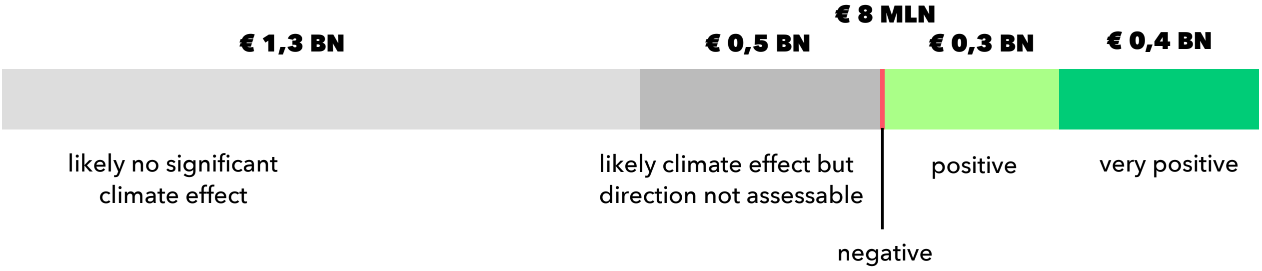
GREEN RECOVERY TRACKER

GREEN RECOVERY TRACKER ANALYSIS: SLOVENIA

The Slovenian government presented its recovery plan (RRP) for the €2.5bn in grants and loans that it will receive through the EU Recovery and Resilience Facility (RRF) at the end of April 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 RRP, which come to 5% of Slovenia's GDP (2019), are currently unlikely to make a significant 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 RRP do not contribute to a greener transition in the long run. The explanation in the plan on avoiding significant harm is perceived as weak. The plan includes some positive measures, for instance on energy efficiency and railways, 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 recovery plan (RRP) achieves a green spending share of 21%, below the EU's 37% climate spending benchmark. Furthermore, we find that 19% 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.

Wuppertal Institut

E3G

OUR HIGHLIGHTS

Good Practice

A revolving fund for energy refurbishments in the public sector

The 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 help achieve the legal requirements energy refurbishments. Expanding the currently limited scope of beneficiaries to the entire public sector would bring additional benefits.

Bad Practice

Two thirds of the funding for sustainable fuel infrastructure for fossil gas

The previous draft RRP included €434m to be spent on "connectivity" measures, such as 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. In a positive development, most of the measures did not make it to the final plan. However, some fossil fuel infrastructure is still included, and even worse, tagged as 100% climate investment. In particular, the measure "*Supporting the establishment of infrastructure for alternative fuels in transport*" not only supports EV charging stations but also natural gas fueling stations. In addition, the government announced that road construction projects will simply be moved to EU Cohesion Funding.

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 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 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

> …the implementation of the plan: the ultimate impact of many planned investments strongly depends on their implementation. For instance, the €310m investment into reducing flood risks is listed by the government as a measure that is fully contributing to climate action (100% climate tag as an adaptation investment). However, whether this measure will deliver positive effects will strongly depend on the specific projects that will be realized. If these are focussed on large construction projects in ecologically sensitive areas significant harm may be done. Moreover, investment support provided to industry and R&D financing will only have a positive climate effect if it is accompanied by adequately elaborated and sufficiently ambitious awarding criteria.

OVERVIEW: MOST IMPORTANT MEASURES OF THE RECOVERY PLAN BY SECTOR

Sector	**Most important measures with effect on green transition**
Energy	• Investments in renewable energy sources (€50m, very positive)[2]
Mobility	• Investments in railway infrastructure (€279m, positive to very positive) • Investments in alternative fuels infrastructure (€8m, negative)
Buildings	• Construction of public housing (€60m, likely climate effect but direction not assessable) • Building renovations (€86m, positive)
Cross-sectoral/ other	• Investment support subsidies to increase productivity, competitiveness, resilience and decarbonise the economy and to preserve jobs (€95m, likely climate effect but direction not assessable) • Funding for research, development and innovation (€133m, likely climate effect but direction not assessable) • Strengthening competences, especially digital and those required by new professions and the green transition (€264m, 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.

[2] However, if – as planned – the money is mainly used for the hydropower plant Mokrice on the lower Sava river, and not for any solar power, then the investment may run counter to "Do No Significant Harm" requirements, as the Mokrice project endangers several important species, including Natura 2000 qualification species.