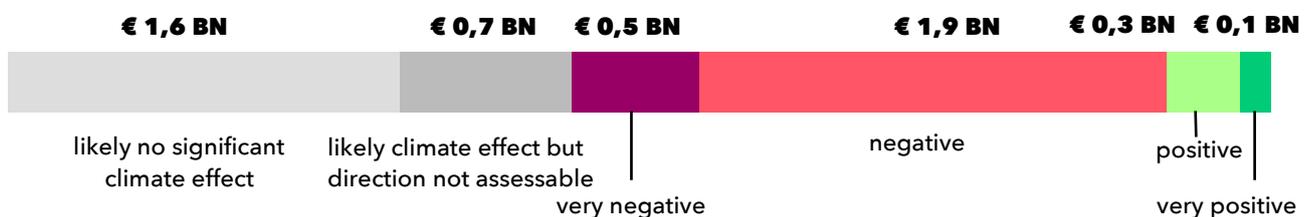


GREEN RECOVERY TRACKER ANALYSIS: SLOVENIA

The Slovenian government presented its draft recovery plan (RRP) for the €5.1bn in grants that it will receive through the EU Recovery and Resilience Facility (RRF) on February 26, 2021. Civil society actors and the public had little opportunity to participate in the development of the plan. Overall, we find that the measures included in the draft RRP, which come to 11% of Slovenia's GDP (2019), are currently unlikely to make a positive contribution to the green transition. Our analysis identifies the following spending shares:



Following a debate that strongly focused on short-term response measures, the development of the RRP was an opportunity for Slovenia to focus on longer-term recovery measures. However, our analysis shows that most measures in the draft RRP do not contribute to a greener transition in the long run. The explanation in the draft plan on how measures will contribute to the green transition and on avoiding significant harm is perceived as weak. The plan includes some positive measures, for instance on energy efficiency, but these are undermined by problematic measures in other areas. The plan also has to be viewed against a backdrop of broader attempts by the government to weaken environmental regulation over the last year.

In focus: Green Spending Share

We find that Slovenia's draft recovery plan (RRP) achieves a green spending share of 5%, well below the EU's 37% climate spending benchmark. In contrast, 47% of all measures have a negative impact. Furthermore, we find that 14% may have a positive or negative impact on the green transition depending on the implementation of the relevant measures, illustrating the importance of further scrutiny during the planning, review and implementation of the recovery measures.

Our calculation of the green spending share aims to mirror the approach used for the official assessment of national recovery plans, which distinguishes between measures contributing fully to climate mitigation (100% coefficient) and measures contributing partly (40% coefficient). Therefore, we fully count "very positive" measures towards the green spending share, while "positive" measures are weighted using a coefficient of 40%, which is applied to the associated costs. All individual assessments can be accessed via the country page on our website.

OUR HIGHLIGHTS

Good Practice

A revolving fund for energy refurbishments in the public sector

The draft RRP proposes a revolving fund for energy refurbishments in parts of the public sector. The fund should help overcome current obstacles of refurbishment through ESCO financing where capital intensive refurbishments with smaller energy savings potential remain un-refurbished. The measure will improve the financial conditions for efficiency investments and can contribute to achieving legal requirements on energy refurbishment rates. Expanding the currently limited scope of beneficiaries to the entire public sector would bring additional benefits.

Bad Practice

Investments into roads and an airline as part of the green transition?

The “green transition” pillar of the draft RRP includes €434m to be spent on “connectivity” measures. However, most of this funding is allocated to the development of new road infrastructure and to the development of a new national airline, locking in carbon-intensive modes of transportation rather than investing in cleaner solutions. These measures not only do not contribute to the green transition but, in some cases, are even likely to slow the transition.

To Our Surprise

An Environment Ministry playing an unusual role

The Environment Ministry presented a list of 314 investment projects, which sparked a significant public controversy about the involvement of civil society organizations in the development of infrastructure projects and the weakening of environmental regulations - a move which would have been less surprising coming from the Economy Ministry. (More information on this can be found on page 3.)

KEEP AN EYE ON...

- > ...shrinking space for civil society actors and environmental protection: in the early months of the pandemic, the government sought to change legislation governing the development of infrastructure projects, seeking to constrain the opportunities for civil society actors to participate in the relevant administrative review processes, alongside other legislative changes. This change was accompanied by revisions of pieces of environmental legislation, such as the Spatial Planning Act or the Water Act, all with the purpose of making it easier to develop large scale infrastructure projects even in instances where these projects would have environmentally harmful effects. This triggered a historical level of environmental activism opposing these changes both off- and online. However, the changes were ultimately passed, significantly weakening environmental protection, and obstructing the work of civil society groups.
- > ...314 infrastructure projects: in 2020, the government released a list of 314 infrastructure projects which it hopes to launch as part of Slovenia's economic recovery.¹ This measure is viewed as being closely linked to the move to limit public participation in infrastructure development described above. The list of projects is not aligned with national energy climate targets. From the information released so far it is clear that some of the proposed projects could benefit the environment (e.g. wastewater treatment, rail investments, energy refurbishments), while others are likely to have a negative impact (e.g. road and waste incineration investments). Some of the projects appear to be included in the draft RRP, but the government has not formally linked the two processes.
- > ...the additionality of the plan's measures: based on the available information, it seems that Slovenia is planning to use almost all its funds allocated under the RRF to finance previously planned projects. No new projects that would contribute to the green transition are included in the plan.
- > ...the link between the recovery plan and broader climate policy: the draft RRP does include references to the National Energy and Climate Plan (NECP), but there are few overlaps between the investment projects identified as necessary in the NECP and the projects outlined in the RRP. While some of the investment priorities identified in the NECP overlap with measures that will receive funding through the RRP, for instance on energy efficiency and renewable energy, the RRP has not been used to unlock additional measures (see above). The RRP does not address some of the critical development needs identified in the NECP, such as the scaling up of solar PV, upgrades to the electricity grid and energy storage solutions.

¹ Slovenian Ministry of the Environment (2020). Pospešena izvedba pomembnih investicij za zagon gospodarstva po epidemiji

OVERVIEW: MOST IMPORTANT MEASURES OF THE RECOVERY PLAN BY SECTOR

Sector	Most important measures with effect on green transition
Energy	<ul style="list-style-type: none"> • Investments in renewable energy sources and energy efficiency (€115m, very positive)
Mobility	<ul style="list-style-type: none"> • Connectivity - investments in road infrastructure and a national airline (€434m, very negative) • Investments in railway infrastructure (€163m, positive) • Investments in public transport (€6m, very positive) • Investments in electric mobility (€6m, very positive)
Buildings	<ul style="list-style-type: none"> • Construction of public housing (€185m, likely climate effect but direction not assessable) • Building renovations (€86m, positive)
Cross-sectoral/ other	<ul style="list-style-type: none"> • Investments in companies to increase foreign direct investments, decentralization, and to strengthen agricultural supply chains (€1,881m, negative) • Funding for research, development and innovation (€279m, likely climate effect but direction not assessable) • Modernizing the education system (€227m, likely climate effect but direction not assessable)

This report was written by Andrej Gnezda and Jonas Sonnenschein (Umanotera) as well as Felix Heilmann (E3G). We are grateful to Johanna Lehne (E3G) for providing valuable inputs.