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Proposal for a

COUNCIL IMPLEMENTING DECISION

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

{SWD(2021) 184 final}

2021/0192 (NLE)

Proposal for a

COUNCIL IMPLEMENTING DECISION

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 Facility[1] and in particular Article 20 thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) The COVID-19 outbreak has had a disruptive impact on the economy of Slovenia. In 2019, the gross domestic product per capita (GDP per capita) of Slovenia was 74 % of the EU average. According to the Commission's Spring 2021 forecast, real GDP of Slovenia declined by 5,5 % in 2020 and is expected to decline by 0,9 % cumulatively in 2020 and 2021. Longer-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 to take all necessary measures to effectively address the pandemic, sustain the economy and support the ensuing recovery, and to mitigate the social and employment impact of the COVID-19 crisis. It further recommended 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 to ensure the long-term sustainability and adequacy of the pension system and increase employability of low-skilled and older workers and to improve labour market relevance of education and training. Lastly, it recommended 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, the Commission finds that the recommendation regarding necessary measures to

[1] OJ L 57, 18.2.2021, p. 17-75.

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 to euro area Member States to take action, including through their recovery and resilience plans, 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 to strengthen national institutional frameworks, to ensure macro-financial stability and to complete EMU and strengthen the international role of the euro.] [If the Council recommendation is not adopted by the time of the CID adoption, please remove the recital]

(4) On 30 April 2021, Slovenia submitted its national recovery and resilience plan 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, of local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders. The national ownership of the recovery and resilience plans is underpinning their successful implementation and lasting impact at national level and credibility at European level. Pursuant to Article 19 of that Regulation, the Commission has assessed the relevance, effectiveness, efficiency and coherence of recovery and resilience plan, in accordance with the assessment guidelines of Annex V to that Regulation.

(5) The recovery and resilience plans should pursue the general objectives of the Recovery and Resilience Facility established by Regulation (EU) 2021/241 and of the EU Recovery Instrument set up by Council Regulation (EU) 2020/2094[2] 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' recovery and resilience plans should constitute a coordinated effort of investment and reforms across the Union. Through the coordinated and simultaneous implementation of these reforms and investments and the implementation of cross-border projects, these reforms and investments should mutually reinforce each other and generate positive spillovers across the whole Union. Therefore, about one third of the impact of the Facility on Member States' growth and job creation should come from spillovers from other Member States.

Balanced response contributing to the six pillars

(7) In accordance with Article 19(3), point (a) and section 2.1 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan represents to a large extent (Rating A) 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 Regulation (EU) 2021/241, taking the specific challenges and the financial allocation of the Member State concerned into account.

(8) The plan 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

[2] 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.)

"green transition", "digital transformation", "smart, sustainable, and inclusive growth", and "health and welfare". Comprehensive reforms in the areas of long-term care, healthcare, 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 recovery and resilience plan of Slovenia. Concerning the green transition, the plan 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 plan, including on sustainable tourism accommodations, the promotion of green public procurement and green skills. Concerning 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 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 field of research,development, and innovation, education, and investments in support of green and digital transitions. To support social and territorial cohesion in Slovenia the plan 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 health and long-term care systems. They are expected to provide the definition of statutory health insurance rights, restructure the complementary health insurance system, reform the remuneration system for health professions, and 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 health 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 plan also includes important measures to improve the efficiency and effectiveness of public administration, including through its digital transformation. The recovery and resilience plan 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) and section 2.2 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan is expected to contribute to effectively addressing all or a significant subset of challenges (Rating A) identified in the relevant country-specific recommendations, including fiscal aspects thereof addressed to the Member State concerned or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester.

(12) The plan 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 European Semester in 2019 and in 2020, notably in the areas of long-term care, healthcare, pensions and labour market, education and skills, research and development, and innovation, green and digital transition, business environment, and public procurement.

(13) The plan 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 (i) significantly enhance the resilience of Slovenia's social security system; (ii) improve quality and access of long-term care and healthcare and adequacy of pensions; and (iii) contribute to long-term fiscal sustainability in the face of important demographic challenges. The envisaged long-term care act, the first comprehensive 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, notably with 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 plan 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, labour market and education measures included in the plan 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 plan 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, notably by strengthening capital markets, reducing the administrative burden, and improving digital public services.

(16) The plan is expected to contribute to front-loading mature public investment projects and promoting private investment to support the economic recovery. It focuses investment on the green and digital transition, in particular renewables, energy efficiency in public buildings, flood protection, rail transport, broadband and digital skills and on research, development and innovation. The plan 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 as falling outside the scope of Slovenia's the recovery and resilience plan 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 provisions of the General Escape Clause. Moreover, the recommendation to achieve the medium-term budgetary objective in 2020 is no longer relevant, due both to 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 pandemic crisis.

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

(18) In accordance with Article 19(3), point (c) and section 2.3 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan is expected to have a high impact (Rating A) on strengthening the growth potential, job creation, and economic, social and institutional resilience of the Member State, 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.

(19) Simulations by the Commission services show that the plan has the potential to increase the GDP of Slovenia by between 1,1 % and 1,7 % by 2026. After 20 years, GDP could be 0,5 % higher[3]. The economic boost provided by the plan is also expected to support the public finances.

(20) The recovery and resilience plan 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 further 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 mid-sized companies. Further measures are expected to raise productivity across the economy through the provision of a more efficient digital and physical

[3] Such simulations reflect the overall impact of NGEU, which also includes funding for ReactEU, and increased funding for Horizon Europe, InvestEU, JTF, Rural Development and RescEU. Such simulation does not include the possible positive impact of structural reforms, which can be substantial

infrastructure and investing in human capital, including in specific sectors such as the circular economy, sustainable food systems, tourism, and culture.

(21) The recovery and resilience plan 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 plan provides for investments in skills and human capital, in promoting life-long 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) and section 2.4 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan is expected to ensure that no measure (Rating A) for the implementation of reforms and investments projects included in the recovery and resilience plan does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) No 2020/852 of the European Parliament and of the Council[4] (the principle of 'do no significant harm').

(23) Slovenia has provided a detailed assessment for each measure included in its recovery and resilience plan in accordance with the "do no significant harm" technical guidance of the European Commission (2021/C 58/01). The recovery and resilience plan 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 Commission 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 plan 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 in the milestones related to the selection process for relevant projects and, where applicable, references to an exclusion list in the relevant milestones.

Contribution to the green transition including biodiversity

(24) In accordance with Article 19(3), point (e) and section 2.5 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan 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 plan's total allocation calculated

[4] 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).

in accordance with the methodology of Annex VI to Regulation (EU) 2021/241. In accordance with Article 17 of Regulation (EU) 2021/241, the recovery and resilience plan is consistent with the information included in the National Energy and Climate Plan 2030.

(25) In terms of contribution to the Union 2030-2050 climate and energy-related targets and the objective of EU Union climate neutrality by 2050, the plan addresses some of the key policy challenges identified in the Commission's recommendations[5] to the Slovenian National Climate and Energy Plan. The plan 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 plan also foresees energy efficiency investments with a focus on public buildings and promotes energy efficiency investments in the industry. The plan 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 plan 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 plan also contributes to the Union's further environmental policy objectives. The plan 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 plan 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 plan 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 generates harm to biodiversity.

Contribution to the digital transition

(27) In accordance with Article 19(3), point (f) and section 2.6 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan 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 plan's total allocation calculated in accordance with the methodology of Annex VI to Regulation (EU) 2021/241.

(28) The plan 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 plan includes the adoption of a Broadband Plan with the objective to ensure coverage across Slovenia by 2025, improvements in the capacity to respond to

[5] SWD (2020) 923 final

cybersecurity incidents, the introduction of a national e-identity and the simplification of user registration for the use of public e-services. The plan 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 plan 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 plan 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 in 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 for Slovenia the potential of the digital sector.

Lasting impact

(30) In accordance with Article 19(3), point (g) and section 2.7 of Annex V to Regulation (EU) 2021/241, the recovery and resilience plan 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 lastingly improve 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 recovery and resilience plan 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 foreseen to modernise the human resources management system in the Slovenian public administration. Furthermore, the plan aims at upgrading skills,

including digital, 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 on aimed at reducing bureaucracy. Reform efforts should also focus on establishing a more efficient management of national and municipal spatial planning and on modernising the public procurement system in Slovenia in compliance with respective EU requirements. Moreover, the provision of public e-services for citizens and businesses should be upgraded and its 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 plan 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 plan 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's system preparedness and resilience.

(34) Lasting impact of the plan can also be enhanced through synergies between the plan and other programmes financed by the cohesion policy funds, notably 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) and section 2.8 of Annex V to Regulation (EU) 2021/241, the arrangements proposed in the recovery and resilience plan are adequate (Rating A) to ensure effective monitoring and implementation of the recovery and resilience plan, 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 recovery and resilience plan. 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 Recovery and Resilience 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 plan 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 to assist Member States in the implementation of their plan.

Costing

(38) In accordance with Article 19(3), point (i) and section 2.9 of Annex V to Regulation (EU) 2021/241, the justification provided in the plan on the amount of the estimated total costs of the recovery and resilience plan 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.

(39) Slovenia has provided individual cost estimates for all investments and reforms with an associated cost included in the recovery and resilience plan. The plan includes adequate descriptions of the methods used in calculating the costs and the relevant justifications. The calculations rely on generally reasonable unit costs or on the 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 plan level. Finally, the estimated total cost of the recovery and resilience plan is in line with the principle of cost-efficiency and is commensurate to the expected national economic and social impact.

Protection of financial interests

(40) In accordance with Article 19(3), point (j) and section 2.10 of Annex V to Regulation (EU) 2021/241, the arrangements proposed in the recovery and resilience plan and the additional measures contained in this Decision are adequate (Rating A) to prevent, detect and correct corruption, fraud and conflicts of interests when using the funds provided under that Regulation, and the arrangements are expected to effectively avoid double funding from that Regulation and other Union programmes. This is without prejudice to the application of other instruments and tools to promote and enforce compliance with EU law, including for preventing, detecting and correcting corruption, fraud and conflicts of interests, and for protecting the Union finances in line with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council.

(41) The plan 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 in dealing with prevention, detection and dealing with corruption, fraud, conflict of interest and preventing double funding from the Facility and other Union programmes. The actors responsible for controls should have the necessary legal empowerment and administrative capacity to exercise their planned

roles and tasks. Such commitments are part of a specific milestone on control and audit systems.

(42) The establishment of the Coordinating Body, 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 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 plan

(43) In accordance with Article 19(3), point (k) and section 2.11 of Annex V to Regulation (EU) 2021/241, the plan includes to a high extent (Rating A) measures for the implementation of reforms and public investment projects that represent coherent actions.

(44) The plan 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 plan ensures a supportive environment for the realisation of investments, which in turn contribute to the objectives of the reform. The plan includes important reform elements to close the generational gap, ensure the accessibility, quality, and sustainability of healthcare, and further the green and digital transition, which are complemented by targeted investments that contribute towards achieving the reform objectives. Each cluster is built around components including consistent packages of both reforms and investments, pursuing complementary aims and mutually reinforcing measures. At the overall level of the plan, all clusters pursue complementary objectives and represent coherent actions.

Equality

(45) The plan 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 plan, 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 plan 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 the legislation implementing the European Commission Communication of 29 January 2020 *Secure 5G deployment in the EU — Implementing the EU toolbox*[6]. Throughout the plan, 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

[6] COM(2020) 50

(47) The recovery and resilience plan of Slovenia includes four multi-country projects. 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 (IPCEI). The objectives of the former project (Next Generation Cloud Infrastructure and Services) include the development of a new generation of energy-saving infrastructure and services from edge to cloud 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, 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 recovery and resilience plan, 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 plan, further consultations with social partners or relevant stakeholders are envisaged on reforms related to the pension system, health system, flexible forms of work, 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 plan.

Positive assessment

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

Financial contribution

(51) The estimated total cost of the recovery and resilience plan of Slovenia is EUR 2 482 687 549. As the recovery and resilience plan 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 recovery and resilience plan is higher than the maximum financial contribution available for Slovenia, the financial contribution allocated for Slovenia's recovery and resilience plan 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 should be made available now for a legal commitment by 31 December 2022. Where

necessary following the updated maximum financial contribution, the Council, on a proposal from the Commission, should amend this Decision to include the updated maximum financial contribution 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 recovery and resilience plan is higher than the combined financial contribution available for Slovenia and 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) 2020/2053[7]. 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 recovery and resilience plan.

(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 and in accordance with the Financing Agreement provided for in Article 23(1) of Regulation (EU) 2021/241.

(56) This Decision should be without prejudice to the outcome of any procedures relating to the award of Union funds under any other Union programme than Regulation (EU) 2021/241 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:

Article 1
Approval of the assessment of the recovery and resilience plan

The assessment of the recovery and resilience plan of Slovenia on the basis of the criteria provided for by Article 19(3) of Regulation (EU) 2021/241 is approved. The reforms and investment projects under the recovery and resilience plan, the arrangements and timetable for monitoring and implementation of the recovery and resilience plan, 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 1 776 927 281.[8] An amount of EUR 1 280 114 102 shall be available to be legally committed by 31 December 2022. Subject to

[7] OJ L 424, 15.12.2020, p. 1.

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

the update provided for in Article 11(2) of Regulation (EU) 2021/241 calculating an amount for Slovenia equal to or more than this amount, a further amount of EUR 496 813 179 shall be available to be legally committed from 1 January 2023 until 31 December 2023.

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 per cent 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 and in accordance with the Financing Agreement provided for in Article 23(1) of Regulation (EU) 2021/241. 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 recovery and resilience plan. Subject to the entry into force of the legal commitments referred to in paragraph 1, to be eligible for payment, milestones and targets shall be completed no later than 31 August 2026.

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 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 additional milestones and targets covered by the loan and identified in relation to the implementation of the recovery and resilience plan. To be eligible for payment, the additional milestones and targets covered by the loan shall be completed no later than 31 August 2026.

Article 4
Addressee

This Decision is addressed to the Republic of Slovenia.

Done at Brussels,

For the Council
The President