



Evaluation of the General Government Budget Proposal for 2027–2029

October 2026

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Basic information on CBR opinions

With the aim of achieving the long-term sustainability of the Slovak Republic's public finances, strengthening the transparency and efficiency of public spending and supporting the long-term competitiveness of the Slovak Republic, taking into account the requirement of economic and social justice and solidarity between current and future generations, the Council for Budget Responsibility (CBR, Council) was established in 2012 as an independent body for monitoring and evaluating the fiscal performance of the Slovak Republic. Its task is to provide the public with expert, comprehensive and politically unbiased information on public finance developments.

Basic information on the budget assessment method

For a realistic assessment of fiscal policy, the Council first estimates the budget balance for the current year. These estimates are based on the update of the Budgetary Traffic Light. Subsequently, the CBR prepares a fiscal estimate for each subsequent year based on the latest estimate of macroeconomic developments and a realistic estimate of the presented revenue and expenditure measures. This creates the "CBR scenario". The CBR scenario thus represents the likely impact of the budget on public finances, assuming that no additional measures are adopted.

The CBR scenario is then compared with the no-policy-change scenario (the NPC scenario). These two scenarios are subsequently used to quantify analytical indicators such as the government's consolidation effort and the overall analytical assessment of the budget.

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Comments or remarks on the report are welcome at sekretariat@rrz.sk.

Main conclusions

According to CBR estimates, the deficit under the no-policy-change scenario would reach 4.8% of GDP next year, deepening further in the following years; the government, however, has set its deficit target for 2027 at 4.94% of GDP (despite a temporary reduction in investment). This means reversing part of the consolidation effort made to date. Given the persistently negative state of public finances, the draft budget should aim to change the unsustainable and increasingly costly trajectory of public debt growth. Moreover, keeping gross debt above the upper limit of the debt brake entails sanctions affecting the conduct of fiscal policy, above all the requirement to submit a balanced draft budget. In view of Article 55a of the Constitution, it is also important to assess the impact of the budget on long-term sustainability. It is through this lens that the CBR evaluated the submitted Draft General Government Budget for 2027–2029. The Council considers the disproportionately short approval process to be a significant shortcoming in terms of transparency, as it makes it difficult, or even impossible, to provide independent information to the public and to Members of the National Council of the Slovak Republic.

- **The submitted draft budget envisages a deficit for 2027 of 4.94% of GDP (EUR 7.4 billion). According to the CBR, achieving this target is realistic only on the assumption that the reserve for adverse developments is not used and that deliveries of military equipment are reduced in line with the government's expectations.**
- **Taking into account known measures, the CBR estimates the general government deficit at 4.9% of GDP (EUR 7.3 billion). This implies a year-on-year increase in the deficit of 0.4% of GDP (over EUR 1 billion), even though the economy will grow faster and the tax forecast has improved compared with previous estimates. As recently as April 2026, the government's deficit target for next year was EUR 1.1 billion lower. Compared with the original 2027 target of 3% of GDP, the deficit is higher by almost EUR 3 billion.**
- **According to CBR calculations, the budget plans savings on investment next year of EUR 624 million compared with the long-term average. The structure of expenditure has thus shifted towards current expenditure.**
- **For 2028 and 2029, the draft budget lacks measures to meet the government's targets; according to the CBR, the need for additional consolidation amounts to as much as 2.1% of GDP (EUR 3.4 billion).**
- **According to the CBR, gross debt will thus rise to 65.9% of GDP in 2027 and, without additional consolidation of public finances, will reach 70% of GDP as early as 2028. Stabilising debt would require halving the deficit to 2.5% of GDP.**
- **Next year, debt will reach EUR 98.4 billion, while the safe debt level is estimated at around EUR 74.7 billion. Slovakia therefore lacks a sufficient fiscal buffer in the event of a major unexpected crisis.**
- **For the second year in a row, the government has failed to fulfil its constitutional obligation to submit to Parliament a proposal of measures to reduce debt.**
- **According to the CBR, the government is circumventing the obligation to submit a balanced or surplus budget with non-increasing expenditure through a purpose-driven and incorrect application of the escape clause.**
- **According to the CBR estimate, the draft budget contributes to a deterioration in the long-term sustainability indicator by 0.6 p.p. of GDP (EUR 880 million), as it increases expenditure on pensions, healthcare and wages. With this indicator in the high-risk zone, the draft budget also**

fails to meet the requirement to protect the long-term sustainability of public finances under Article 55a of the Constitution of the Slovak Republic.

- **The 2027 deficit is returning to its level at the beginning of the electoral term, but with higher debt and higher expenditure, which significantly exceeds record-high revenue. Moreover, the deficit tends to rise above 6% of GDP, while further consolidation will be objectively more difficult, also in view of low economic growth and the revenue measures already implemented.**

In its draft budget for 2027, the government does not plan to continue consolidation, even though the measures taken so far have not been sufficient to halt the growth of debt, to which it committed itself in the Programme Statement of the Government¹. According to the CBR estimate, the draft budget instead worsens long-term sustainability. The need for further measures is being shifted to subsequent years, when higher debt and rising debt service costs, a record-high tax burden and a more slowly growing economy will make fiscal repair even more difficult.

At the same time, the government repeatedly fails to meet its budget targets and is retreating from the originally declared pace of fiscal consolidation. As recently as 2024, it set the deficit target for 2027 at 3% of GDP and subsequently raised it gradually to the current 4.9% of GDP, which means missing the original target by almost EUR 3 billion. Previous budgets did not contain sufficient measures to meet the targets in subsequent years either, and this shortcoming persists in the current draft. The government also attributes its failure to meet the set targets to unfavourable developments in the external economic environment, but it has not presented a transparent quantification of their contribution or a breakdown of the other causes of non-compliance. The performance of the domestic economy is, however, also affected by the scale and composition of consolidation measures. Repeated failure to meet the originally set targets, together with the lack of measures to achieve them, undermines the credibility of budget planning.

Consolidation to date has imposed tangible costs on households and businesses, which are not matched by the extent of the lasting improvement in public finances. The measures have focused mainly on increasing taxes and contributions, while their composition, as well as recurring annual uncertainty, has dampened economic growth and investment activity. A significant part of their favourable budgetary effect has been absorbed by new expenditure, and part of the revenue was only temporary. The need for further consolidation therefore remains high even after several packages. Prolonging the entire process increases the risk of consolidation fatigue and loss of public support, as households and businesses are already bearing the costs of the measures, yet the stabilisation of public finances remains distant. At the same time, uncertainty about the future development of taxes and public services persists.

The consequences of the draft budget extend beyond 2027. Increasing permanent expenditure without corresponding permanent financing and the gradual loss of temporary revenue are burdening future budgets. Without additional measures, the deficit will rise to 6.1% of GDP by 2029. Yet the draft does not specify the measures needed to achieve the declared targets for 2028 and 2029. The submitted multi-annual framework thus does not demonstrate how the government will ensure a correction. What is missing is a strategy based on specific and quantified measures that would set out

¹ According to the statement of the Minister of Finance of 17 December 2023, the government planned to consolidate by 0.5% of GDP in the first year and at a pace of 1% of GDP in subsequent years, so that the deficit would fall to 3% of GDP in 2027.

their timing, take into account their economic and social consequences and create a credible path towards debt stabilisation.

The draft budget does not yet build on Vision Slovakia 2040 (*Vízia Slovensko 2040*), which the government itself approved only a few weeks earlier. The Vision envisages a gradual move towards a balanced budget and a decline in public debt below 50% of GDP. Nor does the budget significantly reflect the long-standing recommendations of the Council of the EU and the OECD to better target social transfers and to shift a larger part of consolidation to structural measures on both the expenditure and revenue sides. The draft thus does not yet show reform steps that would support competitiveness and higher growth and improve the health of public finances.

A sustainable improvement in public finances requires both a lasting reduction in the deficit and support for the economy's growth potential. Economic growth alone, under the current setting of revenue and expenditure, is not sufficient to halt the growth of debt. It will therefore be crucial whether the government presents feasible measures with a lasting effect, limits the adoption of new unfunded commitments and chooses an approach that weakens investment and productivity as little as possible.

Government draft budget

The draft general government budget for 2027–2029 was approved by the government on 5 October 2026, midway through the first working day after the budget had been published. It was then immediately referred to the ongoing 61st session of the National Council of the Slovak Republic².

After three rounds of consolidation, the government declares in the draft general government budget for 2027–2029 a slight loosening of fiscal policy in 2027 and postpones the return to consolidation to subsequent years. It justifies this approach by unfavourable economic conditions and geopolitical uncertainty. Compared with its plan of April 2026, the government has loosened the target by EUR 1.1 billion, even though the forecast of tax and social contribution revenue has improved in the meantime and forecast economic growth will double year on year compared with 2026.

Compared with last year's draft budget, the emphasis of the government's declared fiscal strategy is thus changing. Only a year ago, the budget for 2026–2028 stressed the necessity of continuing consolidation in order to reduce the deficit below 3% of GDP by 2028 and to stabilise debt developments. The current draft, by contrast, places greater emphasis on financing government priorities and allows for a deviation of almost EUR 3 billion from the original target of 3% of GDP³. The government is thus presenting a budget that has completely abandoned the stabilisation of public debt, even over the postponed medium-term horizon up to 2029.

² The draft budget was first published on Sunday, 4 October 2026, as a document submitted for discussion to the Economic and Social Council of the Slovak Republic. After its approval by the government on 5 October, it was placed on the agenda of the 83rd meeting of the Committee of the National Council of the Slovak Republic for Finance and Budget, held as early as 7 October <https://www.nrsr.sk/web/Dynamic/DocumentPreview.aspx?WFTID=NRDK&MasterID=328380>. Only three working days thus elapsed between the first publication of the budget and its discussion by the lead committee of the National Council, an unprecedentedly short period in the history of state budget approval. As last year, and contrary to established practice, the CBR was not officially invited under the finance committee's agenda, which allowed the chair of the finance committee to limit the time for presenting the CBR's opinion to 1.5 minutes. Thus, no opportunity was provided to present the CBR's opinion.

³ Compared with last year's draft budget, the government has raised the deficit target for 2027 from 3.5% to 4.94% of GDP and for 2028 from 2.8% to 4.5% of GDP. Reducing the deficit below 3% of GDP is no longer part of the declared targets over the horizon of the current draft budget, as the government sets a target of 4% of GDP for 2029 as well.

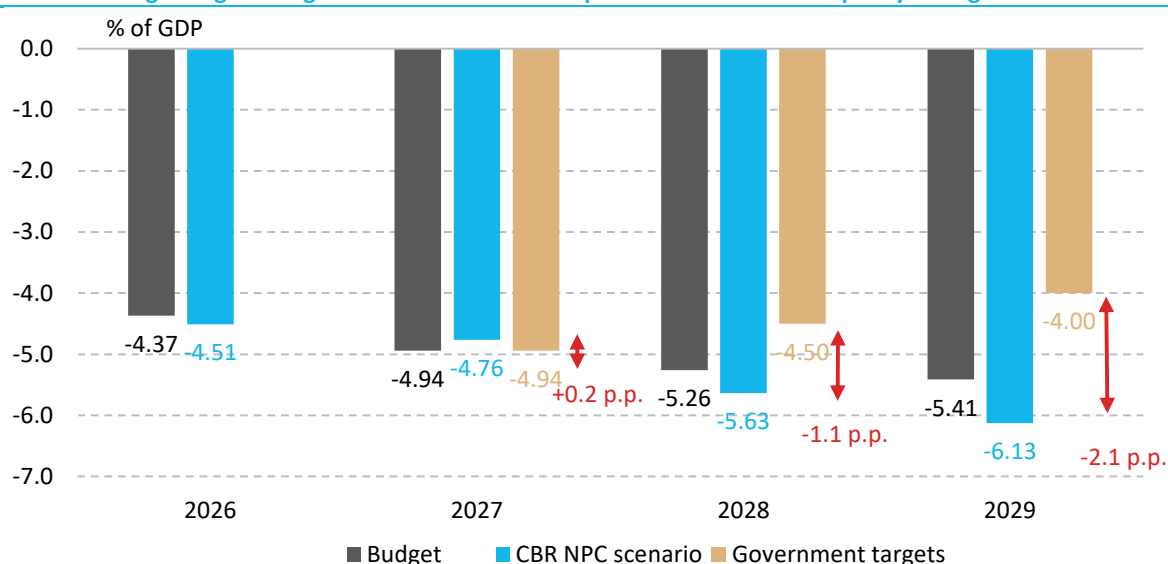
Table 1: Comparison of budget targets approved by the government

(% of GDP)	2026	2027	2028
1. Medium-term fiscal-structural plan (October 2024)	-3.7	-3.0	-2.2
2. General government budget 2026–2028 (October 2025)	-4.1	-3.5	-2.8
3. Annual progress report on the implementation of the medium-term plan (April 2026)	-4.3	-4.2	-4.1
4. Draft general government budget 2027–2029 (October 2026)	-4.4	-4.9	-4.5

Source: MoF SR

In 2026, compared with the originally budgeted general government deficit of 4.1% of GDP, the government currently estimates the deficit at 4.4% of GDP. The draft budget for 2027 assumes a deficit of 4.9% of GDP. In subsequent years, budgeted revenue and expenditure lead to a further increase in the deficit to 5.3% of GDP in 2028 and 5.4% of GDP in 2029.

Chart 1: Budgeted general government balance compared with the CBR no-policy-change scenario



Source: MoF SR, CBR

At the same time, the government declares a target of reducing the deficit only to 4.5% of GDP in 2028 and 4.0% of GDP in 2029. However, the draft budget does not contain the additional measures needed to achieve these targets. The difference between the budgeted deficit and the declared target amounts to 0.8% of GDP in 2028 and 1.4% of GDP in 2029⁴.

According to the Ministry of Finance, the draft budget for 2027 complies with the (incorrectly calibrated) European net expenditure growth path, making use of the national escape clause for defence expenditure. The government states that, in setting the deficit, it does not make full use of the room provided by this clause. Expenditure falling under the expenditure ceiling is EUR 474 million lower in 2027 than the calculated ceiling. In 2028 and 2029, however, it exceeds the ceiling according to the draft by EUR 458 million and EUR 2.78 billion, respectively. Further consolidation measures will therefore also be needed to comply with the expenditure ceilings in these years.

⁴ In monetary terms, this amounts to approximately EUR 1.2 billion in 2028 and EUR 2.3 billion in 2029. The CBR calculation is based on the unrounded difference between the budgeted deficits and the government's declared targets (0.76% and 1.41% of GDP) and on the MoF SR nominal GDP forecast included in the draft budget for 2027–2029.

The gross debt forecast in the draft budget assumes an increase from 61.4% of GDP in 2025 to 63.4% of GDP in 2026 and 66.3% of GDP in 2027. The subsequent rise to 68.4% of GDP in 2028 and 69.6% of GDP in 2029 is conditional on achieving the declared deficit targets, i.e. on adopting additional consolidation measures that have not yet been specified. Without these measures, the Ministry of Finance projects debt at 69.2% of GDP in 2028 and 71.8% of GDP in 2029. Regardless of the projected debt path, debt has exceeded the upper limit of the sanction thresholds of the constitutional act since 2020 and, according to the government, will remain above this limit throughout the forecast period, moving significantly further away from it.

Even if the government's declared budget targets are achieved, gross debt will continue to rise from 63.4% of GDP in 2026 to 69.6% of GDP in 2029. It follows that **with this draft budget, the government still fails, even belatedly, to comply with the applicable debt brake sanction, which requires the submission of a proposal of measures to reduce debt.**

Table 2: Comparison of the expected balance and debt in the draft budget with the CBR estimate (without additional measures)

(% of GDP)	2025	2026	2027	2028	2029
Balance in the draft budget 2027–2029 (government targets)	-4.5	-4.4	-4.9	-4.5	-4.0
Gross debt in the draft budget 2027–2029 (government targets)	61.4	63.4	66.3	68.4	69.6
1. Budget balance – draft budget 2027–2029	-4.45	-4.37	-4.94	-5.26	-5.41
2. Budget balance – CBR estimate	-4.45	-4.51	-4.87	-5.53	-6.09
difference (2-1)	0.0	-0.1	0.1	-0.3	-0.7
3. Gross debt – draft budget 2027–2029	61.4	63.4	66.3	69.2	71.8
4. Gross debt – CBR estimate	61.4	63.5	65.9	70.0	73.5
difference (4-3)	0.0	0.1	-0.4	0.8	1.7
<i>p.m. Upper debt limit under the constitutional act</i>	<i>52.0</i>	<i>51.0</i>	<i>50.0</i>	<i>50.0</i>	<i>50.0</i>

Source: MoF SR, CBR

CBR evaluation

- The year 2026 is the starting point for the preparation of the Draft General Government Budget for 2027–2029. Based on current information, **the deficit in 2026 may reach 4.5% of GDP according to the Council⁵**. Compared with the government's current estimate, this represents a less favourable starting position (the deficit estimated by the Council is higher by 0.1% of GDP).
- **According to the Council's estimate, the deficit in 2027 may reach 4.9% of GDP, which is 0.1% of GDP less than the budget target.** The Council's estimate assumes that the budgeted reserve for adverse economic developments will not be used and takes into account the expected reduced volume of defence expenditure. From this perspective, and on the basis of currently available information, **the intention to achieve a deficit of 4.9% of GDP in 2027 can be assessed as realistic.**

⁵ The deficit estimate increased because the defence expenditure estimates from the budget were adopted.

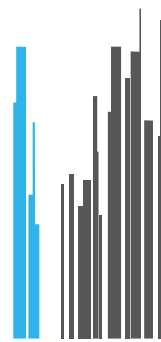


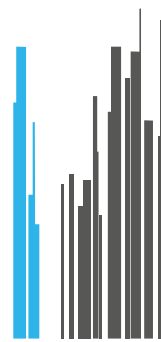
Table 3: Most significant differences between the CBR estimate and the draft budget

	EUR million	% of GDP
1. General government balance in 2027 – draft budget	-7,443	-4.9
2. General government balance in 2027 – CBR estimate	-7,265	-4.9
3. Difference (2-1), of which	178	0.1
Most significant negative impacts		
- Underestimation of local government expenditure	-436	-0.3
- Higher healthcare expenditure	-111	-0.1
- Lower non-tax revenue	-58	-0.0
Most significant positive impacts		
- Lower current expenditure of the state budget	244	0.2
- Lower capital expenditure of the state budget	196	0.1
- Non-use of budget reserves	176	0.1
- Higher tax and social contribution revenue	155	0.1
Other impacts*	12	0.0

* the figure expressed in % of GDP also includes the effect of a different denominator, given the higher level of nominal GDP assumed in the draft budget

Source: MoF SR, CBR

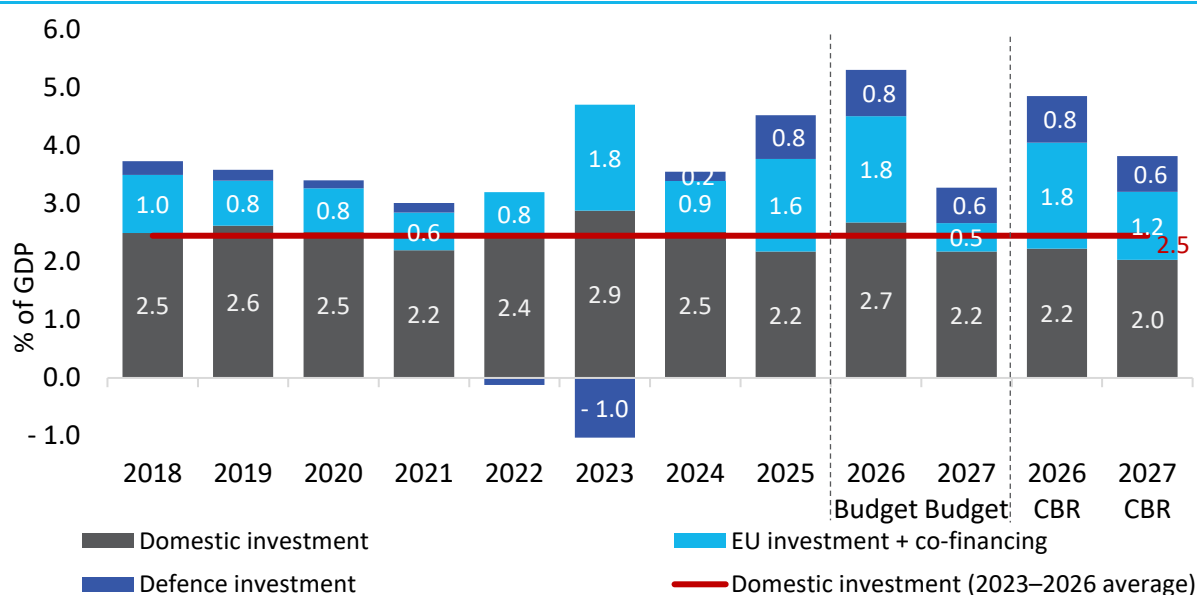
- The following downside risks were identified within the budget structure:
 - **Underestimation of local government expenditure** (EUR 436 million): the CBR forecast expects a slight slowdown in capital spending in 2027 following the year of the 2026 municipal elections, but does not assume savings as large as those in the government budget. Slightly higher spending is also expected in current expenditure items, in particular compensation of employees, where wage indexation in regional education has been announced, as well as an increase in the number of regional education staff. Compared with the assumptions of the draft budget, the CBR also assumes higher purchases of goods and services at the local government level.
 - **Higher healthcare expenditure** (EUR 111 million): the CBR forecast is based on slightly higher estimated spending on healthcare in 2026, which also carries over into subsequent years. At the same time, the CBR assumes that payouts to shareholders of private health insurance companies will continue at the levels of previous years, whereas the draft budget does not envisage such a transaction.
 - **Lower non-tax revenue** (EUR 58 million): the negative impact of EUR 100 million compared with the draft budget relates to the assumed non-realisation of a reimbursement from the European Peace Facility, in view of the published position of the Ministry of Defence of the Slovak Republic. This shortfall is partly offset by higher expected revenue from administrative fees, where the CBR relies on the ongoing collection trend.
- The downside risks mentioned above are offset by positive deviations:
 - **Lower current expenditure of the state budget** (EUR 244 million): the CBR expects a lower level of operating expenditure (expenditure on wages and on goods and services) and of expenditure on subsidies compared with the budgeted amount. The current CBR estimate is based on spending developments in 2026 and current macroeconomic assumptions, and includes adopted measures, including the new expenditure presented in the draft budget (in particular expenditure on wage indexation, anti-drought measures and expenditure related to the national nuclear programme).
 - **Lower capital expenditure of the state budget** (EUR 196 million): the difference stems mainly from a different view of the timeline of hospital investments. The draft budget



assumes a significant year-on-year increase in the transfer financing this expenditure in 2027 to EUR 608 million, followed by a sharp drop to EUR 374 million in 2028 and to zero in 2029. By contrast, in view of historical experience with slower and more even implementation of investment projects, the CBR expects a capital transfer of EUR 377 million in 2027, with expenditure remaining at similar levels in subsequent years. The saving compared with the 2027 budget is therefore temporary and implies a downside risk for 2029.

- **Non-use of budget reserves** (EUR 176 million): the CBR identifies a possible significant saving within the current reserves of the state budget, which are assumed not to be used for expenditure. This concerns mainly the reserve intended to address adverse impacts of budgetary developments, which is budgeted at EUR 150 million.
- **Higher tax and social contribution revenue** (EUR 155 million): in its tax forecast, the CBR expects corporate income tax revenue to be higher than in the proposed budget by EUR 122 million. This increase relates to higher estimated tax revenue in 2025, which subsequently also carries over into the forecast for the following years. The higher estimated corporate tax revenue in 2025 reflects the latest collection data, which were not known at the time the draft budget was prepared. The CBR also expects more favourable developments in VAT, for which it forecasts revenue higher by EUR 79 million.
- **The expected deficit is rising in 2027 despite the assumed reduction in public investment.** Compared with average investment excluding defence and EU funds over the last four years of 2.5% of GDP, the level estimated by the CBR of 2.0% of GDP is lower by EUR 624 million, which contributes to a temporary reduction in the deficit. The draft budget itself assumes a more pronounced year-on-year decline in domestic investment from the expected 2.7% to 2.2% of GDP, which implies a decline of EUR 412 million compared with the long-term average.

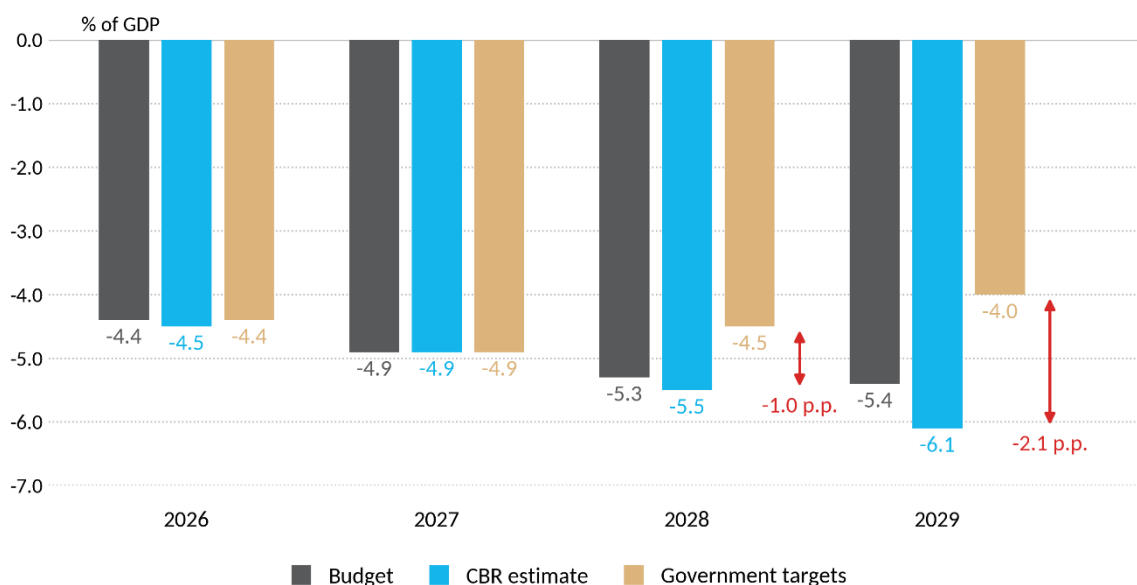
Chart 2: Structure of public investment – long-term trends and outlook for 20272



Source: SO SR, MoF SR, CBR

- For the purposes of this evaluation, the CBR assumes defence expenditure developments in line with the draft budget, but at the same time draws attention to the risks associated with this area of public finances:
 - **The 2027 budget assumes a temporary decline in defence expenditure.** According to the budget, defence expenditure under the COFOG classification of the functions of government in the ESA 2010 methodology falls from EUR 2.8 billion in 2026 to EUR 2.5 billion in 2027⁶. The decline is temporary and relates mainly to a reduction in investment from approximately EUR 1.2 billion in 2026 to EUR 920 million in 2027, followed by an increase to EUR 1.5 billion in 2028 and EUR 1.9 billion in 2029. According to an alternative estimate compiled from information on military equipment reported in the media, investment in 2027 could reach approximately EUR 1.4 billion, which would mean exceeding budgeted expenditure by EUR 437 million (0.3% of GDP).
 - **Additional uncertainty relates to the timing of deliveries of military equipment.** Payments for its procurement may be made in advance, but under the ESA 2010 methodology the expenditure is reflected in the deficit only upon delivery⁷. A higher volume of deliveries in 2027, whether as a result of earlier delivery or a shift from 2026, could therefore increase the deficit even without an increase in cash expenditure in that year. Postponing deliveries does not represent a permanent saving, but rather a shift of their impact on the deficit to subsequent years.

Chart 3: CBR and MoF SR estimates of the general government balance in 2026–2029



Source: MoF SR, CBR

⁶ The government communicated an increase in defence expenditure in the budget; however, these are cash expenditures under the NATO methodology, which increase from 2.0% of GDP to 2.2% of GDP. This increase consists entirely of so-called other defence expenditure under the NATO methodology, which, however, according to the draft budget, neither fall under the Ministry of Defence nor have a purpose of use related to defence.

⁷ For the purposes of the ESA 2010 methodology, delivery means the transfer of economic ownership, which need not coincide in time with the physical delivery of the equipment to the territory of Slovakia.

- In subsequent years, the CBR estimates under unchanged policies an increase in the deficit to 5.5% of GDP in 2028 and 6.1% of GDP in 2029. The CBR deficit estimate is higher than in the government's draft budget by 0.3% of GDP in 2028 and by 0.7% of GDP in 2029. Moreover, compared with its declared targets, the government lacks specified measures worth 1.0% of GDP in 2028 and an additional 1.1% of GDP in 2029.
- If the announced abolition of the transaction tax from 2028 goes ahead and some expenditure continues after 2027 (a new nuclear power plant⁸, addressing climate change⁹) without its impact being offset, the deficit could reach 6.0% of GDP in 2028 and 6.5% of GDP in 2029.

Table 4: Overview of key indicators of the draft budget under the CBR scenario

(ESA 2010, % of GDP)	2025	2026	2027	2028	2029
General government balance	-4.5	-4.5	-4.9	-5.5	-6.1
Structural balance	-4.7	-4.2	-4.7	-5.5	-6.1
Structural balance (defence fixed at 2% of GDP)	-4.7	-4.4	-5.0	-5.5	-6.0
General government gross debt	61.4	63.5	65.9	70.0	73.5
General government net debt	54.4	56.0	58.7	62.5	66.5

Source:
CBR

- According to the Council's estimate, the structural deficit will reach 4.2% of GDP in 2026, a temporary year-on-year decline of 0.4 p.p. of GDP. The improvement will be driven by the government's consolidation measures adopted in 2025 and lower defence expenditure. In 2027, however, the structural deficit will deepen by 0.5 p.p. of GDP to 4.7% of GDP, mainly as a result of the government's expansionary fiscal policy and the interruption of consolidation. In subsequent years, its deepening will be driven by rising interest costs¹⁰, newly adopted government measures with a permanent negative impact on the general government balance¹¹, as well as the expiry of measures that increase budget revenue only temporarily¹². Without the adoption of additional measures, the structural deficit will thus reach 6.1% of GDP in 2029. Taking risks into account, the structural deficit could reach as much as 6.5% of GDP.

Table 5: Developments in the general government structural balance

(% of GDP)	2025	2026	2027	2028	2029
1. General government balance	-4.5	-4.5	-4.9	-5.5	-6.1
2. Cyclical component	-0.1	-0.3	-0.2	-0.1	0.0
3. One-off effects	0.3	0.0	0.1	0.1	0.0
Structural balance (1-2-3)	-4.7	-4.2	-4.7	-5.5	-6.1

⁸ The draft budget includes expenditure of EUR 100 million for 2027 earmarked for the National Nuclear Programme, which relates to the construction of a new nuclear power source. No expenditure is budgeted for subsequent years.

⁹ The draft budget includes expenditure of EUR 100 million for 2027 earmarked for measures against drought, for water retention in the landscape and against the consequences of climate change, following the establishment of the National Commission for Water and Drought. No expenditure is budgeted for subsequent years.

¹⁰ This is a consequence of the rise in interest rates on financial markets after 2022, which is gradually feeding into higher interest costs, as well as of the impact of high deficits that need to be refinanced. The CBR estimates that between 2025 and 2030, interest costs will contribute to a deterioration of the structural balance by 0.8% of GDP.

¹¹ Indexation of salaries of employees in the civil service and of employees performing work in the public interest, an increase in the number of employees in state and public administration, personal income tax (PIT) exemption for mothers of four children, an increase in the child allowance for school attendance and on first school enrolment, a meal subsidy for 3- and 4-year-old children in kindergarten, an increase in the childbirth allowance and others.

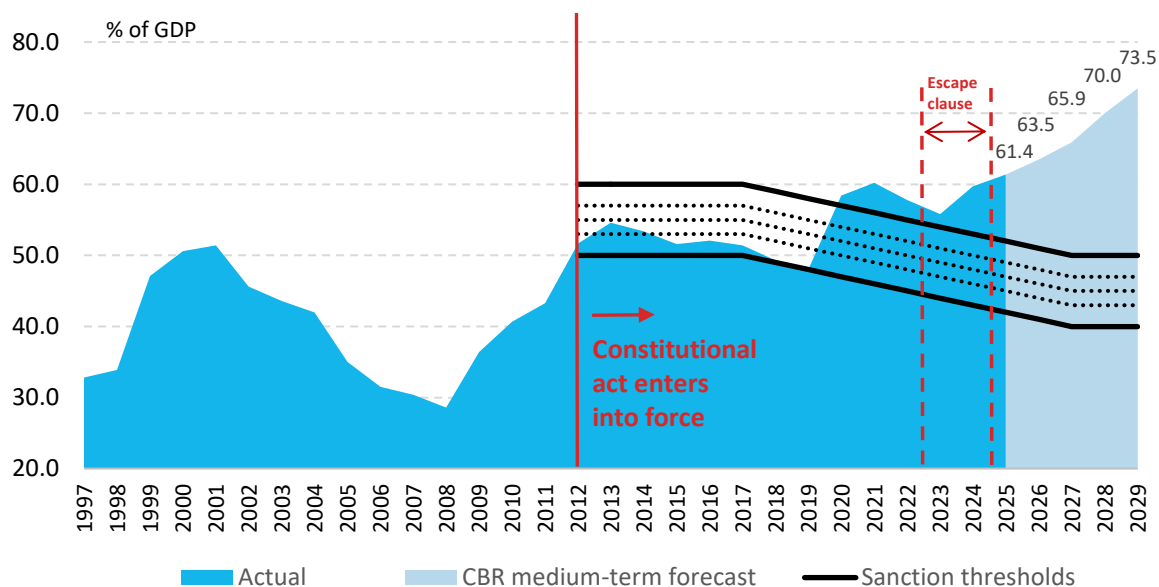
¹² These are the temporary increase in the levy on financial institutions and the increase in the health insurance contribution rate by 1 p.p. until 2027.

4. Interest costs	-1.5	-1.6	-1.8	-2.1	-2.4
Primary structural balance (1-2-3-4)	-3.1	-2.6	-2.9	-3.4	-3.7
Structural balance (defence at 2% of GDP)	-4.7	-4.4	-5.0	-5.5	-6.0
Primary structural balance (defence at 2% of GDP)	-3.1	-2.7	-3.2	-3.4	-3.6

Source: CBR

- According to the European Commission, Slovakia also recorded the fourth-highest primary structural deficit in 2025, which is the main reason for the unsustainable increase in debt in the future.
- The CBR estimates that during 2026 the gross debt-to-GDP ratio will increase from 61.4% of GDP to 63.5% of GDP. It will then rise to 65.9% of GDP in 2027. Next year, Slovakia will thus reach debt of EUR 98.4 billion, while the safe debt level is estimated at around EUR 74.7 billion.
- **Over the medium term, without fiscal consolidation after 2027, gross debt would continue to rise sharply, reaching 73.5% of GDP at the end of 2029.** In this scenario, net debt would reach 66.5% of GDP, an increase of 12.1 p.p. compared with the end of 2025.
- **To stabilise gross debt, the general government deficit needs to be reduced to approximately 2.5% of GDP; in 2027, public finances are EUR 3.5 billion away from this target.** With a corresponding consolidation effort, gross debt would stabilise over the medium term at approximately 66% of GDP¹³.

Chart 4: General government gross debt developments



Note: Figures for 2026–2029 are CBR estimates.

Source: SO SR, CBR

- **According to the CBR estimate, the draft general government budget worsens the long-term sustainability indicator by 0.6 p.p. of GDP compared with the no-policy-change scenario.** The deterioration is driven mainly by the agreed increase in public sector wages, measures in the

¹³ The illustrative calculation assumes a gradual decline in the general government deficit from 4.8% of GDP in 2027 to 4.0% of GDP in 2028, 3.3% of GDP in 2029 and 2.5% of GDP in 2030. In such a scenario, stabilised gross debt would reach 66.3% of GDP at the end of 2030.

social¹⁴ and tax areas, additional expenditure resulting from the approved amendment to the Act on Medicinal Products and compensation of costs for energy-intensive companies. The impact of these measures on the budget balance is partly mitigated by temporarily lower investment. However, a decline in investment below its four-year average cannot be considered a permanent saving and therefore does not improve long-term sustainability. In constructing the baseline scenario, the CBR therefore uses the four-year average of selected investment expenditure, thereby limiting the effect of its year-on-year fluctuations on the sustainability assessment. Nor does a temporary increase in economic activity and budget revenue induced by the fiscal expansion represent a permanent improvement in public finances; it is therefore not reflected in the change in the indicator.

Beyond this estimate, long-term sustainability could worsen by a further 0.4 p.p. of GDP if additional risks were to materialise and their impacts were not offset by permanent measures. These include the possible abolition of the financial transaction tax and the continuation of expenditure related to climate change and nuclear energy after 2027.

Table 6: Primary structural balance and the long-term sustainability indicator

(% of GDP)	2026	2027	2028	2029	impact on LTSI
1. CBR estimate (excluding temporary effects in defence)	-2.7	-3.2	-3.4	-3.6	
2. CBR NPC scenario	-2.7	-3.0	-3.5	-3.6	
3. Difference (1-2)	0.0	-0.2	0.0	0.0	
Contributions:		-0.2	0.0	0.0	0.6
- tax and social measures		-0.1	-0.1	-0.1	0.2
- increase in wage costs		-0.1	-0.1	-0.1	0.1
- temporary expenditure measures (nuclear, drought)		-0.1	0.0	0.0	0.0
- other expenditure measures (mainly medicines, subsidies)		-0.1	-0.2	-0.3	0.3
- temporary decline in capital expenditure below the 4-year average		0.4	0.4	0.4	-
- increase in unspecified defence expenditure*		-0.2	-0.2	-0.2	-
- other effects (macro)		0.0	0.2	0.2	-

Source: CBR

Note: In the "impact on LTSI" column, (+) denotes a deterioration and (-) an improvement in the long-term sustainability indicator (LTSI)

* These are other defence expenditures under the NATO methodology which, according to the draft budget, neither fall under the Ministry of Defence nor have a purpose of use related to defence.

¹⁴ In the case of the increase in the minimum pension for seniors aged over 85, the negative impact on long-term sustainability of 0.12% of GDP is greater than the immediate impact on the 2027 balance of 0.02% of GDP.

Annex 1 – Evaluation from the perspective of fiscal responsibility rules and the budget process

According to the CBR, the draft budget was not submitted in accordance with the Constitutional Act on Fiscal Responsibility, nor does it meet the requirement to protect the long-term sustainability of public finances under Article 55a of the Constitution of the Slovak Republic.

Table 7: Obligations under Article 12 of the constitutional act and the content of the submitted draft

Provision	What the constitutional act requires	What the submitted draft contains
Art. 12(5)(c)	a draft budget with non-increasing expenditure compared with the approved budget of the previous year	year-on-year growth of expenditure as defined by law ¹⁵ of 5.8%
Art. 12(6)(a)	a draft general government budget without a budgeted deficit	a deficit of 4.94% of GDP. The Main Book (<i>Hlavná kniha</i>) refers to task B.1 of Government Resolution No. 407/2026; neither the obligation nor the application of the exception is mentioned in the documentation
Art. 12(10)(b)	a finding by the Ministry of Finance that the said expenditure exceeded 3% of GDP, which, according to the Constitutional Court, must be verifiable	a finding approved by Government Resolution No. 407/2026. The accompanying material breaks the amount down into six items but states no source, methodology or international treaty. The budget documentation does not quantify them at all
Art. 12(4)(a)	to submit to the National Council of the Slovak Republic a proposal of measures to reduce debt	not submitted in 2025 or 2026, last submitted in July 2024; not included in the budget documentation either
Art. 12(2)	a procedure “aimed at reducing debt”	debt rises from 61.4% of GDP (2025) to 71.8% of GDP (2029); the upper limit falls to 50% of GDP from 2027

Source: Main Book of the Draft General Government Budget for 2027–2029, Government Resolution of the Slovak Republic No. 407/2026, Report on the Evaluation of Compliance with the Rules for 2025.

The draft budget was not submitted without a budgeted deficit

The government submitted a draft general government budget with a deficit of 4.94% of GDP, even though the constitutional act requires it to submit the draft without a budgeted deficit. Debt has been above the upper limit of the highest sanction threshold for the sixth year in a row, standing at 61.4% of GDP for 2025. The escape clause expired on 22 November 2025, so the sanctions of the third to fifth thresholds apply in full. 2027 is the first budget year of this electoral term that the government is preparing while they are fully in force¹⁶.

The budget documentation does not address this obligation. The Main Book states that the draft is submitted “in accordance with task No. B.1 of Resolution of the Government of the Slovak Republic No. 407/2026 on the Draft Finding”; it thus confirms that the government relied on the finding, but it

¹⁵ This refers to consolidated general government expenditure less expenditure on state debt management, European Union funds, state budget funds for financing joint programmes of the Slovak Republic and the European Union, the contribution to the European Union and expenditure on remedying damage caused by natural disasters. According to the CBR, this expenditure was budgeted at EUR 60,085 million in 2026 and amounts to EUR 63,558 million in the draft budget for 2027, an increase of 5.8%.

¹⁶ Main Book of the Draft General Government Budget for 2027–2029 (MF/017690/2026-41), Table 12. The general government budget deficit amounts to EUR 7,443 million, and the state budget deficit under Section 1(2) of the draft act to EUR 7,754 million.

neither states nor justifies its legal consequences. Neither the obligation to submit a draft without a deficit nor the 36-month exception is mentioned in it, and the material describes itself as a “balanced compromise” between the Programme Statement of the Government and the fiscal rules of the European Union, while neither the constitutional act nor Article 55a of the Constitution of the Slovak Republic is listed among the requirements being balanced. The explanatory memorandum contains a single sentence on constitutionality, without any justification; the National Council of the Slovak Republic has therefore not received in writing the legal basis for a deficit budget¹⁷.

The draft does not pursue the objective set by the constitutional act, namely a reduction in debt.

The rise in debt is a direct consequence of the budgeted deficits. According to the budget itself, gross debt rises from 61.4% of GDP in 2025 to an estimated 73.5% in 2029. At the same time, the upper limit under the constitutional act decreases every year and from 2027 remains at 50% of GDP, its final level after the end of the transitional period. The gap between debt and this limit widens over the entire budget horizon. In this regard, the draft budget states that halting debt growth would require reducing the deficit “well below 3% of GDP”, whereas the constitutional act sets out a procedure “aimed at reducing debt”¹⁸.

The conditions of the finding concerning the escape clause on which the government relies have been neither demonstrated nor are they verifiable

Neither the National Council of the Slovak Republic nor the Council has at its disposal the underlying documents that would allow the finding to be verified. The budget documentation does not quantify the expenditure on which the finding is based at all. The material approved by the government in Resolution No. 407/2026 breaks it down into six items, but apart from a general reference to the spring notification it states no data source or methodology for any of them and does not identify a single international treaty¹⁹. In a letter of 24 September 2026, the Council asked the Ministry of Finance of the Slovak Republic for the data sources, the methodology and the identification of the treaties, with a deadline of 30 September, and received no reply by the cut-off date of this evaluation²⁰. The Constitutional Court of the Slovak Republic applies the exception to circumstances that arose “suddenly, unexpectedly and could not have been prepared for”, and to expenditure where non-payment would constitute a breach of a specific obligation under international law, while the

¹⁷ Main Book: summary, p. 7 (reference to task No. B.1 of Government Resolution of the Slovak Republic No. 407/2026 of 23 September 2026, material MF/042971/2026-2A) and p. 10 (“balanced compromise”). General part of the explanatory memorandum to parliamentary print 1555.

¹⁸ Main Book, Chapter 2.5. The value of 71.8% of GDP in 2029 corresponds to the debt path under the measures included in the budget. If the budget targets were met, including the additional consolidation after 2027 that the budget does not contain, debt would reach 69.6% of GDP. The material also states that halting debt growth would require reducing the deficit “well below 3% of GDP” and “will take place across electoral terms”. Art. 12(2) of Constitutional Act No. 493/2011 Coll., point 44 of the ruling of the Constitutional Court of the Slovak Republic, file ref. PL. ÚS 6/2026, of 17 June 2026 (180/2026 Coll.).

¹⁹ CBR, [Report on the Evaluation of Compliance with Fiscal Responsibility Rules and Fiscal Transparency Rules for 2025](#), August 2026. Box 3 describes in more detail the interpretative principles that must underpin the assessment of whether the conditions for applying the exception to the debt brake sanctions are met. [The material](#) approved by the government on 23 September 2026 does not take these principles into account.

²⁰ In letter No. LRRZ/2026-07 of 24 September 2026, the CBR asked the MoF SR for the underlying documents for the finding approved by Government Resolution No. 407/2026, namely the data sources and methodology used for the individual items, the identification of the international treaties from which the individual expenditure items arise, and an assessment of the criteria set out in point 34 of the ruling, file ref. PL. ÚS 6/2026, with a deadline for reply of 30 September 2026.

designated bodies must “verifiably establish” the finding itself. If the underlying documents are not made available to anyone who could verify them, this is not a verifiable finding but a mere assertion. The Council maintains its opinion of 23 September 2026, in which it described the government’s arguments as unfounded and purpose-driven²¹.

Table 8: Items of the finding under Art. 12(10)(b) and their assessment

Item	Amount 2025 (EUR million)	Preliminary assessment by the Council
Defence expenditure	2,706.1	The North Atlantic Treaty does not lay down a specific level of defence expenditure; politically agreed targets (spending 2% of GDP on defence) are not a specific legally binding obligation. Moreover, in the finding the government counts defence expenditure in its entirety.
Contributions to the European Union	993.1	This is a regular expenditure item which, after twenty years of membership, can be budgeted several years in advance. The constitutional act names it separately in Art. 12(5), but does not list it among the triggers of the exception. Its inclusion also ignores the positive economic dimension of EU membership, including revenue that exceeds expenditure.
Co-financing	594.4	Neither the use nor the co-financing of EU funds is an obligation arising from an international treaty; it is a voluntary decision by Slovakia and a planned expenditure. The constitutional act likewise names it separately and does not list it among the triggers.
Contributions to international organisations	60.4	These are regular expenditures budgeted in advance, not increased expenditures caused by a sudden circumstance.
Contributions to the European Development Fund	3.0	This is a regular expenditure item budgeted in advance.
Natural disasters	31.3	The only item that could potentially meet the criteria of suddenness and unpredictability, provided it is clearly documented. It represents only 0.02% of GDP.
Total according to the MoF SR finding	4,388.4	3.21% of GDP
<i>p.m. 3% of GDP threshold</i>	<i>4,102.6</i>	<i>Excess of EUR 285.8 million, i.e. 0.21 percentage points.</i>

Source: the amounts are taken from the government’s own material on the Draft Finding approved by Government Resolution of the Slovak Republic No. 407/2026; the assessment is the opinion of the Council. GDP for 2025 amounts to EUR 136,754.3 million.

The Ministry of Finance’s interpretation of the conditions of the exception is also considered contentious by some Members of the National Council of the Slovak Republic and will therefore be the subject of proceedings before the Constitutional Court of the Slovak Republic²². The current situation increases legal uncertainty in the preparation and approval of budgets across the entire general government. For territorial self-government, the consequence is more direct than for the state. The constitutional act prescribes to the government the manner in which the draft is submitted,

²¹ Letter of the Council to the Ministry of Finance of the Slovak Republic No. LRRZ/2026-07 of 24 September 2026 pursuant to Art. 4(2) of the constitutional act, with a deadline of 30 September 2026. Opinion of the Council of 23 September 2026 on the Draft Finding.

²² This is a [petition](#) by a group of Members of the National Council of the Slovak Republic for an interpretation of Art. 12(10)(b) and Art. 12(7) in conjunction with Art. 12(6)(a) and Art. 13 of Constitutional Act No. 493/2011 Coll. on Fiscal Responsibility pursuant to Art. 128 of the Constitution of the Slovak Republic, registered with the Constitutional Court of the Slovak Republic under file ref. 2745/2026. The Council is not a party to the proceedings.

whereas for municipalities and higher territorial units it prescribes the outcome, namely the obligation to approve only a balanced or surplus budget with a limit on expenditure growth²³.

Government measures worsen long-term sustainability by 0.6 p.p. of GDP

According to the CBR, the draft worsens the long-term sustainability of public finances, which is already in the high-risk zone. The draft budget does not present specific measures to reduce debt as required by the Constitutional Act on Fiscal Responsibility, nor measures to achieve the budget targets in subsequent years, which would slightly slow the increase in debt. According to the CBR, such a fiscal policy stance is not consistent with the constitutional requirement to protect the long-term sustainability of the Slovak Republic's public finances in accordance with Article 55a of the Constitution of the Slovak Republic.

The obligation to submit a proposal of measures to reduce debt still applies

The obligation to submit measures to reduce debt to Parliament applies irrespective of the dispute over the government's obligation to submit a balanced budget. This obligation was not fulfilled either in 2025 or in 2026; such a material was last submitted in July 2024²⁴. It is not included in the budget documentation, nor has it been placed separately on the agenda of a session of the National Council of the Slovak Republic, although the obligation arises anew each time a level of debt above the set limit is published. Debt has been above this limit for the sixth year in a row. The proposal is to be submitted to the National Council of the Slovak Republic, whose competence it is to deliberate on such a proposal. If the government does not submit it, Parliament cannot exercise this competence. The entitled persons have not yet asked the Constitutional Court for an interpretation of the time limit within which, and the manner in which, the government is to implement this sanction.

Members of Parliament are deciding without essential information and within an unreasonably short time

The budget documentation does not contain information from the government that would allow Members of the National Council of the Slovak Republic to assess the compliance of the draft with the constitutional act. It contains no assessment of the obligation to submit a draft without a budgeted deficit, the expenditure on which the finding releasing the government from this obligation is based is not quantified, the budget risks have not been independently assessed, and the measures needed to achieve the targets in 2028 and 2029 are not identified. The Constitutional Court of the Slovak Republic has stated that "without relevant basic information, even a discussion of whatever scope or duration may be emptied of substance and argument", and that the requirements on the scope of information increase in direct proportion to the extent of the interference with the long-term sustainability of public finances²⁵. With debt almost ten percentage points above the upper limit, this requirement applies to the highest degree.

²³ Art. 6(1) in conjunction with Art. 12(6)(b) and Art. 13 of the constitutional act, Section 10(7) of Act No. 583/2004 Coll. See the Council's opinions of 10 October 2023 and 28 July 2025.

²⁴ Art. 12(4)(a) in conjunction with Art. 13 of the constitutional act. Report on the Evaluation of Compliance with Fiscal Responsibility Rules and Fiscal Transparency Rules for 2025 (CBR, August 2026), Tables 1 and 2 and footnote 63.

²⁵ Ruling PL. ÚS 13/2022 of 13 December 2022, points 160, 169 and 173. Ruling PL. ÚS 7/2024 of 18 December 2024, points 95, 98 and 101.

The short time for assessing the draft was not imposed by statutory deadlines. The material was published on the afternoon of Sunday, 4 October, the tripartite council discussed it on the morning of Monday, 5 October, and the government approved it at an extraordinary meeting at noon on the same day, even though the statutory deadline for submission to the National Council of the Slovak Republic does not expire until 15 October. The social partners thus did not have even one calendar day to assess a three-year budget²⁶. The draft was delivered to the National Council of the Slovak Republic on 5 October, the committees discussed it on 7 October, and on the same day the debate in the second and third readings began; it is still ongoing, and the vote on the draft is expected on 14 October.

The Supreme Audit Office of the Slovak Republic, whose opinion is by law²⁷ discussed by the lead committee and the plenary of the National Council, states that only 48 hours elapsed between the approval of the draft by the government and its discussion in the committee, which did not allow it to prepare a comprehensive expert opinion; it therefore submitted only an abridged version²⁸. Contrary to established practice, the Council was not officially invited to the finance committee and was thus given only 1.5 minutes to present its opinion on the budget, which was objectively impossible.

Change to the rules of the provisional budget

Another shortcoming of the legislative process with an impact on public finances is the adoption of a relaxation of the rules of the provisional budget through an amendment tabled by a Member of Parliament, without adequate room for expert discussion. The change was tabled in the second reading in the plenary on 6 October 2026 and approved on the same day at the same session of the National Council of the Slovak Republic at which the draft budget is being debated²⁹. This is a concept that had not changed for decades. The stakeholders concerned (including the CBR) could not comment on it before its adoption, and no expert discussion could therefore take place. The previous monthly limit on expenditure, without the possibility of carrying savings over to subsequent months, may have made it difficult to finance irregular payments and investment projects, so an appropriate adjustment could have been justified.

However, the approved change removed any time limit on spending and at the same time extended the powers of the Minister of Finance to change binding indicators during the provisional budget period. Although the overall annual ceiling remains in place, the new rules give the executive considerably more freedom in determining the timing and allocation of expenditure without

²⁶ The material was published on the website of the Economic and Social Council of the Slovak Republic on Sunday, 4 October 2026, at 14:55; the tripartite council met on Monday, 5 October, at 9:00, and the government approved it at an extraordinary meeting on the same day at 11:30. The statutory deadline expired on 15 October, and the regular government meeting had been convened for 7 October. The detailed timeline is provided in the annex.

²⁷ The Supreme Audit Office of the Slovak Republic prepares an opinion on the draft State Budget Act in accordance with Section 5(1) of the Act on the Supreme Audit Office of the Slovak Republic. The opinion is discussed by the Committee of the National Council of the Slovak Republic for Finance and Budget. According to [the SAO's abridged opinion, p. 2](#), only 48 hours elapsed between the approval of the draft by the government and its discussion in the committee, which did not allow the Office to prepare a comprehensive expert opinion.

²⁸ Decision of the Speaker of the National Council of the Slovak Republic No. 1642 of 6 October 2026, joint report of the committees (print 1555a), item 300 of the agenda of the 61st session. Opinion of the Supreme Audit Office of the Slovak Republic (print 1561), p. 2; Section 5(1) of Act of the National Council of the Slovak Republic No. 39/1993 Coll.

²⁹ The change to the rules of the provisional budget was adopted by way of an amendment tabled by Member of Parliament Daniel Karas to the government bill amending Act No. 523/2004 Coll. on the Budgetary Rules of the Public Administration (parliamentary print 1319). The amendment was tabled in the second reading on 6 October 2026 and approved on the same day, with the National Council of the Slovak Republic shortening the statutory 48-hour period between its tabling in the debate and the vote on it.

Parliament approving a new annual budget³⁰. At the same time, the only indicator that limited spending during the year ceases to exist. According to the CBR, this significantly weakens the temporary and restrictive nature of the provisional budget, as well as the incentive to reach a timely agreement on the budget. The National Council of the Slovak Republic cannot enforce changes to the draft budget without the cooperation of the government, which may withdraw its draft. If Parliament demands more fundamental changes, the government may not have sufficient incentive to seek parliamentary approval of the budget, especially if the provisional budget does not constitute a sufficiently restrictive regime. At the same time, a government that lacks majority support in Parliament for approving its draft budget may not remain in office throughout the following year. Abolishing the time limit of the provisional budget therefore creates a risk that a possible subsequent government will not have an adequate share of full-year budget expenditure at its disposal. The extension of this freedom should therefore be accompanied by appropriate time safeguards, including regular reporting to Parliament on spending and changes made, and clear limits on entering into new expenditure commitments³¹. A significant strengthening of the powers of the executive during the provisional budget period correspondingly reduces the role of Parliament, thereby upsetting the balance of the democratic separation of powers.

³⁰ The basic annual ceiling derived from the state budget expenditure approved by law for 2026 represents approximately 92.2% of the expenditure proposed for 2027. Assuming hypothetical even spending at the level of the 2027 draft, it would therefore suffice for 11 months (while, as a rule, disproportionately more expenditure is spent in December than in other months of the year).

³¹ The Council recommends a discussion on restoring the one-twelfth rule in a cumulative form, or monthly year-on-year fixed limits based on spending in the previous year. Under the one-twelfth rule, expenditure from the beginning of the year to the end of a calendar month should not exceed the proportionate part of the annual ceiling corresponding to the number of months elapsed. Such a rule does not change the annual volume of expenditure and is less strict than the rule in force since 2004, as any unspent amount is not forfeited.

Annex 2 – CBR macroeconomic assumptions

Macroeconomic developments in the baseline scenario are based on the CBR medium-term forecast and on no-policy-change assumptions from the base year 2026, mainly for reasons of consistency in comparing fiscal policies on a year-on-year basis and of a correct assessment of the impact of adopting the proposed budget on economic developments³².

Current year: The CBR expects economic growth in 2026, the final year of the Recovery and Resilience Plan, to reach only 0.8%. This is roughly half the estimate made a year ago. The main new factor is the conflict in the Middle East. The economy is also being weakened by other domestic and external factors: a third consolidation package that is again strongly detrimental to growth, weaker industrial performance, persistent problems in the automotive sector and the loss of markets in China.

Next year: In 2027, economic performance will be adversely affected by the ongoing Middle East conflict through significantly higher commodity prices, inflationary pressures, central bank responses in the form of higher interest rates and increased global uncertainty. These factors will hit mainly firms with limited ability to pass higher costs on to final prices. Although households will be less affected owing to energy subsidies, they will feel the consequences of the Middle East conflict mainly through higher food prices and higher interest rates. As a result of these factors, the CBR expects inflation to reach 3.2% next year and economic growth 1.4%.

On the other hand, the economy will be supported mainly by the ramp-up of production at the Volvo car plant and the inflow of foreign labour, which can largely offset the effects of demographic change. Partly as a result, the labour market will remain stable and wages will grow by 4.4%³³.

The expansionary fiscal policy will temporarily increase economic activity. The announced additional payment of wage indexation and the increase in public sector employment (more than 2,500 people), higher expenditure on defence and energy, minor tax reliefs, subsidies and higher social transfers will boost economic growth on a one-off basis by approximately 0.26 p.p. However, these measures do not provide longer-term growth stimuli and postpone the necessary consolidation.

Medium-term outlook: Without continued consolidation, economic growth in subsequent years would hover around 2%, with a negligible contribution from the proposed budget.

Table 9: CBR macroeconomic forecast (October 2026) – scenario without additional measures

Indicator (%)	Actual		Forecast (October 2026)			Difference from NPC scenario				NPC scenario (October 2026)			
	2025	2026	2027	2028	2029	2026	2027	2028	2029	2026	2027	2028	2029
GDP, current prices, EUR billion	136.8	143.3	149.3	156.5	163.5	0.0	0.4	0.5	0.5	143.3	148.9	156.1	163.0
GDP, nominal growth	5.0	4.8	4.2	4.8	4.5	0.0	0.3	0.0	0.0	4.8	3.9	4.8	4.5
GDP, real growth	0.8	0.8	1.4	2.1	1.8	0.0	0.3	0.0	0.0	0.8	1.2	2.1	1.8
Inflation, annual average; CPI	4.0	3.6	3.2	2.5	2.5	0.0	0.0	0.0	0.0	3.6	3.2	2.5	2.5
Nominal wage, growth	6.3	4.7	4.4	4.2	4.4	0.0	0.0	0.0	0.0	4.7	4.4	4.2	4.4
Real wage, growth	2.2	1.0	1.2	1.6	1.9	0.0	0.0	0.0	0.0	1.0	1.2	1.6	1.9
Employment, growth	-0.1	0.0	0.1	-0.1	-0.2	0.0	0.1	0.0	0.0	0.0	0.0	-0.1	-0.2
Unemployment rate (LFS)	5.4	5.8	5.7	5.8	5.8	0.0	0.0	0.0	0.0	5.8	5.8	5.9	5.8
Household consumption, real growth	0.2	0.5	1.6	2.1	2.2	0.0	0.2	0.1	0.0	0.5	1.4	2.0	2.2
Investment, real growth	2.2	-1.7	-3.5	-1.4	0.4	0.0	0.6	0.0	0.0	-1.7	-4.1	-1.5	0.4
Exports of goods and services, real growth	4.0	3.2	3.8	4.3	3.2	0.0	0.0	0.0	0.0	3.2	3.8	4.3	3.2

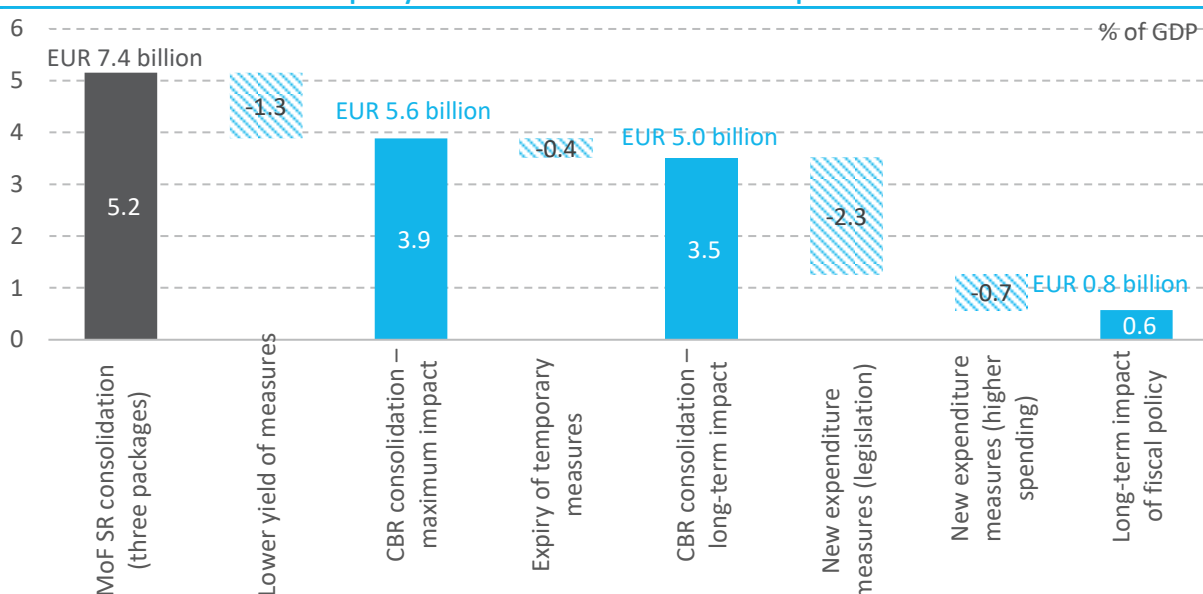
Source: CBR, SO SR

³² Changes in assumptions about developments in the external environment (foreign economies, commodity and financial markets, ECB policy) are taken into account as of 5 October 2026

³³ Growth will also be supported in the short term by the postponement and more gradual introduction of ETS2.

Annex 3 – Impact of fiscal policy in 2023–2027

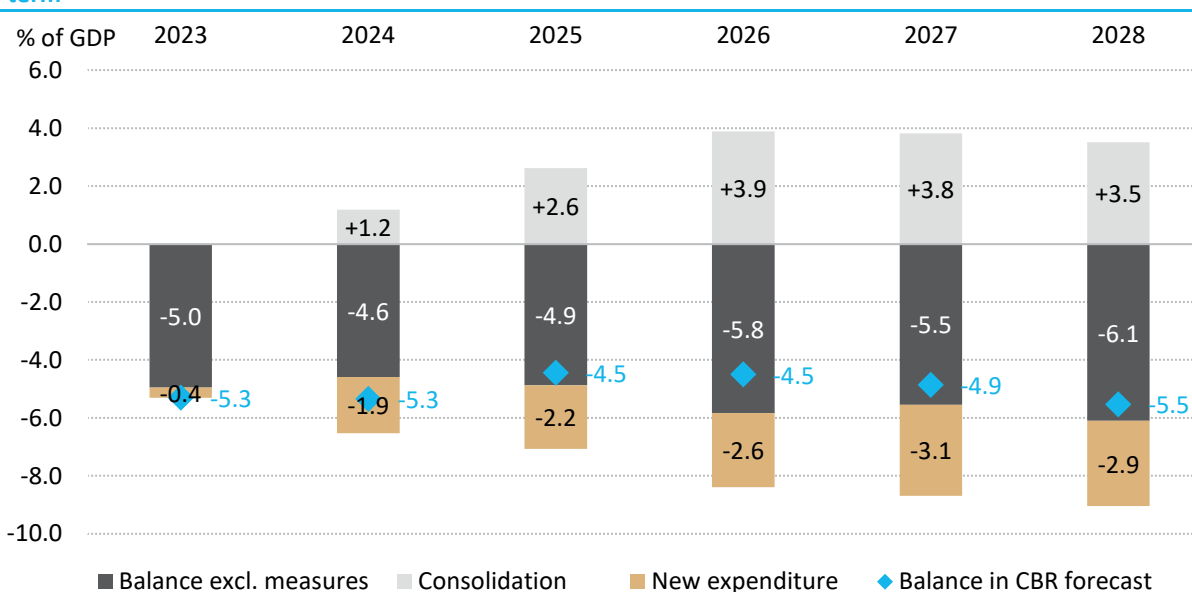
Chart 5: Contributions of fiscal policy since 2023 to the estimated fiscal position in 2028



Source: MoF SR, CBR calculations

According to the current CBR medium-term forecast, public finance deficits remain at high levels and, after a temporary decline to around 4.5% of GDP in 2025 and 2026, will return to levels of 5.0% of GDP. The current government took over public finances in autumn 2023 with a deficit of 5.0% of GDP and during the current electoral term has implemented three extensive consolidation packages with a cumulative impact exceeding 3% of GDP (Chart 6). It is therefore important to analyse the factors behind the persistence of the unfavourable state of public finances.

Chart 6: Cumulative contributions to general government balance developments in the current electoral term



Source: SO SR, CBR calculations

An important contribution to the persistently high deficits comes from the costs of new expenditure measures adopted by the government and Parliament in the current electoral term. In addition to the consolidation packages, several significant changes increasing public expenditure were implemented. The most significant examples are the introduction of full 13th pensions, the continuation of energy subsidies on a universal or almost universal basis, the increase in healthcare expenditure, the construction of new hospitals, higher wage indexation in education and increased expenditure on long-term care.

Table 10: New expenditure adopted in the current electoral term (over and above NPC increases)

(EUR million)	2023	2024	2025	2026	2027	2028
Total new expenditure	440	1,954	2,053	2,678	3,666	3,523
- % of GDP	0.4	1.5	1.5	1.9	2.5	2.3
Full 13th pensions	439	466	535	560	588	612
Energy subsidies		1,056	465	295	264	317
Healthcare expenditure		260	276	364	381	397
New ministry		100	105	109	114	119
Salaries in education – regional contribution, indexation		60	153	269	276	285
Staff stabilisation of courts, prison service			65	49	57	28
Allowances for police officers and soldiers			111	67	65	70
Construction of new hospitals (BA, PO)			74	453	531	418
Investment aid, cadastre			54	71	48	
Action plans			81	167	74	100
Reform of caregiving expenditure				30	226	251
Increase in dual-use expenditure					300	315
Temporary measures in the draft budget 2027–2029 (nuclear, drought)					200	
Increase in compensation in the draft budget 2027–2029					143	149
Tax and benefit measures – autumn 2026					119	131
Environmental Fund subsidies					50	140
Other measures	1	12	133	245	228	192

Source: CBR

However, an important role in the persistently high public finance deficits is also played by the starting position, which cannot be characterised solely by the deficit level of 5.0% of GDP at the beginning of the electoral term. Several factors contribute to the increase in deficits in the no-measures scenario, in particular defence expenditure and interest costs. Given the delivery schedule of projects agreed since 2018, defence expenditure in 2025 was 0.8 p.p. of GDP higher than in 2023 and is expected to remain at high levels (loss of the so-called peace dividend following Russia's aggression against Ukraine). At the same time, interest expenditure has increased substantially as a result of the sharp rise in interest rates since 2022, as well as of the persistently high level of deficits, which has not been reduced in recent years and which need to be refinanced.

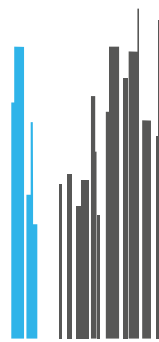
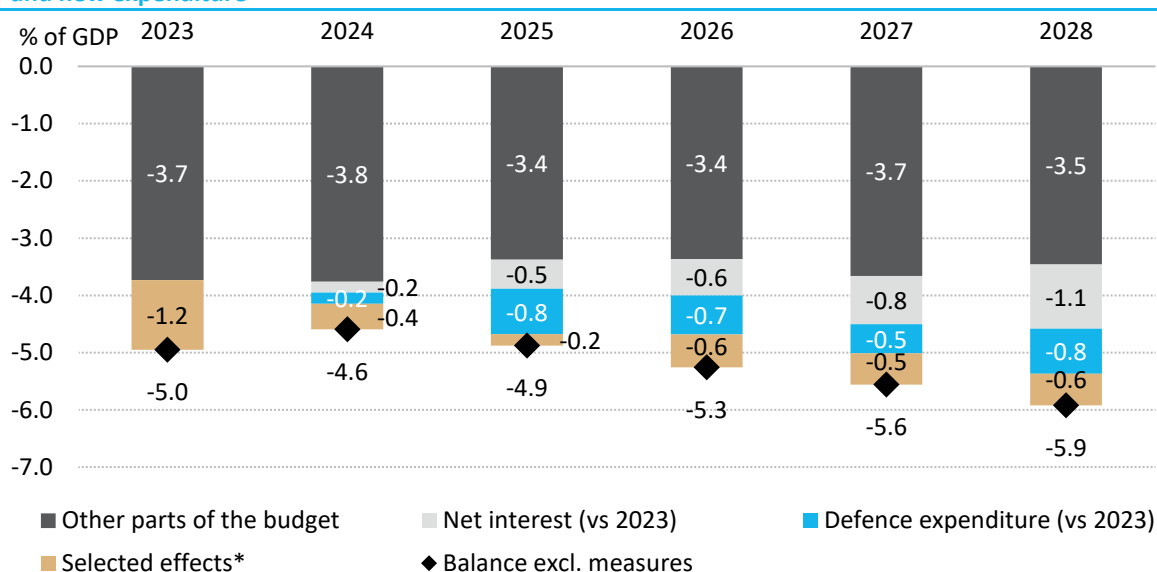
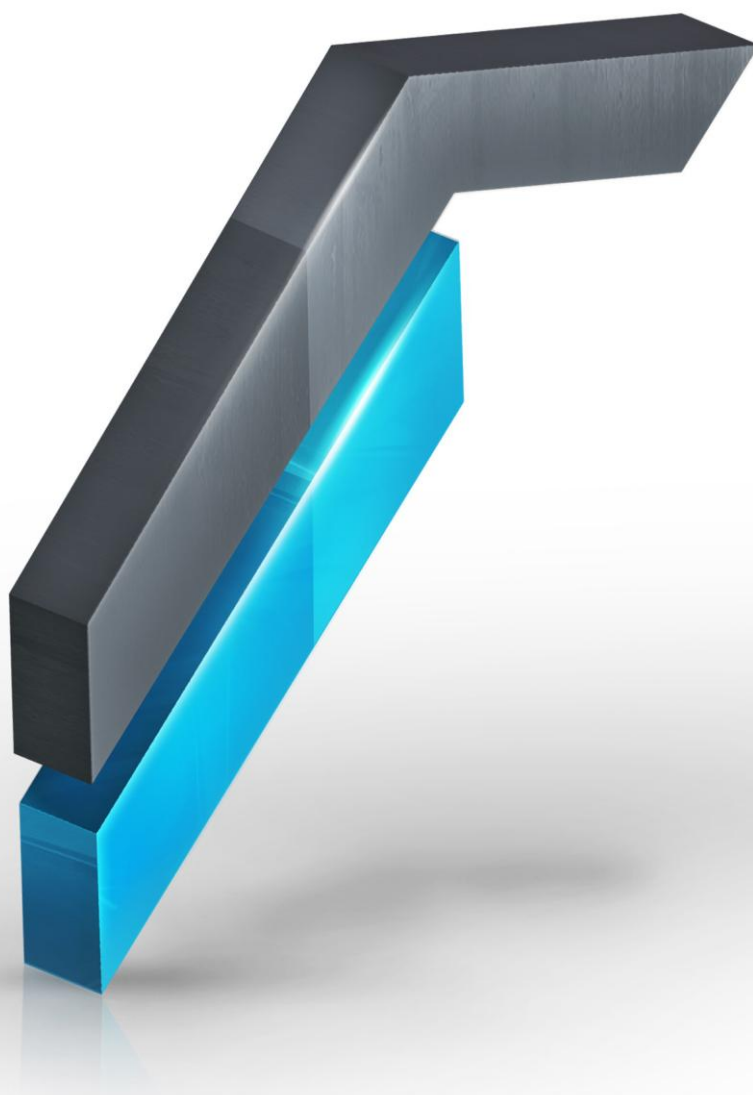


Chart 7: Key factors in general government balance developments other than consolidation measures and new expenditure



Source: SO SR, CBR calculations

* factors with a temporary impact on the general government balance (e.g. the costs of energy subsidies approved before 2024, the lagged effect of inflation on the growth of social transfers, the costs of completing hospitals after the Recovery and Resilience Plan) as well as other items with a growing budgetary impact (e.g. the contribution to the EU).



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