FINANCIAL INCENTIVES OF ECO FUND, SLOVENIAN ENVIRONMENTAL PUBLIC FUND

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1. **Setting the context**: policy rationale and public players in the field in Slovenia
2. **Institutional matters**: organisation chart and financial sources
3. **Policy toolkit**: financial mechanisms, funds and eligible investments for loans and grants in 2016
4. **Analysis, examples and future challenges**
1.A.I. CHALLENGE & OPPORTUNITY

• Environmental & climate challenges and commitments of states to address it
  – EU directives: 20 % energy efficiency improvement and 25 % renewables share until 2020, all new buildings after 2020 nZEBs (public: after 2018)
  – Paris Climate Change Agreement – keep the rise of global temperature under 1.5°C

• Opportunity of green growth: immediate and long-term environmental as well as economic and social (multiplier) positive effects from public financial support to investors in green technologies, energy efficiency and sustainability as public goods
1.A.II. CHALLENGE & OPPORTUNITY

• Some effects (positive externalities) that make the policy pay off:
  - grey economy decrease
  - budgetary revenues increase
  - employment increase
  - adaptation of the building business in a sustainable direction
  - improved international competitiveness of companies
  - encouraged use of strategic resources (wood biomass in Slovenia)
  - improvement in the quality of life, living conditions, public health
  - less energy dependency, more stability
  - …

• It’s a popular policy instrument among voters
1.B. POSITION OF ECO FUND AND OTHER PLAYERS IN THE FIELD

- Eco Fund is a public fund (owned by the state) specialized in providing financial incentives for environmental investments
- Established in 1993, following the example of EU member states leading in sustainable development and green technologies, as one of public mechanisms for environmental policy enforcement
2.A. ECO FUND – STRUCTURE

• Currently employing 36 people (public employees)
2.B. SOURCES OF FUNDING, CAPITAL AND LIABILITIES

• Sources of funding:
  – for Eco Fund’s administrative costs and Eco Fund’s loans:
    • Eco Fund’s own funds (some funds provided by the state at the time of establishment and later funds as recapitalization; repayments from loans also become own funds of Eco Fund)
    • loans from domestic and international financial institutions
  – for Eco Fund’s grants:
    • the Decree on energy savings requirements (providing funds from energy efficiency contributions paid by end users of energy as part of bills)
    • contract providing budgetary sources from the Climate Change Fund administered by Ministry of Environment and Spatial Planning (funds from emission coupons)

• Earmarked assets fund: 111.8 million €
• Reserve fund: 17.2 million €
• Total Balance Sheet Assets on December 31, 2015: 246.2 million €
3.A. ECO FUND’S KEY FINANCIAL MECHANISMS

- **Soft loans with favorable interest rates** (since 1994)
- **Non-repayable subsidies (grants)** (since 2008)
- Financing and coordination of **Energy Advisory Network** free for households (offices all over Slovenia)
- Financing of **awareness-raising activities** in the field of environmental protection (conferences, meetings, publications, projects of NGOs etc.)
3.B. ECO FUND 2016

Funds for public calls in 2016 (est.)

- loans: 30 million €
- grants: 52.6 million €

Focus on: the building sector which has the biggest potential for delivering significant and cost-effective GHG emissions reductions (proven policies, technologies and knowledge already exist on the market); therefore, countries should prioritize the building sector as key to meet their national targets on energy efficiency.
3.B.I. ECO FUND 2016

SOFT LOANS WITH FAVOURABLE INTEREST RATE (3m euribor + 0-1.3 %)

- To households, legal entities and municipalities for various environmental investments:
  - air pollution reduction
  - efficient use of energy
  - use of renewable energy sources
  - waste management
  - waste water treatment
  - water supply
3.B.II. ECO FUND 2016

NON-REPAYABLE SUBSIDIES (GRANTS)

• to households for energy efficiency and use of renewable sources of energy in residential buildings
  – solar heating systems
  – biomass boilers
  – heat pumps
  – connection to district heating on renewable energy sources
  – energy efficient wooden windows
  – facade insulations
  – roof insulations
  – heat recovery ventilations
  – new nearly-zero-energy buildings (nZEBs)
  – full retrofits
  – purchases of apartments in nZE multi-residential buildings (full retrofits)

• to households, legal entities and municipalities for electric cars and public transport (energy efficient buses)

• to municipalities for nearly-zero energy public buildings
4.A. ANALYSIS

1995 – 2015:

- total of 56 published public calls
- 17,300 granted loans in the amount of over 451 million EUR
- 78,400 granted non-repayable subsidies in the amount of over 141 million EUR

- The majority of applications is from households (which, in Slovenia, are relatively under-indebted and keen investors, especially in buildings)
4.A.I. ANALYSIS

Loans 1995-2015: investments in air emissions reduction (EE, RES) dominate
4.A.II. ANALYSIS

Grants to households for investments in buildings 2008-2015:

- Thermal insulations of the facade: 29.9%
- Energy efficient windows: 18.6%
- Biomass boilers: 15.4%
- Heat pumps: 12.4%
- Solar heating systems: 10.6%
- Low energy or passive houses and Apartments: 6.9%
- Heat recovery ventilations: 2.6%
- Other: 1.2%
- Thermal insulations of the roof: 2.4%
HOUSE OF A WORLD CHAMPION: ONE OF THE MOST FAMOUS HOUSES IN SLOVENIA: „ENERGY-PLUS” HOUSE PETKOVSEK; $Q_H^{(PHPP)}=10 \text{ KWH/M}^2\text{A}$; PREFABRICATED WOODEN CONSTRUCTION BY LUMAR; NATURAL INSULATION MATERIALS; SOLAR POWER PLANT
AFTER RECONSTRUCTION: LOW ENERGY HOUSE BABSEK; \( Q_h (\text{PHPP}) \): 20 KWH/M\(^2\)A; WOODEN WINDOWS; MINERAL THERMAL INSULATION MATERIALS; CONDENSING GAS BOILER; HEAT RECOVERY VENTILATION
KINDERGARTEN VRHNika (Before and During Full Reconstruction)
AFTER RECONSTRUCTION: LOW-ENERGY KINDERGARTEN AT VRHNIKA; WOODEN WINDOWS; MINERAL AND SYNTHETIC THERMAL INSULATION MATERIALS (INSULATED FROM WITHIN); HEAT PUMP AIR TO WATER
PASSIVE KINDERGARTEN MORAVCE: PREFABRICATED WOODEN CONSTRUCTION; NATURAL THERMAL INSULATION MATERIALS; WOODEN WINDOWS; WOOD BIOMASS DISTRICT HEATING PLANT PROVIDING HEAT FOR THE KINDERGARTEN, OTHER PUBLIC BUILDINGS AND HOUSEHOLDS IN THE NEIGHBORHOOD
PASSIVE KINDERGARTEN MARKOVCI, PREFABRICATED WOODEN CONSTRUCTION BY JELOVICA; NATURAL THERMAL INSULATION MATERIALS; WOODEN WINDOWS
ELECTRIC CARS AND BIOGAS BUSES FOR PUBLIC TRANSPORT
4.C. CHALLENGES 2016 – 2020

• The mechanisms should be constantly evolving, adapting to trends on the market, national environmental and economic policy and goals and new findings of scientists and professionals in the field.

• To guarantee enough financial resources for the continuity of public calls, user-friendly procedures, e-application, reduction of administrative barriers etc.
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