IMF Country Report No. 26/15

REPUBLIC OF SLOVENIA

2025 ARTICLE IV CONSULTATION—PRESS RELEASE AND STAFF REPORT

January 2026

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2025 Article IV consultation with Republic of Slovenia, the following documents have been released and are included in this package:

- A **Press Release**.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on lapse-of-time basis, following discussions that ended on November 18, 2025, with the officials of Slovenia on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on January 5, 2026.
- An **Informational Annex** prepared by the IMF staff.

The documents listed below have been or will be separately released.

Selected Issues

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
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PRESS RELEASE

PR 26/016

IMF Executive Board Concludes 2025 Article IV Consultation with the Republic of Slovenia

FOR IMMEDIATE RELEASE

Washington, DC – **January 26, 2026:** The Executive Board of the International Monetary Fund (IMF) completed the Article IV Consultation[1] with the Republic of Slovenia and considered and endorsed the staff appraisal without a meeting on a lapse of time basis. The authorities have consented to the publication of the Staff Report prepared for this consultation.[2]

Slovenia has shown resilience in face of multiple shocks. Improving fiscal balances in 2021-24 reversed a significant increase in public debt incurred during the pandemic and helped build fiscal buffers, while high scores on social indicators were preserved. Slovenia's banking system appears healthy. The authorities have also embarked on important pension, long-term care, and health sector reforms to address challenges from population aging.

Real GDP contracted in the first quarter of 2025, as investment and exports fell amid weak external demand. It has since bounced back, supported by a pickup in investment and private consumption, and growth is projected at 0.8 percent in 2025. Despite some signs of softening, the labor market remains tight as job vacancies are still above long-term averages. Inflation fell sharply in 2024 from multi-decade highs in 2022-23, but increased temporarily in 2025, driven largely by food prices.

The general government deficit widened significantly in 2025 on account of higher spending. The anticipated widening from 0.9 percent of GDP in 2024 to 2.2 percent of GDP in 2025 reflected primarily higher post-flood reconstruction and a significant increase in the public sector wage bill from a public wage reform and a new winter holiday allowance. Gross public debt is projected to have declined slightly to 66 percent of GDP in 2025.

Executive Board Assessment[3]

In concluding the 2025 Article IV Consultation with the Republic of Slovenia, Executive Directors endorsed staff's appraisal as follows:

The Slovenian economy has recovered strongly since a contraction in the first quarter of 2025. Both investment and private consumption expanded, supported by favorable financial

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[1] Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

[2] Under the IMF's Articles of Agreement, publication of documents that pertain to member countries is voluntary and requires the member consent. The staff report will be shortly published on the https://www.imf.org/en/countries/svn page.

[3] The Executive Board takes decisions under the lapse-of-time procedure when the Board agrees that a proposal can be considered without convening formal discussions.

conditions and rising real incomes. The external position in 2025 is assessed to be moderately stronger than the level implied by fundamentals and desirable policies, based on projected data.

Growth is projected to strengthen in 2026-27 before moderating to its potential over the medium term, alongside a gradual decline in inflation. Growth is expected to strengthen in the next years from improved investor confidence and increased export demand. It is projected to stabilize at just above 2 percent in the medium term, with investment and improved total factor productivity counterbalancing demographic headwinds. Inflation would gradually decline toward the 2 percent European Central Bank target as food and energy prices stabilize.

Risks to the outlook are tilted to the downside. Escalating trade measures and prolonged uncertainty could weaken export demand, undermine confidence, and lower investment. Higher import prices could slow disinflation and reduce real incomes. Domestically, delays in implementing public investment or structural reforms, or wage growth outpacing labor productivity, could erode competitiveness and slow income convergence. Faster progress in deepening the EU single market poses an upside risk.

The 2026 budget will support activity, although a smaller deficit would have helped preserve fiscal space. Its stance is moderately expansionary and will help bolster growth given the still negative output gap. In light of elevated uncertainty and medium-term pressures, a somewhat smaller deficit would have been preferable, implemented through measures to reduce current spending.

Slovenia is facing important spending pressures over the medium term. On top of growing costs for pension and healthcare as the population ages, there are spending needs for defense and the green and digital transitions. Incorporating the most acute pressures suggests that public debt would remain at about 66 percent of GDP. The overall risk of sovereign debt distress is still assessed as low, but an extended forecast horizon would see an increase in the debt ratio reflecting further spending pressures.

Fiscal consolidation is needed to reduce public debt and preserve the country's ability to respond to shocks. A gradual, growth-friendly fiscal consolidation would place the debt ratio firmly on a downward path. On the revenue side, broadening the bases of value added and personal income taxes, further improving revenue administration, and reforming the property tax could yield sizable revenue gains, while reducing the high labor wedge would make the tax system more conducive to growth. Efforts should also focus on reducing spending inefficiencies. A significant increase in the public wage bill following the public sector wage reform and the introduction of a winter holiday allowance warrants regular reviews to maintain the compensation system's effectiveness and sustainability. Defense spending above the baseline assumptions should be accommodated by reprioritizing other expenditures, while protecting growth-enhancing public investment and well-targeted social spending.

Fiscal reforms should continue. Implementing the 2025 pension reform is the linchpin to public pension sustainability. If demographic pressures were to intensify, further measures might be needed. Ongoing health and long-term care reforms should focus on diversifying revenue sources, improving efficiency, and promoting active aging, while addressing health sector labor shortages is critical to ensure quality services.

Slovenia's banking system remains resilient, although financial stability risks have increased slightly since the 2024 Article IV consultation. Banks are well capitalized, highly liquid, and profitable. However, credit risks have risen for some export-oriented manufacturers. Thus, close monitoring of asset quality, especially for exposed banks and portfolio segments, should continue. The macroprudential policy stance is appropriate. Letting the bank asset tax expire as planned at end-2028 will help preserve capital buffers.

Boosting Slovenia’s long-term growth requires comprehensive structural reforms focused on enhancing investment and productivity. Tackling persistent skilled labor shortages requires better aligning education and training systems with market needs, expanding vocational and lifelong learning, and improving migrant integration and recognition of foreign qualifications. Enhancing the business environment, including by simplifying construction permits, could speed up project implementation and increase competition. At the same time, a stronger innovation ecosystem alongside expanding access to finance for young and innovative firms, including through venture capital, would support dynamic firm growth.

Slovenia: Selected Economic Indicators, 2024–30

(Annual percentage change, unless noted otherwise)

	2024 Prel.	2025 Proj.	2026 Proj.	2027 Proj.	2028 Proj.	2029 Proj.	2030 Proj.
Real sector							
Real GDP growth	1.7	0.8	2.2	2.3	2.2	2.1	2.1
Potential output growth	2.6	2.5	2.2	2.2	2.2	2.1	2.1
Output gap (in percent of potential GDP)	1.4	-0.2	-0.2	0.0	0.0	0.0	0.0
Prices (HICP)							
Consumer prices (period average)	2.0	2.5	2.2	2.1	2.3	2.1	2.1
Consumer prices (end of period)	2.0	2.5	2.0	2.2	2.2	2.1	2.1
Employment and wages							
Unemployment rate (in percent, ILO definition)	3.7	3.8	3.9	3.9	4.0	4.0	4.0
Real wages (all sectors) 1/	4.1	4.3	3.2	3.1	2.2	2.1	2.1
Public finance (percent of GDP)							
General government balance 2/	-0.9	-2.2	-2.6	-2.7	-2.8	-2.9	-2.9
General government gross debt	66.6	66.0	65.2	65.3	65.4	65.9	66.5
General government net debt	49.8	50.1	50.5	51.1	51.7	52.5	53.3
Monetary and financial indicators							
Credit to the private sector	2.6	5.6	4.9	4.4	4.5	4.5	4.5
Balance of payments (percent of GDP)							
Current account balance	4.5	4.1	3.6	3.3	3.2	3.2	3.1
Terms of trade (goods and services, percent change)	1.5	0.7	-0.5	-0.3	-0.1	0.0	0.0
Net international investment position	9.9	11.9	15.0	17.6	20.0	22.3	24.4
Memorandum items							
Nominal GDP (millions of euros)	67,418	70,194	73,265	76,495	79,972	83,404	86,975
Population (millions)	2.1	2.1	2.1	2.1	2.1	2.1	2.1
GDP per capita (euros)	31,698	32,942	34,321	35,789	37,389	38,983	40,643

Sources: The Slovenian authorities; and IMF staff estimates and projections.

1/ Average economy-wide gross wage deflated by the CPI.

2/ Accrual basis.

INTERNATIONAL MONETARY FUND

REPUBLIC OF SLOVENIA

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION

January 5, 2026

KEY ISSUES

Context. The economic slowdown that began in 2024 continued into early 2025, but growth has since picked up. Looking ahead, the Slovenian economy is facing structural challenges from rising spending pressures, including those related to population aging, and weak productivity growth.

Outlook and Risks. Growth is projected to strengthen in 2026-27, as domestic demand improves and exports recover, and settle at around 2.1 percent over the medium term, while inflation would decline toward 2 percent. Risks to the outlook are tilted to the downside, including from prolonged uncertainty, renewed commodity price volatility, and, domestically, delays in key investment projects and structural reforms. An upside risk is faster progress with deepening the European Union single market.

Key Policy Recommendations.

- *Fiscal policy.* The moderately expansionary fiscal stance of the 2026 budget will support growth, but there is scope for containing recent increases in current spending. In the medium term, fiscal consolidation is needed to reduce public debt, manage spending pressures, and preserve the government's ability to respond to shocks. This can be done through reducing spending inefficiencies and implementing tax measures to broaden the tax base and improve administration. Tax reform would also be an opportunity to reduce Slovenia's high labor tax wedge.

- *Financial policies.* Financial sector risks have edged up compared with the 2024 Article IV consultation, reflecting strains in the tradable sector. Continued monitoring of asset quality is important, especially for exposed banks and portfolio segments. The macroprudential policy stance is appropriate.

- *Structural policies*. Boosting long-term growth requires comprehensive reforms aimed at increasing investment and productivity. Key is to address persistent shortages of skilled labor, streamline administrative and regulatory processes, strengthen the innovation ecosystem, and expand access to finance for young and innovative firms.

Approved By
Kristina Kostial (EUR), Tokhir Mirzoev (SPR)

Discussions took place in Ljubljana during November 5–18, 2025. The team comprised Huidan Lin (head), Hassan Adan, Dmitriy Kovtun (all EUR), and Kue-Peng Chuah (STA). Gregor Golob (OED) participated in the discussions and Yigit Yaşar (OED) joined the concluding meeting. Magali Pinat (FAD, formerly EUR), Iyad Alasal, Petra Mitchell, and Yueshu Zhao (all EUR) supported the mission. The mission met with Minister of Finance Klemen Boštjančič, Deputy Governor Primož Dolenc and members of the Governing Board of the Bank of Slovenia, other senior officials, the Committee on Finance of the National Assembly, representatives from the private sector, banks, and labor unions, and other stakeholders.

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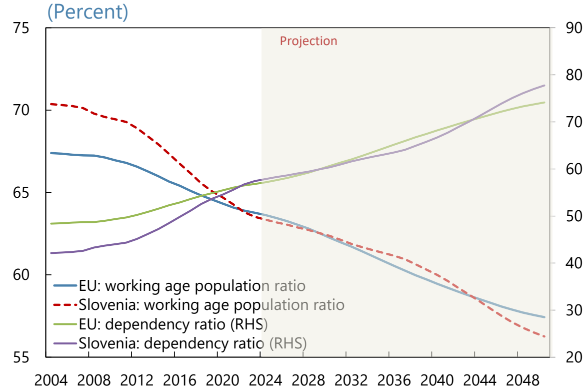
CONTEXT

1. **Slovenia has managed recent shocks well.** The authorities' policy response to the pandemic, the energy price shock, and the 2023 floods has protected vulnerable parts of the population, supporting high scores on social indicators. Improving fiscal balances in 2021-24 reversed a significant increase in public debt incurred during the pandemic and prudent public asset-liability management helped build fiscal buffers. The financial system appears sound. The authorities have also embarked on important pension, long-term care, and health sector reforms to address challenges from population aging and are pursuing digital and green transitions (Annex I).

2. **Yet, structural challenges call for continued policy action.** Notwithstanding recent reforms, spending pressures from aging are expected to increase significantly, as well as from defense and the digital and green transitions. Further reforms are necessary to manage these pressures while maintaining debt sustainability. Moreover, with aging constraining labor supply, closing the per-capita income gap with more advanced European Union (EU) members—at 15 percent as of 2023—hinges on reducing persistent capital and total factor productivity (TFP) gaps (Figure 1). Lastly, elevated global policy uncertainty continues to weigh on trade and investment.

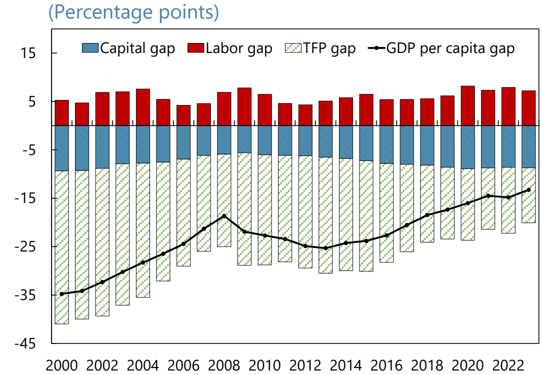
Figure 1. Aging Population and Per-Capita Income Gap

Population Projection 1/
(Percent)



1/ Working age population is defined as those aged 15 to 64. Dependency ratio is the ratio of people aged 0 to 14 plus 65 and above to the working age population.
Source: Eurostat and IMF staff calculations.

Slovenia's Per Capita GDP Gap with EA12 1/
(Percentage points)



1/ EA12 denotes euro area before 2004 accession. Per capita income and capital are in constant 2023 prices, with PPP adjustment for the base year. Labor is measured in hours per capita. Capital at constant prices is from Eurostat.
Sources: AMECO, Eurostat, and IMF staff estimates.

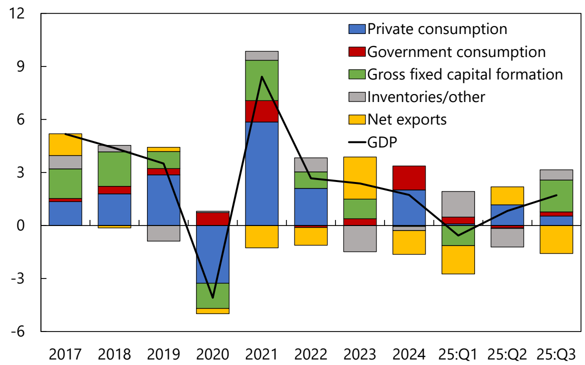
RECENT DEVELOPMENTS

3. **Under elevated uncertainty, economic activity contracted in the first quarter of 2025 but has since been expanding.** The contraction reflected decreases in investment and net exports. Growth bounced back in the second and third quarters supported by higher investment and private consumption. This momentum is projected to have continued in the fourth quarter, supporting a

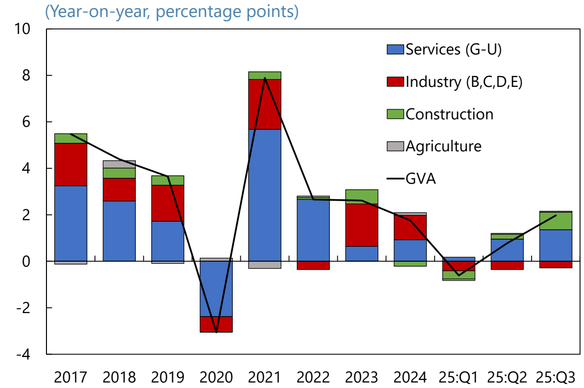
growth forecast of 0.8 percent in 2025. On the production side, the industrial sector is still underperforming with the automotive and metal sectors making significant negative contributions amid still high energy prices, elevated uncertainty, and weak external demand (Figure 2).[1]

Figure 2. GDP and Gross Value Added

Contributions to GDP Growth
(Year-on-year, percentage points)



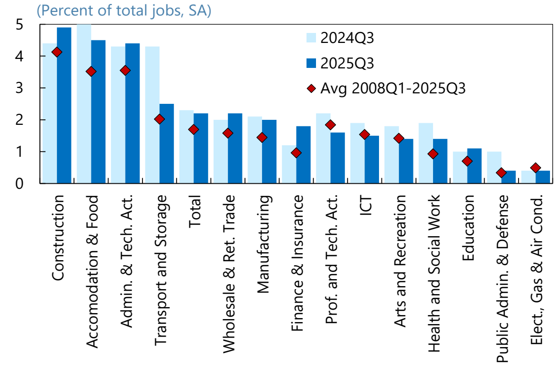
Contributions to GVA Growth
(Year-on-year, percentage points)



Sources: Haver Analytics, SURS, and IMF staff estimates.

4. **The labor market is softening, although shortages persist in some sectors.** The vacancy-to-unemployment ratio has declined from its peak as labor demand eased, while unemployment rates stayed historically low (Figure 11). Still, vacancies have remained above their long-term averages, especially in construction, trade, hospitality and health sectors. Migration inflows have helped stabilize labor force and employment.

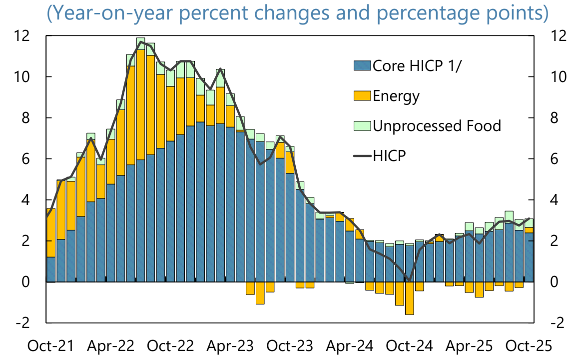
Job Vacancy Rates
(Percent of total jobs, SA)



Source: Haver Analytics, SURS, and IMF staff calculations.

5. **After a sharp decline in 2024, inflation rose in 2025, largely due to rising food prices.** Headline HICP inflation fell below 2 percent (y/y) in 2024, reflecting declining energy prices and moderating wage growth. Driven largely by food prices, however, it rose again to 2.4 percent as of November 2025. Core inflation also rose and has stayed sticky, as rising labor costs gradually fed into services prices (Figure 12).

Contributions to HICP Inflation
(Year-on-year percent changes and percentage points)

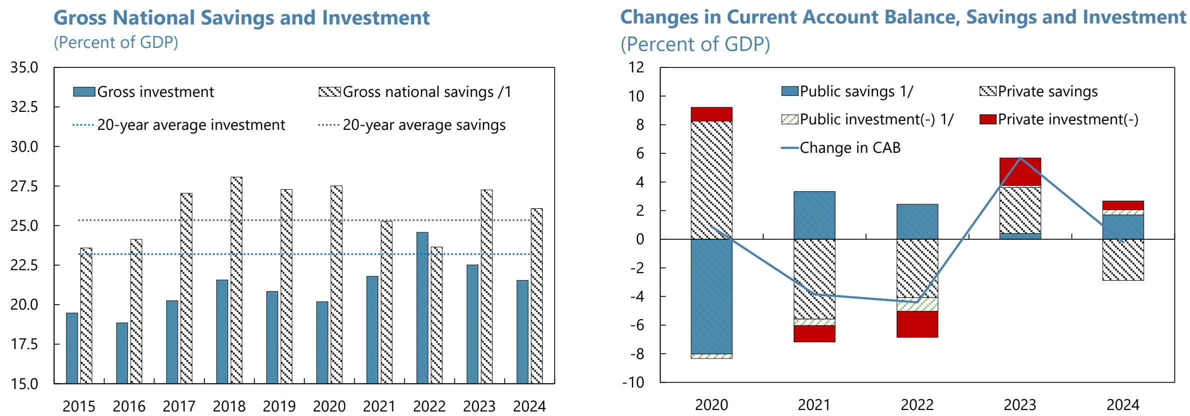


1/ HICP excluding unprocessed food and energy.
Sources: Haver Analytics, Eurostat, and IMF staff estimates.

[1] Slovenia's automotive manufacturing is deeply integrated with the EU: its value added accounted for 1.8 percent of gross value added in 2019, with most going into exports to the EU (IMF 2024, Europe's shift to EVs amid intensifying global competition).

6. The current account surplus has continued to narrow, reflecting slowing exports. It edged down to 4.5 percent of GDP in 2024, with both savings and investment declining relative to GDP (Figure 3); and is projected to have declined further in 2025 to 4.1 percent of GDP, primarily from weak exports. The external position in 2025 was moderately stronger than implied by fundamentals and desirable policies (Annex II). Although the unit labor cost-based real effective exchange rate points to some erosion in cost competitiveness since 2019, Slovenia's market share has been stable (Figure 13).

Figure 3. External Sector Developments



1/ Estimated as gross investment plus the current account balance.
Sources: Haver Analytics, SURS, and IMF staff estimates.

1/ Values for the general government.
Sources: SURS and IMF staff estimates.

7. After a substantial consolidation in 2024, the deficit for the general government is projected to widen significantly in 2025 on higher spending. In 2024, the overall deficit fell to 0.9 percent of GDP, mostly due to unspent revenue earmarked for post-flood reconstruction and the phase-out of discretionary (Covid-19 and inflation mitigation) measures. In 2025, the deficit is projected to have risen to 2.2 percent of GDP, reflecting higher post-flood reconstruction, a large increase in the public sector wage bill from a public wage reform and a new winter holiday allowance for workers,[2] a new winter allowance for pensioners,[3] and cost from closing the last coal power plant and mine (Figure 4)[4]—overall implying a moderately expansionary stance. Gross public debt is projected to have decreased slightly to 66 percent of GDP in 2025 (with net public debt at an estimated 50 percent of GDP) (Figure 14).[5]

[2] The National Assembly passed in November 2025 a mandatory allowance of €639 for workers—for both the public and private sectors. Companies in liquidity problems have the option of delaying payments until end-March in the following year, and in 2025, exceptionally, pay only €160 provided they do not pay dividends and management bonuses.

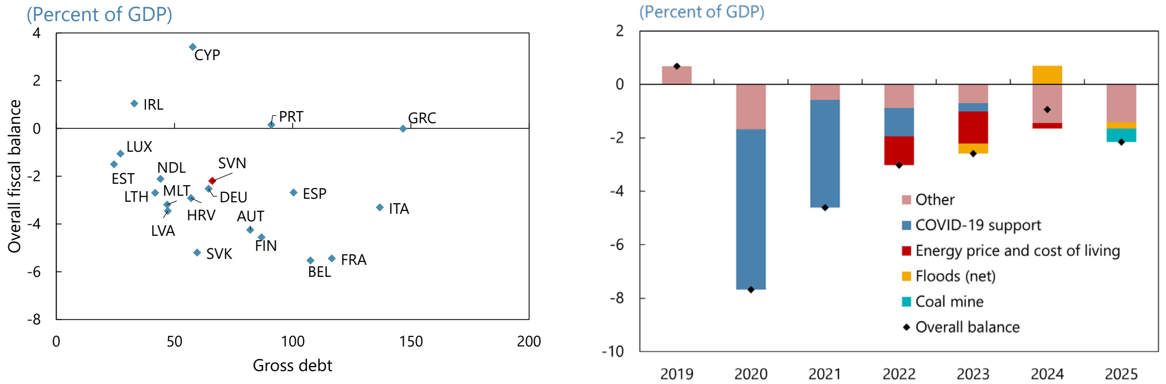
[3] The allowance of €150 per pensioner was introduced in the context of the pension reform.

[4] Slovenia's state-owned energy company HSE anticipates operating losses of over €2 billion of the TEŠ coal power plant and Premogovnik Velenje mine before their expected shutdown in 2033.

[5] This reflects a drawdown of 0.8 percent of GDP in 2025 of the liquidity buffer (16.8 percent of GDP at end-2024).

Figure 4. Fiscal Developments

Fiscal Balance and Gross Debt, 2025 (Percent of GDP) | **Overall Fiscal Balance and Contributions of Selected Items** (Percent of GDP)

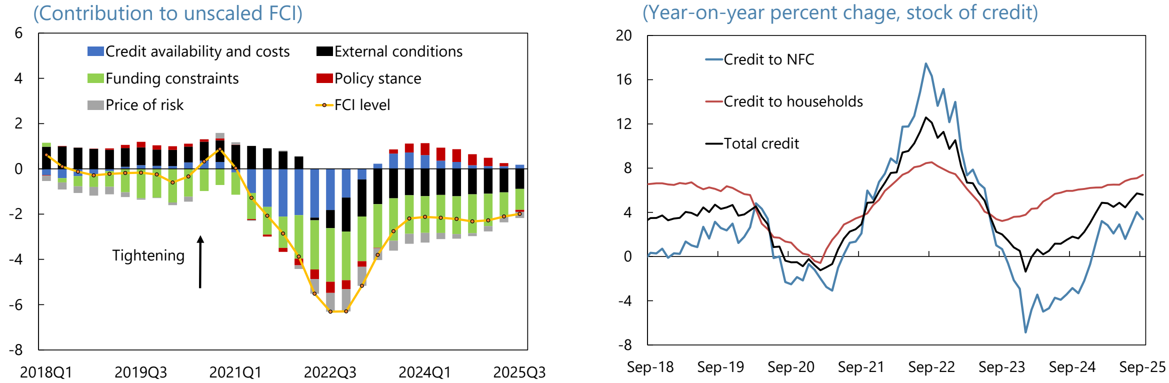


Sources: IMF October 2025 WEO database, Ministry of Finance and IMF staff estimates.

8. Credit growth picked up in 2025, with notable differences between the household and corporate sectors. Household credit expanded by 7.4 percent in September (y/y), supported by lower borrowing costs and rising wages (Figure 5). Despite stable financial conditions and lending standards, bank and other credit to non-financial corporations remained weak (3.4 percent, y/y), reflecting persistent uncertainty weighing on investment decisions (Figure 15). During the 12 months ending September 2025, firm bankruptcies rose by 14 percent (y/y), while new firm registrations experienced a 1.6-percent decline.

Figure 5. Financial Conditions and Credit

Financial Conditions Index (FCI) (Contribution to unscaled FCI) | **Bank Credit to the Private Non-financial Sector** (Year-on-year percent chage, stock of credit)

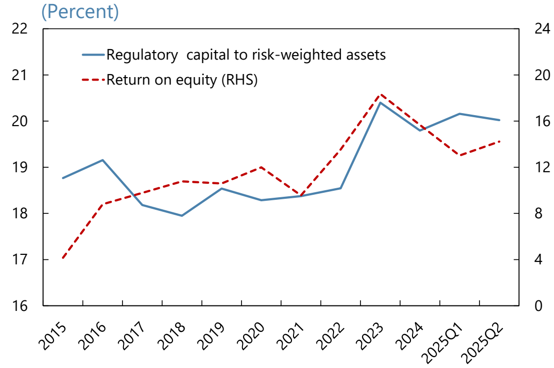


Note on FCI: For implementing Partial Least Square, we divide the sample into distinct time periods, each with its regression. The indices are then chained together. It's important to note that the absolute FCI levels may not be entirely comparable to the early 2000s, given variations in available financial indicators. The final index chain covers most of the 2015-2024 period. 2025Q2 and 2025Q3 are forecasts.
Sources: Haver Analytics and ECB. FCI is based on Borraccia et al., 2023, IMF Working Paper 23/209.

9. The banking sector is generally sound, as banks are well-capitalized, profitable, and liquid. The capital ratio stood at 20 percent in Q2 2025, supported by profits retained as earnings (Table 5). Bank profitability stayed strong, despite falling from its historical highs of 2023-24 due to declining interest rates. While the overall non-performing loan ratio is low (1.7 percent), the Stage 2 non-performing exposures of non-financial corporations (NFCs) increased from 7.2 percent in July 2024 to 8.7 percent in July 2025, with almost a doubling in manufacturing mirroring weak activity (Figure 6). Liquidity coverage remains among the highest in the euro area (Figure 16).

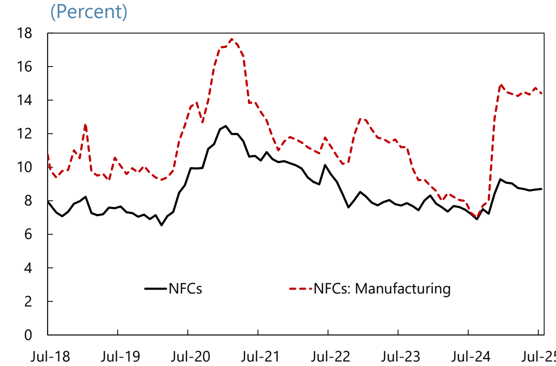
Figure 6. Financial Soundness Indicators

Regulatory Capital and Non-Performing Loans
(Percent)



Source: IMF FSI database.

Stage 2 Exposures to Non-Financial Corporations
(Percent)



Source: Bank of Slovenia.

OUTLOOK AND RISKS

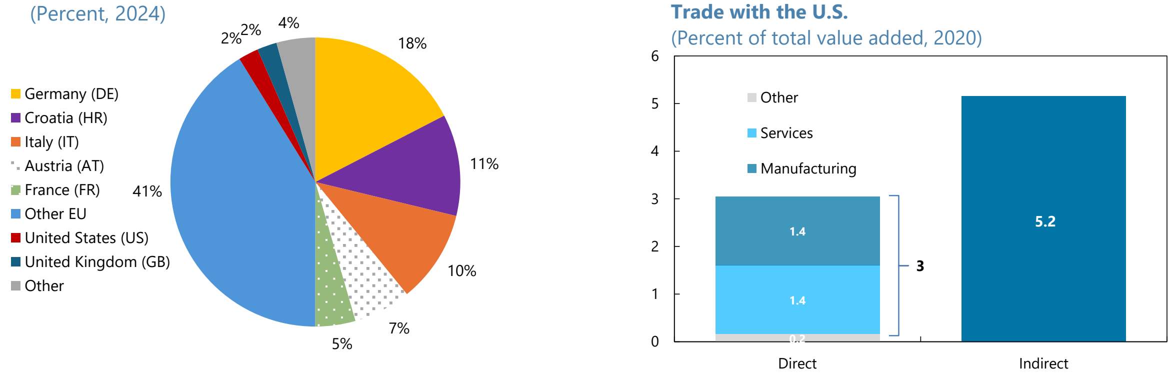
10. Growth is projected to strengthen in 2026-27, supported by increased domestic demand and a recovery in exports, and then moderate to potential in the medium term. While global uncertainty will likely persist, investment and exports are projected to rise in 2026, reflecting improved investor confidence and export demand. Public investment would remain strong with the ongoing post-flood reconstruction and the implementation of the National Recovery and Resilience Plan (NRRP) in its final year,[6] while rising incomes would continue to support private consumption. Still, relative to a scenario without tariff increases, higher tariffs on EU exports constitute an adverse demand shock for Slovenian exporters, dampening sentiment and weighing on investment (Figure 7). As a result, growth is projected to pick up to 2.2 percent and 2.3 percent in 2026 and 2027, respectively. Over the medium term, growth is projected to stabilize at 2.1 percent, with enhancements in investment and TFP expected to counterbalance demographic headwinds. Inflation would gradually decline to around 2 percent, as food and energy prices stabilize. The current account surplus would also gradually fall, driven by slightly less favorable terms of trade.

[6] After the fourth payment in November 2025, Slovenia has so far received €1.54 billion (the largest component of the Next Generation EU financial package for post-pandemic recovery), comprising €1.07 billion in grants and €0.47 billion in loans. This represents 69 percent of the funds available to the country under the NRRP until end-2026. Meanwhile, the state budget has already paid €1.1 billion to the final recipients.

Figure 7. Exposure to Trade Policy Shocks

Slovenia: Goods Exports to World
(Percent, 2024)

Exposure of Domestic Value Added (DVA) Exports to Trade with the U.S.
(Percent of total value added, 2020)



Note: The direct exposure is computed as the product of (i) the share of DVA exports to the US in total DVA exports, and (ii) the share of total DVA exports in total value added. The indirect exposure is computed as (i) the share of EU27's DVA exports to the US in total EU27's DVA exports, (ii) the share of the country's total DVA exports to the EU27 total DVA exports, and (iii) the share of total DVA exports in total value added.
Sources: Bank of Slovenia, OECD TiVA 2023 Edition; Eurostat; and IMF staff calculations.

11. Risks to the outlook are skewed to the downside, amid elevated global uncertainty (Annex III).

- Escalating trade measures and prolonged uncertainty could weigh on demand for Slovenia's exports, further weaken confidence, and ultimately lower investment and growth. Higher import prices, resulting from an intensification of regional conflicts or renewed commodity price volatility, would worsen the terms of trade, re-ignite inflation, and erode real incomes. In such a global downside scenario,[7] growth in 2026 and 2027 would be 0.5 and 0.2 percentage point lower, respectively, compared with the baseline. To respond to this shock, automatic stabilizers should provide a first line of defense. Additional fiscal support—if needed—should be temporary, transparently costed, and tightly targeted to the most vulnerable; it could be paired with active labor market policies to facilitate reallocation. Accelerating growth-friendly structural reforms would further help alleviate the adverse impact on investment and growth.

- Domestically, delays in key investment projects or structural reforms, or faster-than-expected wage growth relative to productivity gains could hamper TFP growth, erode competitiveness, and slow income convergence with more advanced EU peers.

- On the upside, faster progress with deepening the EU single market could lift Slovenia's potential growth through a bigger market and wider access to talent and capital.

[7] World Economic Outlook, October 2025, Box 1.2 "Risk Assessment Surrounding the Baseline Projection;" "Red" Scenario, assuming higher tariffs and supply-chain disruptions, and higher inflation expectation in the global economy.

Authorities' Views

12. The authorities agreed with staff's assessment. They emphasized that economic activity is being shaped by complex external trade and geopolitical conditions and is subject to substantial uncertainty. Growth is projected to remain subdued in 2025, at around 0.8 percent, before strengthening to above 2 percent in 2026–27 supported by household consumption, investment in infrastructure and defense, and continued absorption of EU funds. Inflation, which temporarily increased due to food and energy prices, is anticipated to ease toward the 2 percent target by 2027 as supply-side pressures moderate. The authorities highlighted that risks are predominantly on the downside, stemming from prolonged global trade tensions, geopolitical uncertainty, and potential energy price volatility. Domestic risks include labor market tightness and slowing labor productivity growth, both of which could amplify wage and cost pressures. The authorities pointed to upside risks related to stronger-than-expected investment and faster implementation of EU-funded projects.

POLICY DISCUSSIONS

Key policy objectives are to build fiscal room to reduce public debt, preserve Slovenia's ability to respond to shocks and manage spending pressures, maintain financial stability and resilience in an uncertain environment, and advance structural reforms to boost productivity and long-term growth. Supporting efforts to deepen the EU single market and advance the savings and investments union would bring synergies and benefits.

A. Building Fiscal Room

13. The moderately expansionary fiscal stance planned for 2026 will support growth, but there is scope for reducing current spending. The 2026 budget targets an overall deficit of 2.8 percent of GDP and a debt ratio of around 65 percent of GDP for the general government.[8] Staff projects that this implies a moderately expansionary fiscal stance, with the cyclically adjusted primary balance projected to worsen to -1.6 percent of GDP (from -1.2 percent in 2025). This will support growth given the still negative output gap. Still, staff would have preferred maintaining the primary balance close to its 2025 level through measures to reduce current spending (by 0.3 percent of GDP), in light of the need to preserve fiscal space for defense and other spending pressures.

[8] The 2026 budget was approved by the National Assembly in November 2025. Compared to staff's baseline projections, the budget assumes a less negative output gap, higher nominal GDP growth, higher public investment, and a larger drawdown of liquidity buffers.

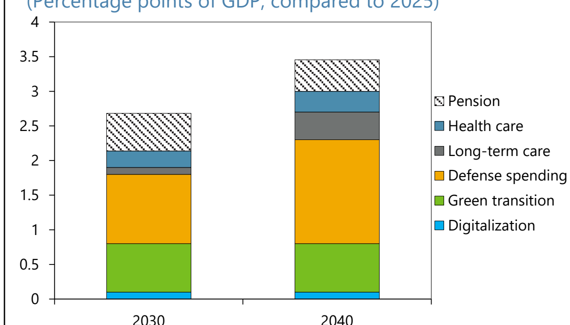
Text Table 1. Indicators of Fiscal Performance
(Percent of GDP)

	2023	2024	2025	2026	2027	2028	2029	2030
Overall balance (OB)	**-2.6**	**-0.9**	**-2.2**	**-2.6**	**-2.7**	**-2.8**	**-2.9**	**-2.9**
Cyclically adjusted primary balance (CAPB)	-3.0	-1.0	-1.2	-1.6	-1.8	-1.8	-1.8	-1.8
Extraordinary measures	**1.9**	**-0.5**	**0.2**	...	...	...	...	...
Energy price and cost of living	1.2	0.2	0.0	...	...	...	...	...
Floods spending (net of earmarked revenue)	0.4	-0.7	0.2	...	...	...	...	...
Covid-19 support	0.3	0.0	0.0	...	...	...	...	...
Selected expenditure items								
Public wage bill	11.2	11.4	12.1	12.3	12.4	12.6	12.6	12.5
Pension	9.4	10.0	10.1	10.2	10.3	10.4	10.4	10.4
Health	6.9	6.9	6.9	7.0	7.0	7.1	7.1	7.1
Long-term care	1.1	1.1	1.1	1.2	1.3	1.4	1.5	1.5
Defense spending 1/	1.2	1.4	1.4	1.8	2.0	2.2	2.3	2.4
Recovery and resilience plan (RRP) investment 2/	0.3	0.5	0.6	0.8	...	...	...	...
Reconstruction of public infrastructure	0.1	0.1	0.4	0.4	0.4	0.4	...	...
Memorandum items								
Public investment	5.5	5.2	5.4	5.3	5.2	4.9	4.6	4.5
Cyclically adjusted overall balance (CAOB)	-3.7	-1.6	-2.1	-2.5	-2.7	-2.8	-2.9	-2.9
Gross public debt	68.3	66.6	66.0	65.2	65.3	65.4	65.9	66.5

Sources: Slovenia authorities and IMF staff calculations.
1/ Direct defense spending excluding dual-purpose projects.
2/ RRP funding in 2023-2025 include loans of €426 million. 2026 RRP investments are financed with grants and are thus budget-neutral. 2025-26 projections are based on forecasted spending, given resources left of the allocated funds.

14. In the medium term, Slovenia is facing rising spending pressures. New spending pressures are estimated at 2.7 percent of GDP by 2030 and 3.5 percent of GDP by 2040. Under staff's baseline projections which partially incorporate these pressures,[9] the cyclically adjusted primary balance would be at around -1.8 percent of GDP over the medium term and public debt at around 66 percent of GDP—different from the downward path envisaged in the authorities' medium-term fiscal structural plan (Box 1). The overall risk of sovereign debt distress is still assessed as low, but an extended forecast horizon would see an increase in the debt ratio reflecting further spending pressures (Annex IV).

Spending Presures
(Percentage points of GDP, compared to 2025)



Sources: IMF staff calculations based on Annex V "Building Fiscal Room in Slovenia".

Box 1. Medium-Term Fiscal Structural Plan

Slovenia adopted its Medium-Term Fiscal Structural Plan (MTFSP) in January 2025. The plan outlines a four-year (2025–28) fiscal consolidation strategy aimed at ensuring that, starting 2029, public debt either decreases or falls below 60 percent of GDP and stays below. The annual fiscal adjustment resulting from the

[9] The baseline projections incorporate all pressures from pension (0.3 percent of GDP), health and long-term care (0.6 percent of GDP), and defense (1 percent of GDP) as announced by the authorities. Higher spending for the digital and green transitions is not included in the baseline.

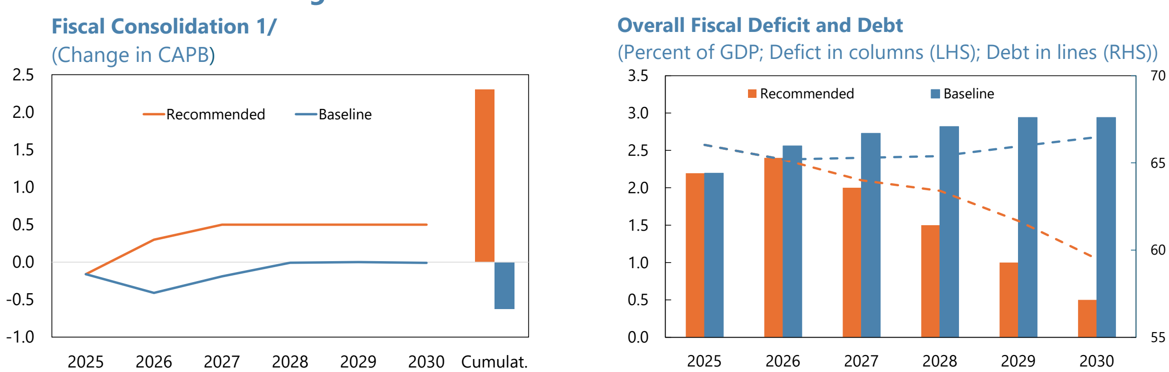
Box 1. Medium-Term Fiscal Structural Plan (Continued)

plan's policy commitments and macroeconomic assumptions amounts to 0.44 percent of GDP throughout the adjustment period.

The MTFSP is operationalized through expenditure ceilings, with the nominal growth of net expenditure capped at 4.5 percent annually on average during 2025-28. The net expenditure rules provide room for deviations from the target up to 0.3 percent of GDP annually or 0.6 percent cumulatively, to be recorded in a "control account." In 2024, net expenditure growth came in below the agreed ceiling. The defense spending escape clause, which Slovenia activated in July 2025, provides additional flexibility by allowing to raise defense expenditure relative to the 2021 level by up to 1.5 percent of GDP above the expenditure target. Slovenia had already raised defense expenditures by 0.3 percent of GDP between 2021 and 2025 and can deduct this amount and further increases (up to 1.2 percent of GDP) to meet its expenditure target. Slovenia would remain compliant with the net expenditure rule even if the actual deficit and debt trajectories exceed initial projections due to allowed increases in defense spending.

15. **Fiscal consolidation is needed to reduce public debt and preserve Slovenia's ability to respond to shocks.** Staff recommends an average improvement in the cyclically adjusted primary balance of 0.5 percent of GDP per year during 2027-30 (Figure 8). A consolidation of this scale would appropriately balance support to the economy with debt sustainability and seems achievable by historical standards.[10] Under this recommended scenario, public debt would decline to 59.5 percent of GDP by end-2030. For any defense spending increases above the baseline assumptions (2.4 percent of GDP by 2030), staff recommends offsetting measures. While it is difficult to compare staff's recommended scenario with the authorities' MTFSP given developments since it was prepared,[11] staff's recommended consolidation envisages a somewhat higher overall adjustment to put debt firmly on a downward trend starting 2026, while, if feasible, reallocating spending to pro-growth areas and ensuring well-targeted social spending.

Figure 8. Fiscal Consolidation and Debt Path



1/ The lines indicate cylically-adjusted primary balance (CAPB) changes from t-1 to t. Staff's recommended adjustment path assumes a fiscal multiplier of 0.6.
Sources: Ministry of Finance and IMF staff calculations.

[10] IMF (2025) shows that median fiscal consolidation episodes since 1990 in Europe delivered an improvement in the cyclically adjusted primary balance of 1 percentage point of GDP per year over a three-year period.

[11] These include: a stronger fiscal outturn in 2024 (enabling higher net expenditure growth in subsequent years under EU fiscal rules), weaker economic growth in 2025 (requiring more immediate fiscal support), and the commitment to increase defense spending.

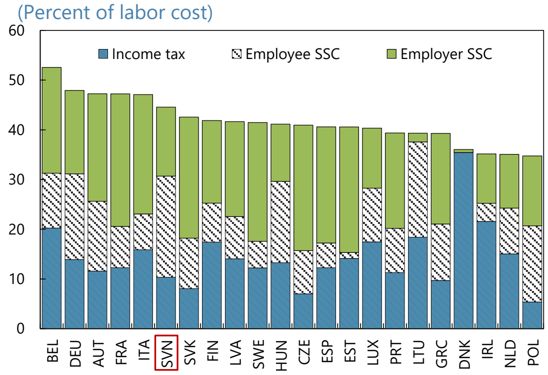
16. Changes in the tax system could support fiscal consolidation (Annex V). Staff recommends focusing on broadening the bases of value added tax and personal income tax by rationalizing the rate structure and streamlining exemptions, which would also enhance tax system efficiency. Moreover, compliance has declined recently and improving it could yield substantial revenue gains though takes time. To this end, the authorities should redouble their efforts to strengthen tax administration, including through conducting risk-based auditing of presumptive taxpayers and establishing small- and medium-sized enterprise (SME) assistance and advisory programs for improving bookkeeping standards and providing tax filing support.[12] A reform of the property tax could yield major revenue. Lastly and as noted in past Article IV reports, there is scope for lowering Slovenia's relatively high labor tax wedge to make the tax system more growth friendly and the proposed revenue measures could also be used to offset the associated revenue loss.

Text Table 2. Options for Increasing Revenues

(percentage point of GDP, compared to 2025)

Average Tax Wedge, 2024

(Percent of labor cost)



Note: Values correspond to the average tax wedge of a single person with no children, earning the average wage.

Source: OECD.

	Potential Gain
Increase in revenue	
Broadening VAT	*1.0*
Broadening PIT base	*0.5*
Increase in property tax	*0.8*
Inheritance, Estate, and gift taxes	*0.2*
Increase in CIT compliance	*0.5*
Polluter Pays	*0.3*
Total	**3.3**

Source: IMF staff calculations based on Annex V "Building Fiscal Room in Slovenia".

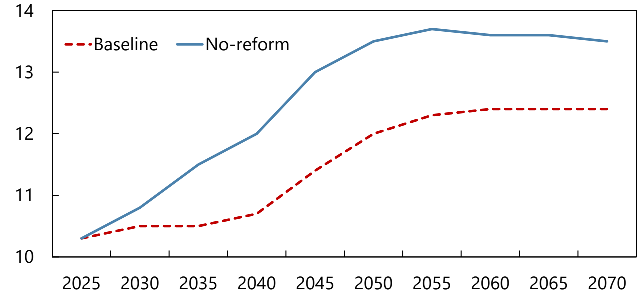
17. Efforts on the expenditure side should focus on reducing inefficiencies. The recently implemented public sector wage reform, consistent with staff's past advice, is set to make public sector employment more attractive, by decompressing the wage structure, enhancing hiring flexibility, and aligning entry-level wages with the minimum wage. Together with the new winter holiday allowance for workers, the reform has raised the public wage bill significantly. Regular reviews of the compensation system, followed by appropriate adjustments, will be crucial to maintaining its effectiveness and sustainability. There is also scope for reducing inefficiencies and reallocating resources, such as leveraging digital tools and further outsourcing non-core functions that can be provided by the private sector at lower costs. Conducting spending reviews, especially in

[12] 2019 *Selected Issues* chapter on "Growth-Enhancing Tax Rebalancing."

areas where they have not been carried out recently, could help identify potential savings in programs and policies.[13]

18. The 2025 reform will improve the sustainability of public pensions. The pension reform, supported by the NRRP, appropriately raises the retirement age, increases the weight of inflation in pension indexation, and extends the contribution years for pension calculations, bringing Slovenia closer to its OECD peers (Box 2). These measures help to stabilize long-term pension costs at around 12.5 percent of GDP, promoting pension system sustainability. Nonetheless, some measures—such as the winter allowance for pensioners—could have been made means-tested. If the prospects for pension contributions were to deteriorate, either from a faster-than-expected increase in the dependency ratio or from lower-than-expected labor force participation, further pension reform might be needed. Linking retirement age to life expectancy, bringing replacement rates closer to the OECD average, and tightening early retirement rules would all help. In addition, other policies—such as promoting active aging and longer employment—would increase pension contributions, while strengthening the second and third pillars of pension systems would enhance retirement incomes and lower public pension pressure (¶31).

Pension Cost Scenarios
(Percent of GDP)



Source: Institute for Economic Research Slovenia (IER).
Notes: The "no-reform" scenario corresponds to the 2024 EC Ageing report. The "baseline" scenario corresponds to the pension reform adopted by National Assembly in September 2025.

19. Reforms are also needed in the health and long-term care systems for them to remain sustainable, while providing quality services. Health and long-term care spending is projected to increase (from 2025) by 0.3 percent of GDP in 2030 and 1.1 percent of GDP in 2040, despite ongoing reforms supported by the NRRP (Box 2).[14] Moreover, health sector funding primarily depends on employee and employer contributions, which are expected to decline as the workforce shrinks. This limited funding poses fiscal risks and adversely affects both the quality and availability of health services. Priorities to improve the sustainability of the health sector and contain fiscal risks include: strengthening the systems' financing structure by diversifying revenue sources, further improving efficiency, and continuously promoting active aging.[15] Addressing labor shortages and stabilizing the health sector workforce are also critical for providing quality services.

[13] International Monetary Fund, October 2025, Fiscal Monitor "Spending Smarter: How Efficient and Well-Allocated Public Spending Can Boost Economic Growth."

[14] See details in the European Commission Ageing Report 2024.

[15] 2025 Selected Issues on "Financial Challenges in the Health Sector."

Box 2. Pension, Long-term Care, and Health Sector Reforms

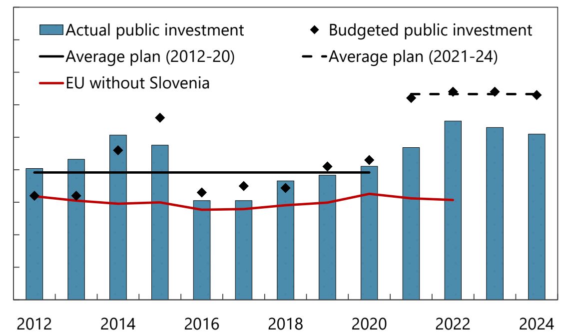
The National Assembly adopted a comprehensive pension reform in September 2025, to be implemented during 2026-33. Additionally, several measures aimed at improving the sustainability and services of the health sector have been adopted and are being implemented. Taken together, these reforms are expected to yield savings of 0.2 percent of GDP by 2030 and 1.8 percent of GDP by 2040.

	(i) Pension Reform
	Cost reducing measures
Statutory retirement age	Increase from 65 to 67 years (among the highest in OECD) For workers that have completed 40 years of services, increase from 60 to 62 years (OECD average: 62.2 years)
Pension base	Extend the period for calculating the pension base from 24 best years of salaries to 40 best years, excluding 5 worst years (OECD: the whole career is considered in the majority of OECD countries)
Indexation	Gradually change the existing indexation ratio based on the wage growth/inflation from 60/40 to 20/80 by 2033 (OECD: the majority has 0/100)
	Cost increasing measures
Replacement rate	Gradual increase the replacement rate from 63.5 to 70 percent for a full career of 40 years of contribution, and to 30 percent for 15 years (OECD average: 50.7 (50.1) percent for men (women) with a full career)
Annual allowance	Introduce a "winter allowance" for all pensioners, initially set at 150 euros per year, with a planned gradual increase of 20 euros annually until 2033
Widow's pension	Increase widow's pensions from 70 to 80 percent
	(ii) Long-term Care Reform
Long-term Care Act	Introduce more rights, standardized assessments, compulsory long-term care contribution (a new fund) and possibility of co-payment between 10% to 20% starting 2028. Gradual implementation during 2024-26
	(ii) Health Sector Reform
	Implemeted
Health insurance	Replaced the voluntary health insurance with a compulsory contribution to the mandatory social health insurance (SHI), in addition to existing SHI contributions
Sick leave benefits	Cap sick leave compensation at 2.5-times the average pay
Act on Emergency Measures to Ensure Stability of Healthcare System	Address long waiting times and staff shortages
	Adopted
Digitalization Act	Centralized data management and increasing use of digital solutions to harness efficiency gains
Quality Assurance in Healthcare Act	Strengthen governance, monitoring and improving quality of services
Health Services Act	Clear separation between public and private healthcare providers to improve efficiency, reflect actual costs, limit over outsourcing and strengthen governance

Sources: Slovenian Ministry of Finance; Ministry of Health; Ministry of Labor, Family, Social Affairs and Equal Opportunity; Health Insurance Institute of Slovenia; Institute of Macroeconomic Analysis and Development (IMAD); WHO; OECD; and European Commission.

20. Infrastructure upgrades should be underpinned by improvements to investment execution. Persistent labor shortages, supply bottlenecks, and permitting delays caused under-spending of public projects during 2021-24. The immediate priority is to maximize use of EU funds and complete post-flood reconstruction. Other bottlenecks to executing capital projects (2023 Public Investment Management Assessment) include:

- *Inefficient project preparation due to limited capacity of some line ministries and municipalities*. Enhancing institutional capacity would improve readiness and project quality.



Sources: Stability Programs 2012-23, 2024 MTFS, Eurostat, and IMF staff calculations.

- *Delays in project approval due to a lengthy approval process and late-stage stakeholder consultations*. Establishing high-level steering committees for major projects could improve coordination and accelerate decision-making and documentation preparation.

- *Limited construction capacity resulting from weak procurement competition caused by a shortage of domestic and international contractors*. Addressing barriers to international participation and adopting strategies to increase market competition could improve outcomes.

Authorities' Views

21. The authorities broadly agree with staff's assessment and recommendations. They acknowledged that fiscal policy had been moderately expansionary in the pre-election year, but stressed that this stance is aligned with net expenditure growth according to the new EU fiscal rules and with their pre-announced medium-term fiscal path anchored in the medium-term fiscal framework. The authorities believe the wage bill can be kept slightly below staff's forecast by slowing pay progression and narrowing gaps between grades and salary bands. While agreeing on the need to rebuild fiscal buffers over the medium term in light of population aging, higher defense needs, and green and digital transition, they emphasized that consolidation should be gradual and growth-friendly, safeguarding priority public investment and Slovenia's social model. They viewed staff's recommended measures—broadening tax bases, enhancing spending efficiency through digitalization, further outsourcing of non-core functions, and new spending reviews—as broadly aligned with their reform agenda and saw property taxation and public-sector efficiency gains as key areas for future work. They are committed to compliance with the net expenditure rule under the EU economic governance framework and emphasized that prudent debt management has helped keep borrowing costs low.

22. The authorities are advancing key reforms to mitigate challenges from demographic aging. They remain committed to strong health and long-term care reforms aimed at diversifying financing sources, improving efficiency and accessibility, strengthening fiscal sustainability, and promoting active aging. New measures to widen the revenue base in the mandatory healthcare system are under preparation and measures are being implemented to strengthen the governance and management of the health sector, covering sick leave benefits and absenteeism, health workforce and providers, and payment models. The authorities emphasized that staff shortages in health and long-term care remain a key bottleneck in the near term as ongoing efforts to enhance human resources in health care are expected to materialize only over the medium term.

B. Preserving Financial Stability

23. While Slovenia's banking system remains resilient, financial stability risks have edged up compared with the 2024 Article IV consultation and warrant continued close monitoring. Since late 2024, strains in the tradable sectors have increased credit risk for export-oriented firms, particularly in manufacturing. These risks are mitigated by banks' robust loss-absorbing capacity (the capital ratio is close to 20 percent) and solid profitability (return on equity of 14.2 percent in Q2 2025). The Bank of Slovenia (BoS) stress tests indicate that the banking system would remain stable in an adverse scenario featuring a decline in GDP growth, a temporary increase in inflation, and a rise in interest rates. However, a weaker macroeconomic outlook could undermine the corporate sector's profitability and solvency, and, through an increase in unemployment, put a strain on highly indebted borrowers. Close monitoring of asset quality should continue, especially for exposed banks and portfolio segments.

24. The macroprudential policy stance remains appropriate. In 2023, the BoS increased the countercyclical capital buffer (CCyB) requirement from 0.5 to 1 percent of risk-weighted assets and, on the back of receding real estate risks, reduced the sectoral buffer for retail real estate loans, both effective January 2025. These measures appropriately balance financial stability with credit provision.[16] Borrower-based measures have been maintained, supporting sound lending standards throughout the financial cycle (Text Table 3). Allowing the tax on bank assets, introduced for post-flood reconstruction, to expire as planned at end-2028 will help preserve capital buffers.

25. The authorities should continue to strengthen the Anti Money Laundering/Countering the Financing of Terrorism (AML/CFT) framework. The regulatory framework for Virtual Asset Service Providers (VASPs) has been enhanced with the adoption of the EU Regulation on Markets in Crypto-Assets and Transfer of Funds and the Regulation concerning information accompanying the transfer of funds and certain crypto-assets. These regulations help align Slovenia's framework with the relevant Financial Action Task Force (FATF) standards, including relating to the collection and transmission of information for cross-border transactions (the "travel rule"). The responsibility for the licensing and AML/CFT supervision of VASPs has been moved from the BoS to the Securities Market Agency (SMA). The authorities should ensure that SMA has appropriate resources and expertise to fulfill these functions effectively, including ensuring compliance with the travel rule.

[16] Real estate prices, which had surged in recent years because of material, labor, and supply constraints, decelerated in 2025. The Bank of Slovenia assessed residential real estate as still overvalued by 2.5-17.1 percent in Q4 2024, but less so than before (April 2025 Financial Stability Review).

Text Table 3. Macroprudential Instruments

Instrument	Introduced or modified	Made effective
Capital-based measures:		
(1) CCyB: 1%	Dec. 2023	Jan. 2025
(2) Sectoral systemic risk buffer - Retail exposures to natural persons secured by residential real estate: 0.5% - All other exposures to natural persons: 0.5%	Dec. 2023	Jan. 2025
(3) O-SII buffer: 5 banks, 0.25%-1.25%.	Nov. 2024	Jan. 2025
Borrower-based measures:		
(1) Cap on Loan-to-Value (LTV) ratio: - primary residency properties: 80% - other properties: 70%	Apr. 2022	July 2022
(2) DSTI-related measures: - Cap on DSTI: 50% - Creditworthiness threshold: €745 1/ - Allowed deviation from DSTI caps: 3%	June 2023	July 2023
(3) Cap on maturity of consumer loans not secured by real estate: 7 years	Sep. 2019	Nov. 2019

1/ Minimum income after taxes and debt service to qualify for a loan.

Sources: The Bank of Slovenia and the European Systemic Risk Board.

Authorities' Views

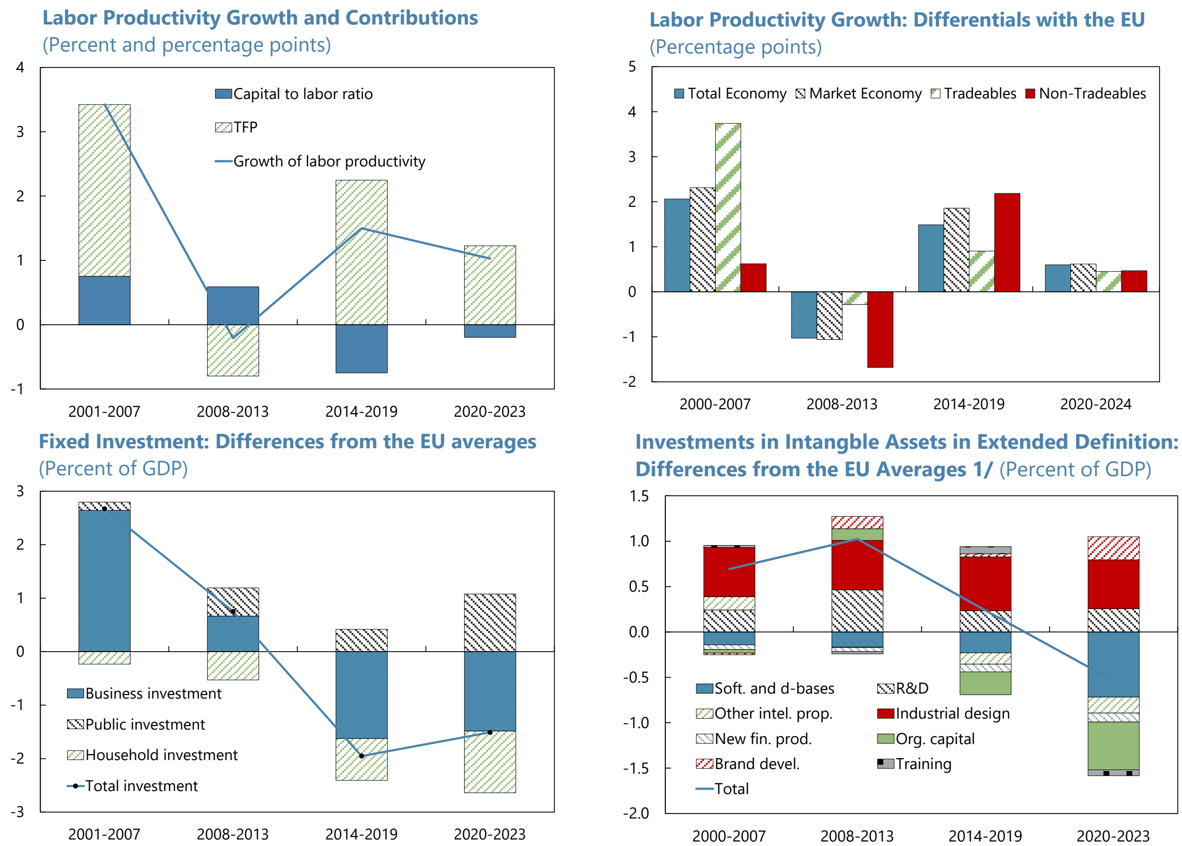
26. The authorities concurred with staff's assessment. The BoS viewed the financial sector as resilient, with systemic risks assessed as moderate and banks maintaining strong capital and liquidity buffers. They noted resilience to shocks but emphasized vigilance in managing financing and interest rate risks amid global uncertainty. Credit risk remains contained, though some segments show a slight uptick in non-performing exposures. The authorities pointed to progress in strengthening the AML/CFT framework through alignment with the new EU AML/CFT package (operationalizing the EU travel rule and implementing the Markets in Crypto-Assets regulation) and by transferring crypto-asset AML supervision to the securities regulator. They also highlighted active engagement in MONEYVAL's ongoing evaluation of Slovenia's AML/CFT regime and reiterated commitment to further improving its effectiveness. In addition, the authorities highlighted initiatives to advance digital finance, including regulatory adjustments to foster innovation while safeguarding consumer protection and cybersecurity. These efforts, combined with robust supervision and proactive risk management, aim to strengthen financial resilience and promote sustainable market development.

C. Boosting Long-term Growth

27. Boosting long-term growth requires comprehensive structural reforms aimed at increasing investment and productivity. Labor productivity growth has slowed in the past five years due to weaker TFP gains. As a result, Slovenia no longer significantly surpasses the EU average in labor productivity gains—critical for catching up with more advanced EU peers on per-capita incomes (Figure 9). The long-standing gap in business investment relative to the EU (averaging

1.5 percent of GDP during 2014-23), particularly weak intangible investment, also remains a challenge for labor productivity.[17] In turn, investment and TFP have been hindered by persistent shortages of skilled labor, as well as regulatory and administrative burdens that inhibit business dynamism.[18] Further efforts are needed to improve labor and skill availability, enhance the business environment, strengthen the innovation ecosystem, and expand access to finance for young and innovative firms.

Figure 9. Labor Productivity and Investment

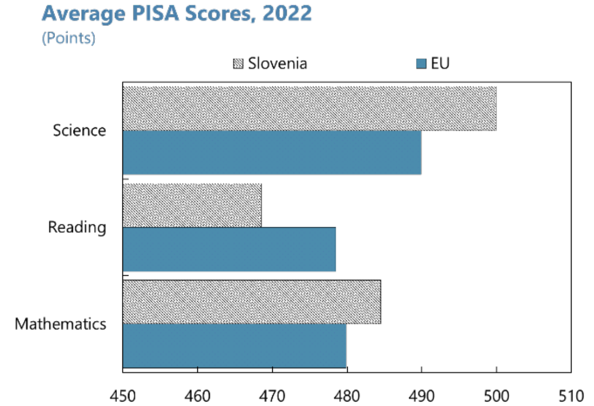


1/ Using a definition from Corrado et al., 2005, Measuring Capital and Technology An Expanded Framework.
Sources: Eurostat, SURS, EU KLEMS and INTAN databases, and IMF staff estimates.

[17] 2025 Selected Issues on "Boosting Labor Productivity in Slovenia: What is the Role of Intangible Investments?"

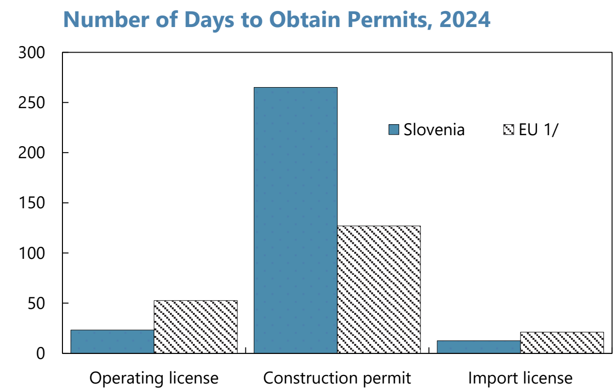
[18] 2024 Selected Issues on "Boosting Productivity in Slovenia."

28. Improving labor and skill availability. Despite good education outcomes, skill shortages persist in engineering, information and communication technology, and professional health services. This calls for aligning the education system more closely with market needs by expanding vocational training and lifelong learning for reskilling and upskilling. Streamlining the recognition of qualifications acquired abroad, integrating migrants into the labor market, and encouraging longer employment would also help. Addressing housing constraints through streamlining spatial planning and permitting processes, as well as fostering the long-term rental market—particularly by establishing and enforcing standardized rental contracts—could promote greater labor mobility, especially for young workers.



Source: OECD.

29. Enhancing the business environment. The lengthy permitting process hampers business dynamism and delays project implementation. Streamlining processes for obtaining construction permits can boost private and public project implementation. Further deregulating professional services (e.g., reducing excessive licensing requirements) would increase competition and reduce service costs. And reducing Slovenia's high labor tax wedge would encourage employment and discourage brain drain and business dislocation (¶16). Lastly, removing remaining barriers to the free flow of goods, services, and factors within the EU single market would improve growth prospects for Slovenia.

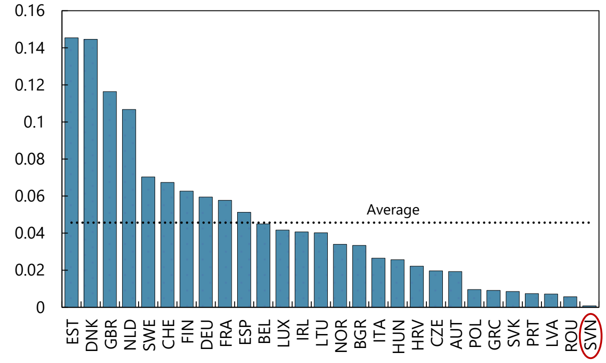


1/ Calculated using most recent available data.
Source: World Bank Enterprise Surveys and IMF staff estimates.

30. Strengthening the innovation ecosystem. This can be achieved by increasing collaborative research and development (R&D) funding and deepening innovation clusters that connect academia, multinational enterprises, and SMEs. A stronger and deeper ecosystem, including startups and scaleups, can help speed up technology adoption, knowledge sharing, and overall innovation.

Venture Capital Investment, 2023

(Percent of GDP)



Sources: OECD.

31. Expanding access to finance for young and innovative firms, including through developing venture capital industry. Although Slovenia invests substantially in R&D, firms face challenges in commercializing research and scaling up. The authorities' efforts (2030 Capital Markets Development Strategy) to improve the regulatory environment for establishing an SME market platform, develop the bond market, and promote financial literacy will help improve the financial market infrastructure and participation. In addition to the authorities' plan to launch in March 2026 individual investment accounts, strengthening the second pension pillar—including by automatically enrolling employees for occupational pension schemes—would expand the pool of capital.[19] Regulations should not unduly restrict institutional investors (e.g., pension funds, insurers) from investing in venture capital (VC), equity, and other high-risk projects. Advancing the capital markets union could help improve the flow of capital to Slovenia—particularly equity financing and venture capital—critical for young and innovative firms to scale up. Public policy may help stimulate VC investment by addressing market failures (high risk and information asymmetries but strong positive externalities not internalized by individual investors). Creating an efficient, cost-effective mix of instruments is vital when fiscal resources are limited; learning from own and others' experience can help.[20] Any public support through the national development bank or other funds should complement and crowd-in private investors and generally be made on commercial terms alongside private sector co-investors.[21] In light of the ongoing initiatives to support innovation and productivity, staff emphasized that industrial policy should address specific market failure without creating inefficiency or hindering structural transformation, be targeted, time-bound, consistent with WTO rules, and coordinated at the EU level.

Authorities' Views

32. The authorities agreed that slowing labor productivity weighs on long-term economic growth. They concurred that higher investment—also in intangible assets—is one of the main levers for boosting productivity but noted that domestic investment activity is weak. They though highlighted that major strategic foreign direct investment projects show that Slovenia has the

[19] Passed by the National Assembly in May 2025, the Individual Investment Account Act introduced a special type of account that allows investment in a range of financial instruments under clearly defined conditions and makes retail investment more transparent and cost-effective.

[20] European Commission (2017); IMF working paper 2024/146, Stepping Up Venture Capital to Finance Innovation in Europe"; IMF, April 2024, Fiscal Monitor chapter 2 "Expanding frontiers: Fiscal policies for innovation and technology diffusion."

[21] The state-owned Slovenia development bank (SID Banka) and the Slovenia Enterprise Fund (SEF) provide equity and near-equity financing to early-stage, innovative startups and scaleups.

capacity to attract investment, especially in strategic sectors like the automotive industry and biopharma. They also stressed that adverse demographics and tight labor markets weigh on potential growth. Slovenia plans to more than triple public R&D spending over 2022–30 to boost innovation and productivity and facilitate the green and digital transitions. In particular, new support tools, including advisory services and a mix of financial instruments, have been introduced to help companies manage the high risks involved in developing breakthrough technologies. These tools focus on projects that are still in early stages (ranging from proof of concept to prototypes), including under the EU Strategic Technology for Europe Platform. The authorities underscored that Slovenia already has a highly connected innovation ecosystem, with strong linkages between large firms and research institutions. They reaffirmed that supporting young and innovative firms and upgrading their startup and scaleup ecosystem is one of the government's priorities and will enhance innovation; public bodies including SID Banka and the Slovenian Enterprise Fund, in partnership with the European Investment Fund, have launched blended financing programs that combine public and private resources to attract more venture capital and support such companies. The authorities highlighted that ongoing efforts to improve the regulatory environment to establish an SME market platform and promote financial literacy will help expand the pool of capital for investment and growth. They noted that their plan to overhaul procedures, including integrating AI and digital tools, will help lower the administrative burden.

STAFF APPRAISAL

33. The Slovenian economy has recovered strongly since a contraction in the first quarter of 2025. Both investment and private consumption expanded, supported by favorable financial conditions and rising real incomes. The external position in 2025 is assessed to be moderately stronger than the level implied by fundamentals and desirable policies, based on projected data.

34. Growth is projected to strengthen in 2026-27 before moderating to its potential over the medium term, alongside a gradual decline in inflation. Growth is expected to strengthen in the next years from improved investor confidence and increased export demand. It is projected to stabilize at just above 2 percent in the medium term, with investment and improved total factor productivity counterbalancing demographic headwinds. Inflation would gradually decline toward the 2 percent European Central Bank target as food and energy prices stabilize.

35. Risks to the outlook are tilted to the downside. Escalating trade measures and prolonged uncertainty could weaken export demand, undermine confidence, and lower investment. Higher import prices could slow disinflation and reduce real incomes. Domestically, delays in implementing public investment or structural reforms, or wage growth outpacing labor productivity, could erode competitiveness and slow income convergence. Faster progress in deepening the EU single market poses an upside risk.

36. The 2026 budget will support activity, although a smaller deficit would have helped preserve fiscal space. Its stance is moderately expansionary and will help bolster growth given the still negative output gap. In light of elevated uncertainty and medium-term pressures, a somewhat smaller deficit would have been preferable, implemented through measures to reduce current spending.

37. Slovenia is facing important spending pressures over the medium term. On top of growing costs for pension and healthcare as the population ages, there are spending needs for defense and the green and digital transitions. Incorporating the most acute pressures suggests that public debt would remain at about 66 percent of GDP. The overall risk of sovereign debt distress is still assessed as low, but an extended forecast horizon would see an increase in the debt ratio reflecting further spending pressures.

38. Fiscal consolidation is needed to reduce public debt and preserve the country's ability to respond to shocks. A gradual, growth-friendly fiscal consolidation would place the debt ratio firmly on a downward path. On the revenue side, broadening the bases of value added and personal income taxes, further improving revenue administration, and reforming the property tax could yield sizable revenue gains, while reducing the high labor wedge would make the tax system more conducive to growth. Efforts should also focus on reducing spending inefficiencies. A significant increase in the public wage bill following the public sector wage reform and the introduction of a winter holiday allowance warrants regular reviews to maintain the compensation system's effectiveness and sustainability. Defense spending above the baseline assumptions should be accommodated by reprioritizing other expenditures, while protecting growth-enhancing public investment and well-targeted social spending.

39. Fiscal reforms should continue. Implementing the 2025 pension reform is the linchpin to public pension sustainability. If demographic pressures were to intensify, further measures might be needed. Ongoing health and long-term care reforms should focus on diversifying revenue sources, improving efficiency, and promoting active aging, while addressing health sector labor shortages is critical to ensure quality services.

40. Slovenia's banking system remains resilient, although financial stability risks have increased slightly since the 2024 Article IV consultation. Banks are well capitalized, highly liquid, and profitable. However, credit risks have risen for some export-oriented manufacturers. Thus, close monitoring of asset quality, especially for exposed banks and portfolio segments, should continue. The macroprudential policy stance is appropriate. Letting the bank asset tax expire as planned at end-2028 will help preserve capital buffers.

41. Boosting Slovenia's long-term growth requires comprehensive structural reforms focused on enhancing investment and productivity. Tackling persistent skilled labor shortages requires better aligning education and training systems with market needs, expanding vocational and lifelong learning, and improving migrant integration and recognition of foreign qualifications. Enhancing the business environment, including by simplifying construction permits, could speed up project implementation and increase competition. At the same time, a stronger innovation ecosystem alongside expanding access to finance for young and innovative firms, including through venture capital, would support dynamic firm growth.

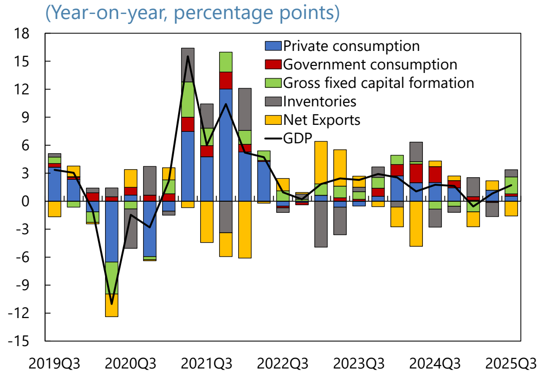
42. It is recommended that the next Article IV consultation with Slovenia be held on the standard 12-month cycle.

Figure 10. Macroeconomic Developments

Following a contraction in Q1 2025, GDP bounced back in Q2 and Q3 as fixed investment recovered.

Contributions to GDP Growth

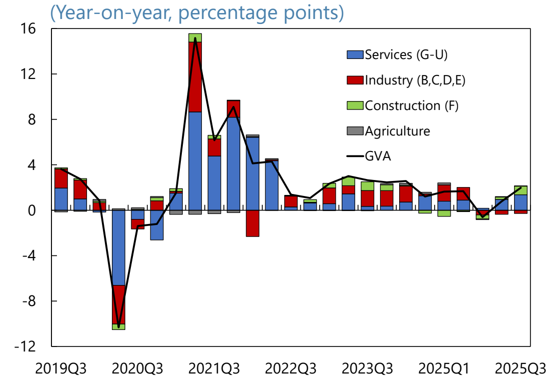
(Year-on-year, percentage points)



On the production side, services led growth in 2025, while industry contributed negatively.

Contributions to GVA Growth

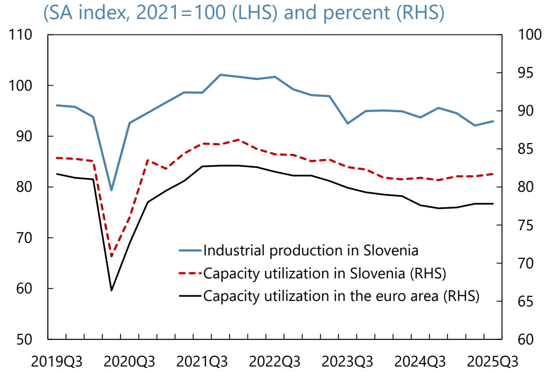
(Year-on-year, percentage points)



Industrial production has declined since end-2024 and capacity utilization is below pre-pandemic levels.

Industrial Production and Capacity Utilization

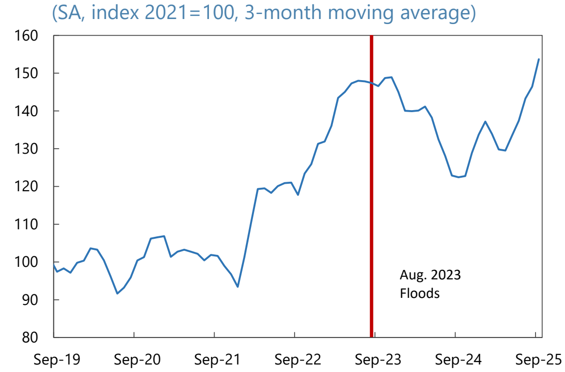
(SA index, 2021=100 (LHS) and percent (RHS)



But construction increased robustly in the recent months.

Construction

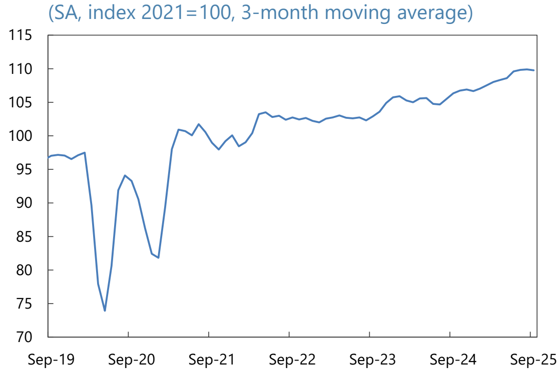
(SA, index 2021=100, 3-month moving average)



Retail and wholesale trade turnover is increasing...

Trade Turnover

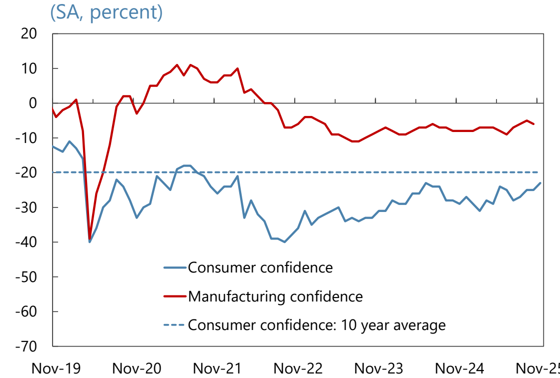
(SA, index 2021=100, 3-month moving average)



...while confidence indicators remain negative.

Sentiment Indicators

(SA, percent)

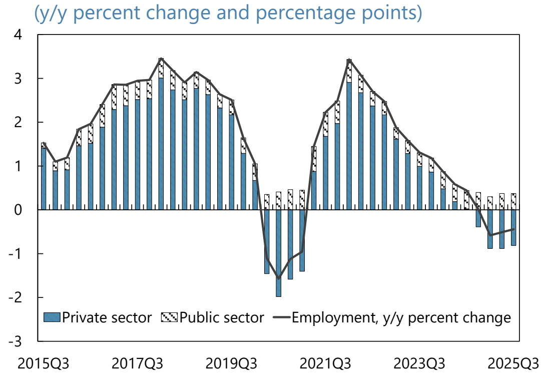


Sources: SURS, Bank of Slovenia; Eurostat; and Haver Analytics.

Figure 11. Labor Market Indicators

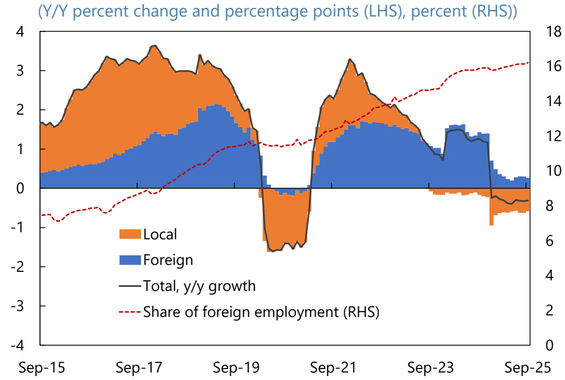
Employment growth has turned negative in 2025…

Employment Growth and Contributions 1/
(y/y percent change and percentage points)



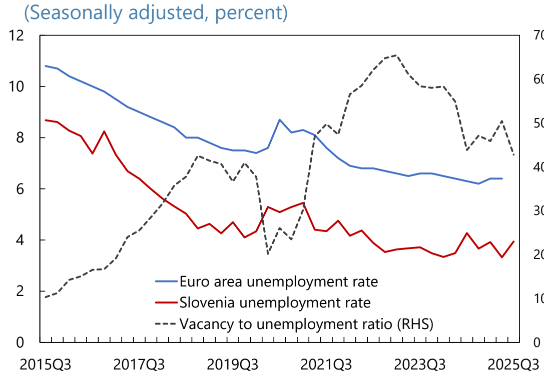
… despite higher employment of foreign-born workers.

Non-farm Employment Growth and Contributions
(Y/Y percent change and percentage points (LHS), percent (RHS))



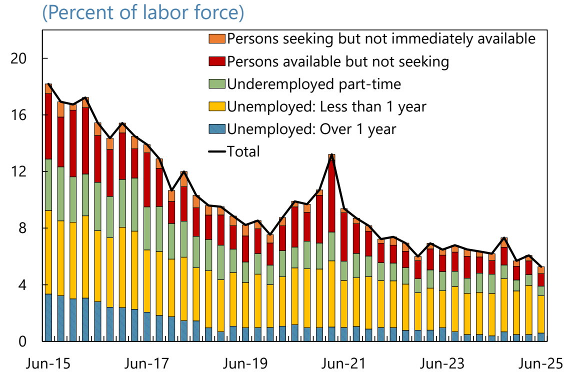
The overall unemployment rate is low …

Unemployment and Vacancies to Unemployment Ratios
(Seasonally adjusted, percent)



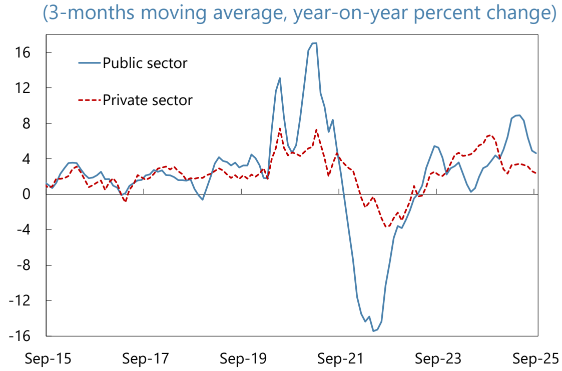
… and so is labor market slack.

Labor Market Slack
(Percent of labor force)



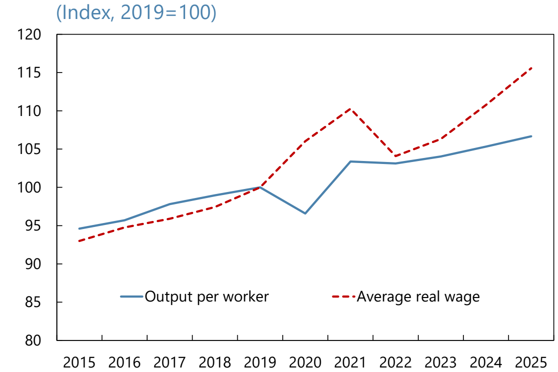
Real wages are growing…

Real Gross Earnings 2/
(3-months moving average, year-on-year percent change)



… and outpacing productivity.

Labor Productivity and Real Wages
(Index, 2019=100)



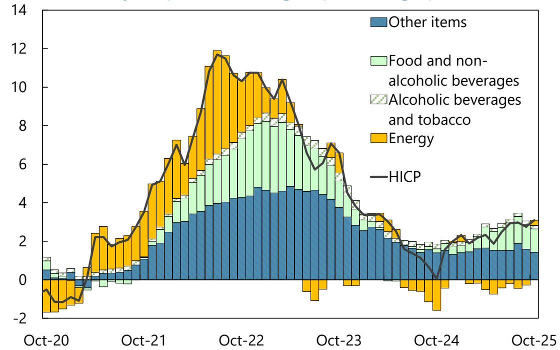
Sources: SURS; Eurostat; and Haver Analytics.
1/ As defined in the national accounts.
2/ The public sector comprises public administration and defense; compulsory social security; education; human health and social work activities; arts, entertainment and recreation; other service activities (NACE rev. 2). The private sector comprises industry, construction and services except activities of households as employers and extra-territorial organizations and bodies (NACE rev. 2).

Figure 12. Inflation Indicators

After a significant fall in 2024, HICP inflation rose again, driven largely by food prices.

HICP and Main Contributions

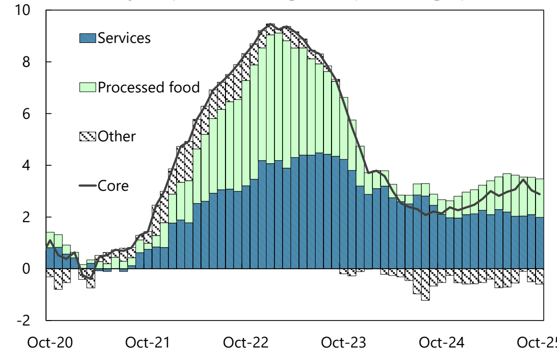
(Year-on-year percent changes, percentage points)



Core inflation also increased on account of processed food prices.

Contributions to HICP Core Inflation

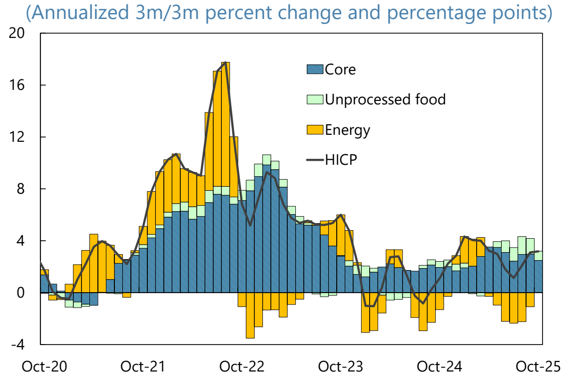
(Year-on-year percent change and percentage points)



The headline inflation momentum is slightly above 3 percent largely coming from core inflation.

HICP Momentum and Contributions

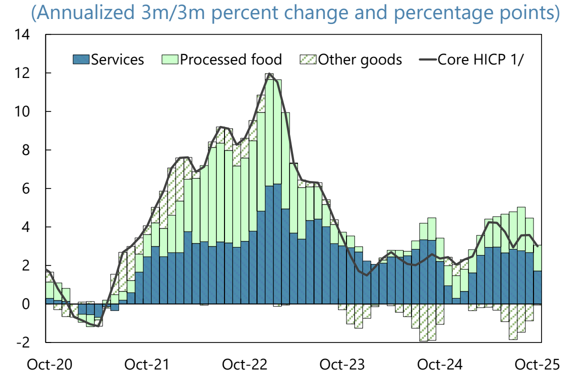
(Annualized 3m/3m percent change and percentage points)



Processed food and services prices are driving the momentum in core inflation.

Core HICP Momentum and Contributions

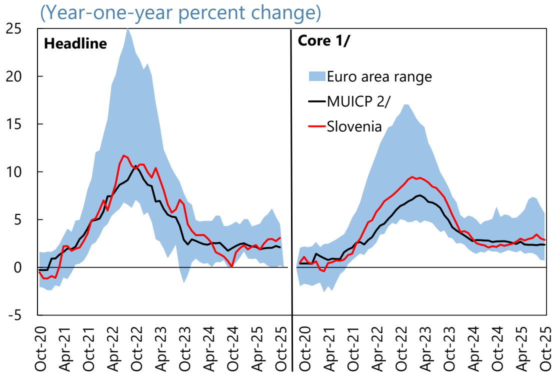
(Annualized 3m/3m percent change and percentage points)



Both headline and core inflation are above the euro area average.

Inflation Rate Across Euro Area Countries

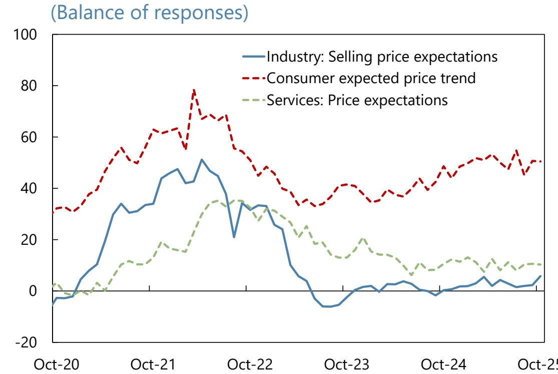
(Year-one-year percent change)



Price expectations in industry and services are anchored, although consumers expect price increases.

Price Expectations from Confidence Surveys

(Balance of responses)



1/ Total excluding energy and unprocessed food (HICP).

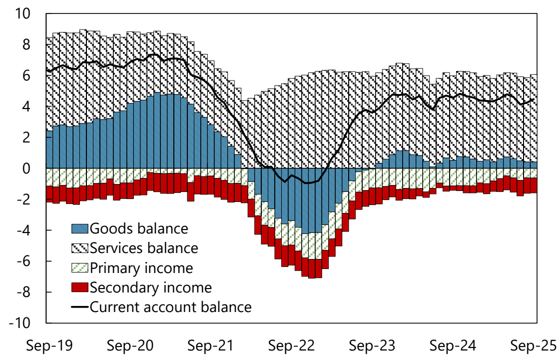
2/ Monetary Union Index of Consumer Prices.

Sources: Haver Analytics, Eurostat, and IMF staff estimations.

Figure 13. External Sector Developments

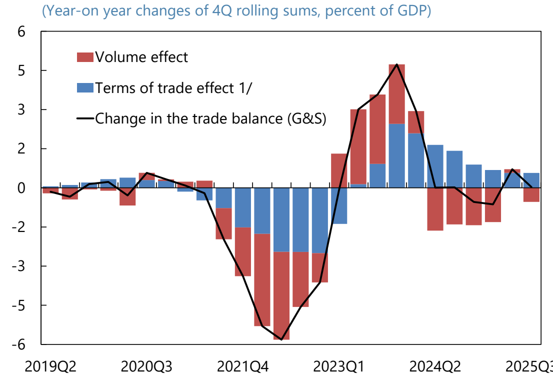
The current account balance remained broadly stable in 2025 …

Current Account Balance
(12-month sum as percent of GDP)



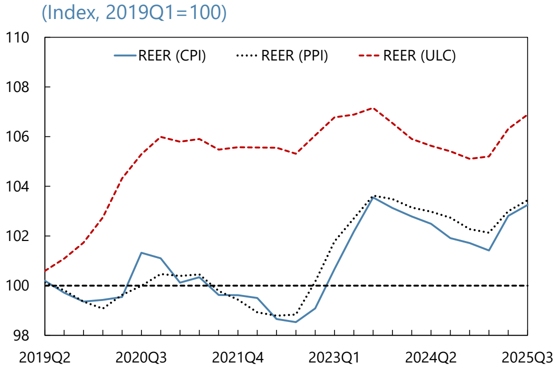
… as a subdued net trade volume was offset by a slight improvement in the terms of trade.

Change in the External Trade Balance
(Year-on year changes of 4Q rolling sums, percent of GDP)



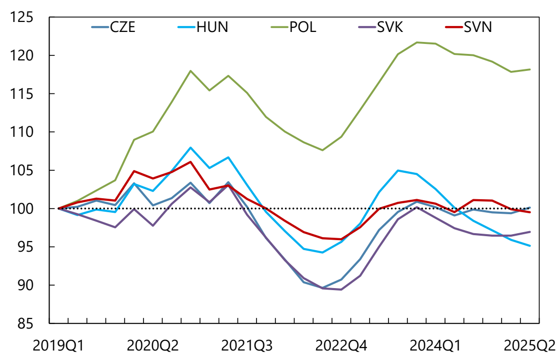
REER indicators show a deterioration in price and cost competitiveness in 2025.

Indicators of External Competitiveness 2/
(Index, 2019Q1=100)



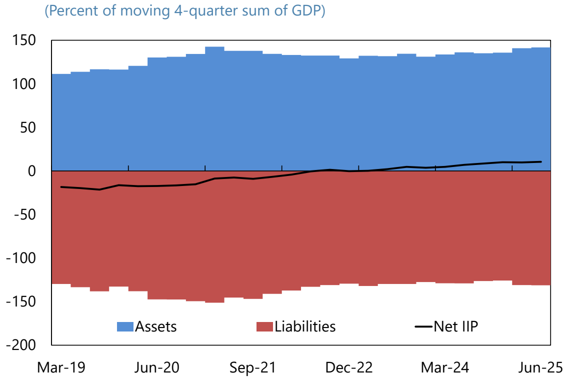
But Slovenia's market share in global goods exports remained stable.

Market Share in World Trade
(Index, 2019Q1 = 100)



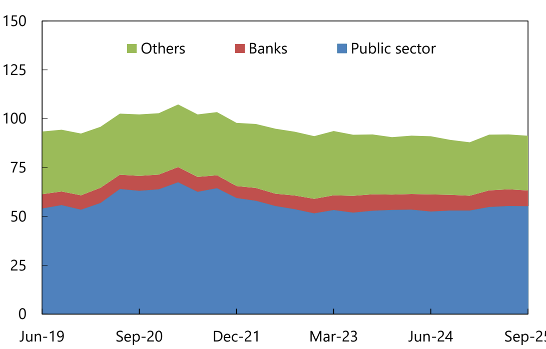
The net IIP position shifted to a positive value in 2023…

International Investment Position
(Percent of moving 4-quarter sum of GDP)



… while external debt remains broadly stable in recent years.

External Debt
(Percent of moving 4-quarter sum of GDP)

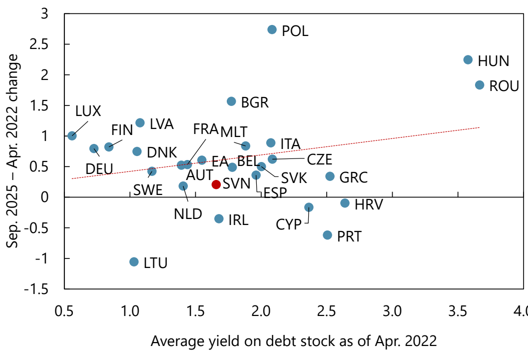


1/ Trade balance (TB) at current prices minus TB at previous year's prices.
2/ REER (CPI) is from IMF INS; REER(PPI) and REER(ULC) are from the ECB external competitiveness indicators (37 trading partners).
Sources: Bank of Slovenia; Direction of Trade Statistic; European Central Bank; Haver Analytics; Statistical Office of Slovenia; and IMF staff estimates.

Figure 14. General Government Debt Financing

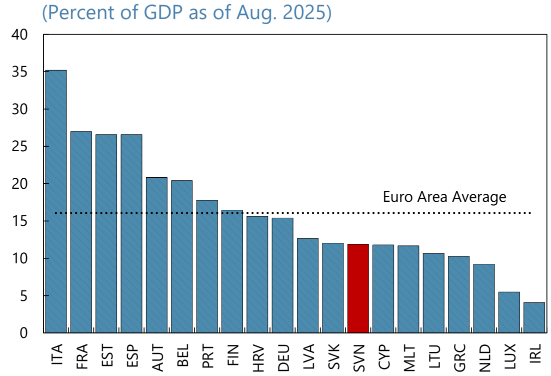
Despite the increase in government yields since 2022, debt servicing costs have not increased much…

Average Nominal Yield on Outstanding Debt
(Percent and percentage points)



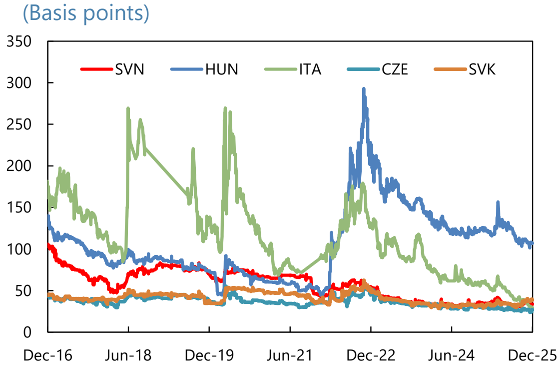
… with debt service due in 2 years staying below the euro area average…

General Government: Debt Service due in 2 Years
(Percent of GDP as of Aug. 2025)



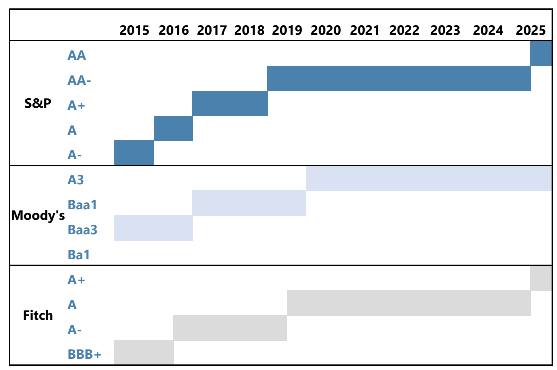
… CDS spread remaining low…

5-year Sovereign CDS Spreads
(Basis points)



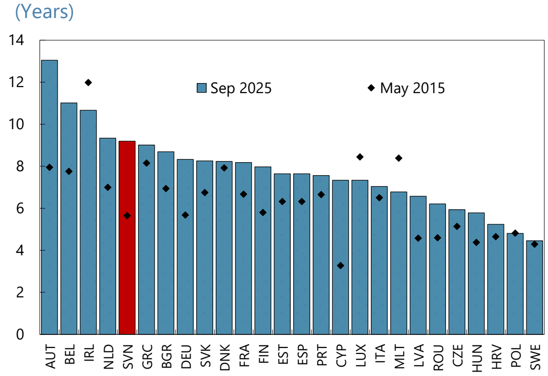
… and Slovenia's credit rating improving.

Credit Ratings



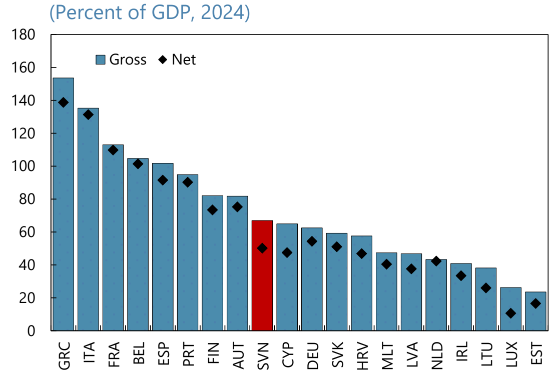
The treasury has extended debt maturities …

Government Debt Securities: Weighted Average Maturity
(Years)



… and kept liquidity high.

General Government: Gross and Net Debt
(Percent of GDP, 2024)

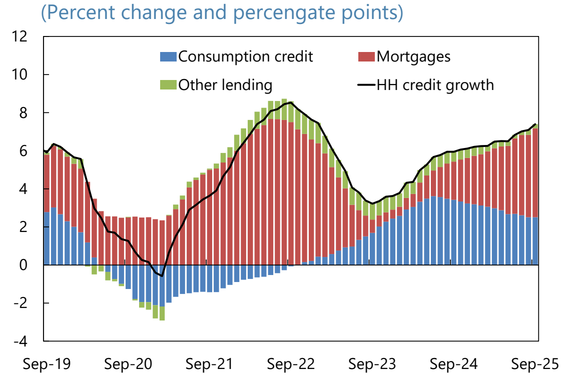


Sources: Haver Analytics, ECB, S&P, Moody's and Fitch Rating, and IMF staff estimates.

Figure 15. Financial Sector Developments

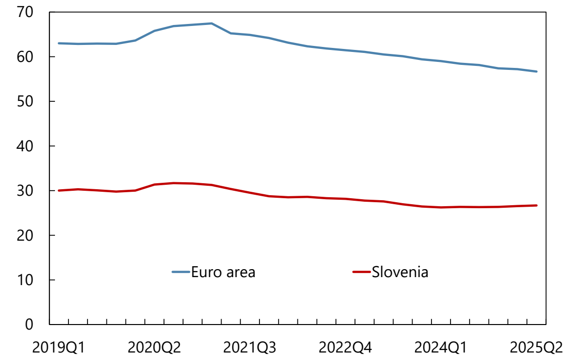
Household credit growth is increasing, driven by both mortgages and consumption credit…

Household Credit Growth and Contributions
(Percent change and percengate points)



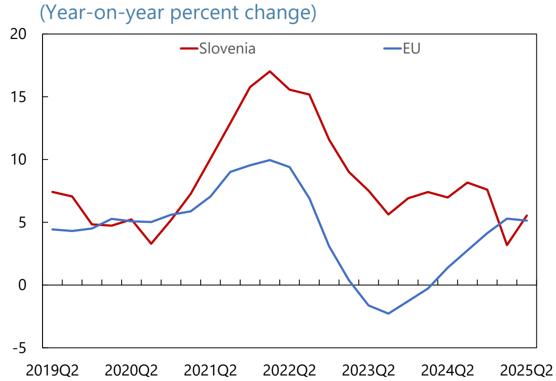
…while household indebtedness remains relatively low.

Household and NPISH Debt Stock
(Percent of GDP)



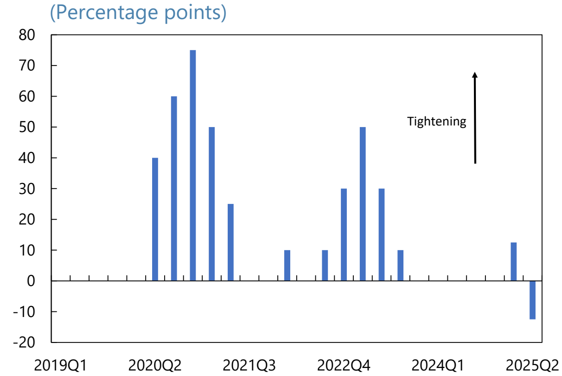
The growth of house prices has slowed down.

Housing Prices
(Year-on-year percent change)



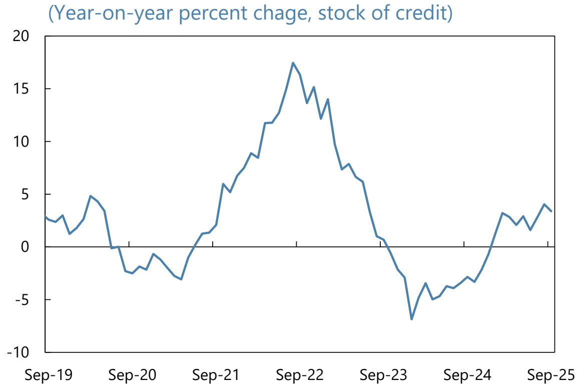
Despite broadly unchanged lending standards…

Bank Lending Survey: Change in Lending Standards 1/
(Percentage points)



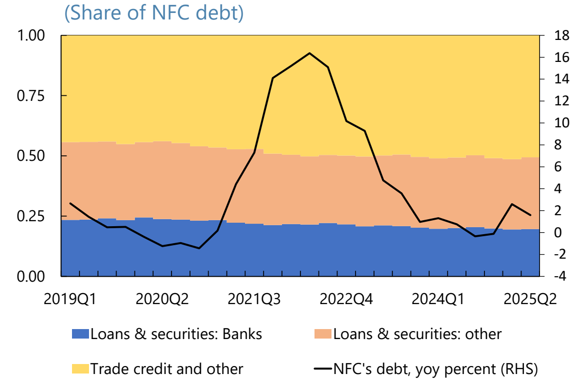
…bank credit to NFCs remains sluggish…

Credit to Non-financial Corporations
(Year-on-year percent chage, stock of credit)



… reducing the share of banks' credit in NFC's liabilities.

Debt Liabilities of Non-Financial Corporations
(Share of NFC debt)

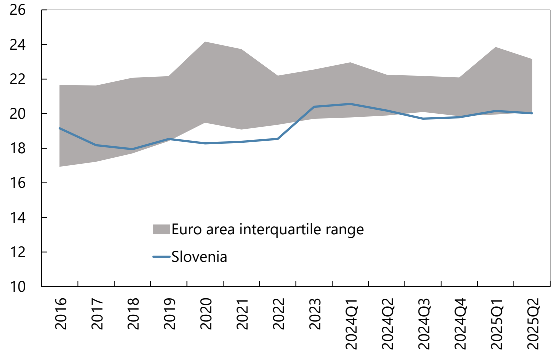


1/ Unweighted net percentage balance of banks' responses. Positive values point to tightening.
Sources: Haver Analytics, European Central Bank, SURS, Eurostat, and IMF staff calculations.

Figure 16. Financial Soundness Indicators

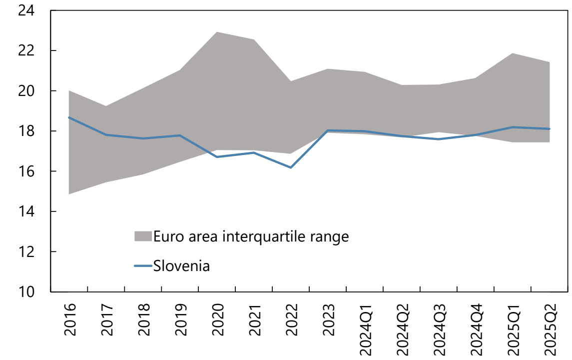
Banks are well-capitalized in terms of overall capital…

Regulatory Capital to Risk-weighted Assets
(Percent, end of period)



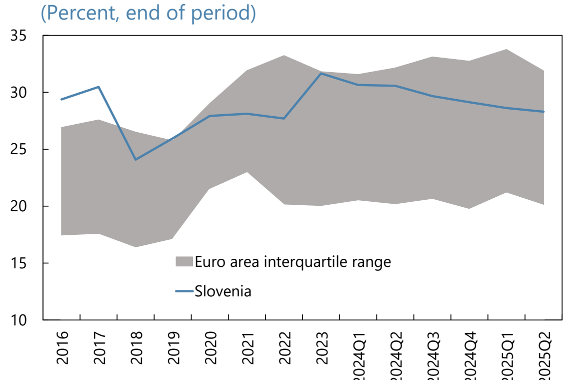
…as well as Tier 1 capital ratio.

Tier 1 Capital to Risk-weighted Assets
(Percent, end of period)



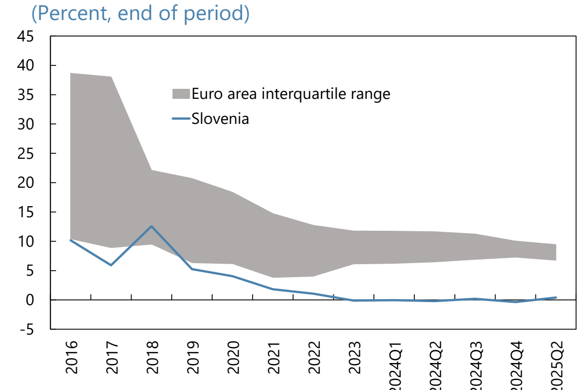
Liquidity is high.

Liquid Assets to Total Assets
(Percent, end of period)



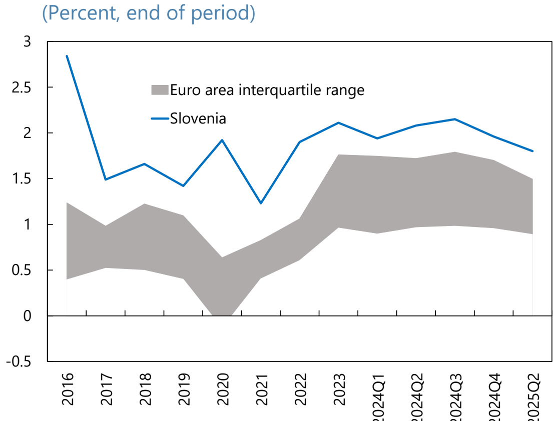
NPLs are low, with good provisions.

Nonperforming Loans Net of Provisions to Capital
(Percent, end of period)



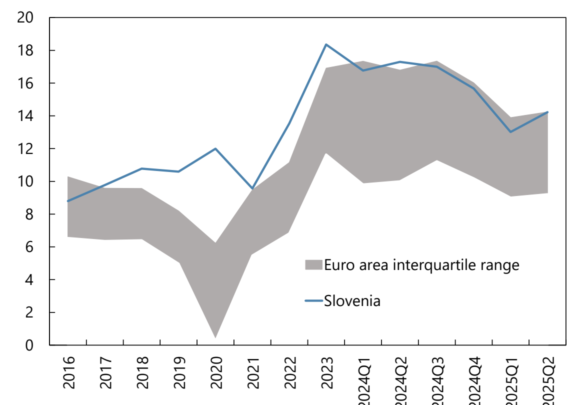
The banking system is profitable.

Return on Assets
(Percent, end of period)



Return on equity is retreating from very high levels in 2023, but has remained high by historical standards.

Return on Equity
(Percent, end of period)



Sources: Haver Analytics and IMF staff calculations.

Table 1. Slovenia: Selected Economic Indicators, 2020–30

(Annual percentage change, unless indicated otherwise)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
					Prel.			Proj.			
Real sector											
Real GDP	-4.1	8.4	2.7	2.4	1.7	0.8	2.2	2.3	2.2	2.1	2.1
Domestic demand (contribution to growth)	-3.8	9.7	3.7	0.0	3.1	1.7	2.0	2.0	2.0	2.1	2.1
Private consumption	-6.2	11.3	3.9	0.0	3.8	1.2	1.8	2.0	2.1	2.1	2.1
Public consumption 1/	4.1	6.2	-0.6	2.1	7.3	1.5	3.6	1.7	1.7	1.8	1.9
Gross capital formation	-6.5	13.7	8.1	-1.6	-1.3	2.4	1.6	3.0	2.7	2.7	2.6
Gross fixed capital formation	-7.2	11.9	4.7	5.5	-0.3	1.4	3.0	2.8	2.7	2.7	2.7
Net exports (contribution to growth)	-0.3	-1.3	-1.0	2.4	-1.3	-0.8	0.2	0.3	0.2	0.0	0.0
Exports of goods and services	-8.5	14.1	7.4	-1.9	2.3	0.0	2.9	3.7	3.6	3.3	3.3
Imports of goods and services	-9.1	17.8	9.3	-4.5	4.3	1.0	2.9	3.5	3.6	3.5	3.5
Potential output growth	2.3	2.6	2.6	2.5	2.6	2.5	2.2	2.2	2.2	2.1	2.1
Output gap (in percent of potential GDP)	-3.1	2.4	2.5	2.3	1.4	-0.2	-0.2	0.0	0.0	0.0	0.0
Prices											
Consumer prices (HICP, period average)	-0.3	2.0	9.3	7.2	2.0	2.5	2.2	2.1	2.3	2.1	2.1
Consumer prices (HICP, end of period)	-1.2	5.1	10.8	3.8	2.0	2.5	2.0	2.2	2.2	2.1	2.1
Core inflation (HICP, period average) 2/	1.0	1.0	6.8	7.8	2.7	2.9	2.3	2.2	2.1	2.1	2.1
Core inflation (HICP, end of period) 2/	0.4	3.0	9.2	4.6	2.3	3.0	2.2	2.2	2.1	2.1	2.1
GDP deflator	1.2	2.7	6.5	10.0	3.5	3.3	2.1	2.1	2.3	2.1	2.1
Employment and wages											
Unemployment rate (in percent, ILO definition)	5.0	4.8	4.0	3.7	3.7	3.8	3.9	3.9	4.0	4.0	4.0
Real wages (all sectors) 3/	5.9	4.1	-5.6	2.2	4.1	4.3	3.2	3.1	2.2	2.1	2.1
Public finance (percent of GDP)											
General government balance 4/	-7.7	-4.6	-3.0	-2.6	-0.9	-2.2	-2.6	-2.7	-2.8	-2.9	-2.9
Cyclically adjusted balance	-6.1	-5.8	-4.2	-3.7	-1.6	-2.1	-2.5	-2.7	-2.8	-2.9	-2.9
Cyclically adjusted primary balance	-4.6	-4.8	-3.4	-3.1	-1.0	-1.2	-1.6	-1.8	-1.8	-1.8	-1.8
General government gross debt	80.2	74.8	72.8	68.3	66.6	66.0	65.2	65.3	65.4	65.9	66.5
General government net debt	57.1	56.2	55.6	52.2	49.8	50.1	50.5	51.1	51.7	52.5	53.3
Monetary and financial indicators											
Credit to the private sector	-1.0	5.0	9.5	-0.6	2.6	5.6	4.9	4.4	4.5	4.5	4.5
Lending rates 5/	1.8	1.6	2.0	4.9	5.1	4.0	…	…	…	…	…
Deposit rates 6/	0.1	0.1	0.1	0.8	1.5	1.1	…	…	…	…	…
Balance of payments (percent of GDP)											
Current account balance	7.3	3.5	-0.9	4.8	4.5	4.1	3.6	3.3	3.2	3.2	3.1
Trade balance (goods and services)	8.8	5.7	2.0	6.6	6.1	5.7	5.5	5.4	5.3	5.2	5.2
Terms of trade (goods and services, percent change)	0.4	-1.7	-3.1	3.4	1.5	0.7	-0.5	-0.3	-0.1	0.0	0.0
Net international investment position	-15.3	-6.8	-0.3	3.6	9.9	11.9	15.0	17.6	20.0	22.3	24.4
Nominal effective exchange rate (2010=100) 7/	106.8	107.7	106.7	109.6	111.0	112.1	…	…	…	…	…
Real effective exchange rate (2010=100, CPI-based) 7/	98.0	97.6	96.7	100.0	99.9	100.2	…	…	…	…	…
Memorandum items											
Nominal GDP (millions of euros)	46,739	52,032	56,882	64,050	67,418	70,194	73,265	76,495	79,972	83,404	86,975
Gross national savings (percent of GDP)	27.5	25.3	23.64	27.3	26.1	25.6	24.9	24.6	24.5	24.5	24.4
Gross investment (percent of GDP)	20.2	21.8	24.6	22.5	21.5	21.6	21.3	21.3	21.2	21.3	21.4
Population (millions)	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
GDP per capita (euros)	22,227	24,686	26,966	30,205	31,698	32,942	34,321	35,789	37,389	38,983	40,643

Sources: The Slovenian authorities; and IMF staff estimates and projections.

1/ 2024 growth is increased by replacing the voluntary complementary health insurance with a compulsory health contribution.

2/ Defined as HICP excluding unprocessed food and energy.

3/ Average economy-wide gross wage deflated by the CPI.

4/ Accrual basis.

5/ Floating or up-to-one-year fixed rate for new loans to NFCs over €1 million. For 2025, the figure reflects the average over January-September.

6/ For household time deposits with maturity up to one year. For 2025, the figure reflects the average over January-September.

7/ For 2025, the figure reflects the average over Q1-Q3.

Table 2. Slovenia: General Government Operations, 2020–30

(Percent of GDP, unless indicated otherwise)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
					Prel.			Proj.			
Revenue	**44.1**	**45.3**	**44.7**	**44.0**	**45.5**	**46.2**	**47.0**	**46.8**	**46.8**	**46.5**	**46.5**
Taxes	21.0	22.1	21.5	20.8	21.5	21.8	21.7	21.7	21.8	21.6	21.6
Taxes on income, profits, and capital gains	7.9	8.4	8.0	7.9	8.4	8.4	8.4	8.4	8.4	8.3	8.3
Payable by individuals	5.3	5.4	5.2	5.1	5.3	5.3	5.3	5.3	5.3	5.4	5.4
Payable by corporations and other enterprises	2.0	2.5	2.3	2.3	2.7	2.7	2.7	2.7	2.7	2.5	2.5
Taxes on goods & services	13.1	13.6	13.5	12.9	12.9	13.0	13.0	13.0	13.1	13.1	13.1
VAT	7.6	8.3	8.3	8.0	7.9	8.0	8.0	8.0	8.1	8.1	8.1
Taxes on products (except VAT and imp. taxes)	5.6	5.4	5.2	4.8	4.9	5.0	5.0	5.0	5.0	5.0	5.0
Social contributions	17.3	16.8	16.4	15.9	17.2	18.0	18.7	18.8	18.9	18.9	18.9
Social security contributions 1/ 2/	16.9	16.4	16.1	15.6	16.9	17.7	18.4	18.5	18.6	18.6	18.6
Grants	1.6	2.1	2.0	2.5	2.1	2.2	2.5	2.2	2.1	2.0	2.0
Other revenue 1/	4.2	4.3	4.8	4.8	4.8	4.2	4.0	4.0	4.0	4.0	4.0
Interest income	0.2	0.1	0.2	0.5	0.6	0.4	0.4	0.4	0.4	0.4	0.5
Expenditure	**51.8**	**49.9**	**47.7**	**46.5**	**46.5**	**48.4**	**49.5**	**49.5**	**49.7**	**49.5**	**49.5**
Expense	47.5	45.1	42.0	41.0	41.3	43.0	44.2	44.4	44.8	44.9	45.0
Compensation of employees	12.9	12.7	11.4	11.2	11.3	12.1	12.3	12.4	12.6	12.5	12.4
Purchases/use of goods & services	6.1	6.5	6.6	6.5	6.5	6.6	6.9	7.0	7.1	7.2	7.3
Interest	1.6	1.2	1.1	1.2	1.3	1.3	1.3	1.3	1.5	1.5	1.6
Social benefits	19.8	18.7	18.8	17.5	18.4	19.0	19.6	19.6	19.6	19.7	19.8
Subsidies	4.0	2.4	1.3	1.9	1.1	1.3	1.3	1.2	1.2	1.2	1.2
Other expenses	3.1	3.5	2.8	2.7	2.6	2.7	2.7	2.7	2.7	2.7	2.7
Net acquisition of non-financial assets	4.3	4.8	5.7	5.5	5.2	5.4	5.3	5.2	4.9	4.6	4.5
Net lending/borrowing	**-7.7**	**-4.6**	**-3.0**	**-2.6**	**-0.9**	**-2.2**	**-2.6**	**-2.7**	**-2.8**	**-2.9**	**-2.9**
Memorandum items											
Primary balance	-6.3	-3.5	-2.1	-1.9	-0.3	-1.2	-1.6	-1.8	-1.8	-1.8	-1.8
Cyclically-adjusted primary balance	-4.6	-4.8	-3.4	-3.1	-1.0	-1.2	-1.6	-1.8	-1.8	-1.8	-1.8
General government gross debt	80.2	74.8	72.8	68.3	66.6	66.0	65.2	65.3	65.4	65.9	66.5
General government net debt	57.1	56.2	55.6	52.2	49.8	50.1	50.5	51.1	51.7	52.5	53.3

Sources: Ministry of Finance; and IMF staff estimates.

1/ In 2024, voluntary health insurance becomes compulsory for all beneficiaries, implying a reclassification of the expenditure from "Other revenues" to "Social security contributions."

2/ In 2025 and 2026, part of the increase in social security contributions is explained by a new contribution in the framework of the Long-Term Care Act payable from July 2025.

Table 3. Slovenia: Balance of Payments, 2020–30

(Percent of GDP, unless indicated otherwise)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
					Prel.			Proj.			
Current account	**7.3**	**3.5**	**-0.9**	**4.8**	**4.5**	**4.1**	**3.6**	**3.3**	**3.2**	**3.2**	**3.1**
Trade balance, goods and services	8.8	5.7	2.0	6.6	6.1	5.7	5.5	5.4	5.3	5.2	5.2
Goods	4.7	1.4	-4.2	0.9	0.6	0.4	0.2	0.0	0.0	-0.1	-0.2
Exports f.o.b.	63.0	67.5	74.6	64.9	62.5	60.1	60.2	60.3	60.4	60.5	60.7
Imports f.o.b.	58.4	66.1	78.7	64.0	61.9	59.7	60.0	60.3	60.3	60.6	60.9
Services	4.1	4.2	6.2	5.7	5.5	5.4	5.3	5.3	5.3	5.3	5.4
Exports	15.0	16.3	19.9	18.7	18.6	18.6	19.1	19.4	19.5	19.7	19.9
Imports	10.8	12.1	13.7	13.0	13.0	13.2	13.8	14.0	14.2	14.4	14.5
Primary Income, net	-0.3	-1.0	-1.7	-1.1	-1.1	-0.7	-0.9	-1.1	-1.1	-1.1	-1.1
Secondary Income, net	-1.2	-1.2	-1.2	-0.7	-0.5	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0
Capital account	**-0.5**	**0.3**	**-0.2**	**0.0**	**0.0**	**-0.2**	**-0.1**	**-0.1**	**-0.1**	**-0.1**	**-0.1**
Financial account, excl. reserves	**8.0**	**2.3**	**-3.0**	**3.7**	**3.1**	**1.9**	**3.3**	**3.1**	**3.0**	**3.0**	**2.9**
Direct investment, net	0.6	-0.8	-2.5	-0.9	-0.5	-0.7	-0.7	-0.8	-0.8	-0.8	-0.8
In Slovenia	1.0	3.6	3.8	2.2	2.6	2.7	2.6	2.6	2.6	2.6	2.6
Abroad	1.5	2.8	1.3	1.3	2.0	2.0	1.9	1.8	1.8	1.8	1.8
Portfolio investment, net	-2.3	5.4	0.1	-0.3	5.3	3.2	2.5	2.0	1.8	1.6	1.6
Equity	1.1	1.7	0.1	0.8	1.3	1.2	1.0	1.0	1.0	1.0	1.0
Debt	-3.4	3.8	0.0	-1.1	4.0	2.0	1.5	1.0	0.8	0.6	0.6
Financial derivatives	0.1	0.1	-0.1	0.2	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Other investment, net	9.7	-2.4	-0.5	4.7	-1.4	-0.5	1.6	2.0	2.2	2.3	2.3
Loans	1.6	0.6	-1.0	-1.5	2.0	-0.7	0.9	1.4	1.3	1.3	1.3
Currency and deposits	8.5	-1.8	0.4	5.2	-3.5	-0.4	0.3	0.2	0.4	0.7	0.6
Trade credits	-0.2	-0.4	0.1	1.0	0.4	0.6	0.5	0.5	0.5	0.4	0.4
Other	-0.3	-0.8	0.1	0.0	-0.3	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Net errors and omissions	**1.6**	**0.1**	**-1.6**	**-1.1**	**-1.0**	**-1.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Overall balance	**0.4**	**1.6**	**0.3**	**0.0**	**0.5**	**0.5**	**0.3**	**0.2**	**0.2**	**0.1**	**0.1**
Change in official reserves (+: increase)	0.4	1.6	0.3	0.0	0.5	0.5	0.3	0.2	0.2	0.1	0.1
Memorandum items											
Exports of goods and services (value, percent change)	-10.3	19.6	23.2	-0.3	2.1	1.1	5.2	4.9	4.8	4.7	4.8
Imports of goods and services (value, percent change)	-7.4	18.5	20.8	-2.0	1.4	0.1	4.5	4.6	4.7	4.6	4.5
Terms of trade, goods (percent change)	0.2	-1.8	-2.9	4.0	1.5	0.6	-0.5	-0.3	0.0	0.0	0.0
Gross external debt (billions of euros)	48.1	50.9	51.8	58.0	59.3	59.1	61.4	63.1	64.9	66.8	68.8
Gross external debt (percent of GDP)	102.8	97.9	91.1	90.5	87.9	84.2	83.8	82.5	81.1	80.1	79.1
Net international investment position	-15.3	-6.8	-0.3	3.6	9.9	11.9	15.0	17.6	20.0	22.3	24.4
Nominal GDP (million euros)	46,739	52,032	56,882	64,050	67,418	70,194	73,265	76,495	79,972	83,404	86,975

Sources: The Slovenian authorities and IMF staff estimates and projections.

Table 4. Slovenia: Summary of Monetary Accounts, 2019–25
(Percent of GDP, unless indicated otherwise)

	2019	2020	2021	2022	2023	2024	2025
Central Bank Survey							
Net foreign assets	10.2	13.5	14.9	15.0	20.8	19.5	19.8
Foreign assets	10.6	13.8	16.6	16.6	22.4	20.9	21.2
Foreign liabilities	0.4	0.3	1.7	1.6	1.6	1.4	1.4
Net domestic assets	0.4	0.5	2.7	1.9	-1.5	-3.8	-3.9
Claims on banks	1.0	1.5	2.5	0.9	0.2	0.2	0.2
Net claims on central government	4.6	6.4	8.5	7.1	7.1	6.3	6.2
Other items, net	-5.2	-7.4	-8.4	-6.2	-8.8	-10.3	-10.3
Reserve money	10.6	14.1	17.5	16.9	19.3	15.7	15.9
Currency in circulation	5.8	6.5	7.0	7.1	7.0	7.4	7.4
Liabilities to other depository corporations	4.3	7.1	9.9	8.9	11.1	7.4	7.6
Liabilities to other sectors	0.4	0.5	0.7	0.9	1.2	0.9	0.9
Banking Survey							
Net foreign assets	15.3	20.1	22.4	23.1	29.9	31.8	32.8
Central bank	10.2	13.5	14.9	15.0	20.8	19.5	19.8
Banks	5.2	6.5	7.5	8.1	9.2	12.4	13.0
Net domestic assets	18.5	17.8	18.7	21.1	16.2	15.1	15.7
Net claims on central government	8.4	10.2	11.2	9.0	9.4	9.3	9.3
Claims on state and local government	0.6	0.6	0.7	0.8	0.9	0.9	0.9
Claims on NBFIs	1.7	1.7	1.7	2.2	1.6	2.6	2.6
Claims on private sector	20.6	20.4	21.4	23.4	23.3	23.9	25.2
Corporates	9.6	9.4	9.8	11.0	10.4	10.2	10.5
Households	11.0	11.0	11.6	12.4	12.9	13.7	14.7
Other items, net	-13.0	-15.3	-16.4	-14.6	-19.1	-21.7	-22.2
Broad money	33.8	37.8	41.1	44.2	46.1	46.9	48.5
Currency in circulation	5.4	6.0	6.5	6.7	6.6	6.9	7.1
Transferable deposits	22.1	26.1	30.2	33.2	32.8	33.4	34.5
Other deposits	6.3	5.7	4.4	4.4	6.8	6.6	6.8
Memorandum items	(Annual percentage change unless indicated otherwise)						
Monetary base	15.0	32.7	24.7	-3.7	14.2	-18.7	1.3
Broad money	7.1	11.9	8.7	7.6	4.3	1.6	3.4
Claims on private sector	3.5	-1.0	5.0	9.5	-0.6	2.6	5.6
Corporates	1.0	-2.3	4.9	11.8	-5.4	-1.9	2.9
Households	5.9	0.1	5.1	7.6	3.6	6.2	7.6
Broad money velocity (GDP/Broad money)	1.4	1.2	1.3	1.3	1.4	1.4	1.4

Sources: IMF International Financial Statistics and IMF staff estimates.

Table 5. Slovenia: Core Financial Soundness Indicators, 2017–25

(Percent, unless indicated otherwise)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	
									Q1	Q2
Capital										
Regulatory capital to risk-weighted assets	18.2	17.9	18.5	18.3	18.4	18.5	20.4	19.8	20.2	20.0
Regulatory Tier 1 capital to risk-weighted assets	17.8	17.6	17.8	16.7	16.9	16.2	18.0	17.8	18.2	18.1
Profitability										
Return on assets	1.2	1.5	1.5	1.5	1.1	1.5	2.1	2.1	1.8	1.9
Return on equity	9.8	10.8	10.6	12.4	9.6	13.5	18.4	15.7	13.0	14.2
Interest margin to gross income	55.3	52.2	52.3	43.1	51.9	50.0	69.6	68.9	66.9	66.3
Noninterest expenses to gross income	87.1	65.9	64.1	53.7	67.5	58.7	51.0	52.9	57.5	56.1
Liquidity										
Liquid assets to total assets	30.5	24.1	26.0	27.9	28.1	27.7	31.7	29.1	28.6	28.3
Liquid assets to short-term liabilities	51.9	32.5	34.0	36.1	31.4	31.0	35.8	33.1	32.6	32.1
Sensitivity to market risk										
Net open position in foreign exchange to capital	10.8	12.0	10.7	21.7	21.6	22.2	20.7	21.0	21.8	22.2
Asset quality										
Non-performing loans to total gross loans	3.2	6.0	3.4	3.0	2.1	1.8	1.5	1.6	1.7	1.7
Non-performing loans net of provisions to capital	5.9	12.6	5.2	4.1	1.8	1.1	-0.1	-0.4	-0.2	0.4

Sources: Bank of Slovenia and IMF Financial Soundness Indicators.

Annex I. Implementation of Previous Article IV Recommendations

Policy Advice	Progress
Fiscal Policies	
Phase out remaining energy-price relief measures as wholesale gas prices have normalized.	Most measures were phased out in 2024. The compensation scheme for electricity suppliers was extended to 2025Q2 but is expected to amount to only 0.03 percent of GDP in 2025.
Implement wage bill, pension, and health reforms.	The public wage sector reform entered into force on January 1, 2025. A comprehensive pension reform was approved by the National Assembly in September 2025. In the health sector, efforts have been on digitalizing the health system, strengthening sectoral governance, promoting preventive care, tightening controls on sick leave benefits, and developing a stable workforce for the sector.
Financial Sector Policies	
Continue to strengthen the AML/CFT framework. Raise awareness of virtual asset-related ML/TF risks.	Slovenia adopted the law on the implementation of the Regulation (EU) on Markets in Crypto-Assets; and operationalized the “travel rule” by adopting the law on the implementation of Regulation (EU) concerning information accompanying the transfer of funds and certain crypto-assets (ZIUIPSK) and also amended the Law on the Prevention of ML/TF.
Structural policies	
Improve regulatory quality.	In October 2025, amendments to the Construction Act, aimed at streamlining permitting procedures (part of the e-permits agenda), went into force. The Insolvency Act Amendment was promulgated in June 2025, helping speed up restructuring.
Address skills shortages and mismatches.	In May 2025, the National Assembly adopted amendments to the Foreigners Act and the Employment, Self-Employment and Work of Foreigners Act, tightening deadlines and documentation to speed up permits and alleviate bottlenecks.
Make further progress on labor regulations.	In June 2025, the National Assembly adopted amendments to the Act on the Regulation of the Labor Market, to strengthen social security, improve labor flexibility and support active employment policies.
Deepen the financial sector.	Since early 2024, Slovenia have started issuing retail bonds and digital bonds (on distributed ledger technology (DLT) platform). In June 2025, the new Individual Investment Account Act was passed, introducing a special type of account that allows investment in a range of financial instruments under clearly defined conditions.
Continue to adapt to climate change. Strengthen flood risk management and zoning. Prepare a national climate adaptation strategy.	In 2024, flood hazard and risk maps were updated, and the national flood risk assessment process continues in line with EU Floods Directive requirements. In 2025, the National Assembly adopted a new Climate Act setting mitigation and adaptation objectives, requiring the preparation of a national adaptation strategy and regional action plans, and establishing governance structures to support implementation.
Continue to promote investment in renewables.	The Climate Act adopted in 2025 targets climate neutrality (net-zero emissions) by 2045. A National Energy and Climate Plan was updated in December 2024, setting specific targets for renewable energy and setting out investment needs.

Annex II. External Sector Assessment

Overall Assessment: *The external position of Slovenia in 2025 is moderately stronger than the level implied by fundamentals and desirable policies, based on projected data. Developments in 2025 pointed to a decline in the current account surplus, driven by weaker exports of goods, to a projected 4.1 percent of GDP. But it remains high reflecting weak investment in the economy. Over the medium term, the current account surplus is projected to gradually fall, driven by slightly less favorable terms of trade.*

Potential Policy Responses: *Higher domestic demand, as well as structural reform efforts across key areas (such as raising skill and labor availability, enhancing the business environment, and expanding access to finance for young and innovative firms) would support investment, and help lower the current account surplus toward its norm.*

Foreign Assets and Liabilities: Position and Trajectory

Background. At end-Q2 2025, Slovenia's Net International Investment Position (NIIP) stood at 10.5 percent of GDP, compared to 7.0 percent of GDP at end-Q2 2024 and an average of -4.2 percent of GDP during 2019-24. The upward trend of the NIIP has continued since the global financial crisis, supported by current account (CA) surpluses. Gross external debt (which peaked at 102.8 percent of GDP in 2020) was relatively stable at 91.9 percent of GDP in Q2 2025 (compared to 91.0 percent in Q2 2024).

Assessment. The NIIP has improved steadily since the global financial crisis and Slovenia became a net creditor country in 2023. CA surpluses (with the notable exception of 2022, when the negative terms-of-trade shock resulted in a CA deficit) have been the main driver of the increasing NIIP over time. NIIP is projected to increase gradually from accumulation of projected CA surpluses.

Q2 2025 (% GDP)	NIIP: 10.5	Gross assets: 141.7	Debt assets: 113.0	Gross liab.: 131.3	Debt liab.: 91.9

Current Account

Background. The CA surplus, averaging 4.3 percent of GDP during 2019-24, is expected to have declined to 4.1 percent of GDP in 2025 (from 4.5 percent in 2024). Savings as a share of GDP declined marginally, while investment was relatively unchanged as a share of GDP. The CA surplus is projected to decline gradually toward 3.1 percent of GDP over the medium term, as the terms of trade are projected to become less favorable lowering trade surpluses of goods and services. Given its strong integration into the European value chains, Slovenia's CA balance remains susceptible to lower demand for its exports due to supply chain reconfiguration or weaker growth of trading partners.

Slovenia: EBA-Lite Model Results, 2025
(In percent of GDP)

	CA model 1/	REER model
CA-Actual	**4.1**	
Cyclical contributions (from model) (-)	0.0	
Natural disasters and conflicts (-)	-0.3	
Adjusted CA	**4.4**	
CA Norm (from model) 2/	**2.8**	
Adjustments to the norm (+)	0.0	
Adjusted CA Norm	**2.8**	
CA Gap	**1.6**	**-2.8**
o/w Relative policy gap	1.8	
Elasticity	-0.6	
REER Gap (in percent)	**-2.8**	**4.9**

1/ Based on the EBA-lite 3.0 methodology
2/ Cyclically adjusted, including multilateral consistency adjustments.

Assessment. Under the EBA-Lite Current Account model, the multilaterally consistent cyclically adjusted CA norm is estimated at 2.8 percent of GDP while the cyclically adjusted CA is estimated at 4.4 percent of GDP. The model suggests that the CA gap is 1.6 percent of GDP, driven by a variety of factors, including the higher fiscal deficit in 2025.

Real Exchange Rate

Background. The CPI-based real effective exchange rate (REER) appreciated by close to 2 percent between Q1 and Q3 2025, reflecting an appreciation of the nominal effective exchange rate (NEER). This reversed the depreciation that occurred between end-2023 and Q1 2025. As of Q3 2025, the REER was 2.8 percent higher than its 10-year average.

Assessment. Using the EBA-Lite CA model and an elasticity of -0.6, the REER gap was estimated at -2.8 percent. On the other hand, the EBA-Lite REER model pointed to a gap of 4.9 percent, although this model is less reliable for Slovenia than the CA model.

Capital and Financial Accounts: Flows and Policy Measures

Background. The financial account posted a net outflow (net accumulation of assets) of 2.3 percent of GDP in the four quarters ending in September 2025, declining from 3.6 percent of GDP in 2024, due mainly to lower net portfolio outflows (i.e., net acquisition of debt securities). Over the medium term, the net outflow from the financial account is projected to be close to the current account surplus.

Assessment. Slovenia has strengthened its net international investment position, particularly through stronger acquisition of assets abroad against a relatively lower incurrence of liabilities, notably for portfolio and other investment.

FX Intervention and Reserves Level

Background. The euro has the status of a global reserve currency.

Assessment. Reserves held by the euro area are typically low relative to standard metrics. The currency floats freely.

Annex III. Risk Assessment Matrix[1]

Source of Risks	Relative likelihood	Impact on Slovenia	Recommended Policy Response
Global risks: Conjunctural			
Escalating trade measures and prolonged uncertainty	**High** Rising trade barriers and prolonged policy uncertainty could reduce trade, investment, and growth. Inflationary pressures may re-emerge—especially in countries imposing tariffs. These effects can be amplified by strategic complementarities or bottlenecks in global value chains or inventory overhang.	**High** Slovenia is highly integrated into the EU value chains, so higher trade barriers would reduce Slovenia's exports directly and indirectly through its trading partners. Elevated uncertainty would also erode confidence, weighing on investment and consumption.	Accelerate structural reforms, including by leveraging EU funds, to enhance business investment and boost productivity.
Geopolitical tensions	**High** Intensification of conflicts, coupled with the weakening of multilateralism, may trigger commodity price volatility, increase migration pressures, reignite inflation, and weigh on growth by undermining confidence, investment, tourism, trade and supply chains.	**Medium** Slovenia has limited direct linkages to the conflict regions but is indirectly exposed via potentially higher commodity prices and lower trading partners' growth. Intensification of conflicts, particularly in Ukraine, could further weaken consumer and investor confidence.	Allow automatic stabilizers to operate. If needed, provide temporary and targeted fiscal support to vulnerable households and viable firms. Continue to diversify energy sources to renewables to ensure energy security. As relevant, put in place policies for integrating refugees into society and the labor force. Accelerate structural reforms to enhance confidence and boost productivity.
Financial market volatility and correction	**High** Stretched asset valuations, easy financial conditions, and subdued volatility in key markets could be significantly affected by a sudden and disruptive shift in investor sentiment or policy stance, triggering market corrections, exchange rate turbulence, spikes in sovereign bond yields, and capital flow volatility. Elevated leverage among non-bank financial intermediaries further amplifies these risks, as forced deleveraging during periods of stress could exacerbate asset price swings and propagate shocks. Rapid growth of unregulated crypto markets could add to these vulnerabilities by increasing the risk of redemption runs and market dislocations.	**Medium** A sharp tightening of financial conditions and instability could lead to sharp asset price corrections and liquidity pressures, although Slovenia's well-capitalized and liquid banking system is a mitigating factor. Higher real interest rates and risk premia would negatively affect economic activity.	Intensify the monitoring of liquidity and capital positions and asset quality to identify vulnerabilities. Release part of the cyclical buffer when warranted to avoid a credit crunch.

[1] Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly. The conjunctural shocks and scenarios highlight risks that may materialize over a shorter horizon (between 12 to 18 months) given the current baseline. Structural risks are those that are likely to remain salient over a longer horizon.

Source of Risks	Likelihood	Impact on Slovenia	Recommended Policy Response
Commodity price volatility	**High** Shifts in supply and demand—driven by geopolitical tensions and conflicts, OPEC+ actions, or the green transition—may fuel commodity price swings, intensifying external and fiscal pressures, social unrest, and macroeconomic instability.	**High** As a commodity importer, a surge in price volatility, especially of energy, would affect adversely consumption and investment through increased uncertainty and potentially higher inflation.	Diversify energy sources, including through accelerating domestic renewable energy. Allow price signals to operate fully to encourage energy savings and efficiency. Provide temporary and targeted support to mitigate the impact of higher energy import prices.
Global risks: Structural			
Cyberthreats	**High** Cyberattacks on physical or digital infrastructure, technical failures, or misuse of AI technologies could trigger financial and economic instability.	**Medium** Cyberattacks could cause service disruptions and damage to the financial sector and other sectors.	Continue the monitoring of cyber risks and the exchange of information with partners. Strengthen the cyber security framework, including resilience testing and business continuity plans.
Climate change	**Medium** Extreme climate events and rising temperatures could cause loss of life, damage to infrastructure, food insecurity, supply disruptions, and heighten economic and financial instability.	**Medium** As demonstrated by 2023 floods, extreme climate events can disrupt economic activity and inflict significant damage to infrastructure and other capital assets.	Provide targeted support to affected households and businesses. Build resilience to climate change by strengthening spatial planning, enforcing building codes, implementing flood protection investments, and promoting public awareness of flood risk.
Labor supply gaps	**Medium** Tighter restrictions to migration could worsen labor shortages in aging economies, reducing potential output, fueling inflation, and straining fiscal balances through lower revenues.	**Medium** Shortages of labor and skills could constrain implementation of key investment projects and limit activity. Continued pressure on wages would fuel inflation and adversely affect Slovenia's competitiveness.	Facilitate inflow of migrant workers to alleviate supply side constraints. Deploy active labor market policies to improve the functioning of the labor market. Make the education and training systems more responsive to changing market needs.
Domestic risks			
Delays in public investment and reforms	**Medium** Administrative constraints, coordination issues across different levels of government, and capacity constraints (e.g., skilled labor shortages) delay the implementation of key public investment projects. Reform fatigue decelerates momentum in implementing key reforms.	**Medium** Delays in the public investment program and critical reforms would impede the digital and green transition, and reduce productivity and potential growth.	Further prioritize improvements in public investment management to increase efficiency and enhance project implementation. Monitor closely project execution and assess and manage associated risks. Strengthen efforts to build social consensus around key reforms.
Real estate market downturn	**Medium** A sharp correction of house prices weakens banks' balance sheets.	**Medium** A large decline in real estate prices, after several years of strong growth, would affect the quality of banks' loan portfolio and reduce credit to the economy.	Continue close monitoring of market developments and ease macro prudential policies as needed.

Annex IV. Debt Sustainability Analysis

Annex IV. Figure 1. Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	…	Low	The overall risk of sovereign stress is low. This reflects the individual mechanical ratings, the long maturity of debt, the low proportion of foreign debt in total public debt, the high liquidity buffer at the disposal of the Ministry of Finance (though, lowering debt should mainly rely on improving primary balance, net debt being far lower than gross debt), a highly liquid domestic banking sector (providing a ready investor base), as well as the projected decline in debt over the medium term.
Near term 1/			
Medium term	Low	Low	Medium-term risks are moderate based on the Fanchart but low based on the GFN Financiability Module. Risks are limited by Slovenia's stable investor base, relatively long average debt maturity, and predominantly euro-denominated debt.
Fanchart	Moderate	…	
GFN	Low	…	
Stress test		…	
Long term	…	Moderate	Long-term risks are moderate as aging-related expenditures on pension, health, and long-term care are expected to increase and feed into debt dynamics. The European Commission estimate the total cost of ageing for Slovenia before reforms to reach 27.5 percent of GDP in 2070, 5.4pp higher than in 2022. 3/
Sustainability assessment 2/	Not required for surveillance countries	…	…
Debt stabilization in the baseline 2/			No

DSA Summary Assessment

Commentary: Slovenia is at a low overall risk of sovereign stress and public debt is sustainable. After increasing at the onset of the pandemic to 80 percent of GDP, Slovenia's public debt-to-GDP ratio fell below 70 percent in 2023, driven by economic recovery and GDP deflator increases. Under staff's baseline, the cyclically adjusted primary balance would stay at around -1.8 percent of GDP over the medium term and the public debt ratio does not stabilize over the extended forecast horizon through 2034. Medium- and long-term spending pressures could erode buffers over time. The overall risk of sovereign debt distress is assessed as low. Over the long term, Slovenia will face substantial challenges linked to ageing population.

Source: Fund staff.

Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing.

1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published.

2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.

3/ European Commission (2024). "2024 Ageing Report. Economic and Budgetary Projections for the EU Member States (2022-2070)" Institutional Paper 279.

Annex IV. Figure 2. Debt Coverage Disclosures

	CG	GG	NFPS	CPS	Other	Comments
1. Debt coverage in the DSA: 1/	CG	GG	NFPS	CPS	Other	
1a. If central government, are non-central government entities insignificant?					n.a.	

2. Subsectors included in the chosen coverage in (1) above:

				#	Subsectors captured in the baseline	Inclusion	Comments
CPS	NFPS	GG: expected	CG	1	Budgetary central government	Yes	
			CG	2	Extra budgetary funds (EBFs)	No	Not applicable
			CG	3	Social security funds (SSFs)	Yes	
		GG: expected		4	State governments	Yes	
		GG: expected		5	Local governments	Yes	
	NFPS			6	Public nonfinancial corporations	No	
CPS				7	Central bank	No	
CPS				8	Other public financial corporations	No	

3. Instrument coverage:	Currency & deposits	Loans	Debt securities	Oth acct. payable 2/	IPSGSs 3/
4. Accounting principles:	Basis of recording		Valuation of debt stock		
	Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/
5. Debt consolidation across sectors:		Consolidated		Non-consolidated	

Color code: chosen coverage; Missing from recommended coverage; Not applicable

Reporting on Intra-Government Debt Holdings

Issuer \ Holder	Budget. central govt	Extra-budget. funds (EBFs)	Social security funds (SSFs)	State govt.	Local govt.	Nonfin. pub. corp.	Central bank	Oth. pub. fin corp	Total
1 Budget. central govt									0
2 Extra-budget. funds									0
3 Social security funds									0
4 State govt.									0
5 Local govt.									0
6 Nonfin pub. corp.									0
7 Central bank									0
8 Oth. pub. fin. corp									0
Total	0	0	0	0	0	0	0	0	0

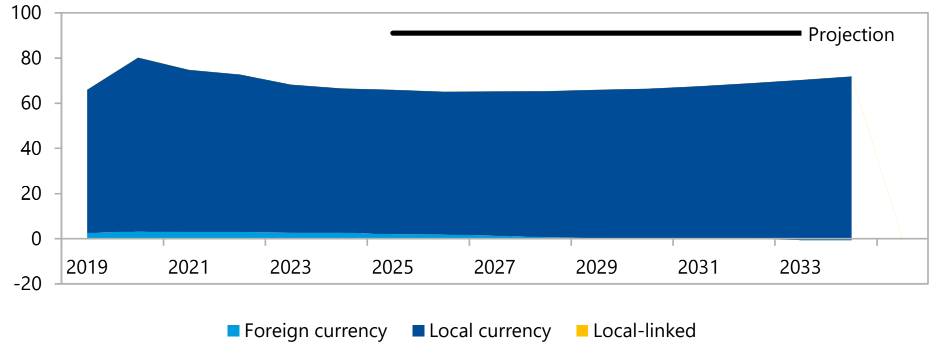
(Issuer rows 1–3: CG; 1–5: GG: expected; 1–6: NFPS; 1–8: CPS.)

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.
2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.
3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.
4/ Includes accrual recording, commitment basis, due for payment, etc.
5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.
7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

Commentary: The debt coverage remains unchanged from the last Article IV consultation. Slovenia's debt coverage and disclosure are consistent with standard recommentations.

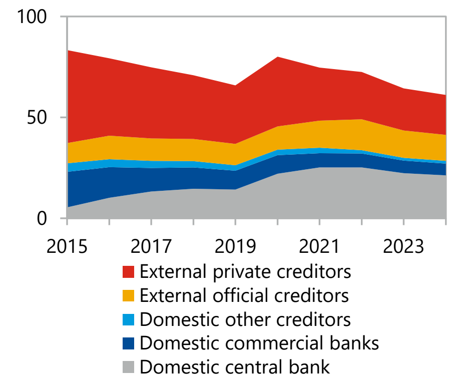
Annex IV. Figure 3. Public Debt Structure Indicators

Debt by currency (Percent of GDP)



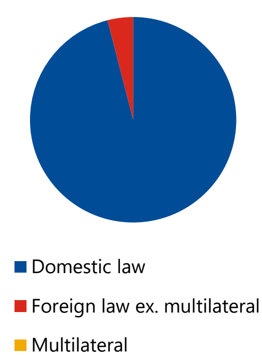
Note: The perimeter shown is general government.

Public Debt by Holder (Percent of GDP)



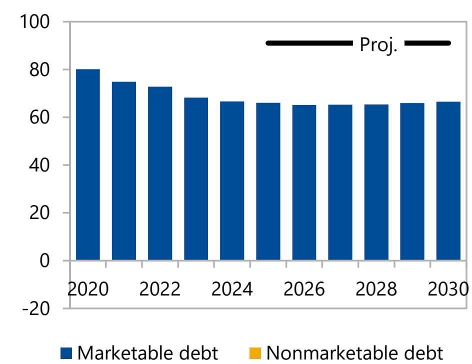
Note: The perimeter shown is general government.

Public Debt by Governing Law, 2024 (Percent)



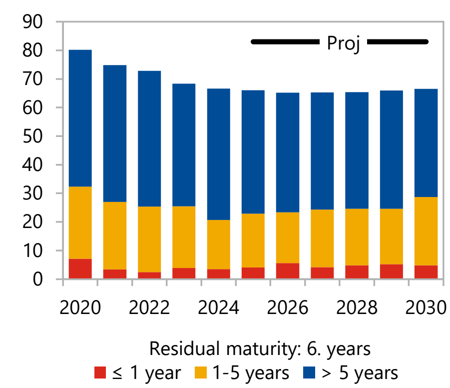
Note: The perimeter shown is general government.

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is general government.

Public Debt by Maturity (Percent of GDP)



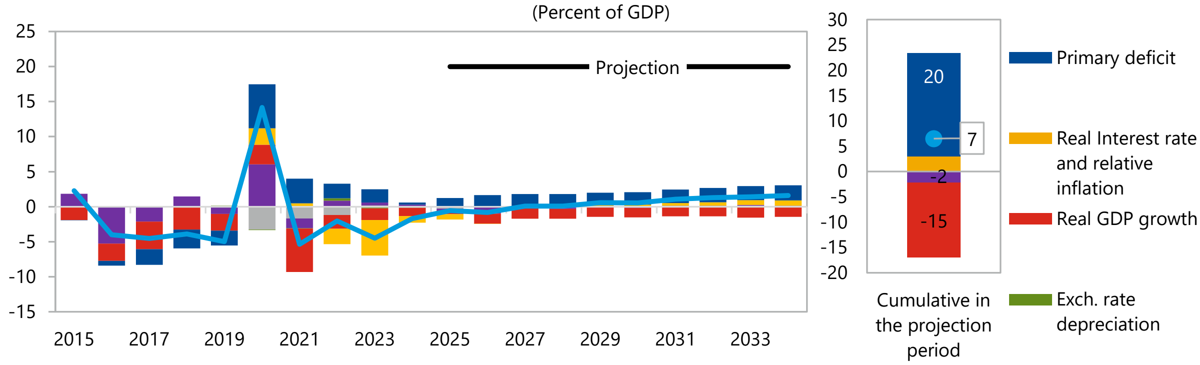
Note: The perimeter shown is general government.

Commentary: Public debt is marketable and almost entirely in local currency. The share held by the central bank has risen from zero in 2014 to 35 percent in 2023 while the share of external private creditors declined from 60 percent in 2014 to 35 percent in 2024. Over 61 percent of the central government debt has residual maturity of more than 5 years and 99 percent is at fixed interest rates. In addition, the government has sizeable cash holdings which can be used to cushion adverse market developments.

Annex IV. Figure 4. Baseline Scenario
(Percent of GDP, unless indicated otherwise)

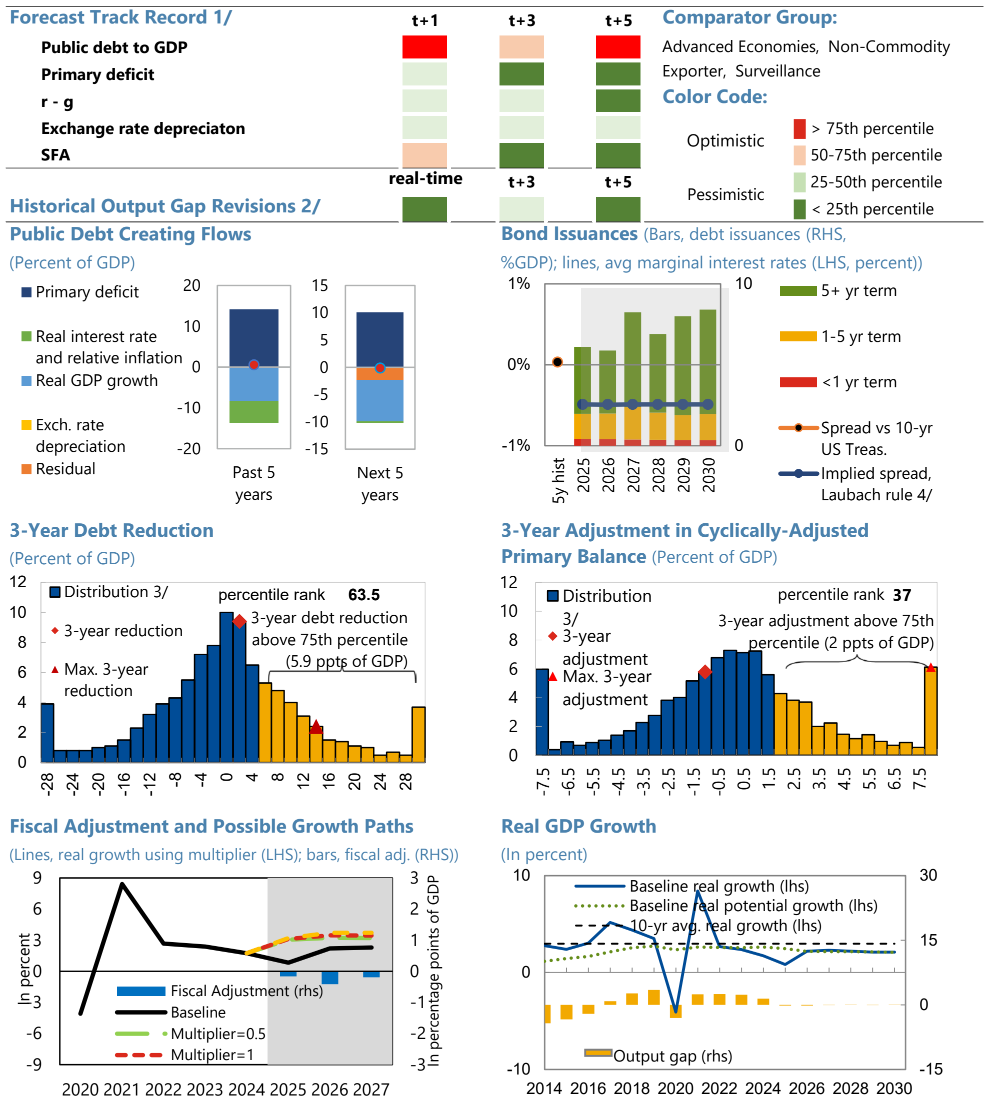
	Actual	Medium-term projection						Extended projection			
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Public debt	66.6	66.0	65.2	65.3	65.4	65.9	66.5	67.6	68.8	70.2	71.8
Change in public debt	-1.7	-0.6	-0.8	0.1	0.1	0.6	0.5	1.1	1.3	1.4	1.6
Contribution of identified flows	-1.5	-0.3	-0.8	0.1	0.1	0.6	0.5	1.1	1.3	1.3	1.6
Primary deficit	0.3	1.2	1.6	1.8	1.8	1.8	1.8	1.9	2.0	2.0	2.2
Noninterest revenues	44.9	45.8	46.6	46.4	46.4	46.1	46.0	46.1	46.1	46.1	46.1
Noninterest expenditures	45.2	47.1	48.2	48.2	48.2	47.9	47.8	48.0	48.1	48.1	48.3
Automatic debt dynamics	-2.1	-1.3	-1.5	-1.4	-1.4	-1.1	-1.1	-1.0	-0.9	-0.9	-0.7
Real interest rate and relative inflation	-0.9	-0.7	0.0	0.0	0.1	0.2	0.3	0.4	0.5	0.7	0.8
Real interest rate	-1.0	-0.8	0.0	0.0	0.0	0.2	0.3	0.4	0.5	0.7	0.8
Relative inflation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Real growth rate	-1.2	-0.5	-1.4	-1.5	-1.4	-1.3	-1.4	-1.4	-1.4	-1.5	-1.4
Real exchange rate	0.0	…	…	…	…	…	…	…	…	…	…
Other identified flows	0.3	-0.3	-1.0	-0.2	-0.3	-0.1	-0.2	0.1	0.1	0.1	0.1
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(minus) Interest Revenues	-0.6	-0.4	-0.4	-0.4	-0.4	-0.4	-0.5	-0.4	-0.4	-0.4	-0.4
Other transactions	0.9	0.1	-0.6	0.1	0.1	0.3	0.3	0.5	0.5	0.5	0.5
Contribution of residual	-0.1	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0
Gross financing needs	5.4	6.0	6.5	8.1	6.8	7.7	8.1	8.5	10.3	9.0	10.4
of which: debt service	5.8	5.1	5.2	6.7	5.4	6.3	6.8	7.0	8.6	7.4	8.6
Local currency	3.6	4.7	5.1	6.2	4.7	6.0	6.7	6.9	8.6	6.4	8.6
Foreign currency	0.9	0.4	0.1	0.5	0.8	0.3	0.1	0.1	0.1	1.0	0.1
Memo:											
Real GDP growth (percent)	1.7	0.8	2.2	2.3	2.2	2.1	2.1	2.1	2.1	2.3	2.1
Inflation (GDP deflator; percent)	3.5	3.3	2.1	2.1	2.3	2.1	2.1	2.1	2.1	2.1	2.1
Nominal GDP growth (percent)	5.3	4.1	4.4	4.4	4.5	4.3	4.3	4.3	4.3	4.3	4.3
Effective interest rate (percent)	0.0	2.1	2.1	2.1	2.4	2.5	2.6	2.8	2.9	3.1	3.3

Contribution to Change in Public Debt
(Percent of GDP)



Staff commentary: Public debt decreased to 67 percent of GDP in 2024 and is expected to stay broadly unchanged in both the near and medium terms but increase to above 70 percent by 2034.

Annex IV. Figure 5. Realism of Baseline Assumptions



Commentary: The forecast track record figure generally does not show systemic realism issues as there is a mix of red and green cells throughout the table. The projected change in public debt is similar to the past 5 years, and the pattern of contributions is broadly similar between the baseline and the recent past. There is a stable pattern in the implied spreads and the maturity structure stays similar. Realism analysis point to large projected 3-year reduction in the debt-to-GDP ratio in comparison to other countries (in the yellow region) but modest compared to its own history (left of the red triangle). The baseline fiscal consolidation (red diamond) does not appear as ambitious by either cross-country or own history (in the blue region and left of the red triangle). Growth and fiscal adjustment paths are consistent with reasonable multiplier estimates.

Source: IMF staff.

1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates.

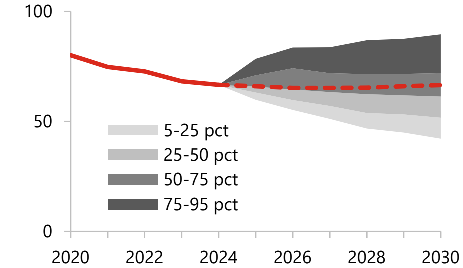
3/ Data cover annual obervations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

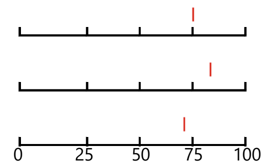
4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

Annex IV. Figure 6. Medium-Term Risk Assessment

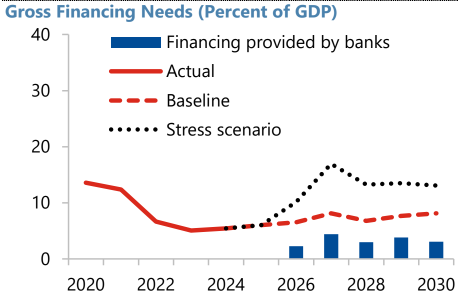
	Value	Contrib 1/	Percentile in peer group 2/
Debt fanchart module			
Fanchart width *(percent of GDP)*	47.5	0.7	
Probability of debt non-stabilizaiton *(percent)*	45.1	0.4	
Terminal debt-to-GDP x institutions index	20.2	0.4	
Debt fanchart index (DFI)		1.5	
Risk signal: 3/		**Moderate**	
Gross financing needs (GFN) module			
Average baseline GFN *(percent of GDP)*	7.2	2.5	
Initial Banks' claims on the gen. govt *(pct bank assets)*	7.0	2.3	
Chg. In banks' claims in stress *(pct banks' assets)*	2.3	0.8	
GFN financeability index (GFI)		5.5	
Risk signal: 4/		**Low**	

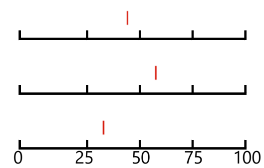
Final Fanchart (Percent of GDP)





Gross Financing Needs (Percent of GDP)

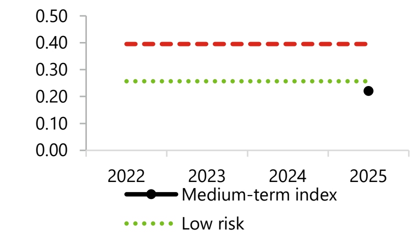




Triggered stress tests (stress tests not activated in gray)

Banking crisis — Commodity prices — Exchange rate — Contingent liab. — Natural disaster

Medium-Term Index (Index Number)



Medium-term risk analysis

	Value	Value (normalized)	Weight	Contribution
Debt fanchart index	1.5	0.3	0.5	0.2
GFN finaceability index	5.5	0.1	0.5	0.1
Medium-term index		0.2		
Risk signal: 5/		**Low**		
Final assessment:		**Low**		

Prob. of missed crisis, 2025-2030, if stress not predicted: 9.1 pct.
Prob. of false alarms, 2025-2030, if stress predicted: 48.9 pct.

Commentary: Of the two medium-term tools, the Debt Fanchart Module is pointing to moderate level of risk, while the GFN Financeability Module suggests low level of risk. Adjusted fanchart is presented reflecting the optimism of staff baseline compared to historical debt reduction in Slovenia. Public guarantees are estimated at 5.4 percent of GDP in 2024.

Source: IMF staff estimates and projections.

1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.
2/ The comparison group is advanced economies, non-commodity exporter, surveillance.
3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.
4/ The signal is low risk if the GFI is below 7.6; high risk if the DFI is above 17.9; and otherwise, it is moderate risk.
5/ The signal is low risk if the GFI is below 0.26; high risk if the DFI is above 0.40; and otherwise, it is moderate risk.

Annex V. Building Fiscal Room in Slovenia[1]

Fiscal expenditure pressures are projected to increase significantly over the medium and long term due to pressures from population aging, planned increases in defense spending, and additional public investment needed to meet green transition and digitalization goals. This annex explores fiscal reform options that can help offset these pressures and create fiscal room for further deficit reduction and other fiscal priorities.

A. Looming Expenditure Pressures

1. **Spending pressures are sizable over the medium and long term (Text Table 1).** Staff estimates that, without reform, additional spending could increase spending by 3.0 percentage points of GDP by 2030, and 5.2 percentage points of GDP by 2040 compared to 2025. Savings from ongoing reforms are estimated to lower these needs to 2.7 and 3.5 percentage points of GDP in 2030 and 2040 respectively, compared to 2025.

2. **Spending pressures from an aging population are rising rapidly.** Aging-related fiscal costs are expected to increase by around 1.2 percent of GDP between 2025 and 2030 and by a further 1.7 percent of GDP between 2030 and 2040—one of the highest increases in the euro area (Figure 1, and European Commission 2024). Estimated spending levels in 2025 of pension, health care, and long-term care are 10.1, 6.9, and 1.1 percent of GDP, respectively.

Annex V. Table 1. Spending Pressures Scenarios
(in percentage points of GDP, compared to 2025)

	No reform		With pension and health sector reforms	
	2030	**2040**	**2030**	**2040**
Aging cost	1.2	2.9	0.9	1.2
Pension	*0.5*	*1.9*	*0.3*	*0.5*
Health care	*0.2*	*0.7*	*0.2*	*0.3*
Long-term care	*0.4*	*0.4*	*0.4*	*0.4*
Defense spending	1.0	1.5	1.0	1.5
Public investment in green transition	0.7	0.7	0.7	0.7
Digitalization	0.1	0.1	0.1	0.1
Total	**3.0**	**5.2**	**2.7**	**3.5**

Sources: 2024 Ageing report of the European Commission, and IMF staff calculations. Notes: Aging spending pressures under a no-reform scenario correspond to the expected additional spendings without reforms based on the 2024 Ageing report of the European Commission.

3. **The authorities have engaged in a multi-pronged approach to reduce these costs.** Reforms are implemented in the context of the Slovenia's National Recovery and Resilience Plan (NRRP) with disbursements linked to reform milestones. They are expected to yield savings of

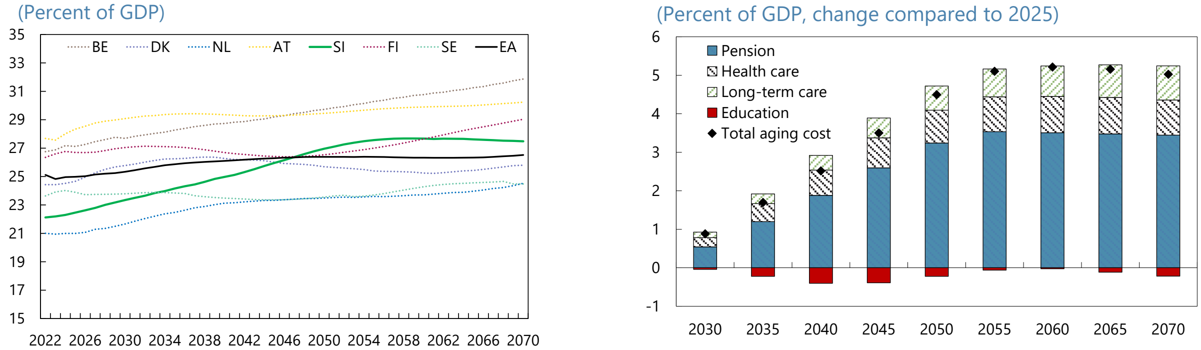
[1] Prepared by Magali Pinat (FAD, formerly EUR).

0.3 percent of GDP by 2030 and 1.7 percent of GDP by 2040, relative to the no-reform scenario (see main text of the staff report).

Annex V. Figure 1. Aging Costs

Aging cost, selected countries
(Percent of GDP)

Slovenia: Aging Spending Pressures
(Percent of GDP, change compared to 2025)



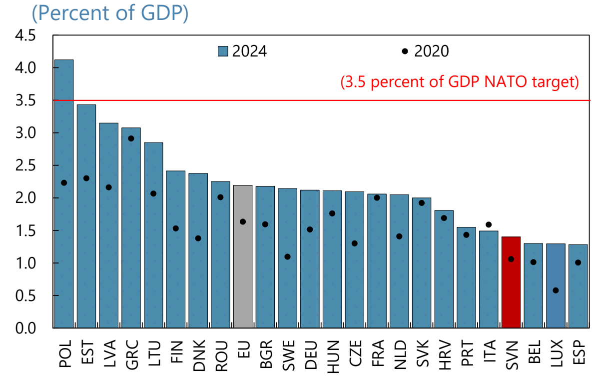
Source: European Comission Ageing Report (2024).

Source: European Commission Ageing Report (2024).

4. There are also other cost pressures from spending on defense and public investment for the green transition and digitalization. These are equivalent to 1.8 percent of GDP by 2030 and 2.3 percent of GDP by 2040, compared to 2025.

- ***Defense spending.*** At the June 2025 Hague Summit, NATO allies agreed to raise defense spending target to 5 percent GDP by 2035, including core defense spendings of 3.5 percent of GDP.[2] The authorities have announced an increase in defense spending to 3 percent of GDP in 2030 (from 1.4 percent in 2024). Reaching 2.4 percent of GDP by 2030 (assuming 0.6 percent of GDP would be accounted for by dual-use spending), would represent additional annual spending of 1 percent of GDP.

Defense Spending, EU NATO Countries
(Percent of GDP)



Source: NATO.

- ***Green transition.*** Based on the 2024 updated NECP and EIB (2021), public investment is needed to reduce greenhouse gas emissions by 55 percent by 2033, in line with the EU's Fit-for-55 package, corresponding to 0.7 percent of GDP annually,[3] based on the current division of green

[2] "Core defense spending requirements" align with the traditional NATO definition of expenditures, which includes personnel costs, equipment, operations and maintenance, infrastructure, stockpiling, and military aid—generally directly related to defense, while including military pensions. Another 1.5 percent of GDP is aimed for broader "defense- and security-related spending." This category encompasses spending to "inter alia protect our critical infrastructure, defend our networks, ensure our civil preparedness and resilience, unleash innovation, and strengthen our defense industrial base." (NATO The Hague Submit Declaration, 2025)

[3] Transition to net zero emissions by 2050 could add 0.4 percent of GDP to the deficit annually, based on the October 2023 Fiscal Monitor estimates for advanced economies.

investment between the public and private sectors.[4] This would be in addition to public investment standing at 2.5 percent of GDP in 2023 (including about 1.7 percent of national budget and 0.8 percent of EU funds with the latter projected to continue), which is projected to be kept at this level going forward in the baseline.

- ***Digitalization.*** The Digital Slovenia 2030 strategy estimates the need for public investment for the digitalization transition at €1 billion between 2023-2030, with €147 million funded by EU cohesion policy and €315.4 million by the NRRP. This corresponds to an additional annual cost of about 0.1 percent of GDP.

B. Options for Expanding Fiscal Space

5. The reform options discussed below could generate fiscal space of about 3.5 percentage points of GDP. Some of the proposed policies are likely to require time for design and implementation.

Increasing Revenue

6. Broadening the coverage of goods and services subject to the standard value added tax (VAT) rate. Slovenia's standard VAT rate is 22 percent, yielding 8.1 percent of GDP in revenue, one percentage point higher than the EU average. However, some EU countries with lower VAT rates have managed to raise between 8.8 and 9.7 percent of GDP in revenue (Figure 2, left). Despite its high headline rate, the VAT system thus appears underperforming partially due to the widespread application of reduced rates on a variety of goods. Narrowing the scope of the 22 reduced-rate goods and services (currently at 9.5 and 5 percent[5]) could yield an additional percentage point of GDP in revenue.[6] Recent amendments, such as the reclassification of sugar-sweetened beverages to the standard rate in 2025, represent a positive step in this direction.

Annex V. Table 2. Slovenia: Options for Increasing Revenues

(Percentage point of GDP, compared to 2025)

	Potential Gain
Increase in revenue	
Broadening VAT	*1.0*
Broadening PIT base	*0.5*
Increase in property tax	*0.8*
Inheritance, Estate, and gift taxes	*0.2*
Increase in CIT compliance	*0.5*
Polluter Pays	*0.3*
Total	**3.3**

Sources: IMF staff calculations based on Annex V "Building Fiscal Room in Slovenia".

[4] Slovenia's public sector contribution was 47 percent in 2022. Higher carbon prices and taxes would increase incentives for private sector investment in the green transition.

[5] The 9.5 percent rate primarily applies to essential commodities and socially beneficial services, while the 5 percent rate applies to educational and cultural materials.

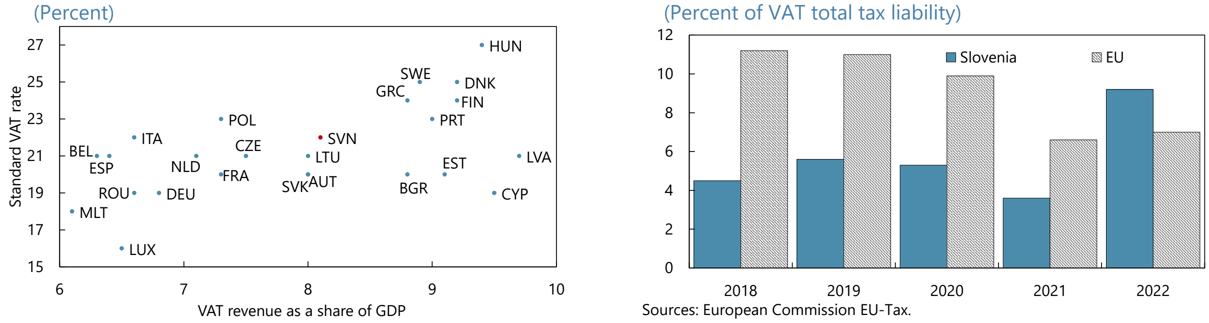
[6] The potential additional revenue is calculated as the difference in revenue-to-GDP between Slovenia and Estonia, Latvia, Cyprus, and Bulgaria (countries that have a VAT rate equal to or lower than Slovenia's, but a higher revenue-to-GDP ratio).

Another issue is that the compliance rate has been declining over time (Figure 2, right), which would argue for strengthening tax administration.

Annex V. Figure 2. Value Added Tax

Value Added Tax, Rate and Revenue, 2023
(Percent)

VAT Compliance Gap
(Percent of VAT total tax liability)

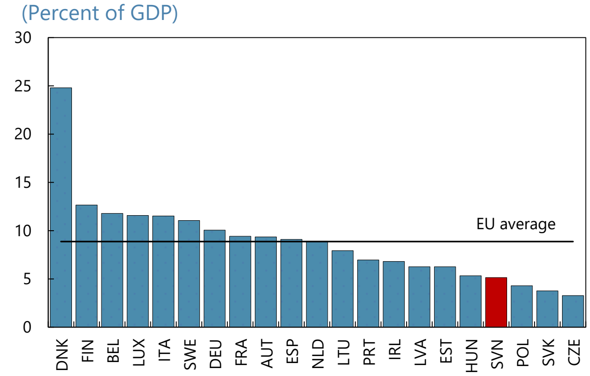


Sources: European Union and Eurostat.
Note: Croatia, with a standard VAT rate of 25 percent that generates 13.4 percent of GDP in revenue, is excluded from the chart to maintain a readable scale.

Sources: European Commission EU-Tax.
Notes: The VAT compliance gap is an estimate of overall non-compliance. It is a proxy for VAT revenues lost due to VAT fraud, evasion and avoidance, non-fraudulent bankruptcies and financial insolvencies, or miscalculations, among other drivers.

7. Broadening the personal income tax (PIT) base. Slovenia's PIT base is narrow reflecting numerous exemptions and allowances that disproportionately benefit higher-income earners (IMF, 2019; EC, 2020). Rationalizing the PIT rate structure and reducing the number of exemptions to bring Slovenia in line with EU averages could increase revenue by 0.5 percent of GDP.[7]

Personal Income Tax Revenue, 2023
(Percent of GDP)



Sources: OECD and IMF staff calculations.

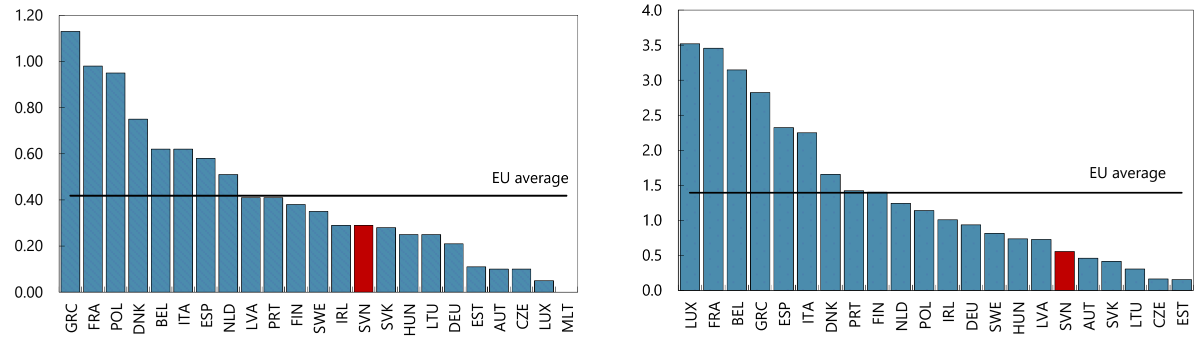
8. Increasing property taxation. A well-designed property tax can generate revenues fairly and efficiently (IMF, 2024). Broad-based property taxes assessed on market values link payments to local services and are often considered progressive since property ownership is tied to wealth. There is a compelling argument for increasing property taxation, which is among the lowest in Europe. Revenues from immovable property taxes have stagnated at 0.6 percent of GDP, compared to the EU average of 1.4 percent (Figure 3, right). Bridging this gap with EU countries could generate an additional 0.8 percentage point of GDP, but Slovenia might also need to look at the allocation of the tax as it current supports local governments.

[7] Given the large share of social security contributions (SSC), staff does not recommend increasing the PIT to match the EU average of 8.9 percent of GDP without lowering first the SSC.

Annex V. Figure 3. Property Tax

Real Property Tax Rate, 2024
(Percent)

Property Tax Revenue, 2023
(Percent of GDP, excluding taxes on financial and capital transactions)

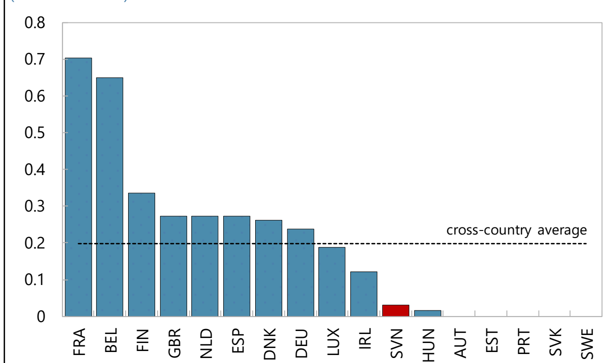


Sources: Tax Foundation Europe and IMF staff calculations.

Sources: OECD and IMF staff calculations.

9. Increasing inheritance and gift taxes. While these taxes can distort estate planning decisions and promote tax avoidance behavior, they can also improve the tax system's progressivity. Inheritance/gift tax averages 0.2 percent of GDP across European countries compared with almost nil in Slovenia.

Inheritance, Estate, and Gift Tax Revenues, 2022
(Percent of GDP)



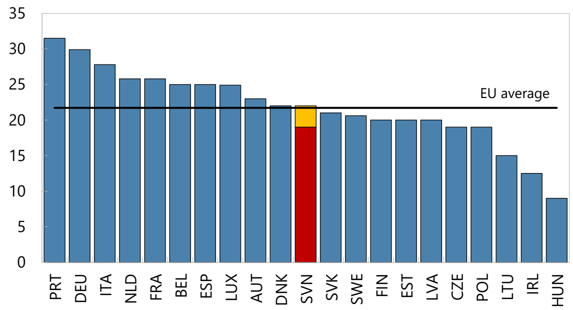
Source: OECD.

10. Improving corporate income tax (CIT) compliance. Revenues from CIT increased to 2.7 percent of GDP in 2024, as the CIT rate was temporarily increased from 19 percent to 22 percent between 2024 and 2028 to finance the post-flood reconstruction fund (Figure 4). Nevertheless, CIT revenue relative to GDP remains below the 2023 EU average of 3.2 percent, where the average CIT rate was 21 percent. Bridging this gap with EU countries, which is explained by different compliance rates, could yield an additional 0.5 percent of GDP in revenue. The 2023 IMF Technical Assistance report estimates that closing the compliance gap for CIT could increase CIT revenue by 2 percent of GDP. Efforts should focus on enhancing CIT revenue administration, with particular attention to large taxpayers. Regular progress reports from the Financial Administration (responsible for tax collection) to the Ministry of Finance would also be beneficial.

11. Further strengthening the application of the "Polluter Pays" Principle. Revenue from environmental taxes reached 3.1 percent of GDP in 2023—1.2 percentage points above the EU average. There is some scope to expand waste disposal taxes (including on incineration) and to implement environmental taxes on NOx emissions, pesticides and fertilizers. Such an expansion of environmental taxes could raise environmental tax revenue by 0.3 percent of GDP, to around 3.4 percent of GDP.

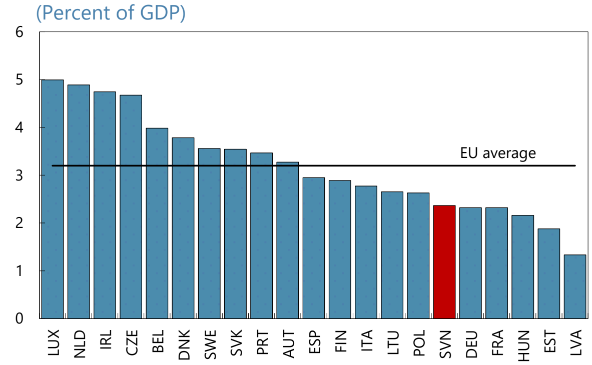
Annex V. Figure 4. Corporate Income Tax

Corporate Income Tax Rate, 2024
(Percent)



Sources: Tax Foundation Europe and IMF staff calculations. Note: In Slovenia, the CIT rate is temporarily increased from 19 percent to 22 percent between 2024 and 2028 to finance the flood reconstruction fund.

Corporate Income Tax Revenue, 2023
(Percent of GDP)



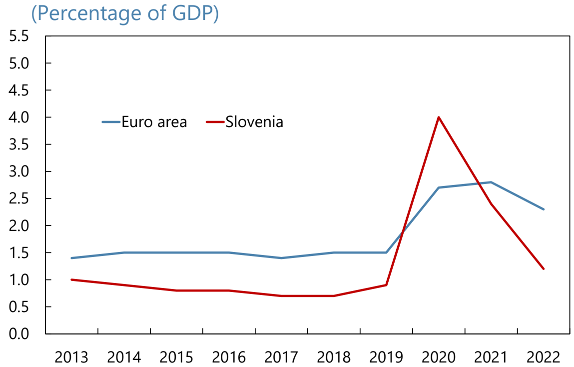
Sources: OECD and IMF staff calculations.

Reducing Expenditure

12. Reducing environmentally harmful subsidies. Subsidies are estimated at around 1.2 percent of GDP, which is below the EU average (Figure 5, left). However, some environmentally harmful subsidies could be eliminated to support the green transition and reduce spending. Eliminating these subsidies could lower spending by 0.2 percent of GDP, but would at least partially need to be offset by protecting vulnerable groups.

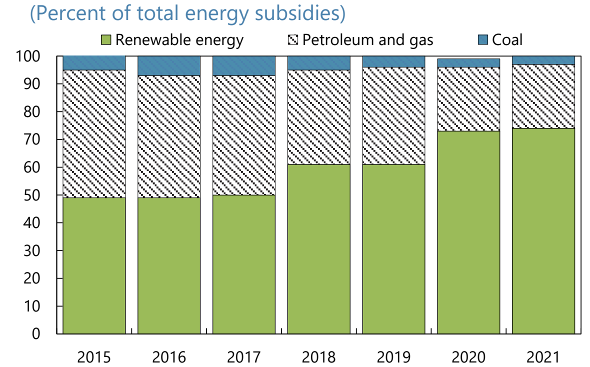
Annex V. Figure 5. Tax Expenditure

General Government Subsidies
(Percentage of GDP)



Source: Eurostat.

Slovenia: Energy Subsidies
(Percent of total energy subsidies)



Sources: Ministry of Environment based on OECD, Eco Fund, MECE, JSI EEC (2023).

13. Improving the efficiency of healthcare spending. A reform optimizing healthcare delivery, strengthening the governance of the sector, promoting the use of digital health solutions, and encouraging a greater focus on preventive healthcare practices could lower the public spending on health.[8]

[8] 2025 Selected Issues "Financial Challenges in the Health Sector."

Annex VI. Data Issues

Annex VI. Table 1. Slovenia: Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating 1/

A							
Questionnaire Results 2/							
Assessment	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency	Median Rating
	A	A	A	A	A	A	A
Detailed Questionnaire Results							
Data Quality Characteristics							
Coverage	B	A	A	A	A		
Granularity 3/	A		A	A	A		
			A		A		
Consistency			A	A		A	
Frequency and Timeliness	A	A	A	A	A		

Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank.
1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics.
2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF *Review of the Framework for Data Adequacy Assessment for Surveillance* , January 2024, Appendix I).
3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.

A	The data provided to the Fund are adequate for surveillance.
B	The data provided to the Fund have some shortcomings but are broadly adequate for surveillance.
C	The data provided to the Fund have some shortcomings that somewhat hamper surveillance.
D	The data provided to the Fund have serious shortcomings that significantly hamper surveillance.

Rationale for staff assessment. In general, data provided is adequate and timely for surveillance. However, there is room to improve reliability of GDP data: significant revisions can impact surveillance by causing major changes in the narrative and projections, and affect confidence among data users (e.g., 2022 GDP revision due to substantial price changes). Sources of revisions can be better explained, while an assessment of the methodologies and data sources can contribute to the implementation of improvements in the compilation to limit the size of the revisions.

Changes since the last Article IV consultation. No material changes since the last Article IV consultation.

Corrective actions and capacity development priorities. The IMF Statistics Department is currently providing CD (2024-2025) to the Statistical Office of the Republic of Slovenia (SURS) to review methods, data sources, and systems/processes for quarterly GDP compilation. Recommendations from the TA missions include taking the following actions, which SURS found useful and is planning to implement over time:
(i) implement a stronger analytical framework for timely detection of turning points and better understanding of sources/reasons for data revisions;
(ii) modernize and streamline the compilation framework for quarterly national accounts;
(iii) enhance the selected methodology for benchmarking and seasonal adjustment, to further align with latest international best practices; and
(iv) continue the assessment to improve the alignment of data sources for quarterly and annual national accounts compilation, to avoid revisions.

Use of data and/or estimates in Article IV consultations in lieu of official statistics available to staff. Staff does not use any data and/or estimates in the staff report in lieu of official statistics.

Other data gaps. Not applicable for this AIV consultation.

Annex VI. Table 2. Slovenia: Data Standards Initiatives

Slovenia adheres to the Special Data Dissemination Standard (SDDS) Plus since February 2020 and publishes the data on its National Summary Data Page. The latest SDDS Plus Annual Observance Report is available on the Dissemination Standards Bulletin Board (https://dsbb.imf.org/).

Annex VI. Table 3. Slovenia: Table of Common Indicators Required for Surveillance

	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page			
	Date of Latest Observation	Date Received	Frequency of Data[6]	Frequency of Reporting[6]	Expected Frequency[6,7]	Slovenia[8]	Expected Timeliness[6,7]	Slovenia[8]
Exchange Rates	9-Dec-25	9-Dec-25	D	D	D	...	...	...
International Reserve Assets and Reserve Liabilities of the Monetary Authorities[1]	Oct-25	Nov-25	M	M	M	M	1W	1M
Reserve/Base Money	Oct-25	Nov-25	M	M	M	M	2W	2W
Broad Money	Oct-25	Nov-25	M	M	M	M	1M	1M
Central Bank Balance Sheet	Oct-25	Nov-25	M	M	M	M	2W	2W
Consolidated Balance Sheet of the Banking System	Oct-25	Nov-25	M	M	M	M	1M	1M
Interest Rates[2]	9-Dec-25	9-Dec-25	D	D	D	...	...	...
Consumer Price Index	Nov-25	Dec-25	M	M	M	M	1M	NLT 7D
Revenue, Expenditure, Balance and Composition of Financing[3]–General Government[4]	2025Q2	Sep-25	Q	Q	A/Q	...	2Q/12M	...
Revenue, Expenditure, Balance and Composition of Financing[3]–Central Government	Oct-25	Nov-25	M	M	M	M	1M	1M
Stocks of Central Government and Central Government-Guaranteed Debt[5]	2025Q2	Sep-25	Q	Q	Q	Q	1Q	3M
External Current Account Balance	Sep-25	Nov-25	M	M	Q	M	1Q	2M
Exports and Imports of Goods and Services	Sep-25	Nov-25	M	M	M	M	8W	NLT 40D
GDP/GNP	2025Q3	Nov-25	Q	Q	Q	Q	1Q	60D
Gross External Debt	2025Q3	Nov-25	Q	Q	Q	M	1Q	7W
International Investment Position	2025Q2	Sep-25	Q	Q	Q	Q	1Q	2M

[1] Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.

[2] Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

[3] Foreign, domestic bank, and domestic nonbank financing.

[4] The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

[5] Including currency and maturity composition.

[6] Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual.; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

[7] Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

[8] Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (https://dsbb.imf.org/). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "..."

INTERNATIONAL MONETARY FUND

REPUBLIC OF SLOVENIA

January 5, 2026

STAFF REPORT FOR THE 2025 ARTICLE IV CONSULTATION—INFORMATIONAL ANNEX

Prepared By	European Department (In Consultation with Other Departments)

CONTENTS

FUND RELATIONS

(As of November 30, 2025)

Membership Status: Joined December 14,1992; Article VIII

General Resources Account:

	SDR Million	Percent of Quota
Quota	586.50	100
Fund holdings of currency	433.73	73.95
Reserve position	155.79	26.05
Lending to the Fund	0	0

SDR Department:

	SDR Million	Percent of Allocation
Net cumulative allocation	778.02	100.00
Holdings	760.82	97.79

Outstanding Purchases and Loans: None.

Financial Arrangements: None.

Projected Payments to Fund:
(SDR Million; based on existing use of resources and present holdings of SDRs):

	Forthcoming				
	2025	2026	2027	2028	2029
Principal					
Charges/Interest	...	0.48	0.48	0.48	0.48
Total	...	0.48	0.48	0.48	0.48

Exchange Rate Arrangements:

The currency of Slovenia is the euro. The exchange rate arrangement of the euro area is free floating. Slovenia participates in a currency union (EMU) with 19 other members of the EU and has no separate legal tender. Slovenia accepted the obligations under Article VIII, Sections 2, 3, and 4 of the IMF's Articles of Agreement, and maintains an exchange system free of multiple currency practices and restrictions on payments and transfers for current international transactions, except those notified to the Fund in accordance with Decision No. 144-(52/51).

Previous Article IV Consultation:

The 2024 Article IV consultation discussions took place during January 18–30, 2024 and the staff report was discussed by the Executive Board on May 3, 2024. The Executive Board's assessment and staff report are available at the link below:
https://www.imf.org/en/publications/cr/issues/2024/05/13/republic-of-slovenia-2024-article-iv-consultation-press-release-staff-report-and-statement-548953

FSAP Participation and Reports on Standards and Codes (ROSCs):

The fiscal transparency module of the fiscal ROSC was published in June 2002 (Country Report No. 02/115).

An FSAP mission took place during April 4–16, 2012. An FSSA report was published in December 2012 (Country Report No. 12/325), accompanied by the Detailed Assessment of Observance of Basel Core Principles for Effective Banking Supervision (Country report No. 12/324).

Resident Representative Post: None.
Technical Assistance: See Table 1.

Table 1. Slovenia: Technical Assistance, 2012–25

Department	Timing	Purpose
MCM	April 2022	Cyber Risk Management
	February 2016	Bank Intervention and Resolution and Deposit Guaranty System - Follow Up
	November 2015	Macroprudential Framework - Follow-up
	July 2015	Bank Intervention and Resolution and Deposit Guaranty System
	June 2015	Macroprudential Framework Scoping Mission and Participation in Staff Visit
	December 2014	Bank Resolution and Deposit Insurance
	September 2014	Strengthening bank resolution framework and deposit guarantee scheme
	July 2014	Financial Stability
	May 2014	Financial Stability
	May 2014	Strengthen Supervision for Risk Assessment
	April 2014	Financial Stability
	January 2014	Financial Stability
	December 2013	Financial Stability
	November 2013	Stress Testing/AQR Workshop
	December 2013	Bank Resolution (participation in EUR staff visit)
	January 2013	Bank Resolution
	October 2012	Bank Resolution
	September 2012	Bank Resolution with Article IV
LEG	December 2021	Public Finance Law
	October 2013	Insolvency Law
FAD	April 2023	Public Investment Management Assessment (PIMA)
	January 2022	Fiscal modeling
	December 2021	Public Finance Law
	August 2021	Strengthening Tax Administration
	February 2021	Fiscal Risks
	December 2020	Estimating Fiscal Multipliers of Public Investment
	October 2015	Property Tax Act
	May 2015	Establishing a Spending Review Process
ICD	January 2022	Macroeconomic Frameworks
STA	January, April and October 2025	Quarterly National Accounts Compilation System
	October 2024	Quarterly National Accounts Compilation System