



MINISTRY OF FINANCE AND
BUDGET

2026 ECONOMIC PROGRAMME



July 2025

Foreword and Introduction by the Minister of Finance and Budget to the 2026 Economic Programme

Dear Colleagues,

This year, the Economic Programme submitted by the current Government to the Parliamentary Commission for Finance and Budget has a renewed strategic relevance. Instead of describing the past, this important policy and programme document focuses, as per Article 13 of Law no. 30 of 18 February 1998, on the main economic and financial policies that the Government intends to implement in 2026 and the coming medium term, with a focus on future intervention priorities.

In outlining the 2026 economic policies for the Republic of San Marino, it is crucial to consider a broader framework. Indeed, we must first deeply understand global geopolitical and macroeconomic dynamics that, although seemingly distant, have a direct and sometimes unpredictable influence on our small State.

The drafting of this document is indeed an annual opportunity to reflect on the context surrounding us, thus improving the capacity for critical analysis and adaptation of the current Legislature.

Recent geopolitical tensions, in particular the continuing conflict in Ukraine and the dynamics in the Middle East, continue to exert pressure on energy prices and global supply chains. At the same time, the European Union, our main economic partner, has strengthened its ecological transition goals with the Green Deal.

All this forces us to ask ourselves how the persistent volatility of the energy markets and the growing emphasis on the green transition in Europe will affect the competitiveness of San Marino businesses in 2026, especially considering our dependence on energy import and the opportunities related to new sustainable sectors. It will therefore be crucial to identify which sectors might be most affected, both positively and negatively.

Moreover, despite recent signs of containment, inflation remains a variable to be monitored. The restrictive monetary policies adopted by the major central banks (ECB, FED) to counter rising prices led, until last year, to a significant increase in interest rates, which are now decreasing.

Against this background, it will be important to understand what challenges and opportunities lie ahead for San Marino banking and financial system, for the cost of public debt and for the investment capacity of our businesses, with interest rates expected to remain stable in 2026. A shared and thoughtful vision will be needed to attract capital in a context of stable interest rates.

In recent times, we have witnessed an increasing geopolitical polarisation, with the consolidation of economic and strategic blocs (e.g. the expanding BRICS+, the China-Russia axis, and the new alliances in the Pacific). This fragmentation is inevitably redefining trade routes and the balances of power. In this regard, we must be aware of the difficulties that a small republic like San Marino may encounter in this scenario of growing geopolitical rivalries. In synergy with other San Marino entities and the neighbouring institutions, we will have to focus on identifying diplomatic and economic strategies that can be adopted to safeguard the national interests, also diversifying trade partners and continuing to promote an image of neutrality and stability, in order to attract investments and to establish international relations.

Finally, worth recalling is that the accelerating development and adoption of Artificial Intelligence (AI) is rapidly transforming productive sectors and the labour market at a global level. Many countries are already investing heavily in infrastructure and training to seize the opportunities of this technological revolution.

In 2026, it will be a priority to understand the implications of AI for San Marino labour market, and how we can prepare our workforce for new skills, foster innovation and exploit AI opportunities to improve productivity and create new niche sectors for our economy. Appropriate education and training policies will also be crucial.

Another element of global uncertainty for 2026 will be the tariffs announced by the United States against Europe, also in the light of the ongoing negotiations between Washington and Brussels. The Republic of San Marino could also be subject to a tariff rate of at least 10%. Even if this were the case, considering the very small share of San Marino export to the United States, amounting to approximately EUR 54 million in 2024, for a total export of EUR 3.6 billion, one could assume a negative effect, although limited. However, since the European market is the main market of reference for San Marino, it will also be appropriate to carefully monitor any indirect repercussions on the national economy deriving from a possible tightening of tariffs against the country's primary market. Indeed, a reduction in Italian export to the United States could have negative effects also on San Marino businesses operating as subcontractors or in integrated supply chains with Italian exporting companies. Moreover, San Marino's commercial attractiveness could be reduced if tensions were to slow down investment or increase uncertainty vis-à-vis micro-States, which are perceived as more vulnerable to external shocks.

However, uncertainty also opens up new strategic opportunities for San Marino. It will therefore be indispensable to constantly monitor global trade dynamics in order to promptly reap the benefits of possible new scenarios, which will have to be assessed with due consideration for sustainability and the overall impact on San Marino economy. Indeed, while San Marino's economic activity is closely intertwined with that of Italy and Europe, it is useful to remember that its small size and institutional agility enable it to adapt more easily.

All this brings to mind events that San Marino has already faced in the past, even recently, where resilience and economic diversification played a key role.

Crises, be they health, climate or geopolitical, require a capacity to react quickly and a long-term strategic vision.

Considering our status as a small republic, San Marino must continue to build its economic and social resilience on specific pillars, in terms of key sectors, digital infrastructure, environmental sustainability and quality of life. This must be done not only in 2026, but also in future years.

The reflections that will emerge from these analyses, to be carried out individually and collectively, will form the basis for a constructive dialogue and the definition of a 2026 Economic Programme that is not only ambitious, but also pragmatic and capable of responding to the challenges and opportunities of our time.

Our size, if well managed, can turn from a limit into an advantage, since we can rely on agility, innovation and the ability to create niches of excellence.

Thank you for your attention and for the contribution you will offer to this fundamental discussion.

Marco Gatti

MINISTER OF FINANCE AND BUDGET

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Primary factors in the near future for San Marino economy

Negotiations for one or more Association Agreements between the European Union, San Marino, Andorra and Monaco

Negotiations to conclude one or more Association Agreements between Andorra, Monaco and San Marino, on the one hand, and the European Union, on the other, opened on 18 March 2015, following a specific mandate given on 16 December 2014 by the Council of the European Union and the European Parliament to the European Commission. This followed the manifestation of will expressed by the three small-sized countries to establish closer relations with the European Union, aiming specifically at increased integration into the EU single market. Indeed, the respective bilateral agreements concluded previously and still in force did not guarantee the necessary legal protection and integration of the respective businesses into the single European market, and also excluded the respective nationals from professional and employment opportunities in the EU member States.

As a result of the analysis carried out, the European Commission identified five alternative options:

1. Maintaining the *status quo*;
2. Sectoral approach (Swiss model);
3. Framework Association Agreement;
4. Participation in the European Economic Area (EEA);
5. Membership of the EU.

With regard to the first two options, the former was considered useless and the second not compatible, while the membership option was deemed impracticable in the short term and presented structural difficulties on the EU side; therefore, participation in the EEA and the Association Agreement remained to be assessed. The EFTA countries (in particular the Kingdom of Norway) refused to include Andorra, Monaco and San Marino in the EEA; therefore, the only remaining option was the Framework Association Agreement, to be concluded following quadripartite negotiations for reasons of expediency.

San Marino emphasised from the outset to the then EU High Representative for Foreign Affairs, Federica Mogherini, that the three States had different starting positions, and that certain objectives and goals were different, including the will to expeditiously (or not) conclude the negotiations. This situation immediately led to several delays in the negotiations, due to the attempt by the EEAS (European External Action Service, the *de facto* EU Ministry of Foreign Affairs) to find, as much as possible, a common and homogeneous line, trying to coordinate the different points of view in order to find common positions. San Marino's request to conduct separate negotiations was never followed up.

The objective of the Agreement, at least for San Marino, was to be considered equivalent to the EU member States with regard to the matters concerning the four fundamental freedoms (movement of goods, persons, services and capital) and to the main horizontal policies related to the matters pertaining to the effective implementation of such freedoms (by way of example: transport, telecommunications, environment, consumer protection, State aid, competition and others). This could be done by integrally transposing the relevant *acquis communautaire* into the respective national legal systems, subject of course to national safeguards and appropriate temporary adaptations (derogations), according to Declaration no. 3 on Article 8 of the Treaty on European Union (TEU), to be agreed during the negotiations.

The negotiations did not include policies related to European citizenship, common security and defence (CFSP), foreign policy and tax matters (VAT), as well as some specific aspects concerning agriculture (e.g. fishing) and everything related to the Schengen agreements (immigration and border security).

With regard to the matters covered by the Agreement, the European Commission has from the outset excluded any cherry picking approach and imposed the indivisibility of the *acquis*, without prejudice to the possibilities mentioned above, on the basis of precise and agreed adaptation roadmaps, pursuant to Declaration no. 3 on Article 8 of the Treaty on European Union (TEU), which states: “The Union will take into account the particular situation of small-sized countries which maintain specific relations of proximity with it”. This declaration provides the fundamental legal basis for all requests for temporary adaptation that San Marino delegation submitted to its counterpart to comply with the provisions of the *acquis*.

As also recalled by the Chief Negotiator, Commissioner Maroš Šefčovič, this Association Agreement is unique in the legal framework of agreements negotiated by the European Union, being the prototype of the most advanced agreement providing for the greatest integration ever conceived by the EU, outside accession. Its legal structure is as follows:

- a) An institutional framework, common to all parties, covering the matters regulated by the Agreement, the management bodies (Committees), dispute settlement clauses, the role of the Court of Justice, general safeguard clauses, entry into force and termination of the Agreement;
- b) Seven Framework Protocols, common to all parties, regulating aspects of particular importance that are horizontal and therefore require a uniform regime;
- c) Two distinct Country Protocols (following Monaco's withdrawal from the negotiations in September 2023), in which each State regulates with the EU its own specificities, its own specific adaptations and the relevant national safeguard clauses, aimed at ensuring the correct and systematic transposition of EU rules into the respective national legal systems. By way of example, the contents of the Customs Union and Cooperation Agreement, signed with the EU in 1991, are included in San Marino's Country Protocol;
- d) The Annexes, i.e. the body of EU legislation constituting the so-called *acquis communautaire*, divided into 25 matter-specific Annexes, including more than 10,000 EU acts (Directives, Regulations and Recommendations), which shall be transposed by the Republic of San Marino - according to the different

timeframes mentioned above and agreed upon between the parties - and incorporated within its own legal system.

The main objectives that the Republic of San Marino has intended to achieve during the negotiations can be summarised as follows:

1. Full and complete participation and related integration in the EU financial and banking market for its financial institutions - which in many respects already operate under European conditions following the 2012 Monetary Agreement - in a level playing field with member States, since San Marino currently has to transpose EU rules on a par with the 27 EU member States without, however, enjoying the related benefits;
2. Full implementation of free movement of goods, by integrating the provisions set forth in the 1991 Customs Union and Cooperation Agreement between the European Economic Community and the Republic of San Marino in a compliant and coordinated context;
3. Implementation of the principles of free establishment of persons and free movement of workers taking into account the objective situation of a State of 61 square kilometres and 33,500 inhabitants. For this reason, the application of these principles was carefully assessed in the light of the experience of other small or very small-sized States, even those belonging to the European Economic Area (see Liechtenstein), using special application clauses (e.g. the “incremental quota system”) and safeguard clauses with time limits (and thus provisional). This is *de facto* an acceptance of the principles, but with a considerable degree of flexibility in their application.

The Government that formed following the 2019 general elections identified the conclusion of the negotiations as its first strategic objective, to be achieved by the end of the Legislature. Having achieved this result, with the official conclusion of the negotiations on 12 December 2023, the European Commission took on the task of preparing a final text in English (pilot text), translating it into the 23 official languages of the European Union (plus a translation into Catalan by the Andorran authorities) and submitting it to the member States. The lengthy internal bureaucratic and administrative work carried out by the EU to clean up the text and make it legally and linguistically uniform, together with the activity of explaining the principles of the Agreement to the member States, in order to draw up the final text, took longer than the Commission had envisaged. Indeed, some member States made requests for clarification of some parts of the Agreement; moreover, the issue concerning the nature of the Agreement, i.e. whether its competence is exclusive on the part only of the Commission or mixed on the part of the member States and the Commission, is still unresolved. In this respect, worth mentioning is the position taken by France concerning its willingness to retain a direct say, by not subordinating all decision-making and interpretative powers to the Commission.

However, since direct involvement of the European Central Bank (ECB), as initially suggested by Italy, was not feasible, a series of contacts were established among the Commission, member States and the Council to identify a legal instrument that could incorporate the above-mentioned aspects into the text, without having to reopen negotiations. This instrument was finally identified in an Addendum, proposed by

Italy, amended by the Commission and reviewed by San Marino, which was formalised at the end of May 2025 and allowed to finalise the procedures for signature.

As of June 2025, a uniform line has not yet been agreed within the EU regarding the competence of the Agreement (exclusive or mixed) and the ensuing ratification steps. Indications are awaited from the Commission on the agenda concerning the final procedures for signature, which, as desired by the parties, should most likely take place by 2025.

Process for the compliance with international standards

Latest Moneyval report: implementation of measures to prevent and combat money laundering and terrorist financing and of targeted financial sanctions.

The system for preventing and combating money laundering and terrorist financing (so-called AML/CFT), as well as the implementation of UN targeted financial sanctions, with particular reference to the threats of terrorism and the proliferation of weapons of mass destruction, have been evaluated by the MONEYVAL Committee of the Council of Europe in 2020 and 2021, and will be evaluated again in the near future. According to the information currently available, San Marino's next evaluation is expected in mid-2028, early 2029. In the meantime, the Republic of San Marino submitted the follow-up report at the plenary meeting of the MONEYVAL Committee in May 2024.

As indicated in past Economic Programmes, the outcome of the 2021 evaluation was extremely positive for San Marino. Indeed, at the end of the (fifth) evaluation round, the Republic of San Marino ranked among the few countries, currently assessed by international bodies (including FATF), with the highest rating in international cooperation. Overall, in the fifth evaluation round, San Marino was the third best country among all jurisdictions that are members of the MONEYVAL Committee.

A brief description of the main issues highlighted by the MONEYVAL Committee can be found in the 2023 and 2024 Economic Programme, while the Report on San Marino is available on the website of the MONEYVAL Committee of the Council of Europe¹.

This result strengthens the international reputation of San Marino's economic system and demonstrates that the country has now a mature and complete AML/CFT framework.

It should be noted that the new (sixth) evaluation round, based on partly amended recommendations and procedures, began in 2025; therefore, the institutions need to plan AML/CFT regulatory update activities and to foster all forms of cooperation and coordination of the authorities involved in the prevention and

¹ https://www.coe.int/en/web/moneyval/jurisdictions/san_marino

combating of money laundering and terrorist financing, as well as to implement all useful initiatives to promote cooperation with the private sector.

An initial national coordination activity is the national risk assessment of money laundering, terrorist financing and the proliferation of weapons of mass destruction, in which all authorities and the private sector must be involved.

As is known, San Marino is also committed to following up on the provisions of the Monetary Agreement with the European Union, under which the Republic is committed to transposing into domestic law the EU acts, including those concerning AML/CFT.

In particular, the Republic of San Marino will be committed to transposing the so-called EU “sixth AML package”² before the MONEYVAL Committee's evaluation, i.e. between 31 December 2026 and 31 December 2028.

Therefore, it is even more important to coordinate regulatory activities with regard to the content and timing of transposition and entry into force, so as to identify solutions that are favourable both to the MONEYVAL Committee's evaluation (which is carried out with respect to FATF standards) and to compliance with the relevant EU directives and regulations.

Structure of the banking, financial and insurance system - key indicators of the banking system and of CBSM's 2024 balance sheet

This section provides a description of the current banking, financial and insurance system in the Republic of San Marino, with a focus on the main indicators of the banking sector and of San Marino Central Bank's balance sheet.

As of 20 June 2025, the Republic of San Marino had 62 parties³ authorised to exercise reserved activities in the banking, financial and insurance sectors pursuant to Law no. 165 of 17 November 2005 (so-called LISF) and registered in the ad-hoc Register kept by the Central Bank, of which 12 were financial

² In particular, reference is made to:

- a) Regulation (EU) 2023/1113 of the European Parliament and of the Council of 31 May 2023 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849;
- b) Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing;
- c) Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive (EU) 2019/1937, and amending and repealing Directive (EU) 2015/849;
- d) Regulation (EU) 2024/1620 of the European Parliament and of the Council of 31 May 2024 establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) no. 1093/2010, (EU) no. 1094/2010 and (EU) no. 1095/2010.

³ Art. 83, paragraph 2, letter e) of Regulation 2024-02 (Regulation on insurance and reinsurance distribution) provides for the registration of foreign insurance companies, already registered in the List referred to in Art. 31 of repealed Regulation no. 2007-02, in the Register of authorised parties referred to in Art. 11 of the LISF.

companies incorporated under San Marino law and 50 were companies incorporated under foreign law, as detailed below:

- 5 banks, of which 1 foreign bank authorised in the Republic of San Marino, under the PSSS regime (provision of services without any establishment), exclusively for the exercise of the reserved activity referred to in letter B (granting of credit) of Annex 1 to the LISF;
- 2 financial companies, of which 1 foreign company authorised in the Republic of San Marino, under the PSSS regime, to exercise the reserved activity referred to in letter B (granting of credit) of Annex 1 to the LISF, in the sole technical form of car leasing;
- 3 management companies, all incorporated under San Marino law;
- 6 payment institutions/ELMIs, of which 3 foreign ones authorised in the Republic of San Marino under the PSSS regime;
- 46 insurance companies, of which 45 foreign ones authorised in the Republic of San Marino under the PSSS regime.

The financial system also includes 33 insurance and reinsurance intermediaries (of which three San Marino banks), 1 financial promoter (excluding employees of authorised parties), 2 servicers and 11 payment service providers (of which 10 are already included in the Register of authorised parties). Finally, with regard to the other Registers kept by the Central Bank, as of 20 June 2025, there were: in the Register of parent companies, 4 groups, all represented by a banking parent company, and in the Register of professional trustees, 16 parties, including two San Marino banks.

The following table shows the parties registered in the Register of authorised parties, broken down by type and highlighting foreign financial companies authorised to exercise reserved activities through subsidiaries or under the PSSS regime. In order to make the table consistent and readable, foreign insurance companies have been included also for 2022 and 2023, even though they were excluded from the aforementioned Register at that time, as they were registered in the ad-hoc List provided for in Article 31 of the repealed Regulation 2007-02.

Authorised parties (end of period data)	2022	2023	2024	20 June 2025
Banks	4	5	5	5
<i>of which foreign banks</i>	0	1	1	1
Financial/fiduciary companies	1	2	2	2
<i>of which foreign companies</i>	0	1	1	1
Investment firms	0	0	0	0
<i>of which foreign firms</i>	0	0	0	0
Management companies	3	3	3	3
<i>of which foreign companies</i>	0	0	0	0
Insurance companies	45	46	47	46
<i>of which foreign companies</i>	44	45	46	45
Payment institutions/ELMIs	3	5	6	6
<i>of which foreign institutions</i>	2	3	3	3
Total	56	61	63	62
<i>of which foreign parties</i>	46	50	51	50

Data source: CBSM.

With regard to the ownership structures of the four banks incorporated under San Marino law, as of 20 June 2025, in one of them the State was the sole shareholder, in two of them the shareholders were resident natural and legal persons, and finally in one bank the shareholders were mainly non-residents - holding companies - although having residents as their beneficial owners.

Banking sector

The following table shows the main balance sheet, income statement and prudential aggregates of the banking system for the periods indicated⁴:

Millions of euros

Indicators (end of period data)	2018	2019	2020	2021	2022	2023	2024
Total assets	4,576	4,219	4,165	4,139	4,244	4,211	4,323
Gross loans to customers ⁽¹⁾	2,829	2,609	2,472	2,175	1,976	1,078	1,043
Net loans to customers ⁽²⁾	1,910	1,591	1,458	1,314	1,189	992	967
Direct Collection	3,929	3,631	3,643	3,614	3,669	3,611	3,716
Indirect collection ⁽³⁾	1,627	1,617	1,666	1,899	2,098	2,380	2,774
Operating profit (loss) ⁽⁴⁾	-79	-194	-44	8	11	28	31
Solvency ratio (%)	12.3%	9.5%	10.7%	14.4%	14.6%	16.7%	18.2%
Gross non-performing loans (until 31 December 2023: doubtful loans) to customers	1,500	1,599	1,560	1,320	1,111	250	198
Net non-performing loans (until 31 December 2023: doubtful loans) to customers	601	589	553	466	331	169	128

Notes:

On 1 January 2024, the new loan classifications as defined in Article I.1.3 of CBSM Regulation no. 2016-02 came into force, for the purposes of harmonisation with EU standards. Loans to customers, unless otherwise specified, are to be considered on a "cash" basis and therefore do not include "off-balance sheet" exposures.

⁽¹⁾ This item includes the amounts related to financial leasing operations and is indicated gross of value adjustments made on loans.

⁽²⁾ This item includes the amounts related to financial leasing operations and is indicated net of value adjustments made on loans.

⁽³⁾ Systemic indirect collection includes asset management, financial instruments under custody and administration and financial instruments and liquidity related to custodian bank activity net of debt securities issued by the reporting intermediaries, liquidity deposited with these intermediaries and debt securities issued by other San Marino credit institutions. The same aggregate is shown gross of own-issued equity securities.

⁽⁴⁾ The 2019 operating profit (loss) figure takes into account the operating loss recorded at the end of the period of special administration of Banca CIS, which was subject to resolution, pursuant to Law no. 102 of 14 June 2019 and Law no. 115 of 16 July 2019.

Data source: CBSM.

Total assets of the banking system at the end of 2024 amounted to EUR 4,323 million, compared to EUR 4,211 million at the end of 2023 (+2.7%).

Total gross loans to customers (including leasing) as of 31 December 2024 amounted to EUR 1,043 million, with a decrease by EUR 35 million compared to the end of 2023. Net loans to customers were equal to EUR 967 million, with a decrease by EUR 24 million compared to 31 December 2023. During this period, the credit market was also characterised by the granting of new loans and repayments on credit facilities granted, by assignments in lieu of payment of real estate with the consequent extinction of the credit, and by partial write-offs made by some banks on non-performing loans to customers⁵. Worth noting is also the

⁴ As of 31 December 2019, there remained on the balance sheet of Banca Nazionale Sammarinese, an institution resulting from the resolution of Banca CIS under special administration, a portion of the latter's capital deficit still to be removed pursuant to the resolution programme and in accordance with the provisions of Law no. 102 of 14 June 2019 and of Law no. 115 of 16 July 2019. This portion of the capital deficit, amounting to EUR 27.2 million, was composed of EUR 15.8 million relating to the reduction in the nominal value of the liabilities provided for under Article 10 of Law no. 102 of 14 June 2019, and of EUR 11.4 million relating to the capital deficit to be transferred to the public vehicle following the above reduction. The 2019 data contained in this document take into account the effects of the removal of the aforementioned portion of the capital deficit that occurred, in accounting terms, in the second half of 2020. End of 2020 data, as well as end of 2019 ones, incorporate the transfer of credits, amounting to EUR 27.4 million gross and EUR 1.3 million net, to the Public Vehicle for the Segregation of Pension Funds, although such transfer has not yet occurred.

⁵ Starting from the financial year 2024, a number of significant credit-related measures provided for in CBSM's Regulation no. 2023-02 and CBSM's Circular no. 2023-01 came into force. In particular, the Regulation provides for:

reduction in loans between the end of 2022 and the end of 2023: in particular, gross loans to customers, which amounted to EUR 1,078 million at the end of 2023, decreased by EUR 898 million from EUR 1,976 million of the previous financial year 2022, while in net terms they fell to EUR 992 million from the previous EUR 1,189 million (- EUR 197 million). In this regard, worth highlighting are the partial write-offs made by a bank on doubtful loans, already fully adjusted, attributable to a group, and the transfer of the relevant positions to the System Vehicle through the completion of the securitisation operation; both operations took place in December 2023.

Gross non-performing loans to customers amounted to EUR 198 million at the end of 2024, with a decrease by EUR 52 million compared to the previous financial year. Non-performing loans to customers net of value adjustments amounted to EUR 128 million, compared to EUR 169 million at the end of 2023. Net of value adjustments, doubtful loans made up 13.2% of total net loans to customers, compared to 17% at the end of 2023.

Direct collection (consisting of savings collection and interbank collection) at the end of 2024 amounted to EUR 3,716 million, compared to EUR 3,611 million in the previous year.

Indirect collection was equal to EUR 2,774 million, compared to EUR 2,380 million in 2023. The positive variation equal to EUR 393 million was also due to the increase in the assets of open-end mutual funds managed by management companies, the consequent increase in custodian bank activity and additional investments by customers in financial instruments, also partially offset by the reduction in securities asset management and the decrease in the assets of closed-end mutual funds established pursuant to specific legislative measures as a result of the distribution to fund participants of a portion of the assets held.

The 7-day liquidity position of the banking system at the end of 2024⁶ was equal to EUR 1,263 million, with an increase by EUR 229 million compared to the end of 2023. As of 18 April 2025, the same aggregate was equal to EUR 1,246 million. The ratio of the 7-day liquidity position to the 7-day savings collection (the so-called coverage ratio) at the end of 2024 and as of 18 April 2025 was 61.5% and 64% respectively, compared to 52.5% at the end of 2023; if we include in the numerator the time deposits for reserve

- the calendar provisioning measures (minimum progressive coverage) for future non-performing loans, relating to loans granted from 1 January 2024, by transposing into San Marino supervisory legislation the provisions of EU Regulation no. 630/2019, thus adopting the so-called Pillar I approach;

- a new classification of loans, harmonised with that in force in the EU, making reference to certain provisions of EU Regulation no 2013/575 (CRR), EU Delegated Regulation no. 2018/171, and EU Regulation no. 2021/451. The Circular envisages the application of calendar provisioning measures to the existing stock of non-performing loans or to future non-performing loans relating in any case to loans granted before 1 January 2024, by diversifying the coverage expectations according to the vintage of individual non-performing loans and the existence and type of any underlying collaterals, and by adopting the so-called Pillar II approach and referring to the provisions of the European Central Bank contained in the Addendum to the Guidelines on non-performing loans.

⁶ The 7-day liquidity position is calculated as the sum of assets that can become liquid within 7 days (cash and financial instruments) and receivables, net of payables, from foreign banks and the Central Bank, which are also due within 7 days. Banks' deposits for reserve requirement purposes are not included in the calculation of the 7-day liquidity position.

requirement purposes, the above ratio was 67.4% and 70.2% at the end of 2024 and as of 18 April 2025 respectively.

At the end of 2024, the systemic operating result was positive for the fourth consecutive year and amounted to EUR 31 million, with an increase compared to EUR 28 million in the previous year. Also in 2024, in line with the previous years starting from 2022, all institutions recorded positive operating results.

In the three-year period 2022-2024, there was also a reduction in the cost-income ratio⁷ (ratio between operational costs and intermediation margin), which decreased from 68.8% to 56.7%.

Depositors' guarantee fund

The depositors' guarantee fund was established in 2016 at the Central Bank by Law no. 189 of 22 December 2015, which also implemented previous provisions (Delegated Decree no. 111 of 22 July 2011). CBSM's secondary legislation (Regulation no. 2016-01 and Circular no. 2017-01), issued on the basis of the provisions of the primary legislation, while transposing the relevant European provisions (in particular Directive 2014/49/EU), provided, on the one hand, for a deposit guarantee of up to EUR 100,000.00 per depositor, in line with the European standards, and, on the other hand, for the obligation for San Marino banks to participate. The fund, which is completely autonomous from CBSM in terms of assets, initially benefited from a EUR 5 million contribution from the State.

The fund had to reach, by 3 July 2024 (the deadline defined by secondary legislation and in line with EU standards), a minimum financial threshold of 0.8% of total protected deposits. This result was achieved thanks to the aforementioned contribution from the State and the payment of annual contributions by San Marino banks, as well as to the returns obtained through the investments made from the fund over the years.

2024 balance sheet of the Central Bank

At the end of December 2024, assets in the Central Bank's balance sheet, equal to EUR 764 million, include, *inter alia*, cash reserves equal to EUR 5 million, loans to credit institutions equal to EUR 27 million, loans to customers (mainly the Public Administration) equal to EUR 10 million, bonds and other financial debt instruments (at amortised cost) equal to EUR 705 million, tangible and intangible fixed assets equal to EUR 3 million and other assets amounting to EUR 13 million. On the liabilities side, sight payables to credit institutions and customers (the latter consisting mainly of Public Administration deposits) amounted to EUR 529 million, while term payables to credit institutions (which include the amount of the reserve requirement

⁷ The cost-income ratio (unlike what disclosed in previous documents and as indicated in the 2024 Summary report on activities carried out and on the performance of the financial system), was calculated net of the principal of leasing instalments identified in the cost items referring to value adjustments to tangible and intangible fixed assets, and in the revenue item referring to "Other operating income". Therefore, the 2022 figure was also recalculated.

set up by banks and repurchase agreement (repo) transactions, the latter amounting to EUR 31 million) and to customers (which include outstanding repurchase agreements with the depositors' guarantee fund) totalled EUR 164 million. Net assets amounted to EUR 53 million.

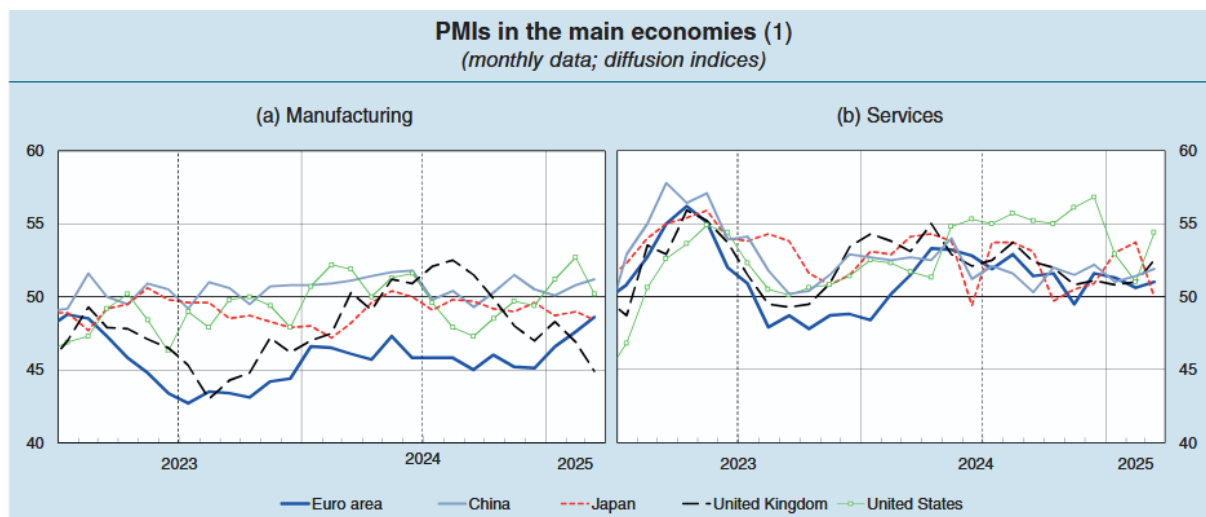
PART I

Analysis of the macroeconomic framework and the state of public finances

ECONOMIC CONTEXT

International scenario

In the first months of the year, global economic activity showed signs of slowing down, particularly in the US, where businesses and consumers are suffering from uncertainty about the economic outlook. In China, activity accelerated in the last quarter of 2024, but consumption remained sluggish at the start of the new year. The economic signals from the Purchasing Managers' Indexes (PMI) compiled before 2 April indicated a heterogeneous situation across sectors and countries. Considering the average of the first quarter, manufacturing PMIs were just above the expansion threshold in China and the US. In the US, services indexes fell over the same period, presumably due to expected cuts in federal government spending and possible cost increases related to trade tensions; however, they remained above the expansion threshold, as in the other major advanced economies and China.



World trade lost momentum in the fourth quarter of last year, despite a strong increase in trade in goods in December. The latter accelerated further in January, driven by the marked increase in US import. These recent signs suggest that the anticipation of purchases to mitigate the effects of the tariffs imposed by the new US administration has temporarily supported trade. During the winter months, the overall indexes of foreign manufacturing orders, although improving, remained below the expansion threshold, while those of services weakened, although still in line with an increase in the sector.

According to projections published in March by the OECD, world production will expand by 3.1% in 2025, with a slowdown from the previous year (-0.1%). The estimates have been adjusted downwards from what was predicted in December. Significant differences in GDP dynamics among the main advanced countries remain: growth is expected to be 2.2% in the US (+2.8% in 2024), to remain close to 5% in China and to remain weak in the euro area (+1.0%).

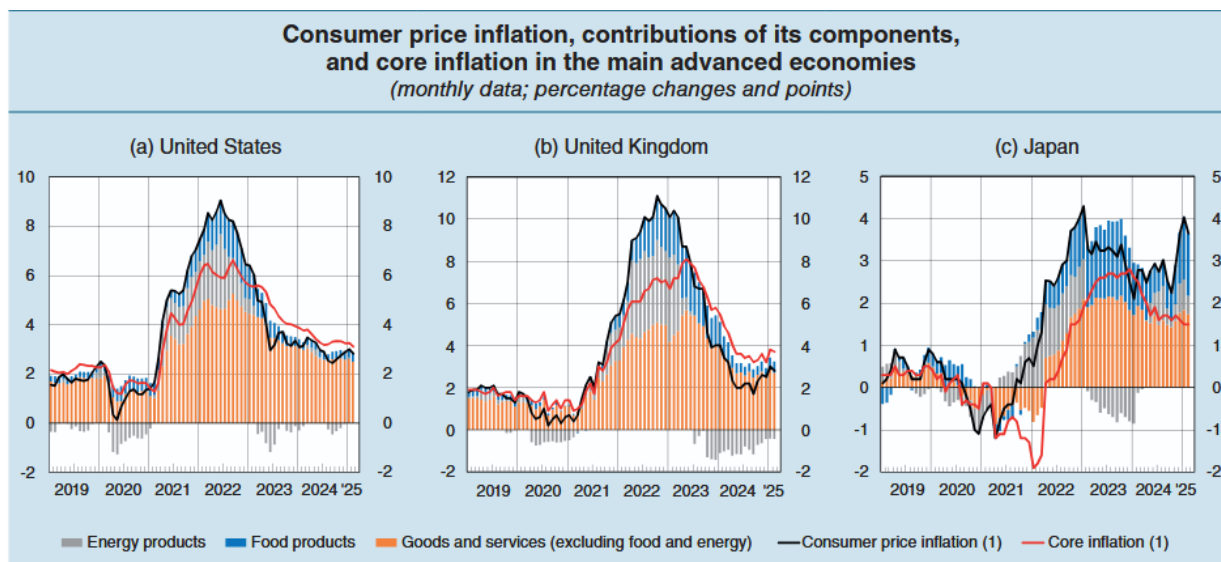
GDP growth and macroeconomic projections (percentage changes, unless otherwise specified)							
	Growth			OECD forecasts		Revisions (2)	
	2024	2024 Q3 (1)	2024 Q4 (1)	2025	2026	2025	2026
World	3.2	–	–	3.1	3.0	-0.2	-0.3
Japan	0.1	1.4	2.2	1.1	0.2	-0.4	-0.4
United Kingdom	1.1	0.0	0.4	1.4	1.2	-0.3	-0.1
United States	2.8	3.1	2.4	2.2	1.6	-0.2	-0.5
Brazil	3.4	4.0	3.6	2.1	1.4	-0.2	-0.5
China	5.0	4.6	5.4	4.8	4.4	0.1	0.0
India (3)	6.7	5.6	6.2	6.4	6.6	-0.5	-0.2
Russia	3.1	1.3	0.9	0.2	0.0
Euro area	0.9	1.7	0.9	1.0	1.2	-0.3	-0.3

Sources: National statistics for data on growth; OECD, *OECD Economic Outlook. Interim Report. Steering Through Uncertainty*, March 2025, for world GDP and for the forecasts.

(1) Quarterly data. For the euro area, Japan, the United Kingdom and the United States, annualized and seasonally adjusted percentage changes on the previous quarter; for the other countries, year-on-year percentage changes. – (2) Percentage points; revisions compared with OECD, *OECD Economic Outlook*, December 2024. – (3) The actual data and the forecasts refer to the fiscal year starting in April.

Escalating trade tensions among the US, Europe and China pose a strong downside risk to global economic activity and upside risk to inflation, especially in the US.

In February, 12-month consumer inflation fell - compared to the previous month - in the US, the UK and Japan; core inflation fell everywhere except in Japan, where it remained stable.



Source: Based on national statistics.
(1) 12-month percentage changes; core inflation excludes food and energy products.

At its March meeting, the Federal Reserve again kept key interest rates unchanged at 4.25-4.50%. In the light of deteriorating prospects concerning growth and expectations of more sustained price dynamics - due to the US administration's announcements on tariffs - the projections of the members of the Federal Open Market Committee (FOMC) continue to indicate two cuts in key interest rates by December 2025. For the same time frame, in early April the markets estimated at least four cuts with a probability of around 70%. In March, the Bank of England and the Bank of Japan also left their key interest rates unchanged, at 4.5 and 0.5% respectively. The Chinese Central Bank confirmed an accommodating monetary stance, pledging to intensify support for economic activity; at its March meeting, it kept key interest rates on one- and five-year loans stable at 3.1 and 3.6% respectively.

For the euro area, the most recent economic indicators pointed to a still moderate GDP dynamic in the first quarter of the year. Production benefited from continued growth in services and the recovery of manufacturing activity. The consumption trend remained positive, while the investment trend remained weak. The economic outlook for the euro area is affected by the introduction of new tariffs by the United States. Inflation remained just above 2%; in the last two months, the price dynamic of services has been characterised by disinflation.

In the fourth quarter of 2024, euro area production increased by 0.2% compared to the previous period (from 0.4% in the summer quarter). Value added increased in services and construction, but fell in industry in the narrow sense. GDP decreased in both Germany and France (-0.2% and -0.1%, respectively), increased slightly in Italy (+0.1%) and continued to grow strongly in Spain (+0.8%). Activity in this area was affected by the negative contribution of net foreign demand, due to both falling export and rising import. Household consumption rose further, albeit with less intensity

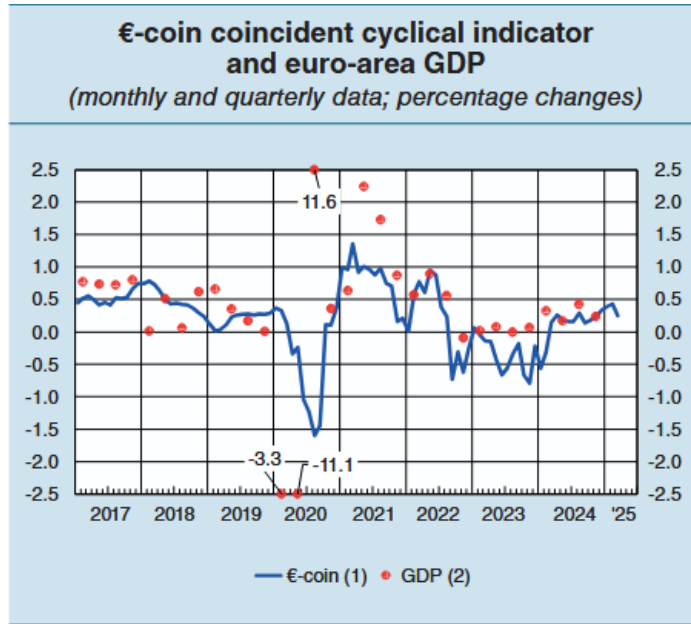
compared to the previous quarter. Although slowing down compared to the previous three months, investments continued to grow, partly due to sustained momentum in Italy, the Netherlands and Spain. The most recent cyclical indicators suggest still moderate GDP growth in the euro area in the first quarter of this year.

Euro-area GDP growth and inflation (percentage changes)				
	GDP growth			Inflation
	2024	2024 Q3 (1)	2024 Q4 (1)	2025 March (2)
France	1.2	0.4	-0.1	(0.9)
Germany	-0.2	0.1	-0.2	(2.3)
Italy	0.7	0.0	0.1	(2.1)
Spain	3.2	0.8	0.8	(2.2)
Euro area	0.9	0.4	0.2	(2.2)

Sources: Based on national statistics and Eurostat data.
(1) Quarterly data adjusted for seasonal and calendar effects; percentage changes on previous period. – (2) Monthly data; year-on-year percentage changes in the harmonized index of consumer prices (HICP).

In a context of particularly high trade tensions, the development of net foreign demand remains subject to great uncertainty. In the first three months of the year, the PMI indicator of foreign orders, as well as the related index from the European Commission surveys, although improving compared to the last quarter of 2024, suggested a decline in sales. However, according to foreign trade data, export of goods increased in January both within and outside the euro area. The increase in sales to countries outside the euro area, supported by the good performance of sales to the United States, could reflect the anticipation of some purchases before the entry into force of the US tariffs announced in the preceding weeks.

In March, the Bank of Italy's €-coin indicator continued to point to an overall subdued expansion of underlying activity in the winter months. According to ECB expert projections published in March, after a growth of 0.9% in 2025, the euro area's production will expand by 1.2% in 2026 and by 1.3% in 2027. Compared to previous forecasts from last December, there has been a downward adjustment by about four tenths of a percent in the two-year period 2025-2026.



Sources: Banca d'Italia and Eurostat.

(1) Monthly estimates of changes in GDP on the previous quarter, net of the most erratic components; latest update: March 2025. The methodology used to construct the indicator and the updated data for the indicator are available on Banca d'Italia's website: '[Cyclical coincident indicator of the euro area economy \(€-coin\)](#)'. – (2) Quarterly data adjusted for seasonal and calendar effects; percentage changes on previous period.

Italian economy

According to the most recent estimates of the Bank of Italy published in Economic Bulletin no. 2 of April 2025, the expansion of production in the last quarter of 2024 was limited (+0.1%). Consumption, driven by income from employment, and investments grew slightly. The cyclical upswing in accumulation affected all major components, with the exception of the housing sector.

GDP and its main components (1) <i>(percentage change on previous period and percentage points)</i>					
	2024	2024			
		Q1	Q2	Q3	Q4
GDP	0.7	0.3	0.1	0.0	0.1
Imports of goods and services	-0.7	-0.1	0.2	1.2	-0.4
National demand (2)	0.4	0.4	0.7	0.5	0.1
National consumption	0.6	0.7	-0.1	0.6	0.2
Household spending (3)	0.4	1.0	-0.3	0.6	0.2
General government spending	1.1	-0.2	0.5	0.3	0.2
Gross fixed investment	0.5	-0.1	-0.7	-1.6	1.6
Construction	2.0	-0.2	-1.3	-0.4	1.0
Capital goods (4)	-1.2	0.0	0.1	-3.0	2.3
Change in inventories (5)	-0.2	0.0	0.9	0.4	-0.4
Exports of goods and services	0.4	-0.1	-1.7	-0.3	-0.2
Net exports (6)	0.4	-0.1	-0.6	-0.5	0.1

Source: Istat.

(1) Chain-linked volumes; the quarterly data are seasonally and calendar adjusted. – (2) Includes the item 'changes in inventories, including valuables'. – (3) Includes non-profit institutions serving households. – (4) Include investment in plant, machinery and arms (which also comprise transport equipment), cultivated biological resources and intellectual property products. – (5) Includes valuables; contributions to GDP growth on previous period; percentage points. – (6) Difference between exports and imports; contributions to GDP growth on previous period; percentage points.

On the supply side, the value added of industry in the strict sense recovered from the decline in the third quarter of 2024 (+0.8%), despite the reduction in production. The construction sector also returned to growth (+1.2%), while services stagnated. The expansion of tourism-related activities came to a halt; after four consecutive quarters of growth, financial and insurance services declined.

On the demand side, consumption continued to grow moderately. By contrast, the investment dynamic slowed down again, with heterogeneous trends among the components. The weakening of investment in productive capital was offset by the strengthening of investment in construction, attributable to the non-residential component.

Based on the latest ISTAT projections of last 6 June, Italy's GDP is expected to grow by 0.6% in 2025 and by 0.8% in 2026, after increasing by 0.7% in the previous two years. GDP growth in the two-year forecast period 2026-2027 would be supported entirely by domestic demand net of inventories (+0.8 and +0.9 percentage points, respectively), while foreign demand would be negative in both years (-0.2 and -0.1 percentage points). With regard to the forecast scenario for net foreign demand, the

uncertainty surrounding the US trade policy would ease in the second half of 2025. In any case, it is assumed that tariffs will have a negative impact on world trade and international growth prospects.

TABLE 1. FORECAST FOR THE ITALIAN ECONOMY– GDP AND MAIN COMPONENTS

Years 2023-2026, Concatenated values for demand components; year-on-year percentage changes and percentage points

	2023	2024	2025	2026
Gross Domestic Product	0.7	0.7	0.6	0.8
Import of goods and services (FOB)	-1.6	-0.7	2.1	2.2
Export of goods and services (FOB)	0.2	0.4	1.3	1.8
DOMESTIC DEMAND (INCLUDING INVENTORIES)	0.1	0.4	0.8	0.9
Residential household consumption expenditure and NPISH	0.4	0.4	0.7	0.7
Government Consumption	0.6	1.1	0.6	0.6
Gross fixed capital formation	9.0	0.5	1.2	1.7
CONTRIBUTION TO GDP				
Domestic demand (net of inventories)	2.3	0.5	0.8	0.9
Net export	0.7	0.4	-0.2	-0.1
Inventories	-2.3	-0.2	0.0	0.0
Household consumption expenditure deflator	5.0	1.4	1.8	1.6
Gross domestic product deflator	5.9	2.1	1.6	1.6
Compensation of employees per full-time equivalent	2.1	2.9	3.3	3.3
Full-time equivalent employment	2.4	2.2	1.1	1.2
Unemployment rate	7.5	6.5	6.0	5.8
Trade balance (level as % of GDP)	1.4	2.3	2.0	2.0

The positive phase in the labour market continued in the first quarter of 2025, with a cyclical increase in hours worked and Annual Working Units (AWUs) for the economy as a whole (+0.7% for both). The improvement involved all sectors, but was higher in services (+1.0% in both AWUs and hours worked) and lower in construction (+0.4% and +0.6% respectively); by contrast, the dynamic was stagnant in industry. In April, the employment rate stood at 62.7%, unchanged from the previous month; the unemployment rate fell to 5.9% (-0.2 percentage points compared to the previous month). The average unemployment rate is expected to improve in 2025 (6.0%, from 6.5% in 2024), and such improvement would also continue in 2026 (5.8%).

The consumer price index for the whole nation (NIC), which had been rising since October, decreased in May to +1.6 % (from +1.9% in April). Acquired inflation in 2025 stands at +1.3%. The trend change in the Harmonised Index of Consumer Prices (HICP), which is directly comparable at EU level, was +1.7% in May (+2.0% in the previous month), in line with the euro area average. Compared to the other main countries in the euro area, Italy's HICP is -0.2 percentage points than Spain's and -2.3 percentage points than Germany's. By contrast, France's HICP is significantly lower (+0.6% in May, the lowest since the end of 2020).

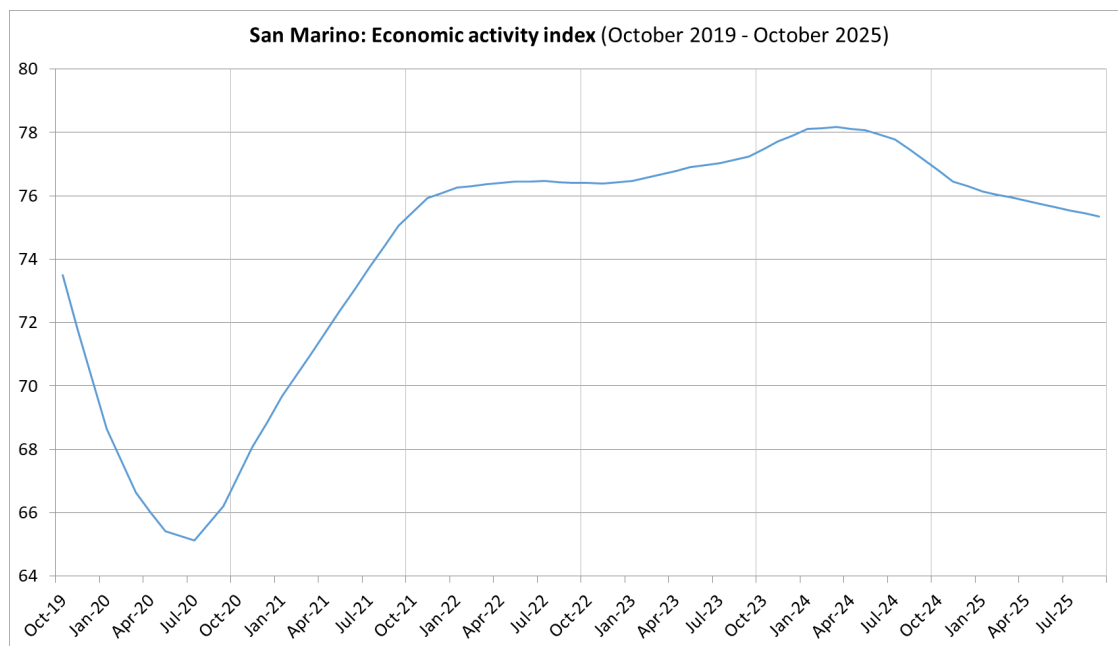
San Marino scenario

San Marino economy continued to grow also in 2023, albeit at a slower rate than in the previous two years and in line with the situation in Italy. GDP in volume increased by +0.4 percentage points, slowing down from +7.9% in 2022. The growth dynamic of the economy in 2024 would be slightly stronger: according to IMF forecasts, it would be equal to +0.7 percentage points, while estimates for 2025 would be +1.0%.

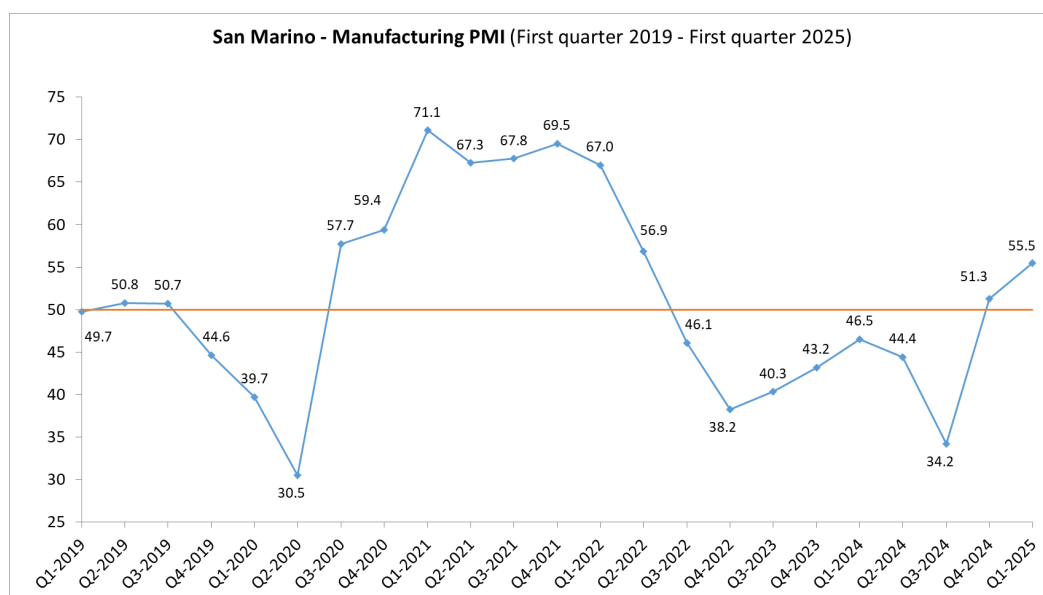
A strong performance of the service sector contributed to robust employment growth, although manufacturing showed signs of slowing down. The average increase in cross-border employment over the two-year period 2023-2024 was +513 workers, in particular in the *manufacturing* sector (+94 cross-border workers), *wholesale and retail trade and repair of motor vehicles and motorcycles* (+87) and *rental, travel agencies and business support services* (+66).

The trade balance of goods alone, given by the difference between export and import declared by economic activities, continued to increase in 2024, reaching EUR 240 million (from 219 million in 2023 and 76 million in 2022).

The Economic Activity Index (EAI), which also includes forecasts for the current year, is compiled on the basis of a set of monthly proxy variables describing economic performance, including data on employment, inflation, number of economic activities and bank deposits. This index has been declining since the second quarter of 2024, after showing positive trends following the post-Covid period; for 2025, our estimates indicate a further decrease in economic activities, but still remaining at high levels, above 75.



The manufacturing PMI is a quarterly indicator compiled from data collected through questionnaires administered to the purchasing managers of the largest private companies operating in the manufacturing sector; such managers are asked for qualitative indications on production volumes, sales, speed of raw material procurement, use of human resources and inventories compared to the previous period. Values above the threshold of 50 indicate an expansion of the sector and its dynamic anticipates that of the sector in the short term. The most recent estimates of this index for the fourth quarter of 2024 and the first quarter of 2025 were above the sector's expansion threshold (51.3 and 55.5 respectively), thus indicating a recovery of this sector after seven quarters of decline.



Production account provides a macroeconomic summary of how the country's value added (or GDP) is formed: in a nutshell, it is calculated from the total production by all residents during the year, from which intermediate consumption used to produce final goods and services is subtracted, and finally taxes are added. The relevant values are shown in the following table for the five-year period 2019-2023.

Production Account (thousands of euros)					
	2019	2020	2021	2022	2023
GDP at current prices	1,443,741	1,352,407	1,568,726	1,739,427	1,874,875
Production	4,404,777	4,157,091	4,857,013	5,668,128	5,857,691
Intermediate consumption	3,063,786	2,892,007	3,396,243	4,055,876	4,120,132
Gross fixed capital formation	338,951	256,440	274,793	202,795	206,877
Taxes	102,750	87,322	107,956	127,175	137,316
GDP at constant prices (2007)	1,229,720	1,147,969	1,307,512	1,410,785	1,416,428
Real GDP change	2.1%	-6.6%	13.9%	7.9%	0.4%

As already mentioned, in 2023, GDP at constant prices increased by +0.4%. Production recorded a nominal increase by +3.3% compared to the previous year, while intermediate consumption grew by +1.6%. Gross fixed capital formation remained at the 2022 level and taxes grew by +8%.

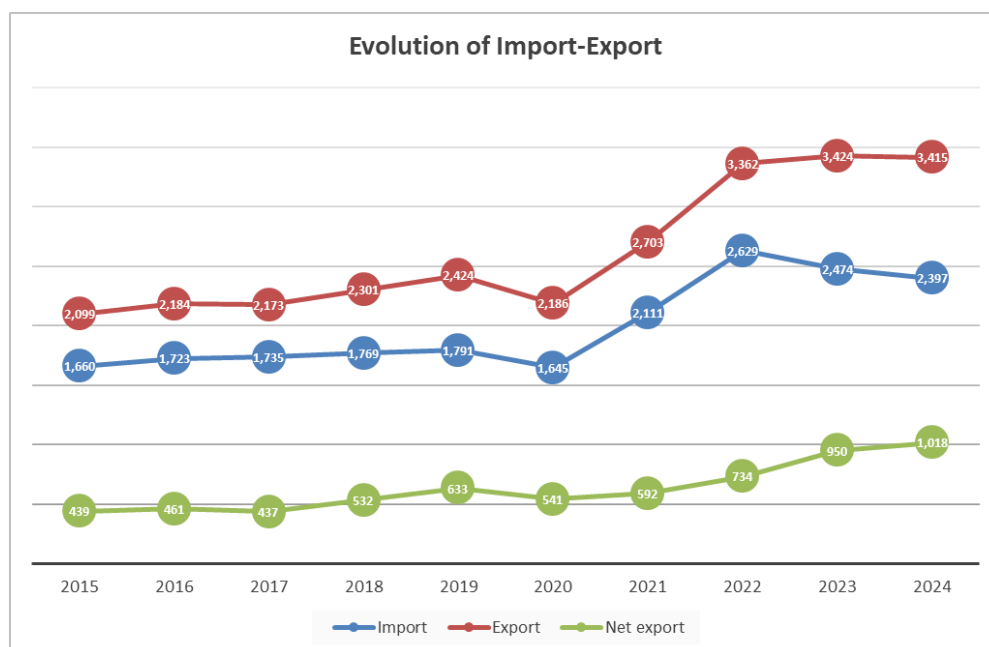
The following table shows the percentage by which economic sectors contributed to the creation of value added. The *manufacturing* sector continues to be the largest sector also in 2023, contributing 33.9% of value added, followed by *wholesale and retail trade and repair of motor vehicles and motorcycles* (15%) and *Public Administration and defence and compulsory social security* (12.1%).

Value added by economic sector. Years 2019-2023, in % of the total economy						
Economic activity sector		2019	2020	2021	2022	2023
A	<i>Agriculture, forestry and fishing</i>	0.0%	0.0%	0.0%	0.0%	0.0%
C	<i>Manufacturing</i>	32.9%	33.6%	35.2%	36.3%	33.9%
E	<i>Water supply; sewerage, waste management and remediation activities</i>	0.2%	0.3%	0.3%	0.4%	0.4%
F	<i>Construction</i>	4.3%	4.1%	3.8%	3.9%	4.0%
G	<i>Wholesale and retail trade; repair of motor vehicles and motorcycles</i>	12.5%	13.4%	14.3%	14.1%	15.0%
H	<i>Transport and storage</i>	2.5%	2.1%	2.3%	2.1%	2.1%
I	<i>Accommodation and food service activities</i>	2.1%	1.3%	1.8%	1.8%	2.0%
J	<i>Information and communication</i>	4.8%	5.2%	5.3%	5.3%	5.9%
K	<i>Financial and insurance activities</i>	5.2%	4.6%	4.0%	3.8%	4.0%
L	<i>Real estate activities</i>	6.8%	7.1%	6.1%	5.6%	6.0%
M	<i>Professional, scientific and technical activities</i>	7.2%	8.3%	8.0%	7.5%	7.3%
N	<i>Rental, travel agencies and business support services</i>	2.9%	1.8%	2.0%	2.6%	2.7%
O	<i>Public administration and defence; compulsory social security</i>	14.5%	14.7%	13.1%	12.4%	12.1%
P	<i>Education</i>	0.1%	0.2%	0.4%	0.7%	0.5%
Q	<i>Health and social assistance</i>	1.2%	1.1%	1.1%	1.1%	1.2%
R	<i>Arts, sports, recreational and entertainment activities</i>	1.6%	1.2%	1.3%	1.5%	1.8%
S	<i>Other service activities</i>	1.1%	0.9%	1.0%	1.0%	1.0%

Compared to the previous year, the largest decline in terms of contribution to value added is attributable to the *manufacturing* sector (-2.4 percentage points), followed by *Public Administration and defence and compulsory social security* (-0.4%) and *professional, scientific and technical activities* (-0.2%). Conversely, the contribution of *wholesale and retail trade, repair of motorcycles* (+0.9%), *information and communication services* (+0.6%) and *real estate activities* (+0.4%) increased.

Import-Export

The following graph shows the import-export dynamics from 2015 to 2024 and the relevant values in millions of euros at current prices; net export is calculated as the difference between export and import.



The table entitled *Trade* shows the aggregated data of import and export slips processed by the Tax Office for the last five years. The figures have been deflated so that they can be directly compared over time. In 2024, both export (-1.2%) and import (-4.0%) declined in real terms, although less than in the previous year (-3.6% and -10.9%, respectively). The trade balance continued to increase (+6.1%) to EUR 741.4 million, albeit more slowly than in the previous year (+22.6%).

Trade (thousands of euros, at 2007 prices)					
	2020	2021	2022	2023	2024
Export (E)	€ 1,871,266	€ 2,271,365	€ 2,611,265	€ 2,517,631	€ 2,486,672
% change from the previous period	-9.7%	21.4%	15.0%	-3.6%	-1.2%
Import (I)	€ 1,408,333	€ 1,774,206	€ 2,041,491	€ 1,818,883	€ 1,745,288
% change from the previous period	-8.0%	26.0%	15.1%	-10.9%	-4.0%
Trade (E+I)	€ 3,279,600	€ 4,045,571	€ 4,652,756	€ 4,336,514	€ 4,231,960
% change from the previous period	-9.0%	23.4%	15.0%	-6.8%	-2.4%
Trade balance (E-I)	€ 462,933	€ 497,159	€ 569,774	€ 698,748	€ 741,384
% change from the previous period	-14.4%	7.4%	14.6%	22.6%	6.1%

The following two tables show export by economic sector of production and import by economic sector of use of all resident economic activities.

Export by production sector (thousands of euros, at current prices)					
year	2020	2021	2022	2023	2024
Agriculture, forestry and fishing	697	582	1,023	935	1,408
Manufacturing	1,366,149	1,698,911	2,001,619	1,933,951	1,869,056
Electricity, gas, steam and air conditioning supply	145	0	0	0	0
Water supply; sewerage, waste management and remediation activities	2,747	4,699	4,520	4,440	4,759
Construction	19,995	25,203	34,851	33,707	29,955
Wholesale and retail trade; repair of motor vehicles and motorcycles	412,792	517,469	617,322	712,102	766,230
Transport and storage	119,157	150,347	191,749	166,099	172,393
Accommodation and food service activities	1,044	1,462	1,686	2,079	2,693
Information and communication	72,363	88,898	97,180	120,217	129,118
Financial and insurance activities	2,498	3,570	3,722	4,625	4,693
Real estate activities	2,422	1,092	1,047	5,073	2,308
Professional, scientific and technical activities	79,859	94,878	107,490	129,606	153,274
Rental, travel agencies and business support services	40,755	47,275	104,816	172,977	204,482
Public administration and defence; compulsory social security	45,936	38,778	152,436	90,543	19,382
Education	2,115	6,189	10,712	8,560	6,284
Health and social assistance	3,989	4,179	5,673	8,178	9,111
Arts, sports, recreational and entertainment activities	5,742	7,798	13,445	21,026	28,420
Other service activities	6,052	6,489	7,608	9,182	9,116
Extraterritorial organisations and bodies	0	0	0	0	0
Not specified	1,365	5,061	5,301	588	2,326
Total	2,185,820	2,702,881	3,362,201	3,423,889	3,415,008

Import by sector of use (thousands of euros, at current prices)					
year	2020	2021	2022	2023	2024
Agriculture, forestry and fishing	2,123	2,276	2,563	2,508	2,981
Manufacturing	862,841	1,118,556	1,317,999	1,183,746	1,110,479
Electricity, gas, steam and air conditioning supply	53	0	0	0	0
Water supply; sewerage, waste management and remediation activities	646	703	1,122	1,210	859
Construction	27,997	25,194	29,098	29,119	30,436
Wholesale and retail trade; repair of motor vehicles and motorcycles	610,638	796,788	909,510	1,001,769	1,055,673
Transport and storage	4,913	3,885	4,963	10,528	14,162
Accommodation and food service activities	9,917	15,730	18,773	20,209	20,819
Information and communication	11,239	14,679	15,447	20,199	17,875
Financial and insurance activities	13,896	13,651	10,640	13,699	11,302
Real estate activities	2,531	3,666	7,212	7,504	4,263
Professional, scientific and technical activities	13,380	12,338	15,599	17,826	16,528
Rental, travel agencies and business support services	4,542	7,524	10,018	8,532	10,045
Public administration and defence; compulsory social security	51,306	62,598	251,530	114,509	60,435
Education	984	1,520	1,171	942	626
Health and social assistance	3,474	4,749	4,515	5,660	6,997
Arts, sports, recreational and entertainment activities	4,136	8,524	7,464	9,857	11,847
Other service activities	5,063	6,160	6,093	7,283	6,764
Extraterritorial organisations and bodies	91	6	36	25	0
Not specified	15,948	12,724	14,821	18,491	14,754
Total	1,645,719	2,111,271	2,628,574	2,473,616	2,396,847

The *manufacturing* sector is the one that contributes most also in terms of foreign trade, as well as in the creation of value added: in 2024, 54.7% of total export and 43.4% of total import were indeed attributable to this sector. Manufacturing is followed by *wholesale and retail trade and repair of motor vehicles and motorcycles*, which accounts for 22.4% of export and 44.0% of import.

With regard to the private sector, in absolute terms, in 2024, *wholesale and retail trade and repair of motor vehicles and motorcycles* (+54.1 million euro) and *rental, travel agencies, business support services* (+31.5 million euro) recorded the greatest expansion of export; with regard to import,

wholesale and retail trade and repair of motor vehicles and motorcycles recorded an increase (+53.9 million euro). The largest decline is recorded in the *manufacturing* sector, with a decrease of -64.9 million euro in export and -73.3 million euro in import, likely explained by a decrease in raw material costs.

The public sector, represented by the item *Public Administration and defence and compulsory social security*, recorded a marked decrease in import, equal to -54.1 million euro, as well as in export, equal to -71.2 million euro; these variations are mainly due to the decrease in the prices of energy goods (natural gas and electricity).

Main foreign trade partners, rank 2024 - Years 2022-2023-2024, % of the total							
Import				Export			
	2022	2023	2024		2022	2023	2024
Italy	79.3%	79.9%	80.5%	Italy	82.2%	82.3%	80.7%
China	4.7%	3.9%	3.6%	United Kingdom	1.7%	1.4%	1.8%
Germany	3.0%	3.4%	3.5%	United States	1.4%	1.3%	1.7%
Spain	1.9%	1.8%	1.6%	Poland	0.8%	1.1%	1.5%
Netherlands	1.1%	1.4%	1.2%	China	1.2%	1.0%	1.2%
France	1.0%	1.2%	1.1%	Switzerland	1.1%	0.9%	1.2%
Poland	1.2%	1.3%	1.1%	United Arab Emirates	0.8%	1.0%	1.1%
Belgium	0.8%	0.9%	0.8%	France	0.8%	0.8%	0.8%
Canada	0.5%	0.6%	0.5%	Malta	0.5%	0.6%	0.7%
Romania	0.3%	0.4%	0.5%	Spain	0.4%	0.6%	0.6%

San Marino's main trading partner is clearly Italy, which accounted for 80.5% of import and 80.7% of export (in 2024). With regard to import, China comes second (3.6%), followed by Germany (3.5%) and Spain (1.6%). As far as export is concerned, the main markets, apart from Italy, are the UK (1.8%), the US (1.7%) and Poland (1.5%).

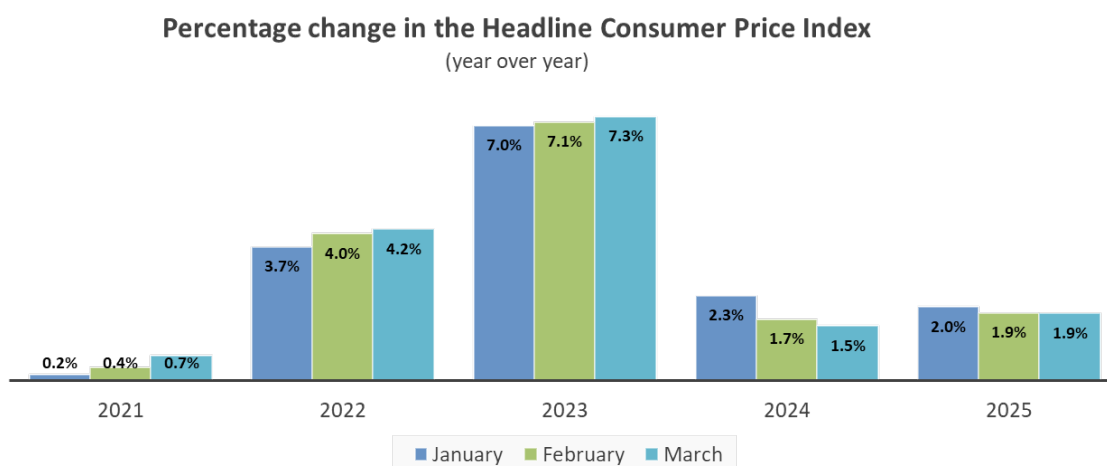
Consumer prices

The variation in the consumer price index is the main statistical measure for calculating inflation: the index is calculated from the average of prices recorded, weighted by a specific basket of goods and services. More specifically, in San Marino, the consumer price index for blue- and white-collar households is calculated: this index refers to the consumption habits of a typical household headed by an employee.

In the first quarter of 2025, the headline price index increased by +0.9% compared to the fourth quarter of 2024, whereas an increase by +0.1% was recorded in the same quarters of the previous

year. The trend variation⁸ in the first quarter of 2025 was equal to +1.9%, compared to +1.8% in the previous year. The latest available monthly data, referring to March 2025, show a trend variation of +1.9%.

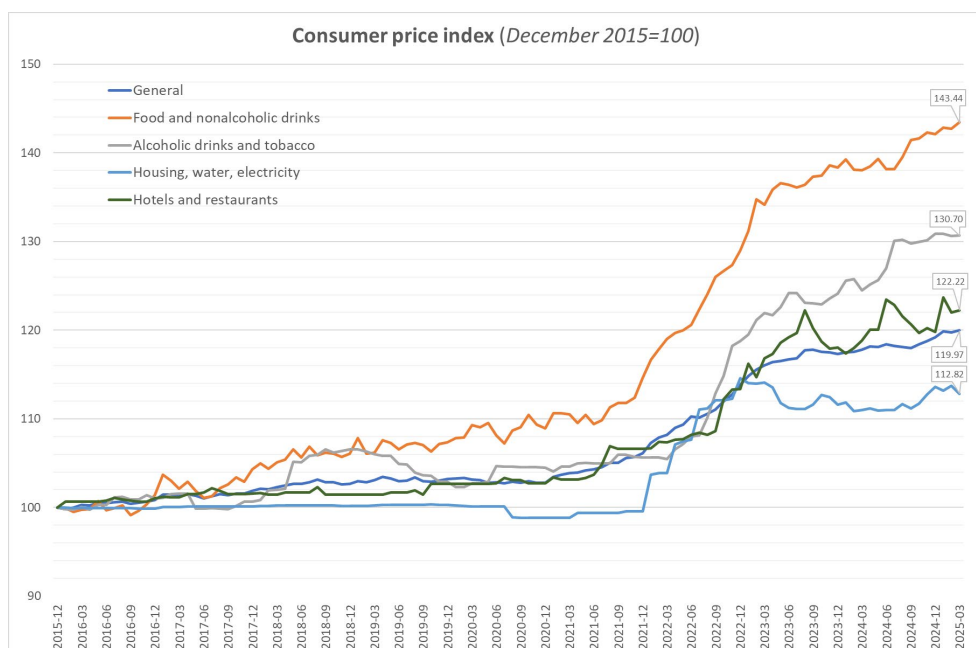
Inflation is expected to stabilise at around 2% this year, compared to 1.2% in 2024.⁹



Consumer Price Indexes (CPI) for Blue-collar and White-collar Households in San Marino (December 2015=100)																			
	2023			2024										2025			Δ% Q1 2024-2025		
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan		Feb	Mar
All items	117.5	117.5	117.3	117.5	117.5	117.8	118.2	118.1	118.4	118.2	118.1	118.0	118.4	118.8	119.2	119.9	119.7	120.0	1.9%
Food and non-alcoholic beverages	137.5	138.6	138.4	139.3	138.1	138.1	138.4	139.3	138.2	138.2	139.5	141.4	141.6	142.3	142.1	142.8	142.7	143.4	3.3%
Alcoholic beverages and tobacco	122.9	123.6	124.1	125.6	125.8	124.5	125.1	125.6	127.0	130.1	130.2	129.8	130.0	130.2	130.9	130.9	130.6	130.7	4.4%
Clothing and footwear	115.7	115.7	115.7	115.7	115.7	115.5	116.7	116.8	116.8	116.8	116.8	116.5	118.3	118.4	118.4	118.4	118.4	118.1	2.3%
Housing, water, electricity, gas and other	112.7	112.5	111.6	111.8	110.9	111.0	111.2	111.0	111.0	111.0	111.7	111.2	111.7	112.8	113.6	113.2	113.7	112.8	1.8%
Furnishings, household equipment and routine maintenance	116.3	116.5	116.5	116.5	116.5	116.6	116.7	117.1	117.1	116.9	116.8	116.7	116.8	117.0	117.0	117.5	119.5	119.0	1.8%
Health	107.5	107.5	107.5	107.5	107.8	107.6	107.6	107.6	107.6	107.6	107.6	107.6	107.6	107.6	107.6	107.6	107.6	107.6	-0.1%
Transport	121.2	120.5	119.5	119.9	120.6	121.2	120.4	118.8	119.3	118.5	116.8	115.9	116.4	116.8	117.5	118.1	116.8	116.1	-3.0%
Communication	96.8	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.1	96.3	96.3	96.3	96.3	96.3	96.3	0.1%
Recreation, entertainment and culture	109.3	109.2	109.9	110.0	110.4	111.1	111.1	111.3	111.3	111.4	112.1	111.0	113.2	112.7	115.3	115.3	116.2	115.9	4.8%
Education	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	106.4	0.0%
Restaurants and hotels	118.7	117.9	118.1	117.4	118.0	118.9	120.0	120.0	123.5	122.8	121.6	120.7	119.7	120.2	119.8	123.7	122.0	122.2	3.9%
Miscellaneous goods and services	106.7	106.7	106.7	106.8	107.2	107.4	109.1	109.1	109.0	109.0	109.0	109.2	109.5	109.8	110.4	110.4	110.4	114.1	4.2%

⁸ Trend variation refers to the change (in percentage terms) compared to the same period in the previous year. Cyclical variation refers to the change compared to the previous reporting period, usually month or quarter.

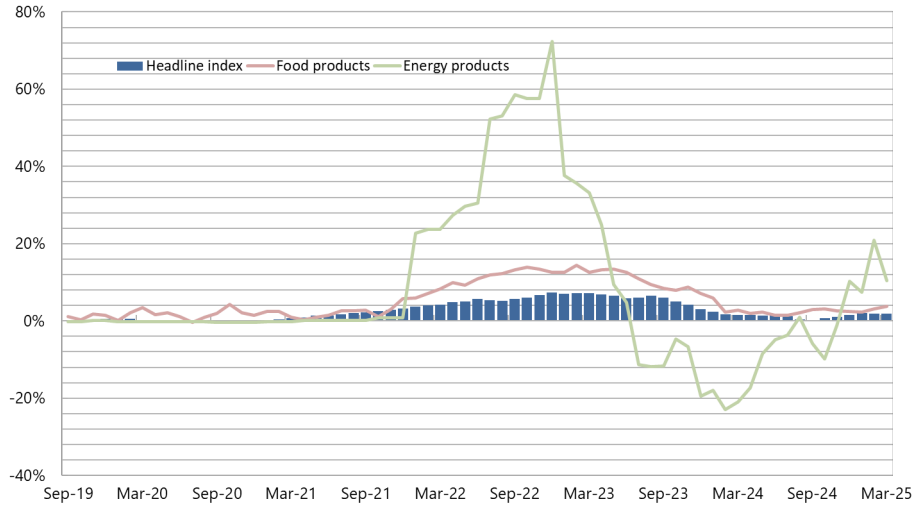
⁹ Source: IMF, WEO April 2025.



A comparison between the average indexes calculated in the first quarter of 2025 and in the first quarter of 2024 showed that the product categories with the most considerable price increases were *recreational activities, entertainment and culture* (+4.8%), *alcoholic beverages and tobacco* (+4.4%) and *other goods and services* (+4.2%); *food and non-alcoholic beverages* recorded an average increase by +3.3%. Prices related to *transport* (-3.0%) and *health services and expenditure* (-0.1%) decreased.

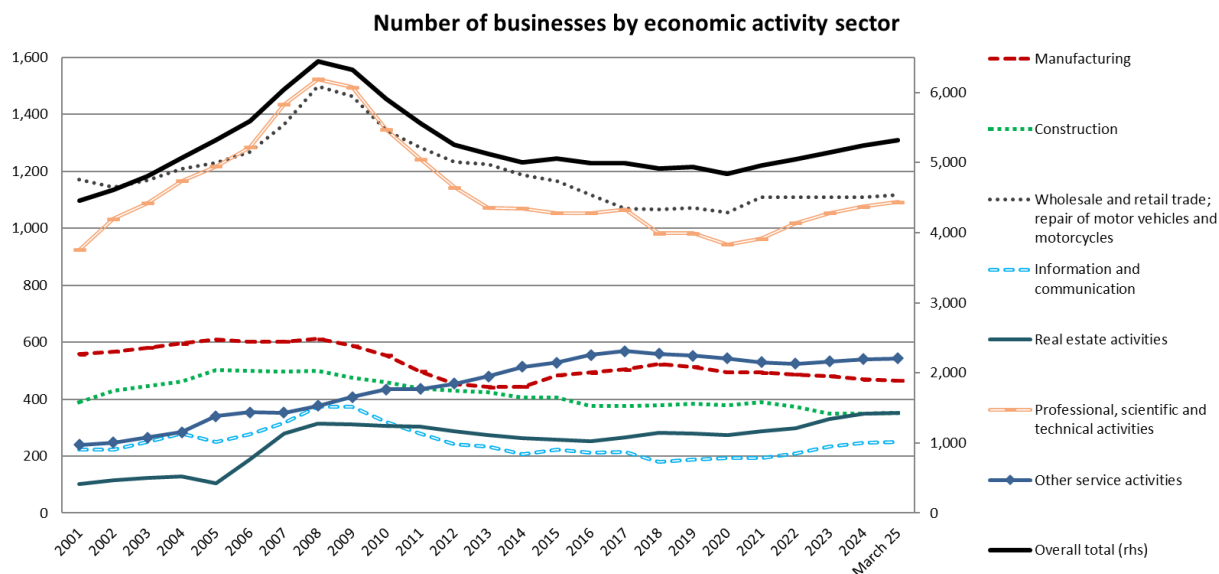
The graph below shows the variation in inflation compared to the previous 12 months. This shows that energy goods and foodstuffs have recorded much greater changes than the headline index, particularly since 2022, i.e. since the start of the Russian invasion of Ukraine.

Consumer price inflation (Monthly data; year-over-year change)



Businesses

Below is the evolution of the number of economic activities from 2001 to March 2025 in the most relevant sectors in terms of numbers, as well as their general evolution.



Number of businesses present in the country											
	2020			2024			2025			Average Δ over the first quarter	Average Δ over the first quarter
	Jan	Feb	Mar	Jan	Feb	Mar	Jan	Feb	Mar	2020-2025	2024-2025
Agriculture, forestry and fishing	56	55	55	54	54	52	57	57	58	2	4
Manufacturing	511	516	516	480	481	485	466	465	465	-49	-17
Electricity, gas, steam and air conditioning supply	1	1	1	0	0	0	0	0	0	-1	0
Water supply; sewerage, waste management and remediation activities	7	7	7	8	8	8	8	8	8	1	0
Construction	387	390	393	351	350	352	348	350	351	-40	-1
Wholesale and retail trade; repair of motor vehicles and motorcycles	1,075	1,068	1,070	1,112	1,115	1,119	1,110	1,114	1,117	43	-2
Transport and storage	110	111	111	115	118	119	118	118	122	9	2
Accommodation and food service activities	198	199	199	187	189	193	190	194	193	-6	3
Information and communication	191	193	193	239	240	240	249	251	251	58	11
Financial and insurance activities	69	70	70	102	102	103	130	133	132	62	29
Real estate activities	283	282	282	333	334	339	347	351	352	68	15
Professional, scientific and technical activities	985	979	979	1,048	1,061	1,073	1,085	1,092	1,093	109	29
Rental, travel agencies and business support services	184	183	180	193	191	192	196	197	196	14	4
Public administration and defence; compulsory social security	2	2	2	2	2	2	2	2	2	0	0
Education	31	34	34	58	59	57	60	59	58	26	1
Health and social assistance	143	143	140	151	150	150	164	168	170	25	17
Arts, sports recreational and entertainment activities	166	166	166	194	196	196	202	203	204	37	8
Other service activities	551	552	552	534	534	534	541	540	543	-10	7
Extraterritorial organisations and bodies	3	3	3	1	1	1	1	1	1	-2	0
Total	4,953	4,954	4,953	5,162	5,185	5,215	5,274	5,303	5,316	344	110

A comparison between the average number of businesses by sector of economic activity (2007 ATECO classification) in the first quarter of 2025 and the same period of the previous year showed an

overall increase by +110 businesses. *Financial and insurance activities* and *professional, scientific and technical activities* increased by +29 businesses each, followed by *health and social security* (+17), *real estate activities* (+15) and *information and communication services* (+11). *Manufacturing activities* recorded a decrease by -17 businesses.

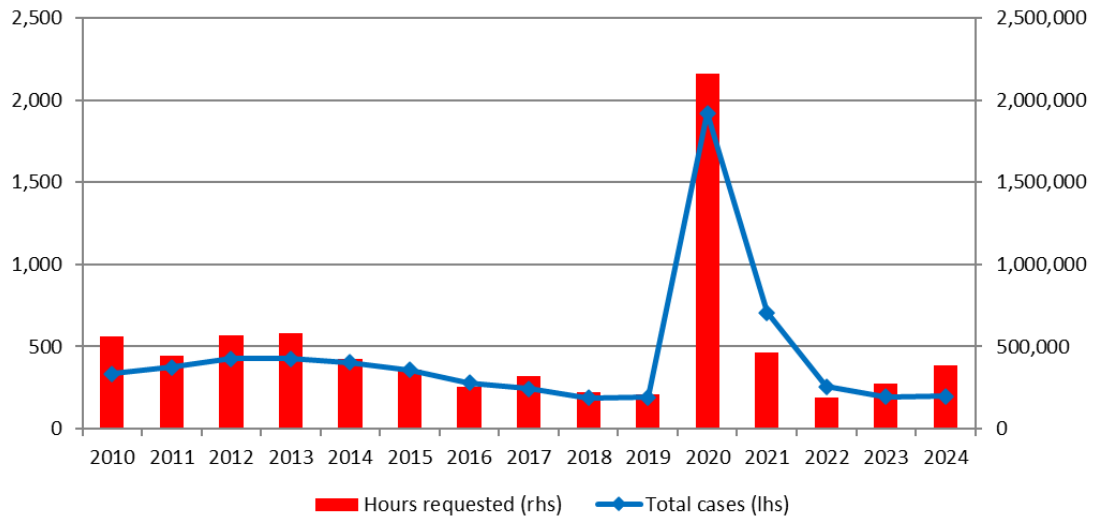
Compared to the situation 5 years ago (the period just before the outbreak of the Covid-19 pandemic, i.e. the first quarter of 2020), an overall increase by +344 businesses was recorded. The most marked increase was recorded for *professional, scientific and technical activities* (+109 businesses), *real estate activities* (+68), *financial and insurance activities* (+62) and *information and communication services* (+58). *Manufacturing* (-49 businesses), *construction* (-40) and *other service activities* (-10) declined.

Wage Supplementation Fund

In 2024, the Wage Supplementation Fund, used for reasons of *temporary market-related situations*, recorded an increase by +40.9% in the number of hours applied for compared to the previous year, for a total of 384,916 hours (273,198 in 2023); of these, 337,279 hours were related to the manufacturing sector (218,147 in 2023). The total number of businesses that applied was 198 (194 in 2023).

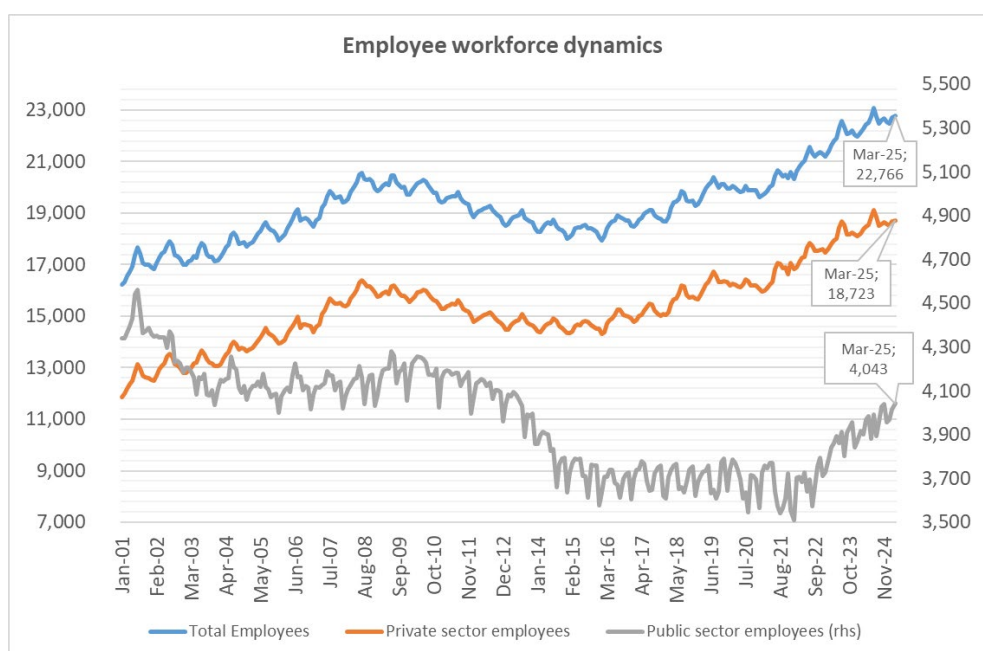
Total Wage Supplementation Fund amounts paid, including *force majeure*, *economic crisis*, *company restructuring and reconversion*, and any *arrears*, increased from EUR 3,325,150 in 2023 to EUR 4,523,213 in 2024, corresponding to +36 percentage points.

Paid Wage Supplementation: Temporary market situations and reduction of work for COVID-19



Employment

Also in the first quarter of 2025, the number of employees continued its increase, which had begun in December 2020. In March 2025, a total of 22,766 employees were registered (18,723 private and 4,043 public), the highest level ever recorded in San Marino if considered in trend terms. Indeed, only the three summer months of 2024 (June-August) recorded higher levels, due to season-related reasons. Employment is therefore also expected to progressively grow in the summer months of 2025, mainly due to the tourism sector.



Analysing the dynamics of the last 12 months ending in March 2025, the driving sectors of economic activity that contributed to this level of employment were *information and communication services* (+91 employees), *rental, travel agencies, business support services* (+74), *manufacturing* (+39) and *transport and storage* (+38). Overall, the private sector recorded an increase by +351 employees. In the same period, the public sector recorded an increase by +142 employees, of which +79 in the *Public Administration*, +39 in the *Social Security Institute*, +12 in the *Autonomous Public Utilities State Corporation*, +8 in the *Autonomous Public Works State Corporation* and +4 in the *University*.

Since early 2025, a growth, albeit weak, has also been registered in the number of self-employed workers, after more than two decades of steady decline. As of March 2025, there were 1,572 self-employed workers. Compared to the previous twelve months, the increase was equal to +11 self-employed workers; the most significant changes were recorded in *other service activities* (+13), in *professional, scientific and technical activities* (+12) and in *health and social security* (+7), while self-

employed workers decreased in *manufacturing* (-8), in *accommodation and food service activities* (-7) and in *wholesale and retail trade* (-6).



Workforce totals and annual percentage variations (December data, yearly)										
	Self-employed		Employees		Total workers		Unemployed		Total workforce	
		% var.		% var.		% var.		% var.		% var.
2005	2,179	-1.1%	17,945	1.5%	20,124	1.2%	671	16.3%	20,795	1.6%
2006	2,081	-4.5%	18,614	3.7%	20,695	2.8%	595	-11.3%	21,290	2.4%
2007	2,056	-1.2%	19,427	4.4%	21,483	3.8%	573	-3.7%	22,056	3.6%
2008	2,030	-1.3%	19,965	2.8%	21,995	2.4%	713	24.4%	22,708	3.0%
2009	1,978	-2.6%	19,731	-1.2%	21,709	-1.3%	910	27.6%	22,619	-0.4%
2010	1,937	-2.1%	19,472	-1.3%	21,409	-1.4%	978	7.5%	22,387	-1.0%
2011	1,932	-0.3%	19,003	-2.4%	20,935	-2.2%	1,115	14.0%	22,050	-1.5%
2012	1,886	-2.4%	18,612	-2.1%	20,498	-2.1%	1,332	19.5%	21,830	-1.0%
2013	1,887	0.1%	18,392	-1.2%	20,279	-1.1%	1,493	12.1%	21,772	-0.3%
2014	1,849	-2.0%	17,998	-2.1%	19,847	-2.1%	1,596	6.9%	21,443	-1.5%
2015	1,823	-1.4%	18,082	0.5%	19,905	0.3%	1,611	0.9%	21,516	0.3%
2016	1,783	-2.2%	18,524	2.4%	20,307	2.0%	1,399	-13.2%	21,706	0.9%
2017	1,756	-1.5%	18,689	0.9%	20,445	0.7%	1,430	2.2%	21,875	0.8%
2018	1,698	-3.3%	19,292	3.2%	20,990	2.7%	1,415	-1.0%	22,405	2.4%
2019	1,672	-1.5%	19,962	3.5%	21,634	3.1%	1,333	-5.8%	22,967	2.5%
2020	1,607	-3.9%	19,631	-1.7%	21,238	-1.8%	1,287	-3.5%	22,525	-1.9%
2021	1,578	-1.8%	20,603	5.0%	22,181	4.4%	1,030	-20.0%	23,211	3.0%
2022	1,542	-2.3%	21,308	3.4%	22,850	3.0%	824	-20.0%	23,674	2.0%
2023	1,535	-0.5%	22,030	3.4%	23,565	3.1%	791	-4.0%	24,356	2.9%
2024	1,553	1.2%	22,544	2.3%	24,097	2.3%	772	-2.4%	24,869	2.1%

The following table shows the stock of labour force in the first three months of 2024 and 2025. Focusing on the latest month for which data are available, i.e. March 2025, and comparing it with the same month of the previous year, the number of employees increased by +493 (+253 males and +240

females) while the number of self-employed increased by +11 (+9 males and +2 females). The unemployed fell by -51 (-25 males and -26 females) to 663.

Workforce										
		2024			2025			Δ 2024-2025		
		Jan	Feb	Mar	Jan	Feb	Mar	Jan	Feb	Mar
Employees	M	12,340	12,381	12,435	12,517	12,651	12,688	177	270	253
	F	9,624	9,742	9,838	9,960	10,043	10,078	336	301	240
	Total	21,964	22,123	22,273	22,477	22,694	22,766	513	571	493
Self-employed	M	1,060	1,064	1,066	1,070	1,072	1,075	10	8	9
	F	493	496	495	497	498	497	4	2	2
	Total	1,553	1,560	1,561	1,567	1,570	1,572	14	10	11
Employees + Self-employed	M	13,400	13,445	13,501	13,587	13,723	13,763	187	278	262
	F	10,117	10,238	10,333	10,457	10,541	10,575	340	303	242
	Total	23,517	23,683	23,834	24,044	24,264	24,338	527	581	504
Unemployed	M	251	263	247	254	246	222	3	-17	-25
	F	492	480	467	478	475	441	-14	-5	-26
	Total	743	743	714	732	721	663	-11	-22	-51
Overall total	M	13,651	13,708	13,748	13,841	13,969	13,985	190	261	237
	F	10,609	10,718	10,800	10,935	11,016	11,016	326	298	216
	Total	24,260	24,426	24,548	24,776	24,985	25,001	516	559	453
<i>Per memoria:</i>										
Cross-border workers	M	5,452	5,489	5,522	5,580	5,685	5,718	128	196	196
	F	2,360	2,409	2,493	2,620	2,673	2,703	260	264	210
	Total	7,812	7,898	8,015	8,200	8,358	8,421	388	460	406

Below is the number of employees, both private and public, broken down by age group, as of December for the last five years. Compared to 2023, 2024 shows an expansion of +2.3% of the total (+514 workers): in absolute terms, employees aged 55 years and over (+420) and 25-34 years (+148) increased the most, while those in the 45-54 age group decreased (-75). Compared to 2020, the total number of employees in December 2024 increased by +14.8% (+2,913).

Employees (private and public) by age group - December data									
age group	2020	2021	2022	2023	2024	$\Delta 2023/2024$	$\Delta\% 2023/2024$	$\Delta 2020/2024$	$\Delta\% 2020/2024$
up to 19	82	119	117	116	130	14	12.1%	48	58.5%
20~24	729	888	944	996	985	-11	-1.1%	256	35.1%
25~29	1,343	1,546	1,680	1,768	1,849	81	4.6%	506	37.7%
30~34	1,736	1,916	2,021	2,115	2,182	67	3.2%	446	25.7%
35~39	2,231	2,287	2,286	2,365	2,365	0	0.0%	134	6.0%
40~44	2,812	2,713	2,723	2,705	2,723	18	0.7%	- 89	-3.2%
45~49	3,459	3,523	3,494	3,407	3,351	-56	-1.6%	- 108	-3.1%
50~54	3,459	3,559	3,704	3,801	3,782	-19	-0.5%	323	9.3%
55~59	2,814	2,982	3,169	3,355	3,529	174	5.2%	715	25.4%
60~64	838	925	983	1,167	1,377	210	18.0%	539	64.3%
over 64	128	145	187	235	271	36	15.3%	143	111.7%
Total	19,631	20,603	21,308	22,030	22,544	514	2.3%	2,913	14.8%

Cross-border workers continued to increase in 2024 and in the first quarter of 2025. In December 2024, there were 8,228 cross-border workers, with an increase by +357 compared to the previous 12 months (+672 in the previous year). The latest available data (March 2025) show 8,421 cross-border workers: +406 workers compared to the same month of the previous year.

Cross-border workers in the Republic of San Marino - December data						
Year	Male		Female		Total	
	n. workers	Var. %	n. workers	Var. %	n. workers	Var. %
2014	3,780	-3.3%	1,392	-3.9%	5,172	-3.5%
2015	3,733	-1.2%	1,423	2.2%	5,156	-0.3%
2016	3,824	2.4%	1,432	0.6%	5,256	1.9%
2017	3,928	2.7%	1,454	1.5%	5,382	2.4%
2018	4,283	9.0%	1,620	11.4%	5,903	9.7%
2019	4,586	7.1%	1,769	9.2%	6,355	7.7%
2020	4,458	-2.8%	1,612	-8.9%	6,070	-4.5%
2021	4,834	8.4%	1,825	13.2%	6,659	9.7%
2022	5,190	7.4%	2,009	10.1%	7,199	8.1%
2023	5,474	5.5%	2,397	19.3%	7,871	9.3%
2024	5,624	2.7%	2,604	8.6%	8,228	4.5%
March 2024	5,522	5.2%	2,493	18.8%	8,015	9.1%
March 2025	5,718	3.5%	2,703	8.4%	8,421	5.1%

The domestic employment rate, which quantifies the rate of the employed resident population to the total working-age population (15-64 years), increased by +0.1 percentage points in 2024 to 69.2%; this figure is 1.3 percentage points below that of the average of the 20 euro area countries (70.5%) but remains well above that of Italy (62.2%).

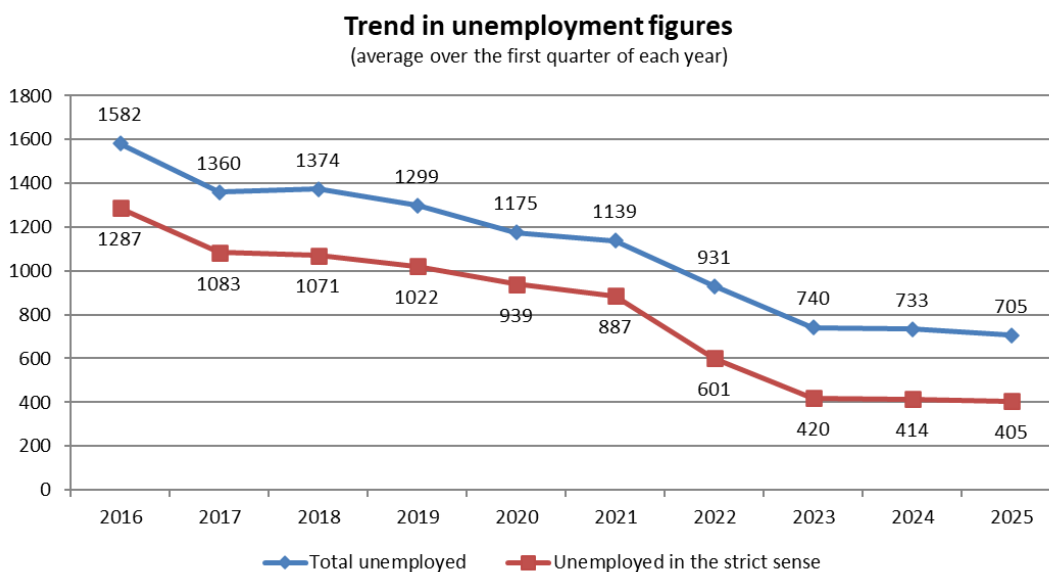
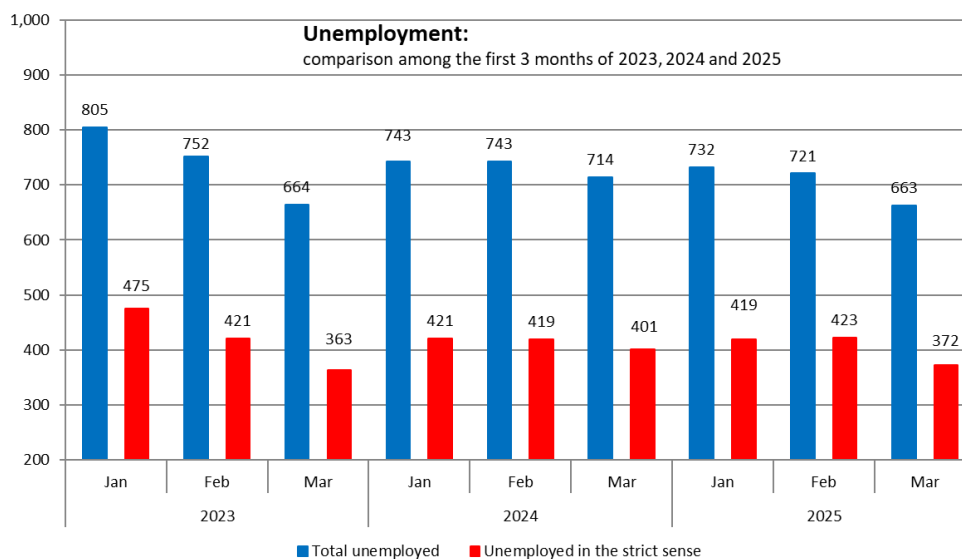
Domestic employment rate: a comparison (15-64 years, % data)					
	2020	2021	2022	2023	2024
San Marino	67.3	68.0	68.6	69.1	69.2
Italy	57.5	58.2	60.1	61.5	62.2
France	66.1	67.2	68.1	68.4	69.0
Germany	74.4	75.8	75.6	77.2	77.4
Spain	60.9	62.6	64.3	65.3	66.1
Greece	53.7	57.2	60.7	61.8	63.3
Euro Area (20 countries)	66.6	67.8	69.4	70.0	70.5
European Union (27 countries)	67.0	68.3	69.8	70.4	70.8

Source: Eurostat; www.statistica.sm

Unemployment

In 2024, the average total unemployed, i.e. those of working age who are registered in the public lists (including those for teachers) and who are seeking employment, including those who impose limits on their entry into the world of work, were equal to 737 people; those who do not impose any limits (unemployed in the strict sense) were equal to 406. Compared to the previous year, the total unemployed increased by an average of +5.1% (+36 people), while the unemployed in the strict sense increased by +4.4% (+17 people).

Unemployment trend - annual average			
Year	Total unemployed	Unemployed in the strict sense	Others seeking employment
2015	1,513	1,249	264
2016	1,425	1,157	268
2017	1,346	1,073	273
2018	1,336	1,041	295
2019	1,282	1,001	281
2020	1,216	964	252
2021	1,072	776	296
2022	854	518	336
2023	701	389	312
2024	737	406	331



The annual average total unemployment rate increased slightly to 4.4% in 2024, compared to 4.2% in the previous year, but still remained at a very low level. Comparing it with the main advanced economies, as shown in the table below, the rate is 2.1 percentage points lower than in Italy (6.5%) and 2 percentage points lower than in the euro area (6.4%).

Unemployment rate (% data)										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
San Marino	9.2	8.6	8.1	8.0	7.7	7.3	6.4	5.1	4.2	4.4
Italy	12.0	11.8	11.3	10.6	9.9	9.3	9.6	8.1	7.7	6.5
France	10.4	10.1	9.4	9.0	8.4	8.0	7.9	7.3	7.4	7.4
Germany	4.4	3.9	3.5	3.2	3.0	3.6	3.6	3.1	3.1	3.4
Spain	22.1	19.7	17.2	15.3	14.1	15.5	14.9	13.0	12.2	11.4
United Kingdom	5.4	4.9	4.4	4.1	3.8	4.6	4.6	3.8	4.1	4.3
United States	5.3	4.9	4.4	3.9	3.7	8.1	5.4	3.7	3.6	4.0
Japan	3.4	3.1	2.8	2.4	2.4	2.8	2.8	2.6	2.6	2.6
Euro Area (20 countries)	11.0	10.1	9.1	8.2	7.6	8.0	7.8	6.8	6.6	6.4
European Union (27 countries)	10.2	9.3	8.3	7.4	6.8	7.2	7.1	6.2	6.1	5.9

Source: stats.OECD.org; www.statistica.sm

Youth unemployment rate (15-24 years) increased on an annual average in 2024 to 14.6% (+1.4 percentage points compared to the previous year). It is the same as that recorded in the euro area and 7.2 percentage points below that of Italy. Out of the major advanced economies surveyed and shown in the table below, only Germany (6.7%) and the US (9.4%) recorded better conditions.

Youth unemployment rate: 15-24 years (annual average, % data)					
	2020	2021	2022	2023	2024
San Marino	22.2	17.1	13.7	13.2	14.6
Italy	29.7	29.7	23.7	22.7	21.8
France	20.2	18.9	17.3	17.3	16.6
Germany	7.3	7.0	6.0	5.9	6.7
Spain	38.3	35.0	29.9	28.8	27.0
Greece	33.7	35.4	31.3	26.6	24.7
United States	14.9	9.7	8.1	8.0	9.4
Euro Area (19 countries)	17.4	16.8	14.5	14.4	14.6
European Union (27 countries)	16.9	16.7	14.5	14.5	14.9

Source: Worldbank; Eurostat; www.statistica.sm

However, it should be pointed out that this youth unemployment rate may not give a true picture of the real situation, as it is calculated by comparing the number of unemployed between 15 and 24 and the labour force in the same age group; in cases where the labour force is low, as it usually is in advanced economies for these ages (as many individuals are still students and therefore do not fall within the definition of labour force), the number of unemployed divided by a small value leads to an upwards distortion. To avoid this distortion, an alternative methodology has been created, adopted by some international organisations, including Eurostat, which compares the number of unemployed young people with the total population in the same age group. In San Marino, the 2024 youth

unemployment rate was equal to 4.0%, with an increase by 0.4 percentage points compared to 2023, well below all the economies shown in the table, with the exception of Germany (3.6%).

Youth unemployment ratio (annual average, % data)					
	2020	2021	2022	2023	2024
San Marino	6.0	4.8	3.8	3.6	4.0
Italy	7.1	7.4	6.2	6.0	5.0
France	7.2	7.5	7.3	7.3	8.0
Germany	3.7	3.7	3.2	3.2	3.6
Spain	11.4	11.0	9.7	9.5	9.0
Greece	7.4	7.4	7.3	6.7	5.4
Euro area (20 countries)	6.7	6.9	6.2	6.2	6.2
European Union (27 countries)	6.4	6.5	5.9	6.0	6.1

Source: Eurostat; www.statistica.sm

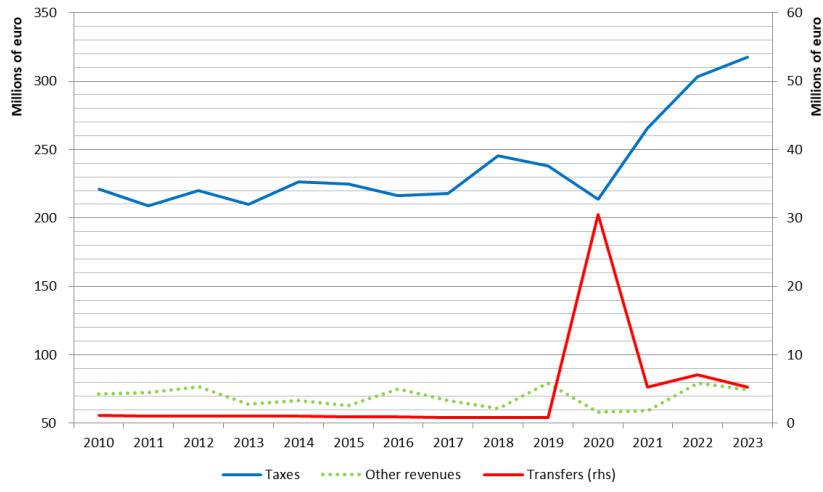
THE STATE OF PUBLIC FINANCES

Government accounts

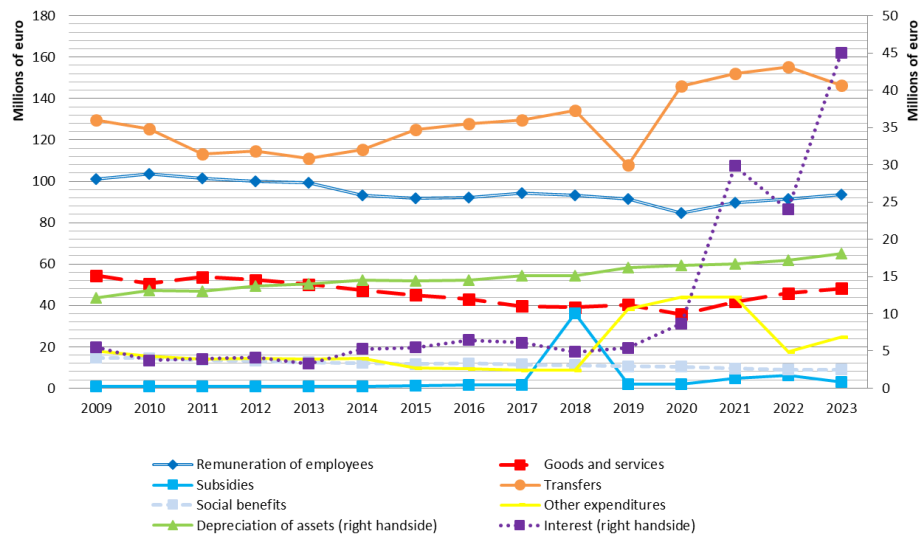
The IMF has introduced a statistical methodology called Government Finance Statistics (GFS) with the aim of monitoring the state of Government accounts. The structure complies with international public accounting standards and is aligned with the national accounting system. This enables financial statistics to be compared over time and among different economies, while increasing transparency for citizens who want to understand the economic decisions made by public administrations. The GFS provide information on revenues, expenditures and transactions in assets and liabilities for the public sector. In practice, the GFS highlight the economic results of the government's fiscal policy implemented year by year. The table below summarises the main economic aggregates for the years 2020–2023, broken down between State, Social Security Institute and the other State corporations. The category *State corporations* includes the Public Utilities Autonomous State Corporation (A.A.S.S.), the Public Works Autonomous State Corporation (A.A.S.L.P.), the University of San Marino, the San Marino National Olympic Committee (C.O.N.S.), the Civil Aviation and Maritime Navigation Authority and the Public Institution for Gaming Activities.

Public Accounts - Government Finance Statistics (thousands of current euros)							
2020				2021			
REVENUES	State	State Corporations	Social Security Institute	REVENUES	State	State Corporations	Sodal Security Institute
Taxes	213,441	4,787	-	Taxes	265,589	5,737	-
Social contributions	-	-	178,129	Social contributions	-	-	185,925
Transfers	30,554	14,296	131,715	Transfers	5,335	15,499	136,689
Other revenues	58,255	58,046	32,689	Other revenues	59,154	63,469	62,387
Total	302,250	77,128	342,533	Total	330,078	84,705	385,001
EXPENDITURES	State	State Corporations	Social Security Institute	EXPENDITURES	State	State Corporations	Sodal Security Institute
Remuneration of employees	84,619	18,406	57,692	Remuneration of employees	89,747	19,420	58,076
Goods and services	35,749	52,839	51,537	Goods and services	41,723	70,270	48,404
Depreciation of assets	16,505	6,587	1,546	Depreciation of assets	16,716	6,701	1,599
Interest	8,704	-	-	Interest	29,809	-	-
Contributions	2,107	89	7,669	Contributions	4,636	99	9,336
Transfers	146,010	-	736	Transfers	152,188	-	687
Social benefits	10,328	-	248,433	Social benefits	9,573	-	247,196
Other expenditures	44,172	1,952	1,658	Other expenditures	43,889	2,117	1,706
Total	348,194	79,872	369,272	Total	388,281	98,607	367,004
2022				2023			
REVENUES	State	State Corporations	Social Security Institute	REVENUES	State	State Corporations	Sodal Security Institute
Taxes	303,437	6,461	-	Taxes	317,371	6,486	-
Social contributions	-	-	207,554	Social contributions	-	-	222,169
Transfers	7,083	18,234	137,205	Transfers	5,259	19,255	127,046
Other revenues	79,508	162,320	24,812	Other revenues	74,645	126,591	35,795
Total	390,027	187,014	369,571	Total	397,275	152,332	385,010
EXPENDITURES	State	State Corporations	Social Security Institute	EXPENDITURES	State	State Corporations	Sodal Security Institute
Remuneration of employees	91,550	20,695	59,214	Remuneration of employees	93,634	21,398	63,091
Goods and services	45,967	159,703	50,305	Goods and services	48,141	85,568	48,724
Depreciation of assets	17,202	6,953	1,988	Depreciation of assets	18,030	7,124	1,915
Interest	24,003	-	-	Interest	45,009	-	-
Contributions	6,292	118	12,612	Contributions	2,898	9,770	21,390
Transfers	155,439	-	2,434	Transfers	146,301	-	611
Social benefits	8,936	-	258,861	Social benefits	8,961	-	262,938
Other expenditures	17,742	3,100	1,917	Other expenditures	24,835	2,817	2,116
Total	367,131	190,569	387,332	Total	387,810	126,677	400,785

State Revenues



Public Expenditure



The table *Consolidated government accounts* shows that total revenues remained broadly stable in 2023, amounting to EUR 773.3 million, compared to EUR 772.5 million in 2022. Compared to the previous year, taxes and social security contributions increased by around EUR 14 million, while other revenues fell by EUR 27.8 million (-10.9%).

Consolidated Public Accounts (millions of current euro)					
REVENUES	2019	2020	2021	2022	2023
Taxes	244,176	218,228	271,326	309,816	323,780
Social contributions	190,568	178,129	185,925	207,554	222,169
Other revenues	166,576	139,985	175,393	255,136	227,357
Total	601,321	536,342	632,645	772,507	773,305
EXPENDITURES	2019	2020	2021	2022	2023
Remuneration of employees	170,204	160,716	167,243	171,459	178,123
Goods and services	140,633	132,108	151,635	245,905	173,625
Depreciation of assets	24,369	24,638	25,016	26,143	27,069
Interest	4,243	7,742	28,982	23,433	44,616
Contributions	17,751	9,865	14,071	19,022	34,058
Social benefits	237,656	258,761	256,769	267,796	271,899
Other expenditures	42,625	47,755	47,686	22,732	29,741
Total	637,482	641,586	691,401	776,491	759,132

Expenditures totalling EUR 759.1 million decreased by EUR 17.4 million. Compared to 2022, interest expenses increased by 21.2 million (+90.4%), contributions by 15 million (+79%), and personnel expenses by 6.7 million (+3.9%). Conversely, expenses for goods and services decreased by 72.3 million (-29.4%).

The State's balance sheet: Financial year 2024

The data relating to the 2024 balance sheet are still provisional and, in some cases, estimated. This is due to the extension of the deadlines for filing tax returns, the settlement of which directly affects the operating result. Moreover, it has not yet been possible to establish the entire part relating to the management of asset and liability floats.

Taking into account the estimated data for provisional items, the 2024 balance sheet shows a deficit of EUR 35,141,503.68. This derives from the sum of the result on an accrual basis (showing a deficit of EUR 39,139,349.52) and the result of the management of asset and liability floats, which shows a surplus of EUR 3,997,845.84.

Taking into account a reduction of EUR 21,525,827.09 in committed expenditure compared to the adjusted forecast net of clearing transactions, and a reduction of EUR 60,665,176.61 in established revenues compared to the adjusted forecast net of clearing transactions (given by the difference between lower established amounts of EUR 96,484,228.41 and higher established amounts of EUR 35.819.051,80), the 2024 result on an accrual basis shows a deficit of EUR 39,139,349.52. However, the final result is strictly due to the implementation of “extraordinary administrative accounting measures”, which will be subject to approval by the Congress of State. These measures have already resulted in additional expenses totalling EUR 50,821,477.77.

The 2024 balance sheet, equal to EUR 39,139,349.52, is partly offset by the management of asset and liability floats, which had a positive impact on the result equal to EUR 3,997,845.84.

Total established amount	771,328,679.91
Total committed amount	810,468,029.43
2024 deficit on an accrual basis	39,139,349.52
Surplus from asset and liability float management	<u>- 3,997,845.84</u>
2024 balance sheet deficit	35,141,503.68

Regarding the management of asset and liability floats, the Decision of the Great and General Council, dated 5 May 2014, provides for the elimination from the financial statement of asset floats related to doubtful loans and loans difficult to be collected and recorded on the revenue side, if the terms envisaged in Article 65 of Law no. 30 of 28 February 1998 have expired (i.e. if such asset floats have not been collected within the third financial year following their entry), and of the corresponding liability floats relating to the “Provision for doubtful loans” (chapter 2695). Pending the final data and given the current results, the amount for the 2024 financial year is estimated at EUR 11,614,668.29. These loans have been recorded in a special item in the balance sheet.

The derecognition of the asset floats referred to above does not mean that the collecting procedures implemented by the Tax Collection Service and the relevant offices will be interrupted. If revenues are collected, they are entered in the relevant budget chapter on an accrual basis for the year in which they are collected. They are recorded as contingent assets and the balance sheet item is adjusted accordingly.

The provision for doubtful loans is reduced annually by:

- a) written-off asset floats relating to difficult-to-collect receivables after the expiry of the terms provided for in Article 65 of Law no. 30 of 18 February 1998.
- b) written-off asset floats as they have been finally declared uncollectable for the most part, following the conclusion of insolvency proceedings, or because the relevant office has completed all possible collecting procedures and finally considers them uncollectable.
- c) asset floats that were transformed from “doubtful” to “performing” after agreements were made with economic operators for deferring payments to the Tax Collection Service. The receivables will be collected in accordance with the deferral payment plan in the current financial year and in subsequent financial years.
- d) collections and offsets.

The provision for doubtful loans is then increased annually by difficult-to-collect receivables relating to the relevant period. Pending the final data, which will be the subject of an extraordinary administrative accounting measure, the provision is estimated at EUR 17,260,720.92.

In terms of liquidity, the amount of cash held at the end of the 2024 financial year decreased from EUR 148,292,603.21 in 2023 to EUR 94,735,804.42.

Revenues

Revenues, net of clearing transactions, amounted to EUR 749,734,556.03, compared to EUR 1,096,870,916.19 in 2023, thus decreasing by 31.65% (see Tables 1 and 2).

Compared to the end of 2023, tax revenues decreased by EUR 5,655,380.82 (-0.93%) in the 2024 financial year. Also revenues from the disposal, depreciation of assets and repayments of loans decreased by EUR 219,693.28 (-74.53%), while revenues from borrowing operations decreased by EUR 350,000,000.00 (-87.50%). Non-tax revenues increased by EUR 8,738,713.94 (+9.90%).

	2023	2024	%
	Balance sheet	Balance sheet	Variation
Tax revenues	608,272,978.17	602,617,597.35	-0.93
Non-tax revenues	88,303,147.14	97,041,861.08	9.90
Disposal, depreciation of assets and loan repayments	294,790.88	75,097.60	-74.53
Revenues from borrowing operations	400,000,000.00	50,000,000.00	-87.50
Total	1,096,870,916.19	749,734,556.03	-31.65
Loan taken to cover the budget deficit			
Total with loan taken to cover the budget deficit	1,096,870,916.19	749,734,556.03	-31.65
Clearing transactions	21,758,705.84	21,594,123.88	-0.76
Overall total	1,118,629,622.03	771,328,679.91	-31.05

Tax revenues

Overall, **tax revenues** for the 2024 financial year decreased by 0.93% compared to the previous year, falling from EUR 608,272,978.17 in 2023 to EUR 602,617,597.35 in 2024.

Direct taxes

With regard to the trends in **direct taxes**, total revenues increased by 3.69%, rising from EUR 176,124,400.34 in 2023 to EUR 182,631,513.32 in 2024. Overall, direct taxes show higher established amounts than the 2024 data on an accrual basis, totalling EUR 12,205,513.32 (+7.16%).

Chapter 20 “General income taxes” takes into account an established amount relating to the IGR tax settlement of EUR 29,500,000.00. However, it should be noted that this is an estimated amount, as the final data will only be available in the coming months due to the extension granted for the submission of tax returns.

Indirect taxes

Revenues from **indirect taxes** decreased from EUR 49,558,826.44 in 2023 to EUR 48,551,217.40 in 2024 (-2.03%). Overall, revenues established were higher than 2024 forecast by EUR 2,663,517.40 (+5.8%).

With regard to the most relevant items in this category, the data and related deviations of the established revenues compared to the 2023 balance sheet are presented below, alongside the most significant changes in the established amounts compared to the 2024 forecasts:

- “Revenues pursuant to Article 10 of Law no. 67 of 25 July 2000” (chapter 85), which increased from EUR 10,532,010.07 in 2023 to EUR 11,374,801.31 in 2024 (+8.00%), relating to the special tax due on gross revenues from games, prize contests and lotteries. The established amounts were higher than 2024 adjusted forecast by EUR 774,801.31 (+7.31%).
- “Tax on Esports Tournaments” (chapter 86), envisaged by Law no. 80 of 3 May 2023 (Article 54), did not generate any revenues established during the 2024 financial year, thus resulting in lower established amounts by EUR 1,000,000.00 compared to the 2024 adjusted forecast.
- “Complementary tax on services” (chapter 88) increased from EUR 2,553,194.26 in 2023 to EUR 2,871,017.51 in 2024 (+ 12.45%). The established amounts exceeded the 2024 forecast by EUR 471,017.51 (+19.63%).
- “Stamp duties” (chapter 90), from EUR 1,953,659.76 in 2023 to EUR 1,752,383.92 in 2024 (-10.30%), show higher established amounts by EUR 502,383.92 (+40.19%) compared to the 2024 forecast.
- “Extraordinary property tax” (chapter 91) decreased from EUR 86,135.27 to EUR 2,037.44 in 2024 (-97.63%).
- “Tax for the rebalancing of foreign financial assets (IRAFE)” (chapter 93). This tax was established by Article 4 of Law no. 207 of 22 December 2021 to encourage the repatriation of assets held abroad. It will also apply in 2024, as it did in 2023. Given the postponement of deadlines granted for the submission of declarations concerning real estate and financial assets and shareholdings in companies held abroad (DAPEF), as well as for the tax payment, the State General Accounting Office has been authorised to record an amount equal to EUR 1,100,000.00 in the State General Report on Accounts for the 2024 financial year, as was the case in the 2023, on an extraordinary basis and pursuant to paragraph 16 of Article 1 of Law no. 202 of 20 December 2024. The final amount is EUR 1,190,793.35. This is EUR 190,793.35 (+ 19.08%) higher than the 2024 forecast.
- “Court fees on procedural documents” (chapter 95) increased from EUR 190,545.50 in 2023 to EUR 223,365.00 in 2024 (+ 17.22%), thus exceeding the 2024 forecast by EUR 23,365.00 (+11.68%).
- “Court fees on corporate measures” (chapter 96), increased from EUR 2,076,157.50 in 2023 to EUR 2,121,615.22 in 2024 (+2.19%), showing higher established amounts by EUR 721,615.22 (+51.54%) compared to the 2024 forecast.

- “Registration taxes” (chapter 100) decreased from EUR 6,229,622.74 in 2023 to EUR 6,147,352.83 in 2024, showing lower established amounts by EUR 152,647.17 (-2.42%) compared to the 2024 forecast.
- “Mortgage taxes” (chapter 110) decreased from EUR 2,418,272.83 in 2023 to EUR 2,414,903.61 in 2024 (-0.14%). Established amounts exceeded the 2024 forecast by EUR 85,096.39 (-3.40%).
- “Inheritance taxes” (chapter 120) decreased from EUR 744,471.16 in 2023 to EUR 484,749.59 in 2024 (-34.89%). Established amounts were lower by EUR 315,250.41 (-39.41%) than the 2024 forecast.
- “Tourist tax” (chapter 135), from EUR 361,362.70 in 2023 to EUR 358,770.90 in 2024 (-0.72%) shows higher established amounts by EUR 58,770.90 (+19.59%) compared to the 2024 forecast.
- “Tax on trade and industry licences” (chapter 160), from EUR 2,265,261.35 in 2023 to EUR 2,347,533.25 in 2024 (+3.63%), shows higher established amounts by EUR 147,533.25 (+6.71%) compared to the 2024 forecast.
- “Special stamp duty on agency, representation, commercial and similar services” (chapter 176), from EUR 5,025,726.54 in 2023 to EUR 5,291,292.50 in 2024 (+5.28%), shows higher established amounts by EUR 491,292.50 (+10.24%) compared to the 2024 forecast.
- “Insurance tax” (chapter 177) increased from EUR 1,610,162.11 in 2023 to EUR 1,735,112.68 in 2024 (+7.76%). Established amounts exceeded the forecast by EUR 185,112.68 (+11.94%).
- “Vehicle registration and transport transcription tax” (chapter 180), from EUR 957,219.00 in 2023 to EUR 929,923.00 in 2024 (-2.85%), shows lower established amounts by EUR 70,077.00 (-7.01%) than the forecast.
- “Road tax” (chapter 190), from EUR 5,028,722.19 in 2023 to EUR 5,142,956.03 in 2024 (+2.27%) shows higher established amounts by EUR 42,956.03 (+0.84%) compared to the forecast.
- “Construction taxes” (chapter 210) decreased from EUR 3,661,396.56 in 2023 to EUR 1,383,286.07 in 2024 (-62.22%). Established amounts exceeded the forecast by EUR 573,286.07 (+70.78%).

Other taxes on imported goods

Overall, the category “**Other taxes on imported goods**” decreased by 2.91% in 2024 compared to 2023, falling from EUR 382,576,601.39 to EUR 371,434,866.63.

Overall, the established amounts exceeded the 2024 forecast by EUR 6,134,866.63 (+1.68%).

- “Tax on imported goods” (chapter 260) was equal to EUR 316,991,409.03 in 2024, while it amounted to EUR 326,561,212.12 in 2023 (-2.93%). Established amounts exceeded the 2024 forecast by EUR 5,991,409.03 (+1.93%).

The tax differential on imported goods, net of refunds equal to EUR 258,000,000 (total estimated amount) - recorded in a specific expenditure chapter (1-3-2890) - amounted to EUR 58,991,409.03 in 2024, recording a decrease by 8.20% compared to the previous financial year (2023 differential equal to EUR 64,261,212.12).

It should be noted that the Tax Office has estimated the amount of refunds for the current year. Indeed, only after 30 June of the following year (postponed to 31 July for 2024) the Tax Office is able to obtain reliable and final data on the refund of the monofase tax, following the submission of an annual declaration by the economic operator showing the actual payable or receivable position.

- The established amount of the item “Adjustment of tax refunds on imported goods” (chapter 261) was EUR 1,483,375.75 compared to the 2023 amount of EUR 2,903,723.99 (-48.91%); it exceeded the 2024 forecast by EUR 1,300,000 (+14.11%). This item relates to the accounting of adjustments of the annual declarations of economic operators.
- “Special tax on petroleum products” (chapter 280) increased by 1.99% compared to 2023, rising from EUR 48,129,299.43 to EUR 49,087,266.08 in 2024. “Revenues from customs duties (EEC/RSM Agreement)” (chapter 290) decreased from EUR 3,095,472.83 in 2023 to EUR 2,330,942.87 in 2024 (-24.7%). Also “Increases in tax on goods imported in previous financial years” (chapter 262) decreased by 18.29%, from EUR 1,886,893.02 in 2023 to EUR 1,541,872.90 in 2024.

Non-tax revenues

Total **non-tax revenues** for the 2024 financial year amounted to EUR 97,041,861.08, thus increasing by 4.30% compared to the final forecast of EUR 93,038,173.83.

Compared to 2023, they increased by 9.88%, from EUR 88,316,297.14 in 2023 to EUR 97,041,861.08 in 2024.

The revenues established in 2024 relating to the category **Revenues from monopoly and consumer goods** amounted to EUR 23,315,629.36 compared to EUR 21,910,572.92 in 2023 (+6.41%). The amounts established exceeded the forecast by EUR 958,629.36 (+4.29%).

The largest revenues within this category are from the sale of "Tobacco" (chapter 310) equal to EUR 19,422,216.06. They increased by 5.03% compared to 2023 and decreased by EUR 77,783.94 (-0.40%) compared to the forecast.

Within the same category, the "Revenues from sales of loose coins" (chapter 350) recorded an increase by 20.83% compared to 2023, from EUR 2,155,417.90 to EUR 2,604,346.00, while "Revenues from petroleum product management" (chapter 360) recorded a slight increase by 2.14%, from EUR 1,258,461.89 to EUR 1,285,411.30.

The "**Special revenues**" category decreased compared to 2023 (-17.88%), from EUR 23,318,689.27 to EUR 19,150,114.79, and the amounts established exceeded the forecast by EUR 1,378,340.49 (+7.76%).

This reduction, compared to 2023, is mainly attributable to the chapters "Confiscation of assets, funds and securities" (chapter 412), which fell from EUR 8,475,540.90 in 2023 to EUR 4,133,229.68 in 2024 (-51.23%), and "Tax Office pecuniary sanctions" (chapter 420), the established amount of which totalled EUR 2,234,876.72 compared to EUR 5,469,691.18 in 2023 financial year (-59.14%). The chapter relating to Confiscations, pursuant to Law no. 100 of 29 July 2013, was used to confiscate the equivalent value of the confiscated assets that served or were destined to commit the crime following an ad-hoc decree of the Law Commissioner, resulting from a judgement establishing the defendant's liability. In case of a request for mutual legal assistance made by another State, such funds are transferred to the requested State if their amount is less than EUR 10,000.00. If the amount is greater, half of the exceeding amount is transferred to the requesting State and is entered as expenditure in chapter 2452 "Transfer of confiscated amounts", in relation to which no expenditure was committed in 2024.

Further slight reductions were recorded in several chapters of this category, such as "Revenues from fees to the State" (chapter 355), from EUR 246,924.97 in 2023 to EUR 118,950.50 in 2024, "Sundry San Marino Card revenues" (chapter 405), from EUR 168,270.00 in 2023 to EUR 93,575.00 in 2024, "Contributions to the Fund for active labour policies" (chapter 457), which recorded revenues equal to EUR 710,577.31 compared to EUR 758,759.99 in 2023, "Domestic and international revenues from the State Office for Patents and Trademarks", from EUR 1,689,954.65 in 2023 to EUR 1,672,850.70 in 2024. An increase was recorded in "Revenues from agreements for interventions in the territory" (chapter 445), whose established amount was equal to EUR 2,589,419.29 in 2024 compared to EUR 621,790.94 in 2023.

Finally, two new chapters should be considered: chapter 416, “Annual fee for the issue of guarantees pursuant to Article 21 of Law no. 157/2021”, whose established amount was equal to EUR 396,091.70, and chapter 449, “Revenues from taxation on the incentive tariff provided by A.A.S.S.”, whose established amount was equal to EUR 620,399.21.

Revenues from other public services totalled EUR 14,861,467.97, thus decreasing by 15.11% compared to 2023. The established amount exceeded the forecast by EUR 2,254,317.97 (+17.88%).

The most significant reductions were recorded in the following chapters:

- “Fines and pecuniary administrative sanctions imposed by the Civil Police” (chapter 540), from EUR 4,035,473.83 in 2023 to EUR 2,181,022.16 in 2024 (-45.95%). The established amount exceeded the forecast by EUR 881,022.16 (+67.77%);
- “Pecuniary administrative sanctions imposed by the Territorial Planning and Building Office” (chapter 615), from EUR 5,023,319.78 in 2023 to EUR 1,120,563.55 in 2024 (-77.69%). The amounts established exceeded the forecast by EUR 614,163.55 (+121.28%) and mainly derived from provisions concerning the extraordinary building amnesty.
- “Fines and pecuniary administrative sanctions - Licences” (chapter 630), from EUR 487,067.54 in 2023 to EUR 208,954.55 in 2024 (-57.10%). The established amounts were lower than the forecast by EUR 291,045.45 (-58.21%);
- “Sundry revenues of the Office for Tourism” (chapter 680) decreased by 64.63% from EUR 247,204.43 in 2023 to EUR 87,437.09 in 2024, while revenues from “Tickets to museums and monuments” (chapter 840) increased by 13.77%, from EUR 1,188,097.00 in 2023 to EUR 1,351,658.00 in 2024.
- Revenues from “Pecuniary sanctions – Banking and financial supervisory activities under Article 31 of Law no. 96/2005” (chapter 735) fell from EUR 276,791.52 in 2023 to EUR 157,185.35 in 2024 (-43.21%).

Alongside the aforementioned reductions, there were also significant increases within this category:

- “Annual flat-rate contribution for television matters referred to in the San Marino–Italy Agreement of 27 September 2021” (chapter 535) increased from EUR 1,651,431.00 in 2023 to EUR 4,581,000.00 in 2024 (+177.4%). A corresponding expenditure item was also recorded in chapter 2025, “Annual flat-rate contribution”, relating to the transfer to San Marino RTV.
- Revenues from the “Parking service” (chapter 640) increased from EUR 2,053,731.42 in 2023 to EUR 2,172,139.97 in 2024 (+ 5.77%). This item represents gross revenues, offset by "Parking

management expenses" (chapter 4070), amounting to EUR 637,613.36, and "Convention-based parking management expenses" (chapter 4072), amounting to EUR 1,600,000.00. Together, these amounts totalled EUR 2,237,613.36.

- Finally, there were increases in the following chapters: "Fines and administrative pecuniary sanctions imposed by the Fortress Guard" (chapter 571), from EUR 36,493.67 in 2023 to EUR 42,698.73 in 2024 (+17.00%); "Fines and legal costs and sundry sanctions" (chapter 590) increased by 43.57%, from EUR 296,343.48 to EUR 425,474.72; the established amounts of "Revenues from the Vehicle Registration and Transport Office" (chapter 610) were equal to EUR 565,336.80, compared to EUR 546,417.80 in 2023 (+ 3.46%); and "Revenues from administrative pecuniary sanctions – UPAV" (chapter 618) increased from EUR 58,917.80 in 2023 to EUR 544,458.19 in 2024.

Revenues from State assets totalled EUR 20,554,445.09, compared to EUR 6,347,133.97 in 2023 (+223.84%). The established amount exceeded the forecast by EUR 1,535,945.09 (+8.08%).

Such increase compared to 2023 was mainly due to the rise in "Revenues from shareholdings" (chapter 870) from EUR 5,400,000.00 in 2023 to EUR 11,600,000.00 in 2024 (+114.81%). This included the established operating profit of Giochi del Titano Spa and Cassa di Risparmio della Repubblica di San Marino. Another factor was the increase in "Revenues from financial and international organisations" (chapter 880), which rose from EUR 6,285.48 in 2023 to EUR 7,680,000.00 in 2024. This included the revenues established from the use of IMF Special Drawing Rights (SDRs) following San Marino's increased quotas in the IMF, as set out in IMF Resolution no. 79-1 of 15 December 2023, referred to in Congress of State Decision no. 17 of 19 November 2024. Increases were also recorded in chapters "Rental income" (chapter 860) from EUR 534,820.05 in 2023 to EUR 864,211.41 in 2024 (+61.59%), and "Social housing rents" (chapter 890), which increased from EUR 141,242.70 in 2023 to EUR 164,129.19 in 2024 (+ 16.2%).

"Revenues from the sale of numismatic and philatelic items" (chapters 892 and 894), which are now marketed by Poste San Marino Spa, decreased from EUR 195,904.08 to EUR 159,325.93 in 2024.

Revenues from activities of the Entities of the Overall Public Sector in the 2024 financial year slightly decreased by 7.82% compared to the 2023 financial year, from EUR 8,091,205.43 to EUR 7,458,338.03. The established amount exceeded the final forecast by EUR 2,082,456.50 (+38.74%).

Such decrease is mainly due to the "Surplus of the Public Utilities Autonomous State Corporation (A.S.S.S.)" (chapter 920), equal to EUR 3,611,749.55 in 2024 compared to the 2023 surplus of EUR 5,154,564.04 (-29.93%). The established amounts exceeded by EUR 908,468.02 (+33.61%) the final forecast. Poste San Marino Spa recorded an increase in profits (chapter 965) from EUR 700,000.00

in 2023 to EUR 1,200,000.00 in 2024 (+71.43%). “Revenues from the activities of the Civil Aviation, Maritime Navigation and Homologation Authority” (chapter 986) increased from EUR 2,149,934.26 in 2023 to EUR 2,421,019.07 in 2024 (+12.61%). Finally, the “Surplus of the Public Institution for Gaming Activities” (chapter 987) increased from EUR 86,707.13 in 2023 to EUR 225,569.41 in 2024.

Revenues from **Interest income from government loans and other assets** increased by 5.08% compared to the previous financial year, from EUR 1,459,776.42 in 2023 to EUR 1,533,974.07. The established amount was lower than the forecast by EUR 4,467,025.93 (-74.44%). The significant reduction of the established amount compared to the forecast is due to the Second Integration to the Agreement on Remuneration for Services of the Central Bank of the Republic of San Marino for the three-year period 2022–2024, authorised by Congress of State Decision no. 19 of 30 July 2024, providing for a change to the Current Account Conditions for the Public Administration only and for the 2024 financial year only.

Revenues from the **Refunds and recoveries** category increased by 9.66% compared to the 2023 financial year, from EUR 5,033,614.08 to EUR 5,519,779.77. The established amounts exceeded the forecast by EUR 261,023.77 (+4.96%). The most significant revenue in this category was “Reimbursement of allowances payable by the Social Security Institute” (chapter 1070), whose established amount was equal to EUR 2,489,537.24 compared to EUR 2,501,433.67 in 2023 (-0.48%). The established amounts were lower by EUR 210,462.76 (-7.79%) than the forecast.

This increase was due to “Reimbursements and contributions to expenses” (chapter 1020), which rose from EUR 248,746.49 in 2023 to EUR 425,617.11 in 2024 (+71.10%); to “Recovery of amounts for the non-payment of loans guaranteed by the State” (chapter 1024), which increased from EUR 124,937.11 in 2023 to EUR 266,247.90 in 2024 (+ 113.11%); to “Revenues relating to compensation for damages from legal proceedings and/or settlement agreements” (chapter 1025), whose established amount was equal to EUR 107,041.83 in 2024, whereas no revenues were recorded in the previous financial year; and finally, to “Recovery of amounts for the non-payment of loans for subsidised housing and removal of architectural barriers” (chapter 1096), which amounted to EUR 167,124.96 in 2023 and increased to EUR 277,012.59 in 2024 (+ 65.75%).

DISPOSAL, DEPRECIATION OF ASSETS AND REPAYMENTS OF LOANS

Total revenues from disposal, depreciation of assets and loan repayments amounted to EUR 75,097.60 in 2024 compared to EUR 294,790.88 in 2023 (-74.53%).

The **Sale of real estate** category fell from EUR 287,630.88 in 2023 to EUR 65,717.60 in 2024 (-77.15%) and the established amounts were lower by EUR 2,150,182.40 (-97.03%) than the forecast. This related particularly to chapter 1120, “Revenues from the sale of land”, where the established amount was equal to EUR 45,500.00 (-97.73% compared to 2024 forecast).

The **Sale of movable property** category increased from EUR 7,160.00 in 2023 to EUR 9,380.00 in 2024 (+31.01%) and related exclusively to the disposal of vehicles owned by the State following public tender no. 26/2024 of 29 October 2024.

REVENUES FROM BORROWING OPERATIONS

Revenues from borrowing operations fell from EUR 400,000,000.00 in 2023 to EUR 50,000,000.00 in 2024 (-87.50%).

In the **Government bond issuance** category under chapter 1223, “Domestic or international financing or issuance of Government bonds”, the revenues deriving from the issuance of “Government bonds — Republic of San Marino, 2.5% fixed rate, 23 December 2025” as referred to in Delegated Decree no. 156 of 23 October 2024, amounted to EUR 50,000,000.

As was the case in 2023, no amounts were established in the category **Loan taking out** in the 2024 financial year.

The initial allocation of EUR 38,353,789.51 provided for in chapter 1220, **Loans taken to cover the budget deficit**, was reduced to EUR 37,707,481.04 following the budget adjustment (Law no. 155 of 12 October 2024). This amount will be increased to EUR 83,528,958.81 through the extraordinary administrative and accounting measures of the 2024 Budget, to be approved by the Congress of State. As this amount has not yet been established, it currently represents a significant reduction in revenues on an accrual basis.

LOWER AND HIGHER ESTABLISHED REVENUES IN THE 2024 STATE BALANCE SHEET									
	2024	2024	2024	2024	2024	Established amounts on an accrual basis	Lower established amounts	Higher established amounts	% Variations
	Initial forecast	Variation	Final forecast	2024	Final forecast	Established amounts on an accrual basis	Lower established amounts	Higher established amounts	% Variations
TITLE I - TAX REVENUES									
01 - Direct taxes	165,426,000.00	170,426,000.00	170,426,000.00	170,426,000.00	170,426,000.00	182,631,513.32	0.00	12,205,513.32	7.16%
02 - Indirect taxes	44,545,700.00	45,887,700.00	45,887,700.00	45,887,700.00	45,887,700.00	48,551,217.40	1,669,968.95	4,333,486.35	5.80%
03 - Other taxes on imported goods	383,600,000.00	365,300,000.00	365,300,000.00	365,300,000.00	365,300,000.00	371,434,866.63	669,057.13	6,803,923.76	1.68%
Total of Title I	593,571,700.00	581,613,700.00	581,613,700.00	581,613,700.00	581,613,700.00	602,617,597.35	2,339,026.08	23,342,923.43	3.61%
TITLE II - NON-TAX REVENUES									
04 - Canone Doganale (annual transfer from Italy)	4,648,112.00	4,648,112.00	4,648,112.00	4,648,112.00	4,648,112.00	4,648,112.00	0.00	0.00	0.00%
05 - Revenues from monopoly and consumer goods	22,357,000.00	22,357,000.00	22,357,000.00	22,357,000.00	22,357,000.00	23,315,629.36	81,127.94	1,039,757.30	4.29%
06 - Special revenues	13,716,853.00	17,735,183.00	17,771,774.30	17,771,774.30	17,771,774.30	19,150,114.79	2,692,929.98	4,071,270.47	7.76%
07 - Revenues from other public services	12,573,250.00	12,575,750.00	12,607,150.00	12,607,150.00	12,607,150.00	14,861,467.97	650,922.92	2,905,240.89	17.88%
08 - Revenues from State assets	13,739,500.00	14,018,500.00	19,018,500.00	19,018,500.00	19,018,500.00	20,554,445.09	110,798.99	1,646,744.08	8.08%
09 - Revenues from activities of Overall Public Sector Entities	5,275,881.53	5,375,881.53	5,375,881.53	5,375,881.53	5,375,881.53	7,458,338.03	0.00	2,082,456.50	38.74%
10 - Interest income from Government loans and other assets	6,001,000.00	6,001,000.00	6,001,000.00	6,001,000.00	6,001,000.00	1,533,974.07	4,467,025.93	722,279.13	-74.44%
11 - Refunds and recoveries	5,042,350.00	5,254,250.00	5,258,756.00	5,258,756.00	5,258,756.00	5,519,779.77	461,255.36	2,082,456.50	4.96%
Total of Title II	83,353,946.53	87,965,676.53	93,038,173.83	93,038,173.83	93,038,173.83	97,041,861.08	8,464,061.12	12,467,748.37	4.30%
TITLE III - DISPOSAL, DEPRECIATION OF ASSETS AND LOAN REPAYMENTS									
12 - Sale of real estate	2,200,000.00	2,215,900.00	2,215,900.00	2,215,900.00	2,215,900.00	65,717.60	2,150,182.40	0.00	-97.03%
14 - Repayment of financing	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
17 - Sale of movable property	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	9,380.00	2,000.00	8,380.00	212.67%
18 - Operating surplus from previous financial years	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Total of Title III	2,203,000.00	2,218,900.00	2,218,900.00	2,218,900.00	2,218,900.00	75,097.60	2,152,182.40	8,380.00	-96.62%
Total of Titles I - II - III	679,128,646.53	671,798,276.53	676,870,773.83	676,870,773.83	676,870,773.83	699,734,556.03	12,955,269.60	35,819,051.80	3.38%
TITLE IV - REVENUES FROM BORROWING OPERATIONS									
13 - Issue of Government bonds	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	50,000,000.00	0.00	0.00	0.00%
15 - Loan taking out	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
16 - Loans taken to cover the budget deficit	38,353,789.51	37,707,481.04	83,528,958.81	83,528,958.81	83,528,958.81	83,528,958.81	83,528,958.81	0.00	-100.00%
Total of Title IV	88,353,789.51	87,707,481.04	133,528,958.81	133,528,958.81	133,528,958.81	50,000,000.00	83,528,958.81	0.00	-62.55%
TOTAL OF TITLES I - II - III - IV	767,482,436.04	759,505,757.57	810,399,732.64	810,399,732.64	810,399,732.64	749,734,556.03	96,484,228.41	35,819,051.80	-7.49%
TITLE V - CLEARING TRANSACTIONS	38,660,000.00	39,695,000.00	39,695,000.00	39,695,000.00	39,695,000.00	21,594,123.88	18,100,876.12	0.00	-45.60%
OVERALL TOTAL	806,142,436.04	799,200,757.57	850,094,732.64	850,094,732.64	850,094,732.64	771,328,679.91	114,585,104.53	35,819,051.80	-9.27%

Table 2

EVOLUTION OF REVENUES IN THE STATE BALANCE SHEETS OVER THE YEARS 2020/2021/2022/2023/2024									
	Established revenue in 2020 balance sheet	Established revenue in 2021 balance sheet	Established revenue in 2022 balance sheet	Established revenue in 2023 balance sheet	Established revenue in 2024 balance sheet	2021/2020 % Variations	2022/2021 % Variations	2023/2022 % Variations	2024/2023 % Variations
TITLE I - TAX REVENUES									
01 - Direct taxes	119,403,090.48	141,789,166.32	162,643,503.38	176,124,400.34	182,631,513.32	18.75%	14.71%	8.29%	3.69%
02 - Indirect taxes *	35,497,470.51	40,688,871.37	50,396,577.94	49,558,826.44	48,551,217.40	14.62%	23.86%	-1.66%	-2.03%
03 - Other taxes on imported goods	254,026,998.14	318,523,400.18	365,833,623.52	382,576,601.39	371,434,866.63	25.39%	14.85%	4.58%	-2.91%
Total of Title I	408,927,559.13	501,001,437.87	578,873,704.84	608,259,828.17	602,617,597.35	22.52%	15.54%	5.08%	-0.93%
TITLE II - NON-TAX REVENUES									
04 - Canone Doganale (annual transfer from Italy)	4,648,112.00	4,648,112.00	4,648,112.00	4,648,112.00	4,648,112.00	0.00%	0.00%	0.00%	0.00%
05 - Revenues from monopoly and consumer goods	19,026,247.96	19,893,365.60	22,169,360.54	21,910,572.92	23,315,629.36	4.56%	11.44%	-1.17%	6.41%
06 - Special revenues *	21,743,061.04	11,695,470.57	31,384,315.42	23,318,689.27	19,150,114.79	-46.21%	168.35%	-25.70%	-17.88%
07 - Revenues from other public services	6,707,369.89	16,124,543.96	13,736,594.90	17,507,193.05	14,861,467.97	140.40%	-14.81%	27.45%	-15.11%
08 - Revenues from State assets	30,761,907.10	7,492,644.05	4,790,152.43	6,347,133.97	20,554,445.09	-75.64%	-36.07%	32.50%	223.84%
09 - Revenues from activities of Overall Public Sector Entities *	5,565,272.12	7,273,795.75	2,304,568.67	8,091,205.43	7,458,338.03	30.70%	-68.32%	251.09%	-7.82%
10 - Interest income from Government loans and other assets	1,608,844.31	852,750.26	1,451,774.70	1,459,776.42	1,533,974.07	-47.00%	70.25%	0.55%	5.08%
11 - Refunds and recoveries *	6,120,559.72	5,089,097.22	8,600,120.54	5,033,614.08	5,519,779.77	-16.85%	68.99%	-41.47%	9.66%
Total of Title II	96,181,374.14	73,069,779.41	89,084,999.20	88,316,297.14	97,041,861.08	-24.03%	21.92%	-0.86%	9.88%
TITLE III - DISPOSAL, DEPRECIATION OF ASSETS AND LOAN REPAYMENTS									
12 - Sale of real estate	20,755.54	1,068,112.65	227,677.95	287,630.88	65,717.60	5046.16%	-78.68%	26.33%	-77.15%
14 - Repayment of financing	0.00	0.00	0.00	0.00	0.00				
17 - Sale of movable property	10,502.00	1,100.00	61,866.67	7,160.00	9,380.00	-89.53%			31.01%
18 - Operating surplus from previous financial years	0.00	0.00	0.00	0.00	0.00				
Total of Title III	31,257.54	1,069,212.65	289,544.62	294,790.88	75,097.60	3320.66%	-72.92%	1.81%	-74.53%
Total of Titles I - II - III	505,140,190.81	575,140,429.93	668,248,248.66	696,870,916.19	699,734,556.03	13.86%	16.19%	4.28%	0.41%
TITLE IV - REVENUES FROM BORROWING OPERATIONS									
13 - Issue of Government bonds	160,000,000.00	340,000,000.00	50,000,000.00	400,000,000.00	50,000,000.00			700.00%	-87.50%
15 - Loan taking out	1,500,000.00	23,858,977.94	0.00	0.00	0.00	1490.60%	-100.00%	#DIV/0!	0.00%
Total of Title IV	161,500,000.00	363,858,977.94	50,000,000.00	400,000,000.00	50,000,000.00	125.30%	-86.26%	700.00%	-87.50%
TOTAL OF TITLES I - II - III - IV	666,640,190.81	938,999,407.87	718,248,248.66	1,096,870,916.19	749,734,556.03	40.86%	-23.51%	52.71%	-31.65%
Loan taken to cover the budget deficit									
Total with loan taken to cover the budget deficit	666,640,190.81	938,999,407.87	718,248,248.66	1,096,870,916.19	749,734,556.03	40.86%	-23.51%	52.71%	-31.65%
TITLE V - CLEARING TRANSACTIONS									
36,986,884.02	19,779,793.30	19,538,713.80	21,758,705.84	21,594,123.88	21,594,123.88	-46.52%	-1.22%	11.36%	-0.76%
OVERALL TOTAL	703,627,074.83	958,779,201.17	737,786,962.46	1,118,629,622.03	771,328,679.91	36.26%	-23.05%	51.62%	-31.05%

* Data were reclassified according to the structure of the 2024 Balance sheet

Expenditures

Total expenditures, net of clearing transactions, amounted to EUR 788,873,905.55, compared to EUR 1,122,222,432.06 that was committed in the 2023 financial year, thus decreasing by 29.70%, as shown in the attached Tables 3 and 4.

SUMMARY OF EXPENDITURE			
	2023 Balance sheet	2024 Balance sheet	% Variation
Current expenditure	651,623,654.44	655,323,813.87	0.57
Capital expenditure	62,921,943.34	57,822,291.67	-8.10
Repayment of loans	407,676,834.28	75,727,800.01	-81.42
Total	1,122,222,432.06	788,873,905.55	-29.70
Clearing transactions	21,758,705.84	21,594,123.88	-0.76
Overall total	1,143,981,137.90	810,468,029.43	-29.15

Compared to the 2024 forecast, total committed expenditures (net of clearing transactions) showed savings of EUR 21,525,827.09 (-2.66%).

Such savings were related to current expenditures (EUR 17,358,692.24), capital expenditures (EUR 4,166,801.52), and loan repayments (EUR 333.33) (see Table 3).

CURRENT EXPENDITURE

Current expenditure amounted to EUR 655,323,813.87, compared to EUR 651,623,654.44 that was committed in the 2023 financial year, with a 0.57% increase. It accounted for 83.07% of total expenditure net of clearing transactions, while it accounted for 58.07% in 2023.

Compared to the 2024 forecast, the savings, which were equal to EUR 17,358,692.24, mainly concerned the following: "Purchases of goods and services" (EUR 4,170,803.52); "Current transfers to the Overall Public Sector" (EUR 7,583,920.90); "Compensatory entries for revenues" (EUR 1,464,289.49); "Interest expenses" (EUR 1,351,563.43).

Resources were allocated to the categories analysed below.

One of the most significant expenditure items relating to current expenditure in the State Budget was **Remuneration of staff on duty** (which includes the categories Remuneration of

institutional bodies, Staff on duty and Remunerations) and “Retired staff”, which increased overall from EUR 104,640,795.05 in 2023 to EUR 109,336,065.31 in 2024.

The resources allocated to staff on duty and relating to the categories: **Remuneration of institutional bodies, Staff on duty and Remunerations** recorded total savings of EUR 1,302,525.46 compared to forecasts. Overall, they amounted to EUR 102,345,592.54 compared to EUR 97,338,719.11 in the 2023 financial year, with a 5.14% increase (see Table on remuneration for staff on duty).

REMUNERATION OF STAFF ON DUTY	2020 Balance sheet	2021 Balance sheet	2022 Balance sheet	2023 Balance sheet	2024 Balance sheet	2021/2020 % Var.	2022/2021 % Var.	2023/2022 % Var.	2024/2023 % Var.
Salaries, severance payments and other remunerations of public administration staff, Ministers and political staff	82,782,229.01	87,541,050.62	89,589,044.06	94,217,189.59	99,398,515.87	5.75%	2.34%	5.17%	5.50%
Chapter 1842 Allowances and reimbursements to diplomatic staff	552,895.56	545,596.51	563,663.65	269,388.12	60,963.33	-1.32%	3.31%	-52.21%	-77.37%
Chapters 1230 - 1260 Remuneration to Their Excellencies the Captains Regent and the Government Syndics	166,556.93	175,820.71	147,557.10	157,681.28	183,185.49	5.56%	-16.08%	6.86%	16.17%
Chapters 1280 - 1290 Duty allowances and attendance fees to members of Parliament and Parliamentary Commissions	742,958.83	724,042.56	614,986.78	673,935.91	636,386.71	-2.55%	-15.06%	9.59%	-5.57%
Chapter 1285 Remuneration to former members of Parliament	133,887.96	133,081.29	141,298.74	155,259.31	183,792.23	-0.60%	6.17%	9.88%	18.38%
Chapter 1245 Remuneration to members of the Guarantors Panel on the Constitutionality of Rules	202,183.90	213,968.28	206,789.73	213,555.24	252,270.11	5.83%	-3.35%	3.27%	18.13%
Chapters 2135-2140-2150-2160-2180 Service allowances to members of the Guard of the Great and General Council, Artillery and Uniformed Militia, Military Band, Higher Command of the Militia	637,433.87	581,639.14	568,989.27	598,990.89	667,645.12	-8.75%	-2.17%	5.27%	11.46%
Chapter 1246 Remunerations to Judges of the Court for Trusts	77,692.08	39,922.08	37,672.08	54,772.08	44,313.00	-48.61%	-5.64%	45.39%	-19.10%
Sundry chapters Business trips inside and outside the territory	115,562.54	280,611.24	545,034.57	796,036.69	736,125.68	142.82%	94.23%	46.05%	-7.53%
Chapter 4380 Remuneration to Vocational Training Centre teachers hired based on an agreement	188,820.00	213,430.00	185,175.00	201,910.00	182,395.00	13.03%	-13.24%	9.04%	-9.67%
Total of categories 1 - 2 - 12	85,600,220.68	90,449,162.43	92,600,210.98	97,338,719.11	102,345,592.54	5.66%	2.38%	5.12%	5.14%
Category 1 - Remunerations of Institutional Bodies	3,194,230.64	3,107,604.30	3,010,962.46	3,126,626.03	3,326,081.52	-2.71%	-3.11%	3.84%	6.38%
Category 2 - Staff on duty	77,572,773.17	82,197,558.13	83,912,248.52	85,851,093.08	93,088,511.02	5.96%	2.09%	2.31%	8.43%
Category 12 - Remunerations	4,833,216.87	5,144,000.00	5,677,000.00	8,361,000.00	5,931,000.00	6.43%	10.36%	47.28%	-29.06%

The data show that salaries in the public administration sector, including severance payments and remuneration for public administration staff, Ministers and political staff, increased from EUR 94,217,189.59 in 2023 to EUR 99,398,515.87 in 2024 (+5.5%). Such increase was largely due to the renewal of the collective labour agreement for public sector employees, signed between the Government and trade unions on 27 November 2023, which provided for a 2% increase in base salary and seniority steps for the 2024 financial year, as well as an increase in the number of staff employed in the public administration.

The resources allocated to the category **Retired staff** show an overall decrease by 4.27% compared to 2023 (see Table “Remuneration for retired staff”).

Within this category, there was a decrease in “Old regime pensions” (-5.28%), and a slight increase in “Reimbursements of Costs for State Pensioners under the I.S.S. Scheme” (+0.91%).

REMUNERATION OF RETIRED STAFF									
	2020 Balance sheet	2021 Balance sheet	2022 Balance sheet	2023 Balance sheet	2024 Balance sheet	2021/2020 % Variation	2022/2021 % Variation	2023/2022 % Variation	2024/2023 % Variation
Old regime pensions	7,363,839.92	6,866,894.90	6,344,903.87	6,107,818.78	5,785,352.52	-6.75%	-7.60%	-3.74%	-5.28%
Reimbursements of costs for State pensioners under the I.S.S. Scheme	1,376,031.88	1,263,607.84	1,210,409.76	1,194,257.16	1,205,120.25	-8.17%	-4.21%	-1.33%	0.91%
Overall total	8,739,871.80	8,130,502.74	7,555,313.63	7,302,075.94	6,990,472.77	-6.97%	-7.07%	-3.35%	-4.27%

Expenses for the **Purchase of goods and services** recorded significant savings in the 2024 financial year, equal to EUR 4,170,803.52 (-12.49%), while total expenditure amounted to EUR 29,227,814.77, with a 7.00% increase compared to 2023. This category includes the operating costs of ordinary State activities.

In this category, the most significant expenses were attributable to the following items:

- “Expenses for Diplomatic and Consular Representations (chapter 1980) from EUR 879,178.24 in 2021 to EUR 944,416.65 in 2024 (+21.31%); savings were achieved compared to the final forecast of EUR 93,827.73 (-6.18%);
- “Convention-based R.T.V. costs for information” (chapter 2280) equal to EUR 1,550,000.00 compared to EUR 1,100,000.00 in 2023 (+40.91%);
- “Rental expenses and other costs for use of immovable property” (chapter 2270) from EUR 582,120.48 in 2023 to EUR 613,971.98 in 2024 (+5.47%). Savings amounted to EUR 41,028.02 (-6.26%).

- “Stationery supplies, printed materials, transport, photocopiers, freight handling, etc.” (chapter 2310) from EUR 1,486,167.58 in 2023 to EUR 547,113.70 in 2024 (-63.19%); savings amounted to EUR 292,886.30 compared to the forecast (-34.87%);
- “Costs for cleaning services for public administration offices” (chapter 2315) increased from EUR 476,965.12 in 2023 to EUR 1,182,218.57 in 2024 (+147.86%) following tender no. 33/2021 and new public tender no. 47/2024 for the provision of cleaning services for public administration offices and the overall public sector; savings of EUR 62,781.43 (-5.04%) were achieved compared to the forecast;
- “Sundry insurance and related costs” (chapter 2750) increased from EUR 405,569.00 in 2023 to EUR 906,554.00 in 2024 (+123.53%) since in 2023 insurance policies were renewed for six months, pending the outcome of a public tender for the annual insurance service, which started to be provided in March 2024; savings of EUR 13,446.00 (-1.46%) were achieved compared to the forecast;
- “Costs for services provided by the Central Bank” (chapter 2753) increased from EUR 3,088,714.61 in 2023 to EUR 3,863,600.00 in 2024 (+25.09%); the relevant amount and the related increase resulted from the approval of an agreement between the Congress of State and the Central Bank of the Republic of San Marino Spa for the remuneration of services provided by the latter to the Public Administration, Autonomous State Corporations and Entities of the Overall Public Sector for the years 2022, 2023 and 2024, as referred to in Congress of State Decision no. 19 of 7 November 2022. This Decision envisages for the first time that the expenses relating to the Financial Intelligence Agency are paid to the Central Bank by the State alone;
- “Expenditures for the operation of the IT plan” (chapter 2810) increased from EUR 2,248,535.20 in 2023 to EUR 3,075,698.63 in 2024 (+36.79%); savings of EUR 203,151.37 (-6.20%) were achieved compared to the forecast;
- “Tourism promotion, marketing and communication” (chapter 4040) decreased from EUR 1,040,093.07 in 2023 to EUR 919,496.03 in 2024 (-11.59%) with savings of EUR 10,503.97 (-1.13%) compared to the forecast;
- “Tourist products and events” (chapter 4060) increased from EUR 1,227,558.43 in 2023 to EUR 1,340,960.03 in 2024 (+9.24%) with savings of EUR 9,039.97 (-0.67%) compared to the forecast;
- “Parking management expenditures” (chapter 4070) and “Convention-based parking management costs” (chapter 4072) increased from EUR 2,120,690.52 in 2023 to EUR 2,237,613.36 in 2024 (+5.51%), with savings of EUR 28,386.64 (-1.25%) compared to the forecast;
- “School meal expenditures for Nursery School, Kindergarten and Elementary School” (chapter 4925) decreased from EUR 2,401,246.39 in 2023 to EUR 1,725,209.29 in 2024 (-28.15%), with savings of EUR 3,245.11 (-0.19%) compared to the forecast.
- Finally, for the 2024 financial year, worth highlighting are the commitments made under chapter 1397 “Expenses for informing citizens about lists and coalitions for elections” amounting to EUR

148,087.34 and under chapter 1760 “Expenses for elections and referenda” amounting to EUR 236,864.86 for expenses incurred during the General Elections of 9 June 2024.

Expenses relating to **Current transfers**, which mainly concern contributions to entities and associations, increased from EUR 14,433,363.27 in 2023 to EUR 18,774,531.67 in 2024 (+30.08%). This resulted in savings of EUR 1,033,838.93 (-5.22%) compared to the estimated allocations, taking into account the data, subject to an extraordinary administrative accounting measure, for the Extraordinary Financial Fraud Protection Fund and the costs borne by the State for the Social Services Fund.

The most significant items in this category related to “State contribution to the financing of political parties and movements” (chapter 1450) of EUR 1,528,039.45 (+9.41% compared to 2023); “Annual flat-rate contribution in favour of RTV San Marino Spa on television matters under the San Marino-Italy Agreement of 27 September 2021” (chapter 2025) of EUR 4,581,000.00 (+177.40% compared to 2023); “Contributions to International Organisations” (chapter 2040) of EUR 1,032,000.00 (+5.85% compared to 2023); “Solidarity contributions under Article 6 of Law no. 9 of 22 January 1993” (chapter 2860) relating to the three per thousand allocated to associations and entities in tax returns, for an amount of EUR 1,700,000.00 (-2.86% compared to 2023); “Financing and costs for services provided by the Agency for Economic Development - Chamber of Commerce Spa” (chapter 3755) of EUR 1,000,000.00 (+669.23% compared to 2023); “Moto GP Contribution” (chapter 4097) of EUR 1,500,485.00 (+4.66% compared to 2023) and “Costs for the Right to Education” (chapter 5120) of EUR 2,755,755.05 (+8.09% compared to 2023).

Costs relating to **Interest expenses** amounted to EUR 38,923,036.57 compared to EUR 41,971,783.47 in 2023 with a 7.26% decrease and savings of EUR 1,351,563.43 (-3.36%) were achieved compared to the forecast.

Such reduction was primarily due to chapter 2425 “Interest payments on the issue of Government bonds and interest payments, costs and legal expenses for domestic or international financing”. In 2023, a total of EUR 29,505,626.53 was committed for the payment of interest relating to the issuance of EUR 340,000,000 of bonds, as set out in Delegated Decree no. 23 of 19 February 2021, to the issuance of Government bonds, as set out in Delegated Decrees no. 168 and 169 of 16 December 2022 and Delegated Decree no. 147 of 13 October 2023, as well as to the issuance of Government bonds amounting to EUR 350,000,000, as set out in Delegated Decree no. 83 of 13 May 2023.

Total committed expenditure in 2024 amounted to EUR 26,919,770.47, with a 8.76% reduction. This expenditure was largely due to interest payments relating to the issuance of Government bonds, as set out in Delegated Decree no. 83/2023, as well as to the issuance of bonds under Delegated Decrees no. 168 and no. 169/2022, and under Delegated Decree no. 156 of 23 October 2024.

A slight increase by 11.05% was recorded in chapter 2426, “Interest payments and costs for the issuance of government bonds for capital strengthening in San Marino banking system”, increasing from EUR 2,233,200.00 in 2023 to EUR 2,480,000.00 in 2024. This increase was mainly due to interest relating to Government bond issues totalling EUR 40,000,000.00 and EUR 34,000,000.00, as referred to in Delegated Decrees no. 17 of 23 February 2016 and no. 153 of 19 September 2019 respectively.

Another important item in this category is chapter 2424, “Interest payments related to the issuance of perpetual Government bonds”, to which EUR 7,981,500.00 was allocated for 2024, as in the previous financial year (2023). This expense related to interest paid on perpetual Government bonds reserved for Cassa di Risparmio della Repubblica di San Marino Spa for the conversion of assets recorded in its balance sheet.

The amount of expenses relating to **Compensatory entries for revenues** was EUR 282,469,160.51 (-1.73% compared to 2023), with savings of EUR 1,464,289.49 (-0.52%) compared to the 2024 forecast. This included the amounts that will be subject to extraordinary administrative accounting measures. These amounts are only estimates and refer to “Tax Office tax refunds” and “Import tax refunds”.

Indeed, such increase was attributable to chapters relating to refunds following revenues, especially tax revenues. The main items referred to “Tax Office tax refunds” (chapter 2870), which increased from EUR 19,300,000.00 in 2023 to EUR 21,000,000.00 in 2024 (+8.81%), and to “Import tax refunds” (chapter 2890), which decreased from EUR 262,300,000.00 in 2023 to EUR 258,000,000.00 in 2024 (-1.64%). The latter was the most significant item, with an estimated total amount of EUR 258,000,000 compared to the corresponding revenue from the tax on imported goods (chapter 260), whose established amount was EUR 316,991,409. Therefore, the net tax differential was EUR 58,991,409.

In the category **Current transfers to the Overall Public Sector**, savings compared to allocations on an accrual basis were recorded for 2024 in the amount of EUR 7,583,920.90 (-4.69%), of which EUR 378,898.76 related to transfers to A.A.S.S., EUR 154,799.62 to A.A.S.L.P., EUR 89,343.43 to Poste San Marino Spa and EUR 6,960,879.09 to I.S.S.

In particular, I.S.S. achieved savings with respect to “Costs borne by the State for the management of the employees' pension fund” (-31.95% equal to EUR 5,597,017.11), “Deficit from the Residual Management of Self-Employed Workers” (-10.19% equal to EUR 775,227.97), “State contribution for the financing of special economic allowances (Law no. 73/2010, Art. 6, c.2 Delegated Decree. no. 95/2013)” (-31.43% equal to EUR 201,436.29), “Carer's allowance (Law no. 138/1991)” (-7.86% equal to EUR 139,498.22) and “Fund for I.S.S. vocational training and refresher courses” (-43.02%, equal to EUR 107,561.32).

Taking into account extraordinary administrative accounting measures, expenditure for current transfers from the State to the overall public sector for 2024 totalled EUR 154,011,248.80, with a 0.16% increase compared to 2023. In particular, resources relating to current transfers were allocated as follows: EUR 126,838,290.61 to I.S.S., with a 1.26% decrease compared to 2023; EUR 11,886,200.38 to A.A.S.L.P. (+11.06% compared to 2023); EUR 3,621,101.24 to A.A.S.S. (+4.40% compared to 2023); EUR 5,150,000.00 to C.O.N.S. (-2.15% compared to 2023); EUR 4,320,000.00 to the University of San Marino (+16.63% compared to 2023); EUR 50,000.00 to the Public Institution for Gaming Activities (same amount as in 2023); EUR 710,656.57 to Poste San Marino S.p.A. (+10.46% compared to 2023) and EUR 1,435,000.00 to the San Marino Music Institute (+6.93% compared to 2023).

Expenditure in the category **Monopoly goods** totalled EUR 4,851,872.00, with a 7.10% reduction compared to 2023 and savings of EUR 6,128.00 (-0.13%) compared to the forecast.

Compared to 2023, the category **Movable consumer goods for sale** decreased from EUR 556,707.87 to EUR 469,363.32 (-15.69%), with savings of EUR 120,636.68 (-20.45%) compared to the forecast.

The category **Provision for doubtful loans**, the final amount of which will be subject to extraordinary administrative accounting measures, was estimated at EUR 17,260,720.92 for the 2024 financial year, with a 6.11% increase compared to the previous year.

CAPITAL EXPENDITURE

Capital expenditure amounted to EUR 57,822,291.67, compared to EUR 62,921,943.34 that was committed in the 2023 financial year, with 8.107% decrease, and accounted for 7.33% of total expenditure net of clearing transactions. In 2023, it accounted for 5.61%.

Overall, savings of EUR 4,166,801.52 (-6.72%) were made with respect to the 2024 forecast, which related to immovable assets and works (EUR 225,967.14 (-7.46%)), movable assets and works (EUR 981,662.25 (-6.39%)), capital transfers to the overall public sector (EUR 244. 615.59 (-1.82%)), capital transfers (EUR 75,194.85 (-0.47%)), transfers for the development of the productive sectors (EUR 1,989,294.86 (-21.66%)), services for real estate investments (EUR 35,500.00 (-54.62%)), and transfers to the private real estate sector (EUR 614,566.83 (-12.47%)).

The resources allocated to the category **Immovable assets and works** amounted to EUR 2,804,862.86, compared to EUR 14,999,049.58 that was committed in 2023 (-81.30%).

This significant decrease was mainly attributable to the chapter "Purchase of real estate" (6600) where, while in 2023, EUR 12,880,779.00 was committed, in 2024, the total expenditure amounted to

EUR 2,032,179.29 and generally concerned exchanges and agreements with acquisitions of land and real estate by the State.

Also chapter 6620 "Expenses for expropriations related to the implementation of the territorial plan" registered a decrease from EUR 1,793,354.22 in 2023 to EUR 471,000.00 in 2024. This amount concerned, also for the financial year 2024, the expense for the expropriation of land necessary to enlarge the Torraccia airfield, as per Congress of State Decision no. 9 of 3 December 2024.

The resources allocated to the category **Movable assets and works** amounted to EUR 14,392,300.94, compared to EUR 7,121,107.62 that was committed in 2023 (+102.11%).

The main item in this category is represented by chapter 6380 "Subscription and adjustment of the principal payment for the International Monetary Fund". In this regard, EUR 7,765,383.20 was committed, in the financial year 2024, in relation to the increase of the Republic of San Marino's participation share in the IMF (Congress of State Decision no. 17 of 19 November 2024) from SDR 49.2 million to SDR 73.8 million, as per Resolution no. 79-1 of the IMF Board of Governors, ratified by Parliamentary Decree no. 169 of 8 November 2024.

Chapter 6360 "Subscription of units and shareholdings" decreased from EUR 4,565,024.25, which was committed in 2023, to EUR 3,392,957.78 in 2024 (-25.67%). These expenses were attributable to the subscription of the second tranche relating to the capital increase of the Council of Europe Development Bank (CEB) referred to in Congress of State Decision no. 24 of 20 February 2024, as well as to the purchase of the shares of Giochi del Titano Spa held by the Economic Development Agency - Chamber of Commerce Spa referred to in Congress of State Decisions no. 19 of 18 January 2024 and no. 3 of 11 June 2024.

Another significant chapter in this category concerns the "Purchase of machinery and equipment and procedures related to the IT plan" (chapter 6480), for which EUR 2,093,143.81 was committed, compared to EUR 1,493,814.22 in 2023 (+40.12%), and where EUR 488,356.19 savings were made compared to the forecast (-18.92%).

The resources allocated to the category **Capital transfers to the overall public sector** increased by 9.33% compared to 2023, from EUR 12,092,655.23 to EUR 13,220,384.41, mainly due to the transfer "Contribution to I.S.S. for investments" (chapter 7495) equal to EUR 592,010.36, which was not provided for in 2023, as well as to the "A.A.S.L.P. endowment fund for the financing under Expenditure Law no. 67/2015 related to the construction of infrastructures and public works on the territory" (chapter 6630), which increased from EUR 4,000,000.00 in 2023 to EUR 4,550,000.00 in 2024 (+13.75%).

The resources were allocated as follows:

- EUR 229,137.62 to A.A.S.S., compared to EUR 217,190.69 in 2023 (+5.50%), in relation to costs to be borne for the renovation of security and public lighting systems of the State, equal to EUR 160,403.41 (+8.98% compared to 2023), and EUR 68,734.21 for the A.A.S.S. endowment fund for public lighting in the Townships (-1.81% compared to 2023);
- EUR 12,109,236.43 to A.A.S.L.P., compared to EUR 11,525,464.54 in 2023 (+5.07%), of which EUR 4,762,961.29 for the A.A.S.L.P. endowment fund for investments (-4.30% compared to 2023), EUR 1,400,000.00 for the A.A.S.L.P. endowment fund related to manpower for extraordinary maintenance interventions (+1.67% compared to 2023), EUR 1,071,851.04 for the A.A.S.L.P. endowment fund for extraordinary maintenance expenses (-8.51% compared to 2023), EUR 4,550,000.00 for the A.A.S.L.P. endowment fund for the financing under Expenditure Law no. 67/2015 for the construction of public infrastructures and works in the territory (+13.75%) and, finally, EUR 324,424.10 for the A.A.S.L.P. endowment fund for sundry equipment, motor vehicles and machinery, for which no commitments were made in the 2023 financial year;
- EUR 120,000.00 to C.O.N.S. (unchanged compared to 2023);
- EUR 592,010.36 to I.S.S. (financing not envisaged in the 2023 financial year);
- EUR 140,000.00 to the University of San Marino for investments (-30.00% compared to 2023);
- EUR 30,000.00 to San Marino Music Institute (unchanged compared to 2023).

The total amount of resources, including current transfers, from the State to the Overall Public Sector for the financial year 2024 was equal to EUR 167,231,633.21, compared to EUR 165,860,566.41 in 2023 (-0.83%), of which EUR 154,011,248.80 for current transfers and EUR 13,220,384.41 for capital transfers.

Expenditure for the category **Capital transfers** in 2024 amounted to EUR 15,865,305.15, compared to EUR 16,040,919.03 that was committed in 2023 (-1.09%).

This category related almost entirely to chapter 6354 “Capital contribution to the Public Vehicle for the Segregation of Pension Funds - Purpose Trust” established in the 2020 financial year. This Company, which is owned by the State, was established pursuant to Article 2 of Law no. 115 of 16 July 2019 and was transformed into a Purpose Trust in 2022. Pursuant to the resolution decree issued by the Central Bank of the Republic of San Marino, the total liabilities of the Fund for the Management of Pensions and of FONDISS were transferred to the Public Vehicle from Banca CIS, subject to resolution, together with the existing legal relationships of the same bank, as identified in the resolution decree. Having regard to the Memoranda of Understanding between the Congress of State and the Committees administering the first and second pillar pension funds, the State, in order to guarantee repayment within the agreed terms, pays to the Public Vehicle the difference between what is to be paid to I.S.S. and to FONDISS and what the

Public Vehicle was able to recover from the existing legal relationships of Banca CIS transferred to it. In 2023, EUR 15,563,657.83 was committed in relation to this chapter, whereas in 2024 the total contribution amounted to EUR 15,369,504.99 (-1.25%), with savings of EUR 25,495.01 compared to the final forecast (-0.17%).

Lastly, within the framework of such transfers, worth mentioning are chapter 2405 "Contribution under Article 9 of the Agreement between San Marino and the Holy See " equal to EUR 122,500.00 (unchanged compared to 2023) and chapter 7265 "E.R.A.S. contribution for technological investments" equal to EUR 299,958.40, compared to EUR 300,000.00 in 2023 (-0.01%).

The category **Transfers for the development of productive sectors** decreased from EUR 7,999,202.67 in 2023 to EUR 7,196,505.14 in 2024 (-10.03%). This category mainly included expenses for "Financing under Law no. 96 of 20 September 1989 relating to contributions and bonuses" (chapter 6735) equal to EUR 1,421,426.22 (-4.13% compared to 2023), "Interest rate subsidies and contributions to lease payments for interventions in support of economic activities (Delegated Decree no. 93/2013 - Article 11 Delegated Decree no. 162/2015 - Delegated Decree no. 72/2018)" (chapter 7226) equal to EUR 2,150,735.02 (-22.07% compared to 2023), "Expenses for the special fund for employment-related interventions and labour cost reduction" (chapter 7460) equal to EUR 2,304,512.20 (-2.98% compared to 2023), and "Expenses for vocational training related to the Labour and Active Policies Office" (chapter 7475) equal to EUR 710,577.31 (-6.35% compared to 2023).

The category **Services for real estate investments** decreased from EUR 163,300.00 in 2023 to EUR 29,500.00 in 2024 (-81.94%) and was related to "Value-increasing expenses concerning the planning and studies for urban, territorial and environmental interventions and seismic risk prevention" (chapter 6605) equal to EUR 15,000.00, and to "Expenses for the reform, updating and verifications of the Cadastral Office and the Real Estate Market Observatory" (chapter 6608) equal to EUR 14,500.00.

The category **Transfers for the private real estate sector** decreased from EUR 4,505,709.21 in 2023 to EUR 4,313,433.17 in 2024 (-4.27%). The most significant item in this category concerned "State interest rate subsidies for building and architectural barrier removal loans" (chapter 7435) equal to EUR 4,234,825.90 (-4.84% compared to 2023).

LOAN REIMBURSEMENTS

Committed expenditure for loan reimbursements, taking into account extraordinary administrative accounting measures, amounted to EUR 75,727,800.01, compared to EUR 407,676,834.28 in 2023, with a decrease by 81.42%. Such expenditure accounted for 9.60% of total expenditure net of clearing transactions, whereas in the 2023 financial year, it accounted for 36.33%, and was related to the principal payments for the amortisation of loans and advances and the redemption of Government bonds.

The expenses of the category **Loan amortisation** amounted to EUR 7,066,466.68, compared to EUR 7,676,834.28 in 2023 (-7.95%). This decrease was due to chapter 7825 "Principal payments related to the amortisation of the loan for the purchase of buildings for institutional purposes", where EUR 250,000.00 (-50% compared to 2023) was committed for the last instalment of the loan for the purchase of the WTC building, and to chapter 7863 "Principal payments related to the amortisation of the loan for the acquisition of Casale La Fiorina", in relation to which EUR 360,367.60 was committed in 2023 as principal payment for early repayment - taking over of unsecured loans granted by CRSM to Fondazione Casale La Fiorina.

With regard to the category **Debt amortisation and advances**, the 2024 expenditure equal to EUR 10,833,333.33 increased by 8.33% compared to 2023. EUR 5,833,333.33 thereof referred to "Principal payments related to the reimbursement to the Social Security Institute for Cassa di Risparmio subordinated bonds" (chapter 7836), and EUR 5,000,000.00 thereof referred to "Principal payment related to financing for capital strengthening of San Marino banking system, as referred to in Law no. 85 of 18 July 2012" (chapter 7838).

With regard to the category **Redemption of Government bonds**, EUR 390,000,000.00 was committed in 2023, while in 2024, taking into account the extraordinary administrative accounting measures, the expenditure amounted to EUR 57,828,000.00 and related to the redemption of Government bonds referred to in Delegated Decree no. 147 of 13 October 2023, equal to EUR 50,000,000.00, to the repayment of Government bonds pursuant to Article 2 of Law no.132/2023 following the confiscations referred to in criminal proceedings no. 418/2016, criminal proceedings no. 553/2017 and joint criminal proceedings no. 527/2011 and no. 628/2013, equal to EUR 2,828,000.00, as well as to the reimbursement of the perpetual Government bonds referred to in Law no. 223 of 23 December 2020 equal to EUR 5,000,000.00.

Concerning the category **Provisions**, there were no amounts allocated and committed for the financial year 2024.

Table 3

SAVINGS AND LOWER EXPENSES RELATED TO ALLOCATIONS ON AN ACCRUAL BASIS						
	2024 Initial forecast	2024 Variation	2024 Final forecast	Commitments on an accrual basis	Lower expenses related to allocations on an accrual basis	% Variation
TITLE I - CURRENT EXPENDITURE						
01 - Remuneration of institutional bodies	3,463,000.00	3,724,988.00	3,684,988.00	3,326,081.52	-358,906.48	-9.74%
02 - Staff on duty	90,708,130.00	94,298,130.00	94,012,130.00	93,088,511.02	-923,618.98	-0.98%
03 - Retired staff	7,215,000.00	7,055,000.00	7,055,000.00	6,990,472.77	-64,527.23	-0.91%
04 - Purchase of goods and services	32,803,997.00	33,226,970.59	33,398,618.29	29,227,814.77	-4,170,803.52	-12.49%
05 - Current transfers	19,480,814.45	19,652,678.45	19,808,370.60	18,774,531.67	-1,033,838.93	-5.22%
06 - Interest expenses	41,668,100.00	40,274,600.00	40,274,600.00	38,923,036.57	-1,351,563.43	-3.36%
07 - Compensatory entries for revenues	272,581,000.00	255,933,450.00	283,933,450.00	282,469,160.51	-1,464,289.49	-0.52%
09 - Non-attributable amounts	900,000.00	900,000.00	260,458.60	0.00	-260,458.60	-100.00%
12 - Remunerations	6,452,000.00	5,600,000.00	5,951,000.00	5,931,000.00	-20,000.00	-0.34%
13 - Current transfers to the Overall Public Sector	159,187,955.00	161,155,705.00	161,595,169.70	154,011,248.80	-7,583,920.90	-4.69%
17 - Monopoly goods	5,008,000.00	4,858,000.00	4,858,000.00	4,851,872.00	-6,128.00	-0.13%
18 - Movable consumer goods for sale	590,000.00	590,000.00	590,000.00	469,363.32	-120,636.68	-20.45%
21 - Provision for doubtful loans			17,260,720.92	17,260,720.92	0.00	0.00%
Total of Title I	640,057,996.45	627,269,522.04	672,682,506.11	655,323,813.87	-17,358,692.24	-2.58%
TITLE II - CAPITAL EXPENDITURE						
10 - Immovable assets and works	1,072,000.00	2,559,830.00	3,030,830.00	2,804,862.86	-225,967.14	-7.46%
11 - Movable assets and works	15,629,906.25	15,363,972.19	15,373,963.19	14,392,300.94	-981,662.25	-6.39%
14 - Capital transfers to the Overall Public Sector	12,710,000.00	13,465,000.00	13,465,000.00	13,220,384.41	-244,615.59	-1.82%
15 - Capital transfers	16,410,500.00	15,940,500.00	15,940,500.00	15,865,305.15	-75,194.85	-0.47%
16 - Transfers for the development of productive sectors	8,976,900.00	9,185,800.00	9,185,800.00	7,196,505.14	-1,989,294.86	-21.66%
19 - Services for real estate investments	65,000.00	65,000.00	65,000.00	29,500.00	-35,500.00	-54.62%
20 - Transfers for the private real estate sector	4,660,000.00	4,928,000.00	4,928,000.00	4,313,433.17	-614,566.83	-12.47%
Total of Title II	59,524,306.25	61,508,102.19	61,989,093.19	57,822,291.67	-4,166,801.52	-6.72%
TITLE III - LOAN REIMBURSEMENTS						
08 - Loan amortisation	7,066,800.01	7,066,800.01	7,066,800.01	7,066,466.68	-333.33	0.00%
22 - Debt amortisation and advances	10,833,333.33	10,833,333.33	10,833,333.33	10,833,333.33	0.00	0.00%
23 - Redemption of Government bonds	50,000,000.00	52,828,000.00	57,828,000.00	57,828,000.00	0.00	
24 - Provisions	0.00	0.00	0.00	0.00	0.00	
25 - Compensatory entries for financing	0.00	0.00	0.00	0.00	0.00	#DIV/0!
Total of Title III	67,900,133.34	70,728,133.34	75,728,133.34	75,727,800.01	-333.33	0.00%
Total of Titles I - II - III	767,482,436.04	759,505,757.57	810,399,732.64	788,873,905.55	-21,525,827.09	-2.66%
TITLE IV - CLEARING TRANSACTIONS						
Total of Title IV	38,660,000.00	39,695,000.00	39,695,000.00	21,594,123.88	-18,100,876.12	-45.60%
	38,660,000.00	39,695,000.00	39,695,000.00	21,594,123.88	-18,100,876.12	-45.60%
OVERALL TOTAL	806,142,436.04	799,200,757.57	850,094,732.64	810,468,029.43	-39,626,703.21	-4.66%

Table 4

EVOLUTION OF EXPENDITURE IN THE STATE BALANCE SHEETS OVER THE YEARS 2020/2021/2022/2023/2024									
	Committed expenditure in 2020 balance sheet	Committed expenditure in 2021 balance sheet	Committed expenditure in 2022 balance sheet	Committed expenditure in 2023 balance sheet	Committed expenditure in 2024 balance sheet	2021/2020 % Variations	2022/2021 % Variations	2023/2022 % Variations	2024/2023 % Variations
TITLE I - CURRENT EXPENDITURE									
01 - Remuneration of institutional bodies	3,194,230.64	3,107,604.30	3,010,962.46	3,126,626.03	3,326,081.52	-2.71%	-3.11%	3.84%	6.38%
02 - Staff on duty	77,572,773.17	82,197,558.13	83,912,248.52	85,851,093.08	93,088,511.02	5.96%	2.09%	2.31%	8.43%
03 - Retired staff	8,739,871.80	8,130,502.74	7,555,313.63	7,302,075.94	6,990,472.77	-6.97%	-7.07%	-3.35%	-4.27%
04 - Purchase of goods and services	21,305,391.73	23,620,496.16	25,016,426.82	27,316,776.10	29,227,814.77	10.87%	5.91%	9.20%	7.00%
05 - Current transfers	15,497,705.16	23,857,160.14	14,347,312.12	14,433,363.27	18,774,531.67	53.94%	-39.86%	0.60%	30.08%
06 - Interest expenses	12,868,858.88	29,930,971.17	22,464,294.72	41,971,783.47	38,923,036.57	132.58%	-24.95%	86.84%	-7.26%
07 - Compensatory entries for revenues	195,648,760.82	237,604,882.54	274,520,174.25	287,446,314.91	282,469,160.51	21.44%	15.54%	4.71%	-1.73%
09 - Non-attributable amounts	0.00	0.00	0.00	0.00					
12 - Remunerations	4,833,216.87	5,144,000.00	5,677,000.00	8,361,000.00	5,931,000.00	6.43%	10.36%	47.28%	-29.06%
13 - Current transfers to the Overall Public Sector	152,902,055.02	192,613,201.20	160,364,204.94	153,767,911.18	154,011,248.80	25.97%	-16.74%	-4.11%	0.16%
17 - Monopoly goods	3,030,000.00	3,502,738.35	5,113,685.40	5,222,731.49	4,851,872.00	15.60%	45.99%	2.13%	-7.10%
18 - Movable consumer goods for sale	207,985.26	395,714.41	561,282.90	556,707.87	469,363.32	90.26%	41.84%	-0.82%	-15.69%
21 - Provision for doubtful loans	17,530,316.09	12,209,413.97	9,257,398.77	16,267,271.10	17,260,720.92	-30.35%	-24.18%	75.72%	6.11%
Total of Title I	513,331,165.44	622,314,243.11	611,800,304.53	651,623,654.44	655,323,813.87	21.23%	-1.69%	6.51%	0.57%
TITLE II - CAPITAL EXPENDITURE									
10 - Immovable assets and works	2,308,904.13	665,409.44	3,602,148.69	14,999,049.58	2,804,862.86	-71.18%	441.34%	316.39%	-81.30%
11 - Movable assets and works	2,157,816.50	2,062,923.14	12,989,346.71	7,121,107.62	14,392,300.94	-4.40%	529.66%	-45.18%	102.11%
14 - Capital transfers to the Overall Public Sector	3,238,104.09	5,159,951.90	14,591,013.81	12,092,655.23	13,220,384.41	59.35%	182.77%	-17.12%	9.33%
15 - Capital transfers	37,189,421.12	2,377,033.22	8,401,171.65	16,040,919.03	15,865,305.15	-93.61%	253.43%	90.94%	-1.09%
16 - Transfers for the development of productive sectors	5,762,014.82	6,731,420.67	7,085,637.24	7,999,202.67	7,196,505.14	16.82%	5.26%	12.89%	-10.03%
19 - Services for real estate investments	53,067.00	59,120.00	22,400.00	163,300.00	29,500.00	11.41%	-62.11%	629.02%	-81.94%
20 - Transfers for the private real estate sector	2,176,032.96	1,973,754.67	2,324,039.67	4,505,709.21	4,313,433.17	-9.30%	17.75%	93.87%	-4.27%
Total of Title II	52,885,360.62	19,029,613.04	49,015,757.77	62,921,943.34	57,822,291.67	-64.02%	157.58%	28.37%	-8.10%
TITLE III - LOAN REIMBURSEMENTS									
08 - Loan amortisation	7,644,859.52	158,179,459.49	8,453,506.84	7,676,834.28	7,066,466.68	1969.10%	-94.66%	-9.19%	-7.95%
22 - Debt amortisation and advances	10,000,000.00	10,000,000.00	10,000,000.00	10,000,000.00	10,833,333.33	0.00%	0.00%	0.00%	8.33%
23 - Redemption of Government bonds		86,000,300.00	0.00	390,000,000.00	57,828,000.00			#DIV/0!	
24 - Provisions *	7,844,000.00	8,844,000.00	0.00	0.00	0.00	12.75%	-100.00%	#DIV/0!	
Total of Title III	25,488,859.52	262,023,759.49	18,453,506.84	407,676,834.28	75,727,800.01	927.99%	-92.96%	2109.21%	-81.42%
Total of Titles I- II- III	591,705,385.58	903,367,615.64	679,269,569.14	1,122,222,432.06	788,873,905.55	52.67%	-24.81%	65.21%	-29.70%
TITLE IV - CLEARING TRANSACTIONS									
Total of Title IV	36,986,884.02	19,779,793.30	19,538,713.80	21,758,705.84	21,594,123.88	-46.52%	-1.22%	11.36%	-0.76%
OVERALL TOTAL	628,692,269.60	923,147,408.94	698,808,282.94	1,143,981,137.90	810,468,029.43	46.84%	-24.30%	63.70%	-29.15%

The State's debt situation

Hereunder is the composition of debt by cash advances, loans, financing and issues of Government bonds relating to the State and outstanding as of 31 December 2024, with an indication of the main characteristics of the type of financing and the related outstanding debt still to be repaid.

Cash advances, loans, financing and Government bond issues as of 31 December 2024

A) SHORT-TERM CASH ADVANCES

B) SHORT-TERM FOREIGN LOANS

C) DOMESTIC MEDIUM/LONG-TERM LOANS

C.1) Banca Agricola Commerciale - IBS

Financing for the construction of a new road called Strada di Fondovalle equal to EUR 14,500,000.00 pursuant to Law no. 42 of 22 February 2006.

Disbursement on 31 October 2013 of EUR 14,500,000.00

Technical form: opening of a current-account credit facility from 31 October 2013 to 31 December 2014

Unsecured loan from 1 January 2015 to 31 December 2024

Rate: Euribor 3 months/365 days + 3.50% spread - 4.25% minimum rate

Six-month interest payment: 30 June - 31 December

Six-month principal payments: 30 June - 31 December

Six-month interest:

- 2024 rate: (7.405%) as of 30 June; (7.209%) as of 31 December;

- 2024 interest payment: EUR 79,818.88 (EUR 53,686.25 as of 30 June; EUR 26,132.63 as of 31 December)

Six-month principal payments as of 30 June and as of 31 December:

- 2024 principal payment: EUR 1,450,000.00 (EUR 725,000.00 as of 30 June; EUR 725,000.00 as of 31 December)

Outstanding debt as of 31 December 2024: EUR 0.00

C.2) Central Bank of the Republic of San Marino

Financing for capital strengthening in San Marino banking system pursuant to Law no. 85 of 18 July 2012 equal to a total of EUR 60,000,000.00.

Phase 1 - opening of a credit facility:

EUR 30,000,000.00 from 1 December 2012

EUR 30,000,000.00 from 1 January 2013

Duration: 1 December 2012 - 31 May 2014

Phase 2 - repayment plan in relation to the principal of EUR 60,000,000.00

Duration: 1 June 2014 - 30 June 2026

Quarterly interest payments: 31 March - 30 June - 30 September - 31 December

Six-month principal payments: 30 June - 31 December

Rate: Euribor 12 months/360 days + 0.40% spread (from 1 October 2020 if the rate becomes negative, a zero rate applies)

Quarterly interest:

2024 rate: as of 31 March (4.621% - 3.936%); as of 30 June (3.936% - 4.084%); as of 30 September (4.084% - 3.975%); as of 31 December (3.975% - 3.171%)

2024 interest payment: EUR 429,715.06 (EUR 123,237.84 as of 31 March; EUR 127,573.61 as of 30 June; EUR 99,405.27 as of 30 September; EUR 79,498.34 as of 31 December)

Six-month principal payments as of 30 June and as of 31 December:

2024 principal payment: EUR 5,000,000.00 (EUR 2,500,000.00 as of 30 June; EUR 2,500,000.00 as of 31 December)

Outstanding debt as of 31 December 2024: EUR 7,500,000.00

C.3) San Marino credit institutions

Financing agreement pursuant to Articles 20 and 21 of Law no. 174 of 20 December 2013, Article 7 of Law no. 153 of 31 October 2013, as amended by Article 8 of Law no. 146 of 19 September 2014, and Article 20 of Law no. 219 of 23 December 2014 signed with: CRSM, BSM, BAC-IBS, BSI, BCSM replacing Asset and BSM, BSI and BAC replacing BNS (former Banca Cis).

Phase 1 - opening of a credit facility equal to EUR 31,998,000.00:

Duration: 29 December 2014 - 31 December 2015

Disbursed on 29 December 2014: EUR 17,100,000.00

Disbursed on 1 December 2015: EUR 14,898,000.00

Quarterly rate: Fixed annual 3%

Phase 2 - unsecured loan:

Duration: 1 January 2016 - 31 December 2025

Euribor rate 12 months/365 days + 2.5% spread

2.5% minimum rate

Duration: 10 years

Six-month interest payments as of 30 June and as of 31 December

Fixed annual principal payment as of 31 December

Six-month interest:

- 2024 rate: (6.081%) as of 30 June; (6.117%) as of 31 December;

- 2024 interest payment: EUR 389,345.80 (EUR 193,170.04 as of 30 June; EUR 196,175.76 as of 31 December)

Fixed annual principal payment as of 31 December equal to EUR 3,199,800.01.

Outstanding debt as of 31 December 2024: EUR 3,199,799.95

C.4) Public Utilities Autonomous State Corporation

Financing pursuant to paragraph 4 of Article 20 of Law no. 219 of 23 December 2014, authorised by Congress of State Decision no. 24 of 24 November 2015.

Phase 1 - Cash advance equal to EUR 15,000,000.00

Disbursement on 28 December 2015 equal to EUR 15,000,000.00

Duration: 28 December 2015 - 31 December 2016

1.80% fixed rate for cash advance only

Interest payment as of 31 December 2015 equal to EUR 3,000.00

Interest payment as of 31 December 2016 equal to EUR 270,000.00

Phase 2 - Repayment of cash advance pursuant to paragraph 4 of Article 18 of Law no. 189 of 22 December 2015.

Financing repayment agreement with A.A.S.S. signed on 17 February 2017, pursuant to paragraph 4 of Article 18 of Law no. 189 of 22 December 2015, authorised by Congress of State Decision no. 30 of 31 January 2017.

Duration: from 1 January 2017 to 31 December 2026

Fixed annual principal payment as of 31 December: EUR 1,500,000.00

Principal repayment agreement without interest

Outstanding debt as of 31 December 2024: EUR 3,000,000.00

C5) I.S.S. multi-year repayment plan

Purchase from the Social Security Institute of 35,000 bonds denominated "Cassa di Risparmio della Repubblica di San Marino 28/12/2022 TF 5%, Subordinato XLIX Emissione riservata a clienti professionali" (Cassa di Risparmio della Repubblica di San Marino 28 December 2022, 5% fixed rate, Subordinated XLIX Issue reserved for professional customers), pursuant to Article 40 of Law no. 147 of 21 December 2017 and authorised by Congress of State Decision no. 139 of 29 December 2017, for an equivalent of EUR 35,000,000.00. The repayment of the equivalent value to the Social Security Institute took place according to a Multi-Year Repayment Plan, signed on 15 February 2018, under the conditions described below.

Duration: 1 January 2018 – 31 October 2024 (7 years)

Starting date: 1 January 2018

Instalments: 14 half-yearly instalments of a constant amount to be paid from 2018: 30 April – 31 October

Six-month principal payment of a constant amount: EUR 2,500,000.00 (first payment equal to EUR 1,666,666.67, last payment equal to EUR 3,333,333.33)

Interest rate: 1st year 2.00%; 2nd - 3rd year 2.50%; 4th and 5th year 3.00%; 6th year 3.50%; 7th year 4.00%.

Six-month interest as of 30 April and as of 31 October:

- 2024 rate: as of 30 April (4.00%); as of 31 October (4.00%);

- 2024 interest payment: EUR 183,060.11 (EUR 116,029.14 as of 30 April; EUR 67,030.97 as of 31 October);

- Six-month principal payment as of 30 April and as of 31 October:

- 2024 principal payment: EUR 5,833,333.33 (EUR 2,500,000.00 as of 30 April; EUR 3,333,333.33 as of 31 October)

Outstanding debt as of 31 December 2024: EUR 0.00

C.6) Purchase of CRSM shares held by SUMS

Purchase of shares of Cassa di Risparmio della Repubblica di San Marino held by the Mutual Aid Society (SUMS) pursuant to paragraph 2 of Article 39 of Law no. 147 of 21 December 2017 - authorised by Congress of State Decision no. 11 of 21 May 2018 for a total amount of EUR 3,200,000.00, under the conditions specified below.

Duration: 31 October 2018 – 31 January 2042 (25 years)

Starting date: 31 October 2018

Annual instalments: 25 to be paid by 31 January each year (for 2018, the instalment was paid by 31 October 2018)

Fixed annual principal payment: EUR 128,000.00

Interest payment: not due. Without prejudice to the amount of the 2018 instalment, only the adjustment for monetary depreciation, resulting from the ISTAT depreciation indices, will be paid in relation to the subsequent instalments, considering as the basis for calculation the original principal of the instalment, i.e. EUR 128,000.00.

Annual principal payment adjusted as of 31 January 2024: EUR 134,912.00

Outstanding debt as of 31 December 2024: EUR 2,304,000.00

C.7) Purchase of Casale La Fiorina real estate

Acquisition of full ownership of the Casale La Fiorina real estate located in Domagnano, for a total of EUR 7,330,941.63 through the payment to "Fondazione Casale la Fiorina" of an annual instalment of EUR 293,237.67 (with ISTAT adjustment) for 25 years starting from 2019, pursuant to paragraph 1 of Article 39 of Law no. 147 of 21 December 2017, as amended by Article 5 of Law no. 104 of 8 August 2018 - Congress of State Decision no. 26 of 1 July 2019.

Duration: 1 July 2019 – 1 July 2043 (25 years)

Starting date: 1 July 2019

25 annual instalments to be paid by 1 July each year.

2024 annual principal payment adjusted: EUR 295,583.57

Outstanding debt as of 31 December 2024: EUR 5,571,515.61

C.8) Cassa di Risparmio della Repubblica di San Marino

Financing granted pursuant to Article 25 of Law no. 173 of 24 December 2018, as amended by Article 8 of Law no. 88 of 30 May 2019, for the purchase of a building named WTC and authorised by Congress of State Decision no. 14 of 22 July 2019. The contract was signed on 25 September 2019.

Disbursement on 28 October 2019

Amount: EUR 2,500,000.00

Technical form: opening of a current-account credit facility from 28 October 2019 to 30 June 2024

Unsecured loan from 28 October 2019 to 30 June 2024

Rate: Euribor 6 months/360 days + 4.00% spread - 4.00% minimum rate.

Six-month interest payment: 30 June - 31 December.

Annual principal payments: 31 December: EUR 500,000.00 (first and last payment equal to EUR 250,000.00)

Six-month interest:

2024: (7.861%) as of 30 June;

2024 interest payments: EUR 9,826.25 as of 30 June;

Annual principal payments as of 30 June:

2024: EUR 250,000.00 as of 30 June

Outstanding debt as of 31 December 2024: EUR 0.00

D) FOREIGN MEDIUM/LONG-TERM LOANS

D.1) CEB financing

Financing pursuant to Article 8 of Law no. 113 of 7 July 2020 to cover costs incurred for the COVID-19 emergency granted by the Council of Europe Development Bank for a total of EUR 10,000,000.00 (70% by 31 December 2020 and the remaining 30% by 30 June 2021), authorised by Congress of State Decision no. 30 of 23 November 2020. The agreement was signed on 10 December 2020. The disbursement of the second tranche of the funding was authorised by Congress of State Decision no. 2 of 14 June 2021.

First disbursement on 21 December 2020 of EUR 7,000,000.00

Fixed annual principal payment: EUR 466,666.67

Fixed interest rate: 0.19%

Technical form: financing;

Duration: 15 years from the date of disbursement of the first tranche (21 December 2020 - 21 December 2035);

Annual instalments: principal payment and interest payment as of 21 December each year;

Annual interest payment as of 21 December 2024: EUR 10,640.00

Annual principal payment as of 21 December 2024: EUR 466,666.67

Outstanding debt as of 31 December 2024: EUR 5,133,333.32

Second disbursement on 29 June 2021 of EUR 3,000,000.00

Fixed annual principal payment: EUR 200,000.00

Fixed interest rate: 0.36%

Technical form: financing;

Duration: 15 years from the date of disbursement of the second tranche (29 June 2021 - 29 June 2036);

Annual instalments: principal payment and interest payment as of 29 June each year;

Annual interest payment as of 28 June 2024: EUR 9,360.00

Annual principal payment as of 28 June 2024: EUR 200,000.00

Outstanding debt as of 31 December 2024: EUR 2,400,000.00

E) GOVERNMENT BONDS

E.1) Issue of Government bonds equal to EUR 40,000,000.00 "Capital strengthening in San Marino banking system" (Delegated Decree no. 17 of 23 February 2016)

Nominal value of the issue: EUR 40,000,000.00

Duration: 10 years, from 23 March 2016 to 23 March 2026

Issuer: State of San Marino

Distributors: San Marino credit institutions

Paying agent: Central Bank of the Republic of San Marino

Coupon payment date: 23 March and 23 September each year

Gross annual nominal coupon rate:

- 2% fixed rate for the first four coupons (2 years);

- Variable rate for the subsequent six-month coupons equal to the 6-month Euribor rate (360 basis) increased by a 1.50% positive spread on an annual basis (rate not less than 0% and not more than 4.5%).

Six-month coupon payments:

- 2024 rate: 26 March (4.50%); 23 September (4.50%)

- 2024 interest payment: EUR 1,800,000.00 (EUR 900,000.00 as of 26 March; EUR 900,000.00 as of 23 September)

Principal to be repaid as of 31 December 2024: EUR 40,000,000.00

E.2) Issue of Government bonds equal to EUR 10,000,000.00 "Financing under Expenditure Law no. 67 of 11 May 2015 for the building of infrastructures and public works" (Delegated Decree no. 55 of 4 May 2016)

Nominal value of the issue: EUR 10,000,000.00

Duration: 10 years, from 31 May 2016 to 31 May 2026

Issuer: State of San Marino.

Distributors: San Marino credit institutions

Paying agent: Central Bank of the Republic of San Marino.

Coupon payment date: 31 May and 30 November each year

Gross annual nominal coupon rate:

- 2% fixed rate for the first four coupons (2 years);

- variable rate for the subsequent six-month coupons equal to the 6-month Euribor rate (360 basis) increased by a 1.50% positive spread on an annual basis (rate not less than 0.00% and not more than 4.5%).

Six-month coupon payments:

2024 rate: 31 May (4.50%); 30 November (4.50%)

2024 interest payment: EUR 450,000.00 (EUR 225,000.00 as of 31 May; EUR 225,000.00 as of 30 November).

Principal to be repaid as of 31 December 2024: EUR 10,000,000.00

E.3) Issue of Government bonds equal to EUR 34,000,000.00 "Capital strengthening in San Marino banking system" (Delegated Decree no. 153 of 30 September 2019)

Nominal value of the issue: EUR 34,000,000.00

Duration: 10 years, from 29 November 2019 to 29 November 2029

Issuer: State of San Marino.

Distributor: Cassa di Risparmio della Repubblica di San Marino

Paying agent: Central Bank of the Republic of San Marino.

Coupon payment date: 29 May and 29 November each year.

Gross annual nominal coupon rate:

- 2.00% fixed rate;

Six-month coupon payment:

2024 interest payment: EUR 680,000.00 (EUR 340,000.00 as of 29 May; EUR 340,000.00 as of 29 November)

Principal to be repaid as of 31 December 2024: EUR 34,000,000.00

E.4) Issue of Government bonds equal to EUR 53,770,000.00 (Articles 3 and 4 of Law no. 94 of 24 June 2022)

Nominal value of the issue: EUR 53,770,000.00

Duration: 10 years, from 22 July 2022 to 21 July 2032

Issuer: State of San Marino.

Paying agent: Central Bank of the Republic of San Marino.

Deferred annual coupon payment date: 21 July

Gross annual nominal coupon rate:

- 1.00% fixed rate;

2024 interest payment: EUR 463,700.00 as of 22 July 2024.

Redemption of the bonds on 29 December 2023 for a nominal value of EUR 7,000,000.00 (authorised by Congress of State Decision no. 75 of 28 December 2023, pursuant to Article 2, paragraph 3 of Law no. 132 of 15 September 2023).

Redemption of the bonds on 3 May 2024 for a nominal value of EUR 400,000.00 (authorised by Congress of State Decision no. 9 of 11 April 2024, pursuant to Article 2, paragraph 3 of Law no. 132 of 15 September 2023).

Redemption of the bonds on 29 November 2024 for a nominal value of EUR 200,000.00 (authorised by Congress of State Decision no. 20 of 12 November 2024, pursuant to Article 2, paragraph 3 of Law no. 132 of 15 September 2023).

Principal to be repaid as of 31 December 2024: EUR 46,170,000.00

E.5) Issue of Government bonds equal to EUR 55,024,000.00 "Republic of San Marino, 1.50% fixed rate, 31 December 2037" (Delegated Decree no. 168 of 16 December 2022)

Nominal value of the issue: EUR 55,024,000.00

Duration: 15 years, from 1 January 2023 to 31 December 2037

Issuer: State of San Marino.

Paying agent: Central Bank of the Republic of San Marino.

Coupon payment date: 31 December of each year

Gross annual nominal coupon rate:

- 1.50% fixed rate;

2024 interest payment: EUR 801,870.00 as of 30 December 2024.

Redemption of the bonds on 3 May 2024 for a nominal value of EUR 1,400,000.00 (authorised by Congress of State Decision no. 9 of 11 April 2024, pursuant to Article 2, paragraph 3 of Law no. 132 of 15 September 2023).

Redemption of the bonds on 29 November 2024 for a nominal value of EUR 166,000.00 (authorised by Congress of State Decision no. 20 of 12 November 2024, pursuant to Article 2, paragraph 3 of Law no. 132 of 15 September 2023).

Principal to be repaid as of 31 December 2024: EUR 53,458,000.00

E.6) Issue of Government bonds equal to EUR 86,777,000.00 "Republic of San Marino, 1.75% fixed rate, 31 December 2042" (Delegated Decree no. 169 of 16 December 2022)

Nominal value of the issue: EUR 86,777,000.00

Duration: 20 years, from 1 January 2023 to 31 December 2042

Issuer: State of San Marino.

Paying agent: Central Bank of the Republic of San Marino.

Coupon payment date: 31 December of each year

Gross annual nominal coupon rate:

- 1.75% fixed rate;

2024 interest payment: EUR 1,507,012.50 as of 30 December 2024.

Redemption of the bonds on 3 May 2024 for a nominal value of EUR 626,000.00 (authorised by Congress of State Decision no. 9 of 11 April 2024, pursuant to Article 2, paragraph 3 of Law no. 132 of 15 September 2023).

Principal to be repaid as of 31 December 2024: EUR 86,115,000.00

E.7) Issue of Government bonds equal to EUR 50,000,000.00 "Republic of San Marino, 3.90% fixed rate, 6 December 2024" (Delegated Decree no. 147 of 13 October 2023)

Nominal value of the issue: EUR 50,000,000.00

Duration: 1 year from 6 December 2023 to 6 December 2024

Issuer: State of San Marino.

Distributor: San Marino credit institutions

Paying agent: Central Bank of the Republic of San Marino.

Coupon payment date: 6 December 2024

Gross annual nominal coupon rate:

- 3.90% fixed rate;

Coupon payment:

- 2024 interest payment on maturity: EUR 1,950,000.00
- Principal repaid on maturity: EUR 50,000,000.00

Principal to be repaid as of 31 December 2024: EUR 0.00

E.8) Issue of Government bonds equal to EUR 50,000,000.00 "Republic of San Marino, 2.50% fixed rate, 23 December 2024" (Delegated Decree no. 156 of 23 October 2024)

Nominal value of the issue: EUR 50,000,000.00

Duration: 1 year from 23 December 2024 to 23 December 2025

Issuer: State of San Marino.

Distributor: San Marino credit institutions

Paying agent: Central Bank of the Republic of San Marino.

Coupon payment date: 23 December 2025

Gross annual nominal coupon rate:

- 2.50% fixed rate;

Principal to be repaid as of 31 December 2024: EUR 50,000,000.00

F) FOREIGN GOVERNMENT BONDS

F.1) Issue of Government bonds equal to EUR 340,000,000.00 "Republic of San Marino, 3.25% fixed rate, 24 February 2024" (Delegated Decree no. 23 of 19 February 2021)

Nominal value of the issue: EUR 340,000,000.00

Duration: 3 years, from 24 February 2021 to 24 February 2024

Issuer: State of San Marino.

Distributor: *J.P. Morgan Securities Plc.* (London office) and *Credit Suisse Securities Sociedad de Valores S.A.* (Madrid office)

Paying agent: *The Bank of New York Mellon*, London office.

Deferred annual coupon payment date: 24 February.

Gross annual nominal coupon rate:

- 3.25% fixed rate

Repurchase of the bonds on 19 May 2023 for a nominal value of EUR 287,493,000.00 (authorised by Congress of State Decision no. 23 of 24 April 2023).

Coupon payment:

- 2024 interest payment on maturity: EUR 1,706,477.50
- Principal repaid on maturity: EUR 52,507,000.00

Principal to be repaid as of 31 December 2024: EUR 0.00

F.2) Issue of Government bonds equal to EUR 350,000,000.00 "Republic of San Marino, 6.50% fixed rate, 19 January 2027" (Delegated Decree no. 83 of 13 May 2023)

Nominal value of the issue: EUR 350,000,000.00

Duration: 3 years and 8 months from 19 May 2023 to 19 January 2027

Issuer: State of San Marino.

Distributor: *Goldman Sachs International*;

Paying agent: *The Bank of New York Mellon*, London office.

Deferred annual coupon payment date: 19 January of each year. The first coupon payment in respect of the bonds was made on 19 January 2025 for the period between 19 May 2023 and 19 January 2025 excluded.

Gross annual nominal coupon rate:

- 6.50% fixed rate

Principal to be repaid as of 31 December 2024: EUR 350,000,000.00

G) PERPETUAL GOVERNMENT BONDS

G.1) Issue of perpetual Government bonds equal to EUR 455,000,000.00 (Articles 2 and 3 of Law no. 223 of 23 December 2020)

Nominal value of the issue: EUR 455,000,000.00

Issuer: State of San Marino.

Paying agent: Central Bank of the Republic of San Marino.

Coupon payment date: 31 December of each year.

Gross annual nominal coupon rate:

- 1.75% fixed rate;

Annual coupon payment as of 30 December 2024: EUR 7,962,500.00.

G.2) Issue of perpetual Government bonds equal to EUR 19,000,000.00 (Decree Law no. 133 of 19 July 2021)

Nominal value of the issue: EUR 19,000,000.00

Issuer: State of San Marino.

Paying agent: Central Bank of the Republic of San Marino.

Coupon payment date: 30 September of each year.

Gross annual nominal coupon rate:

- 0.10% fixed rate;

Annual coupon payment as of 30 September 2024: EUR 19,000.00.

SUMMARY OF THE STATE DEBT SITUATION AS OF 31 DECEMBER 2024		
A) Opening of short-term cash accounts	EUR	0.00
B) Short-term foreign loans	EUR	0.00
C) Domestic medium/long-term loans	EUR	21,575,315.56
D) Foreign medium/long-term loans	EUR	7,533,333.32
E) Domestic Government bonds	EUR	319,743,000.00
F) Foreign Government bonds	EUR	350,000,000.00
TOTAL		<u>EUR 698,851,648.88</u>
G) Perpetual Government bonds	EUR	474,000,000.00

The debt resulting from the difference between payables and receivables (since it is the imbalance between total liability floats and total asset floats) resulting at the closing of the State's financial statement, amounting to EUR 38,383,506.95, not yet final as of today, shall be added to the above summary of the State debt situation as of 31 December 2024.

The table below shows the development of Government debt from 2019 to 2027, updated with the debts taken out as of 2 July 2025.

The table also shows San Marino's GDP for the years 2019-2023 and the GDP estimate as prepared by the International Monetary Fund for the years 2024-2027, as well as the debt-to-GDP ratio in percentage terms. The debt trajectory continues to improve, thanks to the increase in nominal GDP and the fiscal policies undertaken to reduce nominal Government debt; indeed, the debt-to-GDP ratio fell to 63.53% in 2024 (not yet final).

GOVERNMENT DEBT (only debts taken out as of 2 July 2025)
GOVERNMENT DEBT WITHOUT CONTINGENT LIABILITIES

	31 December 2019	31 December 2020	31 December 2021	31 December 2022	31 December 2023	31 December 2024	Projection as of 31 December 2025	Projection as of 31 December 2026	Projection as of 31 December 2027
Short term advances	55,000,000.00	55,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Short-term foreign/domestic debt	0.00	150,000,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Long-term domestic debt	108,594,940.01	91,283,657.29	73,972,374.57	56,661,091.85	39,229,686.57	21,575,315.56	11,454,277.94	7,033,040.27	6,611,802.60
Long-term foreign debt	2,474,356.37	8,719,541.90	10,430,128.45	8,866,666.66	8,199,999.99	7,533,333.32	6,866,666.65	6,199,999.98	5,533,333.31
Government bonds ⁵	176,582,206.83	177,912,483.57	84,000,000.00	329,571,000.00	322,571,000.00	319,743,000.00	316,743,000.00	261,243,000.00	255,743,000.00
International Government bonds ¹	0.00	0.00	340,000,000.00	340,000,000.00	402,507,000.00	350,000,000.00	350,000,000.00	350,000,000.00	0.00
Perpetual Government bonds	0.00	455,000,000.00	474,000,000.00	474,000,000.00	474,000,000.00	474,000,000.00	419,000,000.00	419,000,000.00	419,000,000.00
Total debt without any difference between receivables and payables	342,651,503.21	937,915,682.76	982,402,503.02	1,209,098,758.51	1,246,507,686.56	1,172,851,648.88	1,104,063,944.59	1,043,476,040.25	686,888,135.91
Floats (difference between receivables and payables) ²	13,941,098.63	5,917,096.98	0.00	0.00	15,571,178.18	38,383,506.95	23,050,630.23	23,050,630.23	300,630.23
Total Government debt	356,592,601.84	943,832,779.74	982,402,503.02	1,209,098,758.51	1,262,078,864.74	1,211,235,155.83	1,127,114,574.82	1,066,526,670.48	687,188,766.14
Nominal (or current price) GDP ³	1,443,741,368.00	1,352,406,806.00	1,568,726,185.00	1,739,426,828.00	1,874,875,000.00	1,906,617,782.00	1,966,477,321.00	2,032,954,011.00	2,099,307,968.00
Government debt/GDP ratio	24.70%	69.79%	62.62%	69.51%	67.32%	63.53%	57.32%	52.46%	32.73%

GOVERNMENT DEBT AND CONTINGENT LIABILITIES (CRSM PROVISION FOR RISKS AND STATE-GUARANTEED BNS BONDS)

Total Government debt	356,592,601.84	943,832,779.74	982,402,503.02	1,209,098,758.51	1,262,078,864.74	1,211,235,155.83	1,127,114,574.82	1,066,526,670.48	687,188,766.14
CRSM provision for risks (5-ter)	455,118,990.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State-guaranteed BNS bonds ⁴	212,726,233.00	212,726,233.00	203,958,145.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Government debt	1,024,437,824.84	1,156,559,012.74	1,186,360,648.02	1,209,098,758.51	1,262,078,864.74	1,211,235,155.83	1,127,114,574.82	1,066,526,670.48	687,188,766.14
Nominal GDP ³	1,443,741,368.00	1,352,406,806.00	1,568,726,185.00	1,739,426,828.00	1,874,875,000.00	1,906,617,782.00	1,966,477,321.00	2,032,954,011.00	2,099,307,968.00
Government debt/GDP ratio	70.96%	85.52%	75.63%	69.51%	67.32%	63.53%	57.32%	52.46%	32.73%

¹ The 2023 international bonds also include the provision of EUR 52.51 million related to the Eurobond issued by San Marino in 2021 and redeemed on maturity in February 2024.

² For 2024, this entry is provisional. For 2024 to 2027, the amount is estimated on the basis of the balance of the 2023 floats, to which the interest from the Eurobonds was added.

³ 2023 GDP is updated to the data of the IT, Technology, Data and Statistics Office, while for subsequent years it is updated to the latest IMF WEO projections of April 2025.

⁴ As from 2022, by virtue of Article 3 of Law no. 94 of 24 June 2022, Delegated Decree no. 168 of 16 December 2022 and Delegated Decree no. 169 of 16 December 2022, they are represented in the Government bonds.

Based on the actual data processed by the International Monetary Fund, which are updated as of 2023, below is the indicator that compares the Government debt with the GDP for a sample of countries chosen on the basis of geographical proximity or size very similar to San Marino.

This comparison shows that San Marino, in spite of the transformation of the implicit debt into actual debt starting from 2020, has a ratio of Government debt to GDP of 67.32% for 2023, which is positive compared to the average of the ratios of the countries taken as reference (the average value is 71.25%).

COUNTRY	2023 GOVERNMENT DEBT/GDP*
Luxembourg	25.02%
Andorra	35.47%
Malta	47.66%
Montenegro	60.47%
Iceland	61.99%
Germany	62.88%
San Marino	67.32%
Cyprus	73.63%
Spain	105.03%
France	109.73%
Italy	134.58%

*SOURCE: *World Economic Outlook Database*, April 2025.

2025 Budget

The 2025 State Budget, as per Law no. 202 of 20 December 2024, was prepared and drafted following the usual prudent approach, despite the good GDP growth forecasts also for 2025.

As reiterated also recently by international bodies, despite the still uncertain international scenario, the economy of San Marino is resilient and sustained by a diversified growth model, with the manufacturing sector, non-financial export services and tourism as the main driving forces.

The prudent fiscal policy pursued in recent years, together with access to international capital markets, helped overcome the pandemic and the energy crisis. The Government intends to continue in this direction, in continuity with its successful choices, by drawing up and implementing further projects for relaunch, recovery and consolidation.

The choice of resorting to the international market has therefore proved to be right and positive for the country's economic system; however, the current Government is well aware that further fiscal consolidation is necessary to reduce the debt level. In addition, efforts are needed in the banking sector, as the important progress made in resolving the critical legacy issues still requires further action to improve asset quality and strengthen the capitalisation and profitability of banks.

It should also be noted that, across the board for the different sectors, the recently negotiated Association Agreement with the European Union represents a unique opportunity to foster integration into the EU single market, confidence in the economy and potential growth. It is imperative to make the best and most timely use of this opportunity. Of course, the structural and organisational adjustment of the State apparatus as a whole will entail challenges and commitments, including economic ones. Macroeconomic data show that San Marino's economic growth remained positive despite negative external shocks, including the regional slowdown and rising interest rates.

In order to provide a correct and complete picture and understanding of the fiscal policies implemented, it should be noted that in the 2025 Budget, the balance of current operations, i.e. the difference between current revenues (tax and non-tax revenues) and total current expenditures, is positive and equal to approximately EUR 42 million. The aforementioned balance technically represents public savings, which will be used during the financial year to cover part of the capital expenditure investments, which have been estimated at a total of EUR 60 million for 2025. To technically complete the data analysis, the 2025 Budget shows a primary surplus of about EUR 24 million. The primary surplus is calculated by subtracting current expenditures and capital expenditures from total current revenues, net of interest expenses.

TRENDS IN GOVERNMENT REVENUES AND EXPENDITURES

Trends in Government revenues (in millions of Euro)	2019	2020	2021	2022	2023	2024	2024	2025
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Budget First adjustment	Balance sheet forecast	Budget
Title 1 -Tax revenues	452.57	408.94	501.01	578.89	608.27	581.61	603.22	590.49
Title 2 -Non-tax revenues	89.79	96.17	73.06	89.07	88.30	87.97	95.18	79.57
Title 3 - Disposal, Depreciation of Assets and Repayments of Loans	4.94	0.03	1.07	0.29	0.29	2.22	0.14	0.41
Total Titles 1, 2, 3	547.29	505.14	575.14	668.25	696.87	671.80	698.54	670.46
Title 4 - Revenues from borrowing	4.00	161.50	363.86	50.00	400.00	87.71	50.00	133.15
Total Titles 1, 2, 3, 4	551.29	666.64	939.00	718.25	1,096.87	759.51	748.54	803.61
Title 5 - Clearing transactions	20.51	36.99	19.78	19.54	21.76	39.70	21.87	40.34
Overall revenues	571.80	703.63	958.78	737.79	1,118.63	799.20	770.41	843.95

Trends in Government expenditure (in millions of Euro)	2019	2020	2021	2022	2023	2024	2024	2025
	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Balance Sheet	Budget First adjustment	Balance sheet forecast	Forecast
Title 1 -Current Expenditure	477.32	513.33	622.31	611.80	651.62	627.27	653.87	627.41
Title 2 - Capital Expenditure	63.27	52.89	19.03	49.02	62.92	61.51	58.19	59.83
Title 3 - Repayment of loans	27.06	25.49	262.02	18.45	407.68	70.73	75.73	116.37
Total - Titles 1, 2, 3	567.65	591.71	903.37	679.27	1,122.22	759.51	787.79	803.61
Title 4 - Clearing transactions	20.51	36.99	19.78	19.54	21.76	39.70	21.87	40.34
Overall Expenses	588.16	628.69	923.15	698.81	1,143.98	799.20	809.66	843.95

The figures for the 2024-year-end closing are still provisional and, in several cases, are estimates.

It should be noted that, given that the 2024 balance sheet is not yet final, the figures for recent years' final revenue, net of offsetting items, as reported in the "Key budget indicators" table, show that 2024 recorded positive figures. Despite the increase in expenditure, largely due to higher interest expenses, a primary surplus of approximately EUR 25 million was achieved in 2024.

As highlighted above and as can be seen from the tables, the data for recent years show a stable primary surplus for the coming years.

It should be noted that, at the time of drafting this 2026 Economic Programme, checks are being carried out with Organisational Units, public entities and corporations to assess the need to adjust the related 2025 budget forecasts. The draft law on the budgetary adjustment has been recently submitted in the first reading. It is expected that the Great and General Council will examine it in the second reading in September or October 2025.

Budget indicators
(Millions of Euro)

	2019	2020	2021	2022	2023	2024 Forecast (adjustment)	2024 balance sheet forecast	2025 Forecast	2026 Forecast	2027 Forecast
Revenues	323	292	324	384	393	406	400	417	415	415
Tax revenues	233	196	251	295	305	326	313	338	340	341
Non-tax revenues	90	96	73	89	88	80	87	80	75	74
Expenditure	321	353	392	377	411	425	414	435	440	431
Primary expenditure	316	340	362	355	369	385	375	393	391	397
Interest payment	5	13	30	22	42	40	39	42	49	34
Balance	2	-61	-67	7	-18	-19	-14	-17	-25	-16
Primary balance	7	-48	-37	30	24	21	25	24	24	18
Gross financing need	25	87	384	215	380	142	142	142	485	72
Primary deficit (surplus= -)	-7	48	37	-30	-24	-21	-25	-24	-24	-18
Interest	5	13	30	22	42	40	39	42	49	34
Depreciation	27	25	317	222	362	123	128	124	460	56
Public debt stock	357	944	982	1,209	1,262	1,211	1,211	1,205	1,206	1,199

Main funding sources
(Millions of Euro)

	2019	2020	2021	2022	2023	2024 Forecast (adjustment)	2024 balance sheet forecast	2025 Forecast	2026 Forecast	2027 Forecast
Funding sources	25	87	384	215	380	142	142	142	485	72
Debt Issuance	-4	16+2	364	246	400	88	50	133	461	72
Issuance on foreign markets	0	150	340	0	350	0	0	0	350	0
Issuance on the domestic market	4	12	24	246	50	88	50	133	111	72
Use of public deposits and other	21	-75	20	-30	-20	55	92	8	24	0

Therefore, the Government continues to pursue balanced growth, supported by a sound fiscal position with continued consolidation, with the main aim of gradually reducing the debt level. To achieve these objectives, the government's fiscal policy continues to focus on macroeconomic stabilisation, ensuring fiscal sustainability, efficient provision of public services and protection of vulnerable groups.

Macroeconomic stabilisation: San Marino is a small, open euroized economy, linked in particular to the market of neighbouring Italy and relatively vulnerable to external shocks. Those shocks can cause a drop in domestic demand and a weakening of the fiscal position. Nevertheless, it is crucial to have a large fiscal buffer for macroeconomic stabilisation. Since San Marino does not have an independent monetary policy and its financial sector has limited reserves, fiscal policy is the main instrument for macroeconomic stabilisation. In addition, euroization requires strong public reserves to support the emergency liquidity facility of the Central Bank of San Marino (CBSM), which, however, can rely on a repo line granted by the European Central Bank (ECB).

Fiscal sustainability: Fiscal sustainability is crucial to reduce uncertainty and promote economic growth, but also to ensure that the government has sufficient fiscal margin to implement a countercyclical

policy. Fiscal sustainability enhances confidence by increasing the predictability of taxes and public payments, but also by reducing the crowding-out of public funding to the private sector.

Efficient provision of public services: The Government believes that in order to remain competitive and create more jobs in San Marino, it is essential to maintain a competitive tax regime. At the same time, public spending must be kept low, while efficiently providing services of quality.

Protection of vulnerable groups: Targeted social transfers for vulnerable groups are crucial to promote social stability, increase resilience to shocks and strengthen public support for structural reforms.

Liquidity of the State and the overall public sector

The table below shows the trend in deposits relating to the State, as well as to Entities and Corporations of the overall public sector, over the last five years. Such data are collected in May each year.

CASH LIQUIDITY OF THE STATE AND THE OVERALL PUBLIC SECTOR FROM 2021 TO 2025

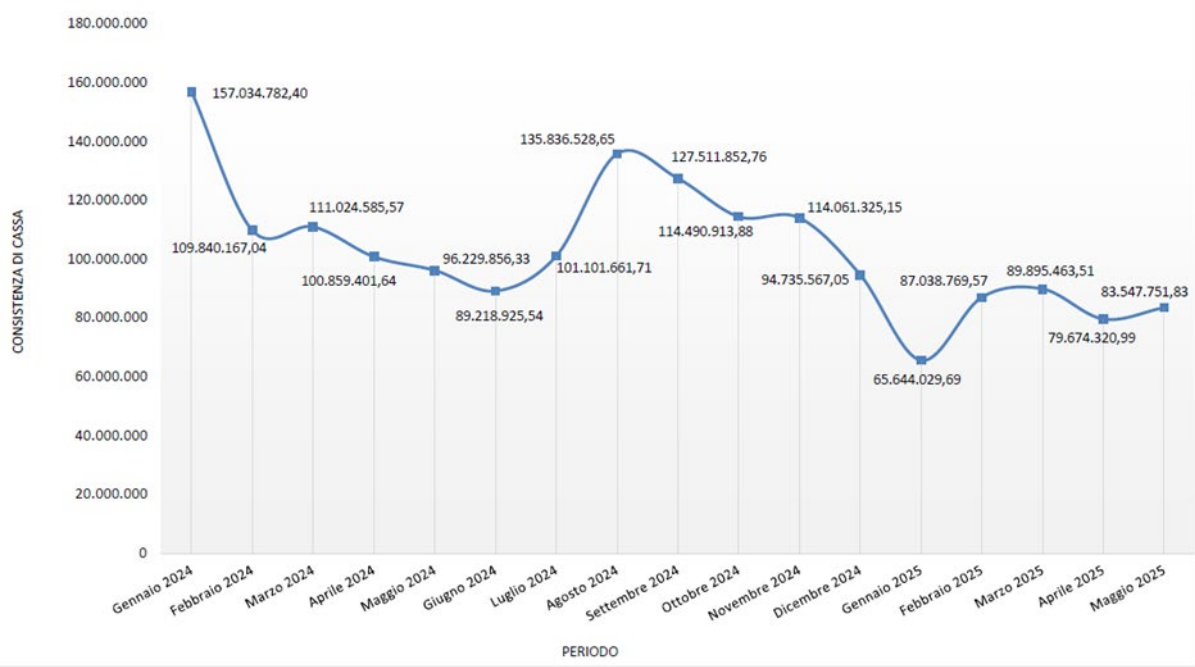
	AS OF 31 MAY 2021	AS OF 31 MAY 2022	AS OF 31 MAY 2023	AS OF 31 MAY 2024	AS OF 31 MAY 2025
STATE	EUR 265,886,348.45	46,540,769.76	156,811,130.20	96,229,856.33	83,547,751.83
A.A.S.S. (*)	EUR 37,070,298.20	52,326,459.07	38,423,707.88	56,288,222.97	59,282,259.89
A.A.S.L.P.	EUR 1,129,584.65	1,232,768.74	1,639,818.45	674,803.59	1,055,789.96
I.S.S.	EUR 7,364,564.41	13,562,249.79	10,227,560.93	7,183,152.09	9,228,820.27
C.O.N.S.	EUR 304,415.24	1,076,541.28	743,897.82	925,269.68	1,411,108.68
SAN MARINO UNIVERSITY (*)	EUR 1,146,867.87	1,044,994.38	996,959.74	1,183,030.32	1,069,578.24
CIVIL AVIATION AUTHORITY	EUR 2,704,410.37	2,691,874.14	3,199,638.30	3,926,704.69	4,779,352.38
MUSIC INSTITUTE	EUR 111,111.01	152,599.57	278,222.64	391,139.25	472,004.90
PUBLIC INSTITUTION FOR GAMING ACTIVITIES	EUR 48,624.98	120,096.56	187,560.80	258,494.65	339,518.41
TOTAL	<u>EUR 315,766,225.18</u>	<u>118,748,353.29</u>	<u>212,508,496.76</u>	<u>167,060,673.57</u>	<u>161,186,184.56</u>

(*) Data include amounts deposited with CBSM and other banks

The above data show that the liquidity of the State and the overall public sector is performing well. Such liquidity is substantially stable and is now above the alert level. Net of debt refinancing operations, the State liquidity stock has stabilised at a level that guarantees security.

The following chart shows the trend in State cash flows from January 2024 to May 2025. This enables to focus solely on the State liquidity stock in each month of the year.

CASH FLOWS 2024–2025



PART II

The priorities set by the Ministries

MINISTRY OF FINANCE AND BUDGET AND TRANSPORT

The Ministry intends to proactively participate in the reform process envisaged in the Government programme for the XXXI Legislature. Indeed, for a country like San Marino, certain economic or financial challenges inevitably require targeted interventions and changes. This process intrinsically has an impact on the system, and the often complex decisions involve not only an exchange of views with internal stakeholders, but also continuous dialogue with international organisations, such as the European Union, IMF and OECD.

Also for 2026, the Ministry will continue its work to consolidate the economy and budgetary policies, always with a view to sustainability and the promotion of the country's development, as well as an increasing international cooperation on financial and social policies.

In this context, worth mentioning is that also rating agencies monitor this progress, and their ratings become of primary importance as they indicate whether the process undertaken is the right one.

San Marino, which is regularly rated by the major international rating agencies - such as Fitch Ratings and Standard & Poor's (S&P) Global Ratings - has recently been assigned a better rating. In particular, in November 2024, S&P assigned it an "investment grade" rating, with BBB-/A-3 and stable outlook, while in June 2025, Fitch Ratings confirmed BB+ rating with positive outlook. One of the Government's priorities will be to obtain a further upgrade, also in view of the next Eurobond rollover in the first half of 2026, in order to access world markets on better terms and to expand its international investor base, with a consequent reduction in costs for the State budget and, indirectly, for its citizens.

In light of the reports of the aforementioned rating agencies and international bodies, the Ministry will continue to implement, also in 2026, the necessary initiatives for the country's economic future, such as:

- Further improvement in the asset quality of the banking system;
- Reduction of risks related to contingent liabilities;
- Continued medium term reduction in public debt, whose ratio to GDP is projected to be 52.46% in 2026;
- Prudential State budget management policy.

The Ministry's work will also focus on the quality, timely availability and accessibility of San Marino macroeconomic data. In this regard, worth mentioning are:

- The redesign of the Ministry's website, where the necessary links will be included, also in cooperation with the newly established Statistics Operational Unit, to enable better data retrieval by internal and international stakeholders;
- Collaboration with the other Ministries to implement, also at the legislative level, the necessary steps to improve the quality of some data required for the compilation of the balance of payments.

The consolidation of the State budget is considered a fundamental step that must guide Government action. Although it is strongly aware that taxation is one of the most complex areas of intervention, in 2025 the Ministry started to focus on a package of reforms in the area of both direct and indirect taxes, as detailed below.

Therefore, this work must further consolidate the country's economic situation and strengthen international investor confidence and alignment with the standards, in an increasingly interconnected economic and financial world.

Amendments to the provisions on direct taxation (General Income Tax)

The Ministry of Finance has recently submitted for the first reading the draft law amending Law no. 166 of 16 December 2013 and subsequent amendments, and, according to the planned legislative process, the amendments submitted will enter into force in 2026.

Before drafting the draft law, the Ministry outlined possible interventions that were the subject of preliminary discussions with economic and social partners, with the aim of amending some legislative provisions on income tax.

The above-mentioned discussions led to observations, suggestions and remarks, on the basis of which the Ministry drafted a balanced and at the same time sustainable text for the country as a whole, making adjustments and corrections and resetting some rules and amendments that had originally been envisaged.

The redrafting, presented in the draft law, is a fair balance between the needs and interests of taxpayers and the administration, while preserving and protecting middle and lower income levels.

Although at present there are no emergencies that, as in the past, could burden the State budget, and despite the fact that such budget has recorded a primary surplus for several years, there are nevertheless external situations that should not be underestimated. In this regard, this draft law drafted by the Government and the majority includes medium to long term interventions. Indeed, future economic growth can only be guaranteed with progressive budgetary stability, which can free up resources for investment, with a view to an economic development that brings prosperity to present and future generations.

The changes made exclusively pursue the following objectives:

- Rebalancing the tax system among the different income categories, in accordance with international provisions and agreements;
- Identifying a larger tax base in order to increase overall tax revenue, particularly in those areas of income produced in the territory by foreign entities;
- Making administrative procedures more simple, with regard to control and assessment procedures and processes, including interventions on the related sanctioning system and making it more gradual and systematic;
- Eliminating some of the so-called “transitional” regimes that were extended for longer periods than the original forecast and intention of Law no. 166/2013;
- Generating resources to be allocated to strengthening the system of controls and IT systems dedicated to combating tax evasion and avoidance;
- Creating resources to be allocated to strategic investments for the development and competitiveness of the country;
- Creating resources for social interventions targeted at those most in need.

The amendments to the General Income Tax Law go hand in hand with the actions that the Government and the majority intend to strengthen in the areas of spending review and development.

Worth emphasising is that, following the meetings with the economic categories and social partners, the Government and the majority considered it appropriate to strengthen the tax control phases, through the automatic implementation of non-discretionary financial investigations, if the taxpayer in the last three tax periods has had an average annual income of EUR 15,000.00 or less.

The latter intervention also constitutes a clear political indication that, beyond immediate revenue, the Government intends to protect virtuous taxpayers against those who, by not abiding by the rules, undermine the balance of the tax system and also create unfair competition.

San Marino is a country with low taxation and must maintain, in compliance with international tax rules and best practices, this specificity, in order to be attractive also for the establishment of new entrepreneurs and economic activities.

Beyond any instrumentalisations, the draft law submitted represents not only a rational and balanced text transposing the remarks, observations and proposals made by the various interlocutors, but also an acceptable and measured meeting point between the tax administration and the taxpayer. Since it is not a

rigid proposal, this draft law will continue to be the subject of further discussions and technical examinations in the relevant institutional fora and with the social and economic partners.

Therefore, 2026 marks the concrete implementation of a political commitment to modernise the tax system, in order to make the country more attractive, while respecting the indications that organisations, such as the International Monetary Fund, have been addressing to the Republic for years. Although the analysis of concrete effects will require the observation of data from tax returns submitted in 2027, 2026 is a crucial operational year for the implementation of the political strategies underlying the reform.

Domestic electronic invoicing in B2B exchanges

In the light of the overwhelmingly positive impact of electronic invoicing, both on economic operators and on the public administration, the Ministry of Finance, through its Department and the relevant technical offices, started in 2024, and concluded in early 2025, the regulatory and technical examination of the domestic electronic invoicing system, limited to B2B exchanges of goods and services.

The IT implementation of domestic electronic invoicing has recently been started as specified above; the operational plan envisages that, similarly to electronic invoicing with Italy, domestic electronic invoicing will be introduced in mid-2026, initially on a voluntary basis and from 2027 onwards in a mandatory form, according to the criteria set.

This project is considered fundamental and of great impact: indeed, it completes the electronic tracking of internal revenues, alongside the telematic certification of revenues through the Smac card, which is being updated and enhanced, for sales and services to end consumers; it traces the fundamental basis for the immediate flow of complete revenue data for the Public Administration; it is useful for the preparation of tax returns and their pre-filling, as well as for carrying out cross-tax controls and assessments on domestic B2B transactions; finally, it constitutes the operational basis for the future modification of the indirect tax system.

The scope of this project can be truly vast, with innumerable implications and benefits.

Progress in the reform of indirect taxation

As mentioned above, electronic invoicing also for domestic exchanges, together with the enhancement of the Smac application, will also be preparatory to the reform of the indirect tax system.

Activities for such reform, strongly desired and advocated by international bodies such as the IMF, have already been started. In particular, with Congress of State (Government) Decision no. 17 of 3 July 2023, the project to introduce a value-added tax was initiated, and with Congress of State Decision no. 18 of 4 April

2025, the execution of the so-called PHASE II of this project was started. In-depth examinations and elaborations, analysis and study of systemic historical data on import and export, simulations of revenue and the consequent impact on the economic system and the State budget of a value-added tax are currently being carried out, in the awareness that the complexity of such a reform will require quite a long time. However, the objective of protecting San Marino business context, characterised by many small/medium-sized enterprises and activities must be achieved; therefore, the intention is to design a regulatory and taxation system that preserves certain specificities.

New criteria for international taxation

The Ministry is carrying on San Marino's efforts to align with OECD tax standards through the Department of Economy and Finance, focusing on transparency and international cooperation, after its accession to the Inclusive Framework in 2016. As a result of this accession, San Marino actively participates in proposed projects, such as:

- The BEPS Project, aimed at combating tax avoidance by multinationals through a package of targeted actions, including minimum standards;
- Accession in 2021 to the Declaration on a Two-Pillar Solution, on the basis of which San Marino participates in the OECD discussions on digital taxation and on the definition of a political agreement mandating the Task Force on the Digital Economy (TFDE)¹⁰ to clearly identify the criteria necessary for this shared purpose.

In the BEPS context, 2026 will be marked by the consolidation of the procedures that the offices had to implement following the changes in the reference regulatory framework in recent years, which were positively assessed by the OECD; indeed, San Marino continues to implement the relevant minimum standards on an annual basis.

2026 will also be the first reference year for the exchange of information related to crypto-assets, which will take place in 2027 with other jurisdictions through San Marino Central Liaison Office (CLO). For this reason, it will be crucial to support the legislator and the offices involved to introduce the necessary changes in the primary and secondary legislation to enable such exchanges. The interventions will complete what has already been started through the ratification of Delegated Decree no. 138 of 29 August 2024 "Regulation of distributed ledger technology" and the signature by San Marino, on 21 October 2024, of the Addendum to the CRS (CRS MCAA) and the new standard on crypto-assets (CARF MCAA).

¹⁰ Subsidiary body operating within the OECD.

At the last Inclusive Framework meeting, the policy guidelines for the next future were defined. In this context, San Marino welcomes the new evaluation criteria that will be used in future peer reviews, with 2026 as the first year of application.

In particular, after welcoming the proposed organisational and procedural improvements to maximise the effectiveness and efficiency of the efforts of all members of the Inclusive Framework, it was agreed to extend the BEPS Project to the following two areas, at least until 2030, in an Inclusive Framework format, following a phased and evidence-based approach:

- i. international mobility;
- ii. tax policy, inequality and growth.

The Ministry will then have to consider these new perspectives during the OECD meetings next year, as well as bring its input to enable the OECD Secretariat to examine the adoption and impact of the initial 15 BEPS actions and draw conclusions in a report to be adopted by written procedure and delivered to the next G20 Presidency.

Double taxation agreements

The commitment is confirmed, also for 2026, to follow the negotiations for bilateral double taxation agreements signed by San Marino with foreign jurisdictions according to OECD standards, in cooperation with the Department of Foreign Affairs. This process has kept San Marino among the virtuous countries complying with international standards since its inclusion in the OECD white list in 2009.

Effects of the draft law on the issuance of public debt securities

The Ministry of Finance and Budget intends to regulate the issuance of public debt securities in a more comprehensive way, thus filling the gaps found in Law no. 30 of 18 February 1998. To this end, the draft law on the issuance of public debt securities has recently been discussed in the Parliamentary Commission for Finance, where some amendments proposed by the majority were accepted. 2026 will be crucial as it will represent the first year of entry into force of a law aimed at modernising San Marino public debt management.

This law will establish a clear regulatory framework for public debt management, defining key aspects such as the issuance, characteristics, centralised management, placement, listing and repurchase of securities, as well as the use of the resulting resources and of derivative financial instruments related to the securities.

In detail, specific procedural rules and tax profiles will be provided for, while the characteristics of each issuance will be defined by means of Congress of State regulations to be transmitted to the Parliamentary Commission for Finance. These public debt securities may be placed on the markets of the EU, the UK and the Republic of San Marino. It will also be possible to establish a specific coverage and guarantee fund at the Central Bank of the Republic of San Marino for public debt securities with one-off reimbursement upon maturity, ensuring that such resources cannot be allocated to other uses without specific approval by the Great and General Council (Parliament).

In summary, the new law provides an excellent basis for a work that will start in 2026, to focus on maximising transparency, legal certainty and operational efficiency: these elements are indeed key to attracting a broad investor base and managing San Marino public debt in an effective and sustainable manner in the future.

Gaming sector

Following the entry into force of Delegated Decree no. 177 of 7 December 2023, two new categories of games were introduced.

With regard to the first, i.e. “national instant lotteries” within the meaning of Article 7 of the aforementioned Delegated Decree, the intent is to make a further regulatory change to allow the economic entity organising this game to be able to initiate the aforementioned lottery without it falling under permanent games. With the same objective, a dedicated draft law will be developed with the support of technical experts in this sector.

With regard to the second category, i.e. “automatic machines with occasional or temporary cash prizes, category G2” pursuant to Article 12 of the above Delegated Decree, a revenue increase is expected from the introduction of the relevant special State tax, which has already brought approximately EUR 70,000 to the State in the last quarter of 2024 alone, with a positive growth trend of 33% in the following first quarter of 2025.

With regard to the company Giochi del Titano S.p.A., no new projects are expected to be launched in 2026. The company will focus on continuing the investment activities necessary to implement its business plan, which has already been extensively described in previous editions of the Economic Programme. Indeed, the management of the company plans to implement part of these activities in 2027.

Future lines of action on the banking, financial and insurance system

To complete the section describing the banking, financial and insurance system of the Republic of San Marino [see “Structure of the banking, financial and insurance system - key indicators of the banking system and of CBSM’s 2024 balance sheet”, page XIV], the following is a description of the future lines of action, which will undoubtedly be influenced by what is envisaged in the Protocol on Financial Services included in the Association Agreement with the EU, which is about to be signed. In order to grasp the new growth prospects for San Marino financial system outlined in the aforementioned Protocol, cooperation among the various stakeholders involved, first and foremost the Institutions, the Central Bank and the financial operators, will be essential, while respecting their fields of competence.

The implementation of the provisions of the aforementioned Protocol will also require the alignment of San Marino financial system with that of the European Union, given that such adaptation is a pre-condition for access to the single market of financial services. In this perspective, it will therefore be important to adopt all primary legislation acts necessary to achieve the regulatory compliance required for access to the single market, and thus to allow San Marino financial operators to carry out cross-border transactions.

However, for more than a decade, under the current Monetary Agreement with the EU signed in 2012, San Marino has constantly and progressively transposed the financial acquis of the EU into its legislation. The adaptations required by the Protocol on Financial Services can be spread over time, as this Protocol recognises, for a maximum of 15 years, the possibility of access to the single market for financial services in a partial and progressive manner by sector, based on the so-called staggered approach. This possibility is quite important, as it will allow certain sectors of San Marino financial system to benefit in advance from cross-border transactions in the single market, without having to wait for the entire financial system to be fully adapted.

Finally, with regard to the evolution of San Marino financial system, it is deemed appropriate to also refer to the latest Annual Report published by the Central Bank on its website¹¹, for further information.

Transport

Project for the development of San Marino Vehicle Registration and Transport Office’s anti-counterfeiting IT system

The project for the development of an IT system for San Marino Vehicle Registration and Transport Office (URAT) has the primary objective of improving the efficiency of vehicle registration procedures and

¹¹ www.bcsm.sm.

the management of digital certificates. The integration with the Italian Vehicle Registration Office is a fundamental step to ensure transparency, security and legality in the registration and transfer of vehicles.

The objectives of the project are the following:

- optimising vehicle registration procedures for the benefit of users and competent officials;
- establishing a robust system for managing certificates to ensure their authenticity and traceability;
- implementing an anti-counterfeiting code to identify and verify the legality of vehicles removed from San Marino register and transferred to other countries.

To this end, the activities planned include:

- interviews and workshops involving Italian and San Marino bodies to get a feedback on the effectiveness of the project and to define the best strategy to make it feasible;
- identification of critical issues, through the analysis of workflows to recognise possible obstacles, slowdowns, inefficiencies and areas for improvement;
- benchmarking, through comparison with best practices adopted in other similar contexts, both nationally and internationally.

As a result of this analysis, an integrated software will be developed to allow the following:

- a connection with the Italian Vehicle Registration Systems enabling an integration with existing Italian databases and procedures, in order to ensure a centralised and smooth registration;
- efficient data management, through the creation of an intuitive interface to facilitate the staff of San Marino Vehicle Registration and Transport Office in their daily data recording and reporting operations.

The Ministry also intends to support the creation and implementation of an Anti-Counterfeiting Code, so that each registration certificate has a unique code that guarantees its authenticity and allows the history of the vehicle to be traced.

International cooperation with foreign authorities will be important to ensure that the code is recognised and used effectively even outside the borders of San Marino.

In conclusion, the project for the development of San Marino Vehicle Registration and Transport Office's anti-counterfeiting IT system is a strategic step in the modernisation and efficiency of the vehicle registration service in San Marino. Through a thorough analysis of existing processes, the development of integrated software, the implementation of an anti-counterfeiting code system and staff training, a more

secure, faster and more transparent system will be established, thus raising the standards of legality and traceability in the transport sector, to the benefit of citizens and institutions.

Energy

Energy project: investments in renewable energy

As part of the transition to a more sustainable energy system, the Ministry proposes to support the energy project of the Autonomous Public Utilities State Corporation (A.A.S.S.), in order to carry out an assessment of potential investments in renewable energy in Italy. The diversification of energy sources will not only contribute to a more secure and independent energy supply, but will also have a positive impact on environmental sustainability and the achievement of climate goals.

The activities planned for 2026 include:

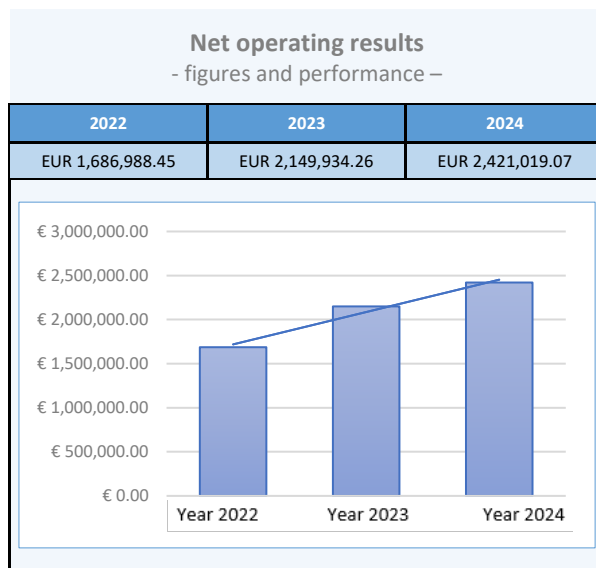
1. the analysis of energy potential, through the identification of favourable areas for the installation of renewable energy plants (photovoltaic, wind, biomass) with regard to on-going projects;
2. discussions with companies operating in the sector; in this regard, meetings will be organised with such companies to discuss investment opportunities, synergies and the acquisition of shares in companies holding building rights and construction permits;
3. planning and design for the development of detailed projects for the acquisition of existing plants, with particular attention to regulatory and environmental aspects.

In conclusion, the investment project in renewable energy is a significant opportunity for A.A.S.S. to actively contribute to the energy transition and to diversify the available energy sources.

Through a systematic and strategic approach that includes the analysis of energy potential, the establishment of collaborations with companies operating in this sector, and strict compliance with regulations and environmental aspects, this project will bring positive results in the long term, both for San Marino and in terms of energy self-sufficiency. This approach will not only promote economic development, but it will also play a crucial role in the fight against climate change, improving environmental sustainability and quality of life.

Civil Aviation, Maritime Navigation and Homologation

The Ministry of Finance and Budget confirms the positive trend of the previous years for the Civil Aviation, Maritime Navigation and Homologation Authority, with net operating results as shown below.



Future prospects for the civil aviation sector

This sector is strongly influenced by the global geopolitical situation, the uncertainty resulting from the continuing highly unstable situation due to the ongoing wars (Ukraine-Russia, Israel-Iran-Hamas) and the hostile actions towards our model recently exercised not only by France but also by other European States.

Nevertheless, our model, centred on efficient services with no red tape, has a strong appeal to international customers. If the above-mentioned international scenario were to maintain a certain stability, growth would be desirable also for future years, with positive repercussions for State budget revenues and the country's economic development, thanks to the increase in the number of companies established and consequently in the number of employees.

Future prospects for the maritime sector

The Maritime Navigation Authority intends to become a leader in its field by establishing an attractive jurisdiction, promoting a competitive and international system in line with the latest safety and environmental protection standards, in accordance with international maritime conventions and the best practices recommended by the International Maritime Organization (IMO).

Similarly to civil aviation, the maritime sector is also strongly influenced by the current global geopolitical tensions and the resulting sanctioning system applying to the world's shipping sector.

In this regard, due to the prudent attitude maintained in the management of this sector, many ships were removed from the Register or not accepted.

MINISTRY OF FOREIGN AFFAIRS, POLITICAL AFFAIRS, INTERNATIONAL ECONOMIC COOPERATION AND DIGITAL TRANSITION

Foreign and Political Affairs

The Ministry of Foreign Affairs confirms and strengthens its commitment to foreign policy with regard to both bilateral and multilateral relations through the presence and participation of the Republic of San Marino in International Organisations.

In addition to adequate economic resources, carrying out foreign policy activities also requires adequate human resources. The Strategic Missions will have to be strengthened in accordance with Article 16 of Law no. 14 of 1 February 2023, according to which each Strategic Mission shall have at least two diplomatic officers. This will provide greater impetus to the activity of the Republic of San Marino within the International Organisations. The Department of Foreign Affairs will have to be strengthened in terms of both diplomatic and administrative staff. Without appropriate administrative staff, whose role goes far beyond merely supporting diplomatic staff, many of the activities would never be completed.

Association Agreement

Among the most important dossiers in the hands of the Ministry and the Department of Foreign Affairs is the Association Agreement, whose negotiations opened on 15 March 2015 and concluded on 12 December 2023.

At the moment, the resulting bureaucratic procedures falling within the competence of the European Commission are ongoing; these procedures are necessary to establish a formal date for its signature, to be followed by the respective independent parliamentary ratifications, with a view to the entry into force of the Agreement.

From this moment, the substantial *acquis communautaire* will have to be transposed into San Marino legal system; this will require great efforts and will entail a radical change for the Republic, due to its entry into the single market. All this will take place within the timeframes envisaged for the introduction of the European rules, for which San Marino negotiating delegation has obtained different implementation timeframes (namely temporary derogations).

The scope of the Agreement necessarily requires a significant review of the legislation of San Marino legal system, of the Public Administration organisation and, obviously, a strengthening of San Marino Mission in Brussels. This approach is justified not only for the implementation of the Agreement from the moment of

its signature and entry into force, but also for the management of the Agreement and of the evolution of the matters covered by the latter, which will vary over time, and with respect to which San Marino can and shall intervene.

As already mentioned on past occasions, worth recalling are some of the main matters covered by the Agreement and which will entail a complete review of the current regulatory framework, e.g. the granting and issuance of the various types of residence permits. Another impactful matter is social security, for which administrative agreements will have to be concluded with EU States. Further matters covered by the Agreement include freedom to provide services and audiovisual services, the regulation of the provision of telephony services and the regulation of networks for web services, as well as public procurement and the corporate and statistical sectors.

A separate matter is the transposition of the legislation concerning the banking and financial system, which, by its very nature, provides for a different transposition methodology than the other matters covered by the Agreement. In this respect, following the finalisation of the relevant Protocols of San Marino and Andorra, some member States have indicated to the Commission certain aspects that lack sufficient clarity with regard to sensitive issues, such as supervision and related mechanisms. For this reason, a further regulatory effort (Addendum) was requested from the Commission, which could better clarify the above-mentioned supervisory mechanisms.

Administrative sector

In order to properly structure the new administrative activities assigned to the Department of Foreign Affairs, but also to improve the services currently provided, an analysis was started of the processes relating to the management of business trips, the reimbursement of operating expenses of Diplomatic and Consular offices abroad, and all consular services provided to San Marino citizens residing abroad. This analysis, also taking into account the responsibility of the Ministry of Foreign Affairs for Digital Transition, will be preparatory for the development of special applications that are indispensable to meet the challenge of digitalising public administration services, aimed both at optimising internal procedures and improving users' experience, which requires increasingly high-performance public administration services.

Digital evolution will inevitably be accompanied and supported by adequate regulatory adjustment to provide the correct legal framework for these innovations.

Police Corps

Security has a high social value and is essential for the quality of life, as well as for ensuring the development, in a context of freedom and democracy, of any State system; it is therefore indispensable that it remains a primary objective of national economic policy.

Security also entails a high and growing cost in direct proportion to the (quantitative and qualitative) expansion of potential criminal and terrorist threats, exacerbated by recent international crises.

In the light of this, providing for an adequate increase in the financial resources to be allocated to the Police Corps must be a priority, in order to guarantee an increasingly effective protection of the community and of the territory, thus making the Republic of San Marino more and more attractive.

It follows that, pending the definition of a renewed organisational model for this sector, it is necessary to continue issuing competition announcements for the recruitment and retraining of officers and military personnel to fill the gaps in the Corps staff; at the same time, culturally and professionally adequate personnel must be selected to face the challenges posed by globalisation, global war crises and artificial intelligence.

To this end, it is also important to give due consideration to the need to encourage the training of police officers with specialised and training courses on the territory and abroad, the latter in cooperation with the Italian Department of the Polizia di Stato and Carabinieri, FIEP (International Association of Gendarmeries and Police Forces with Military Status, of which San Marino Gendarmerie has been a full member since 2023), the Council of Europe and Interpol.

With regard to FIEP, worth emphasising is the need to allocate the funds necessary to meet the expenses for the organisation of a Commission in San Marino by spring 2026, which will be attended by the representatives of its 21 member States.

In addition to the strengthening of the Police Corps, police capacity enhancement obviously includes the increased needs of the National Central Bureau of INTERPOL in terms of personnel and equipment; this is due, as mentioned in the preceding paragraphs, to the fundamental importance of international cooperation in order to continue to be an active and credible participant in the transnational security policies promoted by the reference bodies, among which, in addition to the above-mentioned ones, the UN, OSCE, MONEYVAL, GRECO, GRETA and EUROPOL.

Finally, worth mentioning is that the efficiency of the police services should be accompanied by a commensurate programme of integration and updating of the Corps means, tools and equipment (vehicles, software, hardware, communication and video surveillance equipment, weapons, uniforms, etc.), besides investing significantly to ensure the safety and well-being of police officers.

International economic cooperation

Bilateral sector

As a demonstration of the good development of international relations, worth mentioning is that the Republic of San Marino currently has bilateral relations with 158 States, of which 157 at diplomatic level. Further agreements are being negotiated to establish diplomatic relations with several UN member States.

These agreements constitute fundamental instruments for the promotion of the Republic of San Marino on the international scene and also contribute to the extension of the network of relations that San Marino maintains at a global level. The current Legislature also continues to work on strengthening bilateral relations with countries with which it already has diplomatic ties, in order to expand joint cooperation in the political, cultural, economic, trade and tourism spheres, to name but a few examples.

Worth mentioning are the economic agreements (DTAs and PPIs) and mutual visa waiver agreements, which can bring direct and concrete benefits to San Marino businesses and citizens.

A further useful tool to intensify the political cooperation between San Marino and other countries are the memoranda of understanding on enhanced political consultations, which allow a programmatic exchange of experiences, knowledge in sectors that the parties mutually decide to enhance, as well as discussions on the developments related to the international agenda.

For 2026, the Ministry and the Department of Foreign Affairs will also work hard on the exchange of official visits and a whole series of further agreements and conventions aimed at increasing mutual understanding between the respective authorities and peoples.

The relationship with Italy, at central, regional and local level, continues to be at the core of the activities of the Ministry and the Department. The activities carried out on a daily basis are aimed at further developing and strengthening bilateral relations, including through joint projects and the handling of dossiers that impact the two Republics and their respective populations.

The Association Agreement with the European Union will also lead to a further development of bilateral relations with the 27 member States and pre-accession States. The Republic of San Marino actively participates in the Summits of the European Political Community, which are unique intergovernmental fora attended by the Heads of State and Government of the countries of the European region, and a platform that has become fundamental for exchanging visions and perspectives on the international agenda and for strengthening bilateral relations.

Multilateral sector

The Republic of San Marino is part of the major International Organisations, first and foremost the United Nations and its specialised agencies, the OSCE, and the Council of Europe; indeed, it firmly believes in multilateral cooperation, in the power of dialogue, democracy and mutual respect, as values on which peaceful coexistence among peoples is based, and which are the founding principles of our country. Within the process of greater European integration, the Republic of San Marino also recognises the importance of the regional cooperation strategies promoted by the European Union. In this context, it actively participates in the activities promoted by the EU Strategy for the Adriatic-Ionian Region (EUSAIR) and the Adriatic-Ionian Initiative (AII), sharing the commitment to strengthen territorial cooperation and promote the exchange of experiences among countries that face common challenges together.

San Marino continues to believe and invest in multilateralism, even and especially at this time, when global events - such as bloody conflicts that mainly affect the civilian population, climate change with catastrophic effects in many areas of the Planet, growing threats to domestic and international security, massive migration flows, often completely out of control - have called into question its very *raison d'être*.

In 2026, environmental challenges are confirmed not only in their ever-increasing technical complexity, but also as strategic geopolitical, economic and security aspects, which will require ever-increasing cooperation through the creation of sustainable models at both global and regional levels. The fight against climate change and, more generally, the issue of sustainability is central to San Marino, which, according to its national capacities and possibilities, is striving to achieve the Sustainable Development Goals of the 2030 UN Agenda, to decarbonise the global economy by 2050 and to halt and reverse the loss of biodiversity by 2030, recognising the need to fight pollution, which causes the death of more than 9 million people every year. The United Nations Summit of the Future in New York in September 2024, at which Their Excellencies the Captains Regent spoke, was an opportunity to accelerate the implementation of the 2030 Agenda, including the fulfilment of the commitments made at the 2023 SDG Summit, and to renew the commitment of every State through the adoption of the Summit's final document, the Pact for the Future, aimed at rebuilding trust in multilateralism and strengthening the three founding pillars of the United Nations: sustainable development, peace and security, and human rights.

The protection of social progress and social justice, as pillars of sustainable development, peace and security, are another area of major activity of the Department, which cooperates in this field with the International Labour Organization. In this context, San Marino plans, for 2026, to analyse what will emerge from its participation in the Second World Summit for Social Development, to be held in Doha, Qatar, from 4 to 6 November 2025.

In international fora, San Marino continues to reiterate its condemnation of the Russian Federation's aggression against Ukraine. In line with its commitment to multilateral cooperation, it has joined the Register of Damage established by the Council of Europe and is one of the supporters of the Special Tribunal for the Crime of Aggression.

San Marino has firmly and repeatedly condemned in international fora the terrorist attacks of 7 October 2023 by Hamas, calling for the unconditional release of the hostages and recognising Israel's right to defend itself in accordance with international humanitarian law. With equal firmness and determination, our country has raised its strong condemnation of the deaths of more than 60,000 Palestinian civilians, most of them women and children, repeatedly urging the parties to fully respect international humanitarian law, preserving the life, dignity and humanity of all those affected by armed conflicts. San Marino will remain committed to a lasting and sustainable peace based on the two-State solution and to a de-escalation of the conflict in the region. The Great and General Council, during its sitting of 15 May 2025, unanimously approved a Decision committing the Government, through the Minister of Foreign Affairs, to recognise the State of Palestine within the current year, thus fully implementing the “two Peoples, two States” principle. To this end, in 2026 the Ministry and the Department will be involved in possible directions that may emerge as a result of the report to be promptly submitted to the Great and General Council on the modalities of the recognition of Palestine, as well as a result of the participation of the Republic of San Marino in the High-Level Conference for the Peaceful Settlement of the Question of Palestine and the Implementation of the Two-State Solution, to be held at the United Nations in New York from 17 to 20 June 2025.

The ongoing wars have led to a general and dangerous rush to rearmament and the proliferation of weapons of mass destruction, as well as a return to a particularly worrying nuclear threat. The Republic of San Marino is a party to the most important treaties related to disarmament, the non-proliferation of weapons of mass destruction and the control of armaments at the multilateral level; also in this particularly wide-ranging area, it seizes every opportunity at its disposal to appeal for the peaceful resolution of disputes and for arms to be laid down.

Today more than ever, a commitment to full respect for human rights is crucial. The Ministry and the Department of Foreign Affairs will closely monitor the various issues in this area and, in cooperation with the competent services of San Marino Administration, will work on the preparation and presentation of the reports due in the various International Organisations, aware that internal legislative reforms and cultural changes of paramount importance may result from such assessments.

MINISTRY OF INTERNAL AFFAIRS, PUBLIC SECTOR, INSTITUTIONAL AFFAIRS, RELATIONS WITH THE TOWNSHIP COUNCILS AND REGULATORY SIMPLIFICATION

The activities of the Ministry of Internal Affairs, Public Sector, Institutional Affairs, Relations with the Township Councils and Regulatory Simplification for 2026 will focus on several institutional and administrative initiatives.

Internal Affairs, Public Sector, Institutional Affairs

In order to address the logistical and organisational problems related to the Government Building and institutional offices, the Congress of State set up, by Decision no. 25 of 4 March 2025, a special Working Group with the task of identifying structured and sustainable solutions. The proposals that will emerge from this work will not have an immediate impact, but will likely require careful coordination with the competent offices of the Ministry of Territory, in order to arrange the places identified according to their intended use and the necessary infrastructural changes.

At the same time, a second interdepartmental Working Group, operating in synergy with the University of San Marino, was established with the aim of designing and creating a new official coat of arms of the Captains Regent. This initiative, in addition to symbolically enhancing the highest institution of the State, may also have positive repercussions on culture, tourism and trade, fostering a broader action to promote the identity of the Republic.

On the regulatory side, two particularly important draft laws are at an advanced stage. The first concerns the introduction of ICEE, an indicator to measure the equivalent economic status of the population, aimed at ensuring greater equity in access to social security benefits and social contributions, through a more accurate assessment of the economic status of households. The second draft law concerns citizenship, with the intention of overcoming the current requirement for naturalised citizens to renounce their citizenship of origin, thus aligning national legal system with international principles on human rights and dual citizenship.

As far as the Public Administration is concerned, bargaining will begin with the trade unions for the renewal of the Public Employment Contract, which has already expired. At the same time, the Third General Staffing Requirements of the Public Administration will be prepared. These measures can be considered in parallel, since the expected increase in the new contract - which in any case will have to be within the limits of financial sustainability - can indeed be offset by a better management of resources. In particular, the new staffing requirements are intended to enhance the value of less senior professionals, strengthening their skills, so as to allow for the replacement of higher-paid staff in the future, with a consequent containment of expenditure.

Agreement with the European Union

By a Decision approved by the Great and General Council during its sitting of 21 March 2025, the Ministry of Internal Affairs was mandated to promote an effective involvement of citizens in the ratification process of the Association Agreement between the Republic of San Marino and the European Union. Within six months, the Ministry will have to submit to the Great and General Council a detailed report containing the necessary actions to address the new provisions arising from the Agreement, with a specific focus on the redefinition of competences, resource planning, impact assessment, and the development of a training and regulatory update plan for the staff involved. At the same time, targeted institutional communication initiatives will have to be promoted, aimed at informing and actively involving the population, businesses and social forces, in order to increase widespread awareness of the opportunities and responsibilities that the Agreement will entail for the institutional and economic contexts of the country. In 2026, the Ministry will therefore be committed to implementing the measures that will be outlined in the report (strengthening of offices, creation of agencies and authorities, revision of administrative procedures, etc.) and to continuing the public information and awareness plan.

In view of the entry into force of the Agreement and in compliance with the obligations of structural and technological alignment, the establishment of an IT Public Company with public participation is currently being studied, with a view to rationalising and integrating San Marino companies already operating in the provision of IT services to the Public Administration. The aim is to strengthen digital governance of the public sector, ensuring business continuity, interoperability of systems and European standards concerning data and technologies. In this context, a dialogue is underway - albeit still at an exploratory stage - with the Cis-Coop Cooperative, aimed at assessing the possibility of its integration into the new in-house company, through a possible acquisition process. At the same time, consideration is being given to establishing an autonomous statistical authority, inspired by the models of Istat or, preferably, Eurostat, through the gradual autonomy of the Data and Statistics Section of the IT, Technology, Data and Statistics Office (UO-ITDS).

Other sectors falling within the Ministry's competence

The Civil Police Corps, which has recently been strengthened through the hiring of new staff members to replace retired ones, will benefit from targeted measures to improve equipment (especially fire-fighting vehicles) and professional training.

With regard to cemeteries, a number of small interventions are planned to expand existing ones, compatibly with logistical and territorial constraints, as well as the introduction of incentives for the recovery of burial niches granted for several years. At the same time, in agreement with the Ministry of Territory, the possibility of setting up a cremation facility in San Marino is being assessed, or alternatively, of entering into an agreement with a facility already operating in Italy. The decision-making process, which is still at an early stage, will have to take into account several factors, including the environmental and territorial impact of the plant, the construction and operating costs, and the actual economic viability for any third parties interested in managing the service.

Relations with the Township Councils

Elections for the Township Councils and their Heads will be held next November. As soon as Their Excellencies the Captains Regent have set the actual date of the elections by Regency Decree, the administrative machinery must be set in motion to properly prepare for the elections. Therefore, in 2026 the activity of the new Township Councils will presumably have to be started, together with a reflection on the implementation of the recommendations made by the Congress of Local and Regional Authorities of the Council of Europe (CLRAE) in its last Report on the Republic of San Marino.

Regulatory simplification

One of the main commitments will be to support the work of the Special Parliamentary Commission for Institutional Reforms, established by Qualified Law no. 1 of 30 January 2025. Furthermore, in the context of the implementation of the Government Programme, an in-depth assessment of the functioning mechanisms of the Great and General Council will be conducted, with the aim of proposing a revision of its Rules of Procedure. These institutional activities do not require any costs other than those usually necessary for their regular functioning.

MINISTRY OF EDUCATION AND CULTURE, UNIVERSITY AND SCIENTIFIC RESEARCH, YOUTH POLICIES

Education

In 2026, the process, started in the previous year, of reorganising schools will continue, with a view to addressing the effects of the progressive demographic decline that increasingly affects the education system. The priority objective is to ensure that students are provided with learning environments where they can also establish relationships, exchange views and socially grow, avoiding classes with too few pupils that risk compromising the quality of education and the school experience as a whole.

In line with what has already been started in 2025, the criteria for recruiting teaching staff and the ratio of teachers to pupils will continue to be revised, as part of a broader reorganisation of the structures and functions of the school system. In this area, the legislation on Documentation Centres, the structure of the Directorate staff, the regulation of extracurricular activities and the internationalisation of learning opportunities will be updated.

Particular attention will be paid to the new educational challenges that involve the younger generations in an increasingly direct way. From 2026 onwards, school courses dedicated to promoting the conscious use of digital technologies, preventing cyberbullying and raising awareness of the risks of alcohol and drug use will be strengthened. These issues will be addressed through innovative educational strategies, based on an integrated and multidisciplinary approach, which enhances the synergy among school, family and territorial services.

Another issue of great importance that requires attention is the revision of legislation on the right to education, training and school inclusion of persons with disabilities, as well as on specific developmental disorders in school and training courses. The changes in social and family dynamics that have occurred in recent years make a targeted intervention indispensable, in order to identify, specify and update support tools for school inclusion, particularly with regard to disability, learning and behavioural disorders, situations of fragility and social distress. These changes require an adjustment in terms of methods of approach, by distinguishing between the different types of support, whether educational, social or related to assistance, and by identifying the most appropriate professionals. It is crucial to create a solid and collaborative network among family, school and social welfare services, so that inclusion can be effectively implemented.

By 2026, the first indications of the proposed revisions of the school calendar will be available, as well as those put forward by the working group in charge of the secondary school review. The aim of this review will be to update the curricula of the lower secondary school, including an analysis of the possibility of

introducing a shorter school week, and of the upper secondary school, also through the expansion of learning opportunities, with particular attention to the development of Industrial and Professional Technical Institutes and the testing of the four-year course. These interventions are aimed at keeping San Marino learning opportunities in line with current innovations at European level.

Another priority objective will be the revision of the Law on the Right to Education, with a view to equity and greater effectiveness. A review of the resource distribution system is envisaged, including through the use of the ICEE indicator, to ensure full access to school and extracurricular activities and to reduce the risk of exclusion or early school leaving due to disadvantaged economic conditions.

Finally, the academic dimension of San Marino Music Institute will be strengthened, so that it can become an attractive reference point also for students from outside the country. At the same time, extracurricular learning opportunities will be developed as an integral part of the overall education process.

Culture

The priority will be the finalisation of the draft laws started in 2025: the consolidated text on associations and volunteering in associated form, the revision of legislation on the management of cultural goods and the regulation of Community Centres.

Moreover, final decisions will have to be adopted regarding the development of museum activities and the reorganisation of museums, with the aim of enhancing the historical, cultural, traditional and archaeological aspects of San Marino.

In this regard, the extension and consolidation of the Public Museums and Monuments circuit is confirmed, with the complete integration of Palazzo Graziani and Palazzo SUMS into the cultural system, and the enrichment of the circuit with the integration of digital services to make visitors' experience even more fascinating and interesting. Regeneration interventions concerning the Guaita Tower and the State Museum are also envisaged.

Participation in the 2026 Venice Biennale is confirmed, exploiting the advantages of public/private synergy; the possibility of participating in the International Exhibition of the Triennale Milano will also be considered.

At the same time, film production will be developed through the establishment of a San Marino Film Commission that could act as a driving force for this sector. This will be accompanied by the consolidation of the services offered by the Mediatheque and the strengthening of communication and dissemination activities for films made in San Marino, supported by the incentives provided by the Film Commission.

With regard to the State Library, the historical document heritage will be enhanced, accompanied by the expansion of services for the public, with particular attention to intergenerational use. Also the State Archive will continue to fulfil its function of preserving and promoting the historical document heritage, actively contributing to the digital transition process of the Public Administration.

As far as theatre is concerned, there will be a renewed impetus for cooperation and the search for high quality productions, with the aim of enriching the theatre season in terms of performances included in the scheduling. In addition, theatre education projects aimed at the entire population will be promoted, also developed in synergy with the University of San Marino.

Finally, in 2026 communication activities will be strengthened in the various cultural sectors, thanks to the creation of a new information and service web portal, dedicated to museums, bibliography, archives, film and theatre. In this framework, the cooperation with San Marino Music Institute will continue to play an important role, and it will be the subject of a reorganisation process aimed at redefining its structure and improving its function within the national cultural landscape.

University and scientific research

In continuity with the process of enhancement and growth of the University of San Marino, the intention is to continue strengthening its role within the national education system and promoting its scientific and international dimension. The priorities for the coming years include the construction of a residential building for university students, as a fundamental infrastructure to increase the university's attractiveness beyond its territorial borders, and the strengthening of research activities, through the promotion of study centres for the production of applied knowledge and the strengthening of the country's social and economic context.

Youth policies

In the area of Youth Policies, the intention is to promote a renewed regulatory framework that is more in line with current needs and capable of effectively supporting associations and the active participation of young people in public life. In this regard, it will be a priority to identify and enhance places suitable for the development of social, cultural and recreational initiatives, thus fostering autonomous projects and contributing to the strengthening of the role of young people within the social context of the Republic.

MINISTRY OF HEALTH AND SOCIAL SECURITY, SOCIAL AFFAIRS AND EQUAL OPPORTUNITIES

The Ministry of Health and Social Security, Social Affairs and Equal Opportunities intends to pursue the objectives contained in the Government Programme for the XXXI Legislature and developed in the 2024-2026 Health and Socio-Health Plan. This will be done by implementing specific prevention and inclusion processes to improve the health of every individual, ensuring the maintenance of a system that is not only universal and accessible to all, but also effective, sustainable and capable of adapting to the changes that have emerged from the new society.

The main objectives for 2026 are listed hereunder.

HEALTH AND SOCIAL SECURITY

1. *Prevention and well-being.* The objectives of prevention and the promotion of well-being and healthy lifestyles have been pursued for a long time. The intention is therefore to strengthen them through targeted activities, such as the development of health literacy, specific prevention campaigns and health education in synergy with schools. Awareness-raising among the population on the importance of vaccination will also be promoted, in order to achieve higher rates of adherence to the campaigns carried out by the Social Security Institute. Prevention will be central also in the workplace, with the aim of reducing occupational accidents and illnesses. The intention is also to implement the principles of “One Health”, according to which the health of people, animals and ecosystems is closely related, by preventing communicable diseases and investing in disease prevention programmes, in order to improve public health as a whole.

2. *Reduction of risk factors.* This project is aimed at reducing individual risks (such as smoking, addiction, obesity, sedentary lifestyle and poor diet) through collaboration with other key sectors of society (family, school, sport, work, community, Township Councils, volunteering), as well as consolidating screening and secondary prevention activities.

3. *Territorial assistance.* Territorial and home services will be strengthened to improve the effectiveness of services and ensure continuity of care, including through the widespread use of telehealth, which will be adequately regulated.

4. *Innovation and digitalisation.* The aim is to modernise healthcare facilities through investments in plants and technology to achieve high operational and safety standards, also based on the principles of Health Technology Assessment (HTA) - an assessment process that uses international models

and reports as a reference to ensure optimal resource management. The intention is also to continue the digitalisation of the health sector - with a view to improving care processes, monitoring vital parameters in real time and facilitating remote specialist consultations, including through the implementation of the “SM Salute” application and the Electronic Health Record, as well as with the development and application of telehealth and the analysis of the possibilities of using Artificial Intelligence in the health sector.

5. *Infrastructural adjustment.* The objectives include the continuation of the procedures related to the international notice issued for the exploration of expressions of interest related to the professional assignment to design the new Hospital of the Republic of San Marino and the restructuring of health centres.

6. *Staff qualification and enhancement of research.* The aims include the enhancement of professional and managerial skills of healthcare personnel through the updating of training and the development of research, as well as an adaptation of the IT tools to the management needs of training credits for health professionals.

7. *Waiting time and intramoenia activity.* A corporate procedure is being drawn up with the aim of implementing an organisational change and an extension of time for the provision of services, if necessary. In this regard, the updating of the legislation on intramoenia activity is also a priority, in order to increase the number of cases handled by professionals and to attract new high-level professionals, which will also help to improve the efficiency of the system and reduce waiting time. Intramoenia activity can also be a revenue source for the public health system.

SOCIAL AFFAIRS AND EQUAL OPPORTUNITIES

1. *Protection of the most vulnerable citizens.* The objective for 2026 is to continue to ensure inclusive services and policies that meet the clinical, assistance and social needs of the most vulnerable citizens: the elderly, children, adolescents and the disabled.

2. *Healthy ageing.* The “Elderly Project” presented in 2023 will be expanded to offer more and more services and activities for the protection and support of the elderly, with further support also provided by the expansion of integrated home care, to meet the growing needs of an increasingly long-living population, to promote active ageing and make old age an important resource for the country.

3. *Services for vulnerable people and their families.* Disability and social inclusion. The aim is to improve health care and educational, work and social support for vulnerable and disabled people by innovating existing services and optimising the tools being used, through collaboration and coordination of the various social, socio-health and health services. Projects aimed at the systematic involvement of the

Offices of the Overall Public Sector will also be implemented, with the aim of mapping and removing any barriers, finding appropriate solutions to facilitate access and defining facilitated routes for persons with disabilities. In order to ensure freedom of movement for persons with reduced mobility, specific facilitations and measures will be introduced for the disabled, the elderly, the blind, the visually impaired and for persons with neurodiversity. Personalised plans will be finalised, as is already the case with the “Baobab” project in the disability sector and with the Individualised Care Plan also envisaged in the “Elderly Project”. With regard to the school sector, collaboration will continue with the Department of Education and Culture, in order to improve specific processes through: targeted courses, increasingly specialised support teachers, educators and projects built around the person. Legislation on employment inclusion is being prepared in order to support also the “Independent Living Project” by promoting the potential of persons with disabilities. Co-housing development projects are currently ongoing, such as the “Dopo di noi” (After Us) project, aimed at encouraging the autonomy of vulnerable people and the possibility of living in a “protected” place for those who are still semi-autonomous. In addition to this, information will be developed to counter prejudice and raise awareness of social inclusion, also thanks to the “disability one-stop-shop”, which is already active in San Marino. The right to affectivity will also be given due consideration in the development of dedicated legislation.

4. *Mental health, youth support and fight against addiction.* Among the objectives is the fight against the causes of phenomena linked to youth distress, the development of addiction prevention programmes and the implementation of targeted strategies through cooperation among institutions, through a network of stakeholders capable of making specific contributions according to their respective competences. In relation to the psychological distress of children, adolescents and young people with anxiety, depression, loneliness, variously combined learning disorders, distorted relations with social networks, misunderstandings and family conflicts that are often not addressed and not resolved, and problems arising from drug abuse, the commitment is to continue to provide educational and relational tools for a correct and physiological entry first in the world of school and then in the world of work. The following activities will therefore be strengthened: raising awareness among citizens and young people, supporting the culture of legality and active citizenship, strengthening the supervision and assistance provided by social one-stop-shops and the rehabilitation services of the Social Security Institute, continuing the synergic cooperation among the Social Security Institute, the Court and professional associations to develop job placement opportunities for the most vulnerable groups, increasing the activity of counselling centres in cooperation with schools and implementing policies to prevent and combat violence.

5. *Maternal and child health.* Maternal and child care will continue to be the focus, with activities dedicated not only to health during pregnancy and early childhood, but also to the overall well-being of women and children. The intention is to continue with an integrated, multidisciplinary approach that

accompanies pregnancy, birth and child development, by integrating monitoring, prevention and targeted therapeutic interventions and ensuring an on-going care from gestation to the child's first years of life. In this regard, with the development and adoption of the Birth Programme and thanks to the numerous prevention and health promotion activities carried out by the Paediatrics Unit, the aim is to increase the synergy and complementarity among services, expanding the range of services available to citizens. Another important aspect of maternal and child care concerns the management of pain during labour and delivery. In this regard, pain management during childbirth will be implemented, in order to recognise the right of every woman to have access to safe analgesic procedures during labour and natural childbirth. Actions to promote birth and reproductive health protection will also be strengthened through information campaigns, health and fertility promotion activities in upper secondary school, the strengthening of counselling centre activities, and actions to disseminate legislative measures adopted to protect pregnancy, parenthood and the family.

6. *Equal opportunities and bioethics.* The Hub for equal opportunities and for the prevention of and fight against discrimination and intolerance, into which the Authority for Equal Opportunities and the Commission for Equal Opportunities will be merged, will become operational following the adoption of a specific draft law, currently being studied; it will ensure a shared strategy and action plan among the bodies in charge of combating violence against women and domestic violence. Moreover, the initiatives of San Marino Bioethics Committee (CSB), the Ethics Committee for Research and Experimentation (CERS) and San Marino Commission for the Implementation of the UN Convention on the Rights of Persons with Disabilities (UN CSD) will be carried on. Finally, an increase in the relevant initiatives and projects is also expected thanks to the recent establishment of the Technical and Administrative Secretariat for Equal Opportunities, Bioethics and Social Inclusion, entrusted with assisting the above-mentioned Commissions, Authorities and Committees through administrative, accounting, secretarial, as well as technical and legal support.

**MINISTRY OF TERRITORY AND ENVIRONMENT, AGRICULTURE, CIVIL PROTECTION
AND RELATIONS WITH THE AUTONOMOUS PUBLIC WORKS STATE CORPORATION
(A.A.S.L.P.)**

**Objectives and projects of the Ministry of Territory and Environment, Agriculture, Civil
Protection and Relations with the Autonomous Public Works State Corporation
(A.A.S.L.P.)**

After a careful assessment of the projects prepared and the initiatives already undertaken, the Ministry of Territory and Environment, Agriculture, Civil Protection and Relations with the A.A.S.L.P. has decided to continue with the completion of the activities carried out to finalise and optimise the use of public resources already committed or already used. All this will be carefully planned: the costs and timing of interventions will be assessed and monitored, and they will be prioritised accordingly. The Ministry of Territory will therefore be engaged, for anything falling within its competence, in planning activities related to ordinary public works, integrated with strategic ones, and interventions financed in the respective cost centres of the A.A.S.L.P.

Planned works include the restoration of historic buildings considered strategic, some of which are included in the UNESCO World Heritage Site. Of particular importance are also activities related to the renovation and securing of existing school buildings that require urgent action.

In addition, the Ministry is working on significant structural projects and social housing interventions to respond to new housing needs. Interventions on health and hospital facilities are also planned.

With regard to some of these projects - and to others that need to be financed because they are not included in the budget - once they have been defined, action will be taken by proposing specific spending laws to the Great and General Council.

These include all ordinary and extraordinary land management activities that are also planned and executed in order to anticipate unforeseen weather events, which are becoming increasingly frequent. Particular attention will be paid to land maintenance by implementing and supporting the “Road Workers’ Project” and the Public Green Sector of the A.A.S.L.P.

Finally, the Ministry of Territory intends to open a debate on territorial planning through a proposal for a reference legislation, with the objective of updating, simplifying and innovating San Marino urban planning system with a view to sustainability, territorial attractiveness, social cohesion and efficient governance.

The work of the Ministry of Territory and Environment, Agriculture, Civil Protection and Relations with the A.A.S.L.P. will continue to focus on the implementation of clearly defined strategic projects and the optimisation of resources, in order to ensure sustainable development and the well-being of the community, with particular attention to future challenges and the protection of our territory and historical and cultural heritage.

All this being said, the following is planned:

TERRITORY

- Contributions and guarantees related to the Law on “Extraordinary interventions for housing emergencies”
- Establishment of the Observatory on the real estate market
- Territorial planning (ongoing project)
- *Google Maps & Waze for Cities* – road closures (2025: experimental phase)
 - Registration on the Waze for Cities platform dedicated to public administrations and local authorities where it will be possible to report closures or other road problems
 - Offices involved with road closures: A.S.L.P., A.A.S.S. and Civil Police.
- Signage:
 - Project for new signs in the UNESCO City Centre (ongoing project)
 - Project to optimise and update signage (Led Wall) (project to be launched)

ENVIRONMENT

- Project “Compost Area” and Recycling Depots (*ongoing project*)
- Reclamation works and soil protection (landslides and torrents) (*2025-2027*)
- Cycling and pedestrian road (*2025-2027*)
- Regeneration of Parks – “Wellness” project in collaboration with Technogym (*project launched-being designed-beginning 2026*)
- Project “Condensation ring” (*being designed*)

- Reinstatement of Working Groups on Sustainable Development and Climate Change in order to update the National Strategy for Sustainable Development (2030 Agenda)
- Revision of the Energy Certification Law (no. 48/2014)
- Project SMap find where to get excited. (2025-2027)
 - Project in collaboration with San Marino University students from the design course for the creation of "emotional maps" aimed at the use of the territory, encouraging the discovery of less frequented areas far from the traditional tourist routes, such as the most remote Townships. This project promotes a more dynamic and authentic visitor experience, enhancing the emotional, cultural and territorial richness, and stimulating a renewed sense of identity and belonging to the local community.

AGRICULTURE

- Project "From Land to Table" for the support of the agri-food chain (*ongoing project*)
- Gaviano Zootechnical Centre (*project being designed – early October 2025*)
- Update, review and implementation of the "Organic food" project (2025-2027)

CIVIL PROTECTION

- Appropriation related to the "Fire Bonus" Decree (2025)
- "Fire-fighting ring" project (*to be launched*)
- Functional Centre project (*to be launched*)
- New headquarters for Civil Protection Volunteers (*to be launched*)

Autonomous Public Works State Corporation (A.A.S.L.P.)

- Continuation and strengthening of the "Road Workers" and Public Green projects (*ongoing project 2025-2026*)
- Road network ("Serenella" roundabout and securing the highway from Borgo Maggiore to the State border in Dogana) (*ongoing project – beginning of works: 2026*)
- Upgrading, extension and maintenance of school buildings (*project to be launched – 2025-2027*)
- Expansion of the "Casale La Fiorina" nursing home (*project to be launched*)
- Upgrading, extension and maintenance of cemeteries (*ongoing project and building site - 2025-2027*)
- Cremation facility (*project to be launched*)

- Railway from Borgo Maggiore to Piazzale Ex Stazione (*ongoing project – beginning of works: February 2026*)
- Security Hub (*ongoing project - beginning of works: end of January 2026 - 2026-2028*)
- Golf Course (*ongoing project*)
- Torraccia Airfield (*ongoing project*)
- Projects on the territory:
 - Former “Turismo” Cinema - “Music Auditorium” (*ongoing project and building site – 2026-2028*)
 - Titano Theatre (*ongoing project and building site - 2026-2027*)
 - “Nuovo” Theatre in Dogana (*project to be launched*)
 - Government Building (*project to be launched – 2025-2027*)
 - Palazzo Begni (floors 1 and 2 underground) (*ongoing project – 2025-2027*)
 - Palazzo Valloni (*project to be launched*)
 - Former Martelli’s House (*ongoing project*)
 - Renovation of the “Baldasserona” parking area (*ongoing project - beginning of works: October 2025 - 2025-2027*)
 - “Campo della Fiera” lift (*ongoing project and building site - end of works: 2026*)
 - Restoration and controlled maintenance of the fortifications of Mount Titano and the paving in the Historic Centre (*project to be launched*)
 - Skating ring (*ongoing project and building site, end of works by 2025*)
 - Piazzale Cava Antica and Campo Bruno Reffi (*project to be launched*)
 - New State Hospital
 - Residence building for students (*project to be launched*)
 - Museum of the Emigrant (*ongoing project, 2025-2027*)
 - Warehouses for the Public Administration (*ongoing project, 2025-2026*)
 - Securing Faetano Lake and restoring its banks (*ongoing project, beginning of works: 2025*)
 - Works to be carried out by the Township Councils:
 - Multi-purpose sports ground (Montegiardino) (*ongoing project, 2025-2027*)

- Renovation of the Township Hall (Montegiardino) *(project to be launched)*
- Car park in the Historic Centre (Montegiardino) *(project to be launched)*
- Terenzi car park (Domagnano) *(project to be launched in 2026)*
- Former kindergarten (Faetano) *(project to be launched)*
- Malagola staircase (City of San Marino) *(ongoing project, 2025-2026)*
- Regeneration of former shooting ground (City of San Marino) *(ongoing project, 2025-2027)*
- Multi-purpose sports ground-Technogym (Chiesanuova) *(project to be launched)*
- Road network in Fosso del Re (Acquaviva) *(project to be launched)*
- Former Kindergarten in Gualdicciolo (Acquaviva) *(project to be launched)*
- Renovation of the Community Centre (Fiorentino) *(ongoing project, 2025-2027)*

MINISTRY OF LABOUR, ECONOMIC PLANNING, RELATIONS WITH THE AUTONOMOUS PUBLIC UTILITIES STATE CORPORATION (A.A.S.S.), ECOLOGICAL TRANSITION AND TECHNOLOGICAL INNOVATION

Labour

In recent years, San Marino labour market has performed very well, with an increase in the number of employed people and an unemployment rate in the strict sense of approx. 2.5%. This is due to legislative measures that, since 2017, have further liberalised hiring, and also to a resilient economic context despite the problems encountered.

As of 31 December 2024, the total number of unemployed people was 772; out of these, 422 were unemployed in the strict sense, i.e. those who are immediately available to enter the world of work. In the latter category, 36% were male and 64% female; the prevailing educational qualification was high school diploma (37.9% of the total), while the rate of unemployed with a university degree was 26.1%. Total workforce was equal to 24,869, with an increase by 513 (+2%) compared to 31 December 2023. Private sector employees were 18,586, and, together with the 3,958 public sector employees, total employees account for 91% of the workforce. The other components of the workforce are represented by: 1,553 self-employed (6.2% of the workforce) and 772 unemployed (3.1%).

However, to ensure that this growth is sustainable and able to meet future challenges, it is necessary to continue to improve labour policies, invest in the digitalisation of services and act on rights.

Labour inclusion

One of the central and priority objectives for our economic and social system is the strengthening of tools for labour inclusion, with a special focus on corporate social responsibility. In a context in which inclusion is not only an ethical value, but also a growth factor for businesses and the society as a whole, it is crucial to encourage companies to adopt effective inclusion policies, favouring access to work for all categories, without any discrimination.

Today more than ever, businesses have a duty and an opportunity to play an active role in building a fairer and more inclusive society by accepting corporate social responsibility as an integral part of their mission. This means not only ensuring equal opportunities for all workers, but also taking action to promote

the inclusion of disadvantaged people in the labour market, including persons with disabilities, disadvantaged women and other vulnerable groups.

In this context, the drafting of the Labour Inclusion Law is being discussed with the competent Ministries; this Law will ensure the maximum inclusion of persons with disabilities in the world of work, promoting processes of professional integration that go beyond mere welfare policies. This Law will have to provide tax and financial incentives for businesses that adopt inclusive practices and invest in training and job adaptation programmes for persons with disabilities, thus promoting their active and dignified participation in the labour market.

Labour inclusion is not only about the inclusion of disadvantaged groups, but is also fundamental for business competitiveness. Businesses that invest in inclusive policies can benefit from a better working climate, increased motivation among employees and increased productivity, as well as improve their public image by creating a strong bond with the community.

Finally, it is crucial that inclusion policies are accompanied by a corporate culture that promotes respect and integration, overcoming stereotypes and prejudices. Institutions have the task of guiding, stimulating and supporting businesses throughout this process, offering incentives, training and a regulatory framework that stimulates the adoption of responsible and inclusive business practices.

Domestic work

Regulating domestic work and enhancing the role of family caregivers represent a crucial challenge for the future of our social system. In a rapidly changing society, these roles are becoming increasingly important in ensuring the well-being of people, particularly the most vulnerable groups of the population, such as the elderly, the sick and the disabled.

It is therefore a priority to define a clear regulatory framework that fully recognises the value of these professions, ensuring adequate contractual, social security and training protection.

It is necessary to build a support system that promotes employment stability for family caregivers while ensuring quality and continuity of service for families. In this regard, it is crucial to promote specific training courses, provide targeted incentives and create tools to make the matching of demand and supply of domestic work more accessible and regulated.

Self-employment

At the same time, it is necessary to decisively address the issue of self-employment, which is an essential component of our economic context.

One of the most critical issues concerns the current contribution system, which often does not accurately reflect the real income levels of self-employed workers, generating imbalances that risk penalising those who work in a professional and fair way.

It is therefore essential to review the contribution mechanisms, making them fairer and more proportional, with the aim of protecting both the sustainability of the social security system and the fair remuneration and protection of workers.

Furthermore, action should be taken to ensure greater transparency in collaboration relationships, particularly in situations involving relationships between family members or between directors and collaborators, through clearer rules and more effective controls.

Only in this way will it be possible to build a healthy, competitive and law-abiding self-employment context, capable of fostering the economic and social development of the country.

Welfare and safety protection in the workplace

Today, corporate welfare and quality of working life is a strategic priority for our country. It is essential to encourage discussions among institutions, employers and trade unions, in order to define targeted and shared interventions aimed at improving welfare in the workplace and promoting a healthier work-life balance.

Investing in the well-being of workers is not only a matter of social equity, but also a factor of competitiveness for the economic system: businesses that care about the quality of life of their employees are able to attract talent, reduce turnover of staff and improve productivity.

A key aspect of this vision is the implementation of the National Multi-Year Plan for the Elimination of Violence, Harassment and Discrimination in the World of Work, a commitment that must be translated into concrete actions. The introduction of codes of conduct, the establishment of counselling and support centres, and mandatory training on issues of respect, inclusion, gender equality and harassment prevention are necessary to ensure that the workplace is a safe and respectful environment for all.

Alongside these measures, it is essential to review the law on safety in the workplace, with a focus on its constant evolution and adaptation to new regulatory and social requirements. In this regard, the contribution of the Memorandum of Understanding with the University of San Marino will prove crucial. The collaboration with the University of San Marino will make it possible to draw on academic expertise to review and update legislation in order to respond more effectively to new challenges, by integrating advanced technologies and innovative prevention models.

Safety and respect are indispensable values that must permeate every working environment, in order to ensure not only the physical protection of workers, but also their psychological and social well-being. Only through a systemic and shared commitment based on collaboration between social partners and institutions will it be possible to build a culture of respect that fosters sustainable and socially responsible economic growth.

Labour and Active Policies Office

Another important step will be the transformation of the current Labour Office into a modern Employment Agency, as a point of reference for matching supply and demand, by digitalising processes with the introduction of a dedicated application, thus reducing bureaucracy, while paying attention to artificial intelligence.

AUTONOMOUS PUBLIC UTILITIES STATE CORPORATION (A.A.S.S.) AND ECOLOGICAL TRANSITION

Ecological transition and energy investments

With regard to the supply of electricity and gas, San Marino will have to plan now the future of this sector, in order to ensure greater energy self-sufficiency. The Ministry's objective is to invest in alternative energy, reducing dependence on international market fluctuations and ensuring greater competitiveness for our economic operators.

The expansion of photovoltaic power generation will be crucial. San Marino must make the most of this renewable source, focusing on the creation of energy communities and integration with advanced, zero-impact production plants. Contacts are already being established to promptly find a solution.

Public transport

Faced with an imbalance between revenue and expenditure for the public transport service, the Ministry, in cooperation with the Autonomous Public Utilities State Corporation, started an in-depth assessment of an innovative public transport model: the Demand Responsive Transport (DRT). This model, already adopted in some advanced countries, makes it possible to optimise rides and improve the overall efficiency of the service, responding flexibly to the needs of users.

DRT is a smart solution to reduce empty means of transport, which is a recurring problem especially during the non-school period, when demand for transport drops considerably. Thanks to a system based on real-time booking, citizens will be able to request a means of transport for specific journeys, reducing unnecessary trips and optimising routes, and making the service more sustainable both economically and environmentally.

The main objective of this new transport model is to create a flexible and dynamic system that responds in real time to user needs, while guaranteeing fast and punctual connections. In practice, citizens will be able to book transport through a dedicated application or other digital channels, and the means of transport will be routed according to actual requests, thus improving the efficiency of the service and reducing resource consumption.

This project is an important step towards more modern, efficient and sustainable public transport that meets the challenges of an ever-changing world. The next steps include the introduction of advanced technologies for managing requests and integration with other mobility systems, with the aim of making public transport not only cheaper, but also more convenient and accessible for all citizens.

Water and waste management

A key challenge concerns the rationalisation of water resources. Investing in infrastructures for self-sufficiency in water supply will be crucial to ensure long-term stability and enhance the value of ancient springs for agricultural, tourism and environmental purposes.

Finally, one issue still open is that of waste management and separate waste collection. Overcoming the obstacles stemming from San Marino's third party status is necessary to simplify disposal and treatment procedures, reducing management costs and increasing the efficiency of the system. The objective is clear: to extend the door-to-door waste collection to all nine San Marino Townships and to create recycling depots where citizens can dispose of waste in an organised and sustainable manner.

Door-to-door waste collection has already proven to be an effective method to increase the percentage of recycled waste, reduce landfilling and improve the quality of collection. Introducing it in all Townships means guaranteeing a fairer and more widespread service, empowering every citizen.

Recycling depots, on the other hand, would become strategic points for delivering bulky or special waste, avoiding improper accumulations and facilitating proper disposal. This initiative aims at a cleaner, tidier and more ecologically sustainable country.

TECHNOLOGICAL INNOVATION

The issue of technological innovation requires a policy document that defines the strategy necessary to start the process of technological innovation of public infrastructures and services.

In a rapidly changing global context, artificial intelligence represents one of the most relevant challenges and, at the same time, opportunities for the future of economic, social and institutional systems. Its increasing dissemination is redefining production, communication, service delivery and work organisation, opening up scenarios that were unimaginable just a few years ago.

By virtue of its responsibility for technological innovation, the Ministry recognises the need to promote an accountable, forward-looking and inclusive approach to the use of artificial intelligence, capable of combining technological development, the protection of fundamental rights, the enhancement of human skills and the protection of public interests.

The objective is to foster an ecosystem that not only welcomes progress, but drives it through clear rules, targeted investments and a strategic vision that places people, ethics and sustainability at the centre. The prerogative is to study, develop and implement innovation strategies for the Public Administration. Collaboration has also been established with the ICT Authority, by paying attention to artificial intelligence.

MINISTRY OF INDUSTRY, HANDICRAFT AND TRADE, TECHNOLOGICAL RESEARCH, TELECOMMUNICATIONS AND SPORT

In 2026, the Ministry of Industry, Handicraft and Trade, Technological Research, Telecommunications and Sport intends to finally enforce the legislative measures already entered into force regarding:

- The regulation of distributed ledger technology;
- The regulation of international commercial arbitration;
- Provisions on consumption.

The Ministry of Industry, Handicraft and Trade, Technological Research, Telecommunications and Sport also intends to review the existing regulatory framework concerning some of its attributions, in order to improve some aspects on which the Government has already focused for years. Therefore, the following new draft laws will be submitted.

Industry, Handicraft and Trade

Provisions on consumption

The Ministry will monitor the effective implementation of the following ratified delegated decrees: the Delegated Decree on consumers' protection, which introduced an organised system of provisions concerning the safeguard- including collective - of consumers, in order to guarantee them a higher level of protection; the implementing Delegated Decrees, which established the Consumers' Supervisory Authority and the Consumers' Conciliation Chamber, and provided for the parameters necessary to harmonise, in a proportionate manner, the regulatory framework of the Republic of San Marino with that of the European Union.

A working group will also be set up with the Central Bank to supplement the legislation also in financial terms, in order to ensure full and effective consumers' protection, and, in particular, to provide for the possibility of using Alternative Dispute Resolution (ADR) systems also for these sectors, with a view to increased integration with the European Union.

Regulation of distributed ledger technology

Following the ratification of Delegated Decree no. 138 of 29 August 2024 "Regulation of distributed ledger technology", and in accordance with Article 31 thereof, a working group was set up, with the cooperation of the Association of Chartered Accountants and in agreement with the Ministry of Finance, to

establish an accounting principle concerning the issuance, offer, admission and provision of token services, in order to regulate the criteria for the identification, classification and valuation of these instruments. The aim is to complete the works in 2026.

San Marino Aerospace

In 2026, this Ministry aims at introducing an ad hoc legislation regulating the aerospace industry, in order to promote and develop new opportunities in the various sectors related to space economy.

International arbitration

The Congress of State adopted Delegated Decree no. 166 of 4 November 2024 on “International Commercial Arbitration”, inspired by the “UNCITRAL Model Law” drafted by the United Nations Commission on International Trade Law in 1985 and subsequently amended in 2006. This will ensure the alignment of San Marino legal system with some of the most advanced arbitration legislation at international level.

On the basis of the aforementioned Delegated Decree, this Ministry intends to initiate a process aimed at the possible establishment of an Arbitration Chamber in the Republic of San Marino.

Sandbox legislation

The draft law on “Regulatory Sandboxes” was submitted to the Great and General Council in order to develop and possibly launch innovative products and/or services on the market. The aim is to test, through specific delegated decrees and possible sandbox regulations, innovative ideas in a regulated and controlled environment for high-technology projects. The mechanism provides for the possibility of introducing new provisions and obtaining a temporary suspension of existing legislation, with the aim of stimulating investment in new projects, without these being hindered by excessively strict regulations. The results of the tests may also form the basis for a possible reform of the legislation. In 2026, the Ministry will monitor these projects and will take action, if necessary, to make the legislation fully functional and effective.

Handicraft and training: new opportunities for San Marino craftsmen

This Ministry intends to carry out a regulatory intervention aimed at encouraging youth employment in the craft sector, which is recognised as a cultural and economic heritage of the country. The objective is to protect and relaunch this activity through targeted training courses, capable of transmitting technical and professional skills, thus favouring new San Marino craftsmen. The planned measures will aim at supporting young people who choose to start a craft activity, contributing to the continuity and innovation of this sector.

Youth entrepreneurship reform and introduction of the over-50 category

This Ministry intends to carry out a regulatory intervention aimed at revising Law no. 178 of 4 December 2015, in order to introduce a new category of beneficiaries, i.e. entrepreneurs over 50 laid off due to company crisis or unemployed for at least twelve months. The objective is to encourage the re-employment of the over-50s, offering them the possibility of accessing the incentives and facilities provided for by the same Law, thus encouraging the start-up of new activities in San Marino.

Provisions on subsidised credit

Delegated Decree "Amendment to Delegated Decree no. 72 of 25 June 2018 and subsequent amendments - Provisions on subsidised credit to support businesses" was ratified; this Delegated Decree provides that the new category of groups of companies is not subject to the limitation referred to in Article 2, paragraph 2, letter c). In order to support these groups of companies, in 2025 San Marino Government raised the limit of the amount of subsidised credit for the investments referred to in Article 7, paragraph 1, letter b) and, consequently, the two-month deadline for the eligibility of ongoing investments was extended in order to avoid unequal treatment among economic operators. The objective is to assess its impact with a view to a possible final regulatory amendment in 2026.

Trade and vehicle rental reform

In 2025, with its implementation planned for 2026, this Ministry intends to launch a reform of the vehicle rental sector in order to bring it into line with the European Directives. A further objective is to implement the fight against fraud, also by intervening in the vehicle sales sector, through the introduction of new regulations aimed at ensuring greater certainty and transparency in purchases made in San Marino.

Labour inclusion

In 2025, Congress of State Decision no. 27 of 27 September 2024 was followed up - through several meetings - with the establishment of a Working Group coordinated by the Ministry of Health and aimed at drafting legislation on labour inclusion. The Ministry of Industry - in cooperation with the other Ministries, Departments and Offices participating in the aforementioned Working Group - intends to finalise the amendment of the current legal framework on labour inclusion, in order to enable targeted, lasting and effective labour inclusion measures for persons with disabilities and/or disadvantaged persons.

Copyright

By Congress of State Decision no. 1 of 30 May 2025, the Delegated Decree on the “Attribution to the ICT Authority of regulatory and supervisory functions in the collecting sector” was adopted. Therefore, with this Delegated Decree, the process of revising the current legal framework of copyright began. In 2025, also with the support of external professionals, the activity of the Ministry of Industry has started to focus on the creation of a draft law on copyright, which also takes into account the aspects set out in the Association Agreement with the European Union. In 2026, the main objective will be to provide the Republic of San Marino with a regulatory system in this highly technical and competitive area, mainly with a view to attracting professionals of this sector, and also to ensuring greater protection for the natural and legal persons who, working for and in San Marino, invest in their ideas, knowledge and innovations; the latter must be adequately protected in order to compete successfully on the international markets and in the cultural industry.

Telecommunications

Telecommunications are a fundamental pillar for the economic and social development of San Marino, since they can ensure efficient communications and thus efficient business relations, the competitiveness of companies and the quality of life of citizens. At a time of increasing digitalisation, a well-functioning telecommunications infrastructure is essential for attracting investment, fostering innovation and consolidating the Republic's international positioning.

In 2026, San Marino Government will be strongly committed to upgrading the mobile phone network, ensuring optimal coverage and adequate transmission capacity, in line with European standards. One of the priority objectives is to comply with the regulations envisaged by the negotiations for an Association Agreement with the European Union, which requires the guarantee of an open and competitive market. This will foster greater price competitiveness, improved quality of services and the introduction of innovative technologies, with positive effects on businesses, consumers and the economy in general, due to an increase in investments in this sector, not to mention the strengthening of the country's attractiveness for digital companies and innovative start-ups. However, it will be necessary to consider the specificities of San Marino,

namely its small size and infrastructural constraints. For this reason, the Government will promote efficient solutions, avoiding duplication of networks and optimising the use of available resources.

A crucial aspect is the protection and development of San Marino's general telecommunication sector, which needs a clear and flexible innovative regulatory framework that can adapt to technological evolution without compromising national security. A key role can be played by the ICT Authority, which has recently been extended in terms of components, in defining the general framework and ensuring an orderly and transparent market, fostering an effective, stable and secure management of the sector.

The successful implementation of a public and extensive fibre-optic network is part of a broader strategy of economic growth and innovation. The Government's interventions aim at combining infrastructural efficiency, market competition and security, making San Marino a model example in the European telecommunications scenario.

This process will not only improve the country's connectivity, but also open up new development opportunities, making the Republic a dynamic and attractive centre for digital investments.

Sport

By Congress of State Decision no. 45 of 23 May 2025, the Ministry set up a working group with the intention of finally concluding the legislative process, already initiated by the previous Legislature and carried out in 2025, relating to the reform of the Law on Sport, in which, among other issues, the following will be redefined:

- The management of sports facilities;
- The structure of San Marino Paralympic Committee;
- The regulation of sports professionals and semi-professionals.

The regulatory interventions, already anticipated in 2025, will also be finalised; such interventions will allow private entities - natural and legal persons - to invest in events and/or the construction and renovation of San Marino sports facilities; moreover, such investors will be granted economic and tax incentives. The objective is to create an ever-growing internationally relevant sports calendar and to modernise San Marino sports facilities, so that, in the future, each Sports Federation can have suitable spaces also for the organisation of prestigious events in the relevant disciplines.

Moreover, should San Marino be awarded the title of European Community of Sport 2026, the intention of the Ministry responsible for Sport is to create an all-round calendar of sports events in 2026, which will allow to strengthen the visibility of San Marino at a European level, also through a greater enhancement of the activities carried out by the National Olympic Committee and by the Sports Federations.

Congress of State Decision no. 56 of 15 April 2025 launched the “San Marino Wellness Country” project. Through this project, the Ministry responsible for Sport, in agreement with the other supporting Ministries - the Ministry of Finance, the Ministry of Territory and the Ministry of Tourism - intends to build, already in 2025, to be finalised in 2026, through a public/private partnership, state-of-the-art and professional sports equipment that will be installed in the Republic's various public parks, with the aim of making sports accessible to the entire population, while also guaranteeing access to outdoor activities and moments of sharing throughout the year.

MINISTRY OF JUSTICE, WELFARE AND FAMILY

Below are the interventions and projects in the area falling within the competence of the Ministry of Justice, Welfare and Family for 2025-2026.

Justice

1 a) Computerisation of the Court's judicial activity

Following the issuance of Delegated Decree no. 182/2023 “General provisions for the use of the integrated document management programme for the telematic administrative process”, on 1 January 2024 documents started to be produced both on paper and in telematic format, initially until 31 July 2024 and, subsequently, with Delegated Decree no. 102/2024, the deadline was extended until 31 October 2024. As of 1 November 2024, all administrative appeals were filed and managed electronically. The digitalisation of court files, i.e. their dematerialisation with the relevant attribution of legal value, creates an intangible environment with which all stakeholders can interact remotely. Civil case files can already be consulted in digital format by lawyers. After consultations with the State Lawyers’ Office, the Court drew up specific Guidelines, which are published on its website.

In the current year and in the first months of 2026, a further phase of computerisation of judicial administrative activities is planned, i.e. the digitalisation of the case files of bankruptcy proceedings and, subsequently, those of criminal and commercial proceedings. In addition, in 2026, a recording and contextual transcription system of the hearings and the various stages of criminal proceedings will be implemented, with the integration of a parallel video system for remote participation.

By 2026, a database of court rulings will be designed and implemented, thus making them available and searchable through the Court's website.

1 b) Legal status of Magistrates

The Guidelines on the legal status of San Marino Magistrates, approved by the Judicial Council during its sitting of 23 April 2025, will have to be assessed with a view to preparing a draft law in this regard.

2. Regulatory interventions on corporate crisis

By Congress of State Decision no. 37 of 19 November 2024, a Working Group was established to prepare a draft law to reform the legislation on corporate crisis and over-indebtedness in the Republic of San Marino. The Ministry of Justice is coordinating the activities of the Working Group with the aim of drafting, by 2026, a single regulatory text that guarantees the instruments necessary to facilitate the restructuring of a company experiencing a crisis and its continuity without any prejudice to creditors, as well as to ensure legal certainty through essential legislation that is consistent with San Marino's legal tradition and the evolution of European Union law.

3. Legal actions, also through international agreements, and legislation on the recovery of assets deriving from criminal conduct also held outside San Marino

In compliance with the Decision voted during the meeting of the Great and General Council of 19 December 2024 on the enhancement of initiatives for the protection of the interests of the State and the pursuit of actions for the recovery of assets, regulatory proposals will be assessed in order to fill the gaps in San Marino legal system, and to allow the prosecution and recovery of assets deriving from criminal conduct, held directly or through intermediaries, hidden or concealed even outside San Marino.

4. a) Amendments related to the Court for Trusts and to Trusts

Following the adoption of Congress of State Decision no. 44 of 21 January 2025 (Appointment of Lawyer Amos Capicchioni as a consultant and collaborator), amendments are currently being made to the legislation concerning the Court for Trusts in order to introduce within the jurisdiction of the Court for Trusts and Fiduciary Relationships the guarantee that judgements can be reviewed at second instance; this will be done by introducing the Court of Appeal alongside the Court of First Instance, thus guaranteeing the parties involved in the judgement greater protection of their rights. In addition, it is proposed to amend the functioning of the Court for Trusts and Fiduciary Relationships, the powers of the Court, the election, appointment and incompatibilities of the members of the Court, abstention and objection of the President and members of the Court, and the composition and functions of the Court of First Instance, the Court of Appeal and the President. In addition, regulatory interventions are envisaged with regard to non-profit social trusts.

4. b) Draft Law on Family Foundations

By Congress of State Decision no. 42 of 8 May 2023, a Working Group was set up to draft a law regulating Family Foundations. The latter are organisations established under private law by the will of one or more persons linked by family ties in order to preserve and ensure the continuity of a part of the family assets, to be used also for social and solidarity purposes. The Ministry of Justice intends to continue drafting this Law.

5. Establishment of the National Human Rights Guarantor (Ombudsman)

Following the Great and General Council's acceptance of popular petition (Istanza d'Arengo) no. 1 of 8 October 2023 submitted by a group of citizens concerning the establishment of the National Ombudsman for Human Rights, the Ministry of Justice is preparing a draft law for such establishment. With regard to timing, the adoption of this draft law and the conclusion of the legislative procedure are expected in early 2026.

6. Regulatory interventions concerning professional associations

One of the objectives of the Ministry of Justice, Welfare and Family is the draft law that will update Law no. 28 of 20 February 1991 "Framework Law on liberal professions", with the aim of modernising the aforementioned legislation to adapt it to the changes that have occurred in the meantime.

Pension system

The Working Group monitoring the pension reform was appointed by Congress of State Decision no. 38 of 29 October 2024. This Working Group is established by Article 43 of Law no. 157 of 29 November 2022 "Reform of the Pension System", with the aim of verifying the impacts of the pension reform and the balance of pension funds. The need to constantly monitor this sector stems from the changing and complex dynamics affecting the performance of pension funds.

The aforementioned Working Group met for the first time on 4 March 2025, also with the aim of carrying out an analysis and assessment of the effects of the pension reform. A professional expert in labour law will be appointed shortly to study regulatory interventions that will be necessary to ensure the sustainability of the system and the fairness of the economic benefits provided. Through the setting up of a political/trade union working group, a specific focus will be on the pension treatment of doctors and the possibility to purchase contribution years corresponding to the university period.

Amendments to Law no. 191 of 6 December 2011 “Pension reform: establishment of the supplementary system”

At the same time, it will also be essential to act on the second pillar, called FONDISS, which was introduced by Law no. 191 of 6 December 2011, both in terms of governance and of investment modes and management. In this regard, a first specific meeting has already taken place, and others are planned, to discuss the necessary future legislative changes. The objective will be twofold: on the one hand to increase the return on the funds and on the other hand to ensure the security and reliability of investments.

Family

Amendments and integrations to the Law “Family support measures”

Following the approval of the Decision by the Permanent Parliamentary Commission for Finance, Budget and Planning; Handicraft, Industry, Trade; Tourism, Services, Transport and Telecommunications, Labour and Cooperation during its sitting of 21 January 2025, the report of the Congress of State on incentives and measures in support of birth, parenthood, family and the analysis of data on the effects of the currently planned measures and the recognition of factors that may have an impact on decreased birth-rate, was drafted and then submitted on 27 March 2025 to the Permanent Parliamentary Commission for Constitutional and Institutional Affairs; Public administration; Internal Affairs, Civil Protection, Relations with the Township Councils; Justice; Education, Culture, Cultural Goods, University and Scientific Research, and to the Permanent Parliamentary Commission for Hygiene and Health, Pensions and Social Security, Social Policies, Sports; Territory, Environment and Agriculture, in joint sitting. This report presented data on fertility, birth and death rates, marriages, the impact of costs and the access of families to the mechanisms provided for in the legal system. It also highlighted and emphasised the possible causes and potential interventions to try to limit the current demographic decline. The debate on the aforementioned issues highlights the need to implement regulatory interventions aimed at expanding the mechanisms already present in Law no 129 of 29 November 2022 “Family support measures” as well as to introduce new measures and incentives to support and promote birth and family. In this regard, the objective is to intervene and implement new legislative measures aimed at supporting birth, while attempting to limit decreased birth-rate as much as possible, in agreement with the Special Commission on Demographic Trends and taking into account the work done by the latter.

MINISTRY OF TOURISM, POSTS, COOPERATION, EXPO, INFORMATION AND THE ATTRACTION OF TOURISM INVESTMENTS

During this Legislature, the number of attributions of the Ministry of Tourism increased with the assignment of new and important responsibilities: Information and attraction of tourism investments. These responsibilities are in addition to those already assigned.

This expansion requires careful planning and the identification of adequate resources to ensure effective and coordinated management of the assigned responsibilities. This Economic Programme for 2026 intends to outline the strategic interventions necessary to achieve the objectives set, in line with the priorities established in the Government Programme for the XXXI Legislature, approved by the Great and General Council in its sitting of 22 July 2024 by Decision no. 1.

The commitment of this Ministry will be undertaken through an integrated plan focusing on innovation, international promotion and strengthening of collaboration among the different responsibilities. The ultimate objective is to ensure balanced and sustainable development in each of the areas of competence, with a particular focus on enhancing San Marino's excellence and creating new opportunities for economic growth.

Tourism

For the Republic of San Marino, the tourism sector is a fundamental pillar of the national economy, as confirmed by the recent reports of the International Monetary Fund. Tourism activity generates direct and indirect benefits for the country, positively influencing the balance sheets of tourism companies and the entire production chain, as well as contributing to the enhancement of "San Marino" brand and the attraction of investments.

Tourism is therefore not isolated, but a transversal area involving various economic and social sectors. For this reason, the management of tourism policies requires a broad and integrated vision, capable of exploiting synergies with other strategic areas of San Marino economy.

Tourism planning for 2026 will be based, in continuity with 2025, on four main objectives:

1. Internationalisation: The priority will be to increase the international market quota by strengthening external relations and implementing promotion strategies in foreign markets. Participation in international fairs, co-marketing projects and access to the main markets will be essential to achieve this objective.

2. **Visibility:** The enhancement of "San Marino" brand and its affirmation as a quality tourist destination will be pursued through targeted marketing campaigns and promotional initiatives that strengthen the Republic's image as an exclusive and authentic place.
3. **Positioning:** Improving San Marino destination's positioning on international markets means working on the quality of the offer and the overall visitor experience.
4. **Identity:** The enhancement of San Marino's historical and cultural identity will be a central element of the tourism strategy for 2026. The residents' pride in their history and culture will be promoted as an added value, able to enrich the tourist offer and differentiate this destination from other destinations.

In order to achieve these objectives, the Ministry of Tourism will strengthen its collaboration with institutional and private entities, at international, national and local levels. Relations will be consolidated with:

- International Organisations such as the United Nations World Tourism Organization (UNWTO) and *the European Travel Commission* (ETC), with which existing collaboration will be strengthened;
- Italian Ministry of Tourism and Enit (Italian Government Tourist Board), with which joint promotional projects will be developed;
- Neighbouring regions such as Emilia Romagna and Marche, in order to integrate tourism initiatives with those of the surrounding territories;
- Professional associations, trade unions and tourism operators, in order to ensure a consistent and high-quality tourist offer.

Strategic action will also be carried out through the enhancement of tourist events of international relevance and the creation of new initiatives capable of attracting tourists even in low season (deseasonalisation).

The promotion of MICE tourism will be one of the objectives for 2026.

All this will be carried out in accordance with the *"Tourism Marketing and Development Plan"* and the *"Three-Year Tourism Planning Document 2025-2027"* submitted to the Congress of State with note ref. 94091 of 10 October 2024.

The ultimate objective of the Ministry of Tourism is to consolidate San Marino as a tourist destination of excellence, internationally recognised for the quality of its offer and for the uniqueness of its historical and cultural identity.

Posts

In the last three years, Poste San Marino has completed a process of profound transformation, consolidating as a public multi-utility company at the service of the State. Thanks to the flexibility of the corporate model and the strategic vision adopted, Posts could integrate and enhance numerous public interest functions: from the management of the former Philatelic and Numismatic Office to the relaunch of communication and international sales, from the operational management of SMaC (San Marino Card) to the restarting of suspended financial and digital services, up to the start of the process to become a fiduciary service provider recognised at a European level.

Starting in 2026, Poste SM will be the protagonist of a new phase of expansion and innovation, with projects to further strengthen the company's role in the public system and generate value for the entire country.

1. SMaC for tourist purposes – VisitSanMarino Card.

The tourist version of SMaC will be activated, completely dematerialised, designed to offer benefits, discounts and intelligent services to foreign visitors. This version will be accompanied by a new digital tax-free system, which will be based on the SMaC circuit to promote consumption and enhance the commercial and cultural offer of the territory.

2. Delegated counter of the Public Administration.

With the agreement already signed with the Directorate of Civil Service, Poste SM will be fully qualified to operate as the Public Administration delegated counter, offering assistance to citizens in the management of certificates, on-line services and administrative practices. This is a concrete way to bring the State closer to people's lives.

3. European certified digital address

The first San Marino certified and qualified digital address system will be implemented, in full compliance with eIDAS 2.0 Regulation and interoperable at European level. This technological and legal turnaround will allow San Marino to be a key player in the new digital architecture of the European Union.

4. Continuous innovation in services.

The expansion of the philatelic and numismatic offer will continue with new high-value stamps, exclusive packaging and supporting merchandising, together with the development of new financial and digital services designed to facilitate the daily life of citizens and support businesses, with an integrated logic between physical and digital counters.

Poste San Marino is today a strategic asset of the State, able to combine the public mission with criteria of efficiency, operational flexibility and economic sustainability. It is no longer just a provider of traditional services, but a modern and dynamic platform serving the country as a whole.

The experience gained in recent years has shown that, with proper governance and clear strategic policies, even public initiatives can generate value, attract skills and innovate products and processes, thus offering new opportunities to the economic and trade sectors of San Marino.

In 2026, Poste SM will be at the centre of an expansion phase that aims at simplifying access to services, enhancing the tourism offer with integrated tools, and facilitating citizens and businesses in their daily relations with the administration.

It will be a public infrastructure focusing on digitalisation, interoperability and proximity, and which is a natural partner for those who invest in the territory or work there on a daily basis.

Cooperation

In 2026, the Ministry of Tourism will proceed with an ambitious regulatory intervention aimed at harmonising and modernising the entire social housing sector, tackling the current problems in a coordinated manner and responding to the emerging needs of an increasing number of San Marino families. The aim of this measure is to harmonise and integrate the two regulations currently in force: Law no. 110 of 15 December 1994, which regulates ordinary allocations, and Decree Law no. 30 of 19 March 2018, concerning temporary allocations.

The unification of these legislative provisions aims at ensuring greater clarity and transparency in access to social housing, with special attention paid to the most disadvantaged population groups. The intention is also to introduce new allocation criteria based on a principle of social equity and economic sustainability, taking into account the actual needs of San Marino families and their socio-economic conditions.

At the same time, an extraordinary plan for finding new properties for social housing is envisaged. Among the most significant interventions is the acquisition and adaptation of buildings such as the Acquaviva condominium, the completion of which will ensure a substantial increase in the offer of housing. In addition, it will be possible to acquire other buildings, the construction of which has already started but not completed, and to complete them for social housing.

It will also be necessary to consider adequate resources to cover the many interventions still to be implemented for cooperation and social housing activities. At present, cooperation activity is indeed not able to fully meet the ever-increasing demands for housing by applicants. An extraordinary plan for the acquisition and completion of properties is one of the main solutions for increasing the social housing offer. In addition,

it is considered essential to introduce regular monitoring mechanisms and periodic controls to assess the effectiveness of the new measures adopted and to take prompt action to make possible corrections.

Expo

Expo 2025 Osaka represents the crucial event for the Republic of San Marino on the international scene. This event will take place from 13 April to 13 October 2025 on the artificial island of Yumeshima with the theme "*Designing Future Society for Our Lives*" and will involve 165 countries and numerous international organisations. With an expectation of attendance of about 28 million visitors, Expo 2025 Osaka will provide an extraordinary opportunity to exhibit San Marino's excellence and strengthen international relations in a highly qualified global context.

The participation in Expo 2025 Osaka is a valuable opportunity to promote the image of San Marino as a modern and innovative country, open to international cooperation. Projects related to sustainability, technological innovation and the enhancement of cultural heritage will be presented, in line with the central theme of the exhibition.

The Republic of San Marino has confirmed its participation in Expo 2027 Belgrade, an event that will transform the Serbian capital into a global centre for education, culture and innovation. With the theme "*Play for Humanity: Sport and Music for All*", the Expo 2027 Belgrade will offer a unique platform for international cooperation and cultural exchange.

Continuing in chronological order, San Marino will participate in Expo 2030 Riyadh, with the theme "*The Era of Change: Together for a Foresighted Tomorrow*". This event represents a strategic opportunity to further strengthen San Marino's presence in the global context. The dossier submitted by Saudi Arabia to the *Bureau International des Expositions* (BIE) outlines a detailed plan, with precise legislative and financial measures and a high-level master plan for the entire event.

The process leading San Marino to participate in Expo 2025 Osaka, Expo 2027 Belgrade and Expo 2030 Riyadh is in line with an integrated strategy of international promotion, aimed at consolidating the image of the Republic of San Marino as a dynamic and proactive player on the global scene.

Information

The attribution of information will play a strategic role for 2026, taking into account the complexity of this sector and the sensitivity of this subject, which involves publishers, journalists of the written press, of the State broadcasting company, and of new media. A particular attention will be paid to the economic and editorial situation of San Marino RTV (State television broadcasting company), which is a fundamental element of institutional communication.

The resources allocated for this attribution will be directed towards ensuring the functioning of institutional entities such as the Supervisory Authority for Information and the Council for Information, as well as providing essential contributions to publishers.

For 2026, the following is expected:

- An increase from 10% to 15% in the contribution of the documented cost of the editorial product, as established by the Delegated Decree approved by Congress of State Decision no. 36 of 23 December 2024, amending Law no. 40 of 8 March 2023.
- The introduction of a contribution for congresses dedicated in particular to fake news, as recommended by international bodies.

These measures aim at promoting quality, transparent and fair information, in line with international standards and the right of citizens to be informed in an objective and comprehensive manner.

Attraction of tourism investments

The attraction of tourism investments is one of the most strategic attributions for the Ministry of Tourism, and its primary objective is to increase the number of accommodation facilities and hotels in San Marino, which are currently insufficient to meet the growing tourist demand.

Despite the positive results recorded in recent years, with a steady increase in the number of tourists and a significant growth in commercial and accommodation activities, it is clear that the hotel sector needs to be improved in terms of quality and quantity. In particular, the lack of high-level hotels is an obstacle to attracting high-spending tourists and to promoting tourism such as MICE tourism (*Meetings, Incentives, Conferences, Exhibitions*).

The first objective of the Ministry of Tourism will therefore be to identify and attract international investors interested in developing their tourism business in San Marino. This process will be facilitated through targeted promotional campaigns and participation in international events, such as tourism fairs and specific events for the hotel sector.

At the same time, the aim is to promote the development of new accommodation facilities and the restoration of existing ones through dedicated incentives. Indeed, the lack of a diversified and modern hotel offer risks limiting the growth potential of San Marino tourism.

In this context, tourism events organised in San Marino are a means of promotion to spark interest of potential investors.

Therefore, the Ministry's strategy for 2026 will be to consolidate relations with private and institutional investors, facilitating regulatory and bureaucratic procedures in order to promote the establishment of new facilities and the upgrading of existing ones.

The final aim is to transform San Marino into a comprehensive and competitive tourist destination, able to offer a high-quality experience to visitors and investors alike.

