected to contribute to the objectives of Regulation (EU) 2021/241. The wide range of measures ensures an appropriate balance between mutually reinforcing reforms and investments. In particular, the entry into force of reforms early in the timeline of the RRP ensures a supportive environment for the realisation of investments, which in turn contribute to the objectives of the reform. The RRP includes important reform elements to close the generational gap, ensure the accessibility, quality and sustainability of healthcare, and further the green and digital transitions, which are complemented by targeted investments that contribute towards achieving the reform objectives. Each cluster is built around components that include consistent packages of both reforms and investments, pursuing complementary aims and mutually reinforcing measures. At the overall level of the RRP, all clusters pursue complementary objectives and represent coherent actions.

Equality

- (45) The RRP contains measures that aim to ensure or promote gender equality and equal opportunities for all, such as investments in affordable housing and labour market measures for inclusion of disabled persons. Equality considerations are mainstreamed across the various components, such as in ensuring accessibility in renovated public buildings. In the RRP, Slovenia commits to ensure that respect for gender equality and equality for all is safeguarded at all stages of preparation and implementation of the envisaged reforms and investments.

Security self-assessment

- (46) In accordance with Article 18(4), point (g), to Regulation (EU) 2021/241, the RRP includes a security-self assessment. As regards connectivity investments, where digital solutions are based on the use of new-generation 5G networks, the 5G investments will be subject to legislation implementing the Commission communication of 29 January 2020 entitled ‘Secure 5G deployment in the EU — Implementing the EU toolbox’. Throughout the RRP, several components include a section that explains the contribution of the measures to the Union’s open strategic autonomy and security issues.

Cross-border and multi-country projects

- (47) The RRP of Slovenia includes four multi-country projects. The projects concerning the European common data infrastructure and services and low-power processors and semiconductor chips may take the form of planned important projects of common European interest on next generation cloud infrastructure and services. The objectives of such projects include the development of a new generation of energy-saving infrastructure and services from edge computing to cloud computing with a view to ultimately equipping the Union with global, forward-looking, ultra-secure, green industrial data-processing capabilities, while the latter project aims to strengthen planning capabilities and increase the innovativeness and resilience of semiconductor value chains in the Union. In addition, cross-border and multi-country projects related to the European blockchain services infrastructure and the European quantum communication infrastructure aim to integrate with a series of national infrastructures and to establish a national quantum communication infrastructure network connected to the national networks of neighbouring countries.

Consultation process

- (48) For the preparation of the RRP, Slovenia carried out a consultation with local and regional authorities, social partners, civil society organisations and other relevant stakeholders.

- (49) For the implementation of the RRP, further consultations with social partners or relevant stakeholders are envisaged on reforms related to the pension system, the healthcare system, flexible forms of work, the public-sector pay system, and renewable energy sources before the adoption of the relevant legislation. To ensure ownership by the relevant actors, it is crucial to involve all local authorities and stakeholders concerned, including social partners, throughout the implementation of the investments and reforms included in the RRP.

Positive assessment

- (50) Following the positive assessment of the Commission concerning the Slovenian RRP with the finding that the RRP satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of and Annex V to that Regulation, this Decision should set out the reforms and investment projects necessary for the implementation of the RRP, the relevant milestones, targets and indicators, and the amount made available from the Union for the implementation of the RRP in the form of non-repayable financial and loan support.

Financial contribution

- (51) The estimated total cost of the RRP of Slovenia is EUR 2 482 687 549. As the RRP satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241 and, furthermore, as the amount of the estimated total costs of the RRP is higher than the maximum financial contribution available for Slovenia, the financial contribution allocated for Slovenia's RRP should be equal to the total amount of the financial contribution available for Slovenia.
- (52) In accordance with Article 11(2) of Regulation (EU) 2021/241, the calculation of the maximum financial contribution for Slovenia is to be updated by 30 June 2022. As such, in accordance with Article 23(1) of that Regulation, an amount for Slovenia not exceeding the maximum contribution referred to in Article 11(1), point (a), of that Regulation should be made available for a legal commitment by 31 December 2022. Where necessary following the update of the maximum financial contribution, the Council, on a proposal from the Commission, should amend this Decision to include the updated maximum financial contribution, calculated in accordance with Article 11(2) of that Regulation, without undue delay.
- (53) Furthermore, in order to support additional reforms and investments, Slovenia has requested loan support. The maximum volume of the loan requested by Slovenia is less than 6,8 % of its 2019 gross national income in current prices. The amount of the estimated total costs of the RRP is higher than the combined financial contribution available for Slovenia and the requested loan support.

- (54) The support to be provided is to be financed from the borrowing by the Commission on behalf of the Union on the basis of Article 5 of Council Decision (EU, Euratom) 2020/2053¹. The support should be paid in instalments once Slovenia has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the RRP.
- (55) Slovenia has requested pre-financing of 13 % of the financial contribution. That amount should be made available to Slovenia subject to the entry into force of, and in accordance with, the agreement provided for in Article 23(1) of Regulation (EU) 2021/241 (the 'financing agreement').
- (56) This Decision should be without prejudice to the outcome of any procedures relating to the award of Union funds under any Union programme other than the Facility or to procedures relating to distortions of the operation of the internal market that may be undertaken, in particular under Articles 107 and 108 of the Treaty. It does not override the requirement for Member States to notify instances of potential State aid to the Commission under Article 108 of the Treaty,

HAS ADOPTED THIS DECISION:

¹ Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom (OJ L 424, 15.12.2020, p. 1).

Article 1

Approval of the assessment of the RRP

The assessment of the RRP of Slovenia on the basis of the criteria provided for in Article 19(3) of Regulation (EU) 2021/241 is approved. The reforms and investment projects under the RRP, the arrangements and timetable for the monitoring and implementation of the RRP, including the relevant milestones and targets and the additional milestones and targets related to the payment of the loan, the relevant indicators relating to the fulfilment of the envisaged milestones and targets, and the arrangements for providing full access by the Commission to the underlying relevant data are set out in the Annex to this Decision.

Article 2
Financial contribution

1. The Union shall make available to Slovenia a financial contribution in the form of non-repayable support amounting to EUR 1 776 927 281¹. An amount of EUR 1 280 114 102 shall be available to be legally committed by 31 December 2022. If the update provided for in Article 11(2) of Regulation (EU) 2021/241 results in an updated maximum financial contribution for Slovenia that is equal to or more than EUR 1 776 927 281, a further amount of EUR 496 813 179 shall be available to be legally committed from 1 January 2023 until 31 December 2023. If the update provided for in Article 11(2) of Regulation (EU) 2021/241 results in an updated maximum financial contribution for Slovenia that is less than EUR 1 776 927 281, the difference between the updated maximum financial contribution and the amount of EUR 1 280 114 102 shall be available to be legally committed in accordance with the procedure set out in Article 20(8) of Regulation (EU) 2021/241 from 1 January 2023 until 31 December 2023.

¹ This amount corresponds to the financial allocation after deduction of Slovenia's proportional share of the expenses referred to in Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology set out in Article 11 of that Regulation.

2. The Union financial contribution shall be made available by the Commission to Slovenia in instalments in accordance with the Annex to this Decision. An amount of EUR 231 000 547 shall be made available as a pre-financing payment, equal to 13 % of the financial contribution. The pre-financing and instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.
3. The pre-financing shall be released subject to the entry into force of, and in accordance with, the financing agreement. Pre-financing shall be cleared by being proportionally deducted against the payment of the instalments.
4. The release of instalments in accordance with the financing agreement shall be conditional on available funding and a decision by the Commission, taken in accordance with Article 24 of Regulation (EU) 2021/241, that Slovenia has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the RRP. In order to be eligible for payment, Slovenia shall complete the milestones and targets no later than 31 August 2026, subject to the entry into force of the legal commitments referred to in paragraph 1.

Article 3

Loan support

1. The Union shall make available to Slovenia a loan amounting to a maximum of EUR 705 370 000.

2. The loan support shall be made available by the Commission to Slovenia in instalments in accordance with the Annex to this Decision. The instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.
3. The release of instalments in accordance with the loan agreement provided for in Article 15(2) of Regulation (EU) 2021/241 shall be conditional on available funding and a decision by the Commission, taken in accordance with Article 24 of that Regulation, that Slovenia has satisfactorily fulfilled the additional milestones and targets covered by the loan and identified in relation to the implementation of the RRP. In order to be eligible for payment, Slovenia shall complete the additional milestones and targets covered by the loan no later than 31 August 2026.

Article 4

Addressee

This Decision is addressed to the Republic of Slovenia.

Done at ...,

For the Council

The President
