

# SLOVAKIA LOW CARBON ECONOMY PATHWAYS

## GREEN STIMULUS OPPORTUNITIES ON THE ROAD TO COVID-19 RECOVERY

GLOBSEC has assembled an advisory task force of Slovakian environmental and economic experts to guide activities under the *Slovakia Low Carbon Economy Pathways* programme. This will explore opportunities for a green, equitable and resilient COVID-19 national recovery plan that puts the Slovak economy in a stronger position to meet 2030 climate objectives than it was before the crisis.

This group convened 3 April for a virtual roundtable reacting to the COVID-19 economic impact and sharing perspectives on how green policies and funds can be applied to Slovakia's long-term economic recovery.

### MAIN TAKEAWAYS

- ▶ After the immediate health crisis the short-term priority for the government is to maintain liquidity in the economy
- ▶ Massive public expenditures made available should only accomplish short term stabilisation but target green growth by supporting jobs in clean technology deployment that decarbonize the economy
- ▶ Low hanging fruits are RES development and building/infrastructure modernisation
- ▶ Clean energy jobs with lowest share of imports should be at the centre of recovery
- ▶ Slovakia's emission reductions will be achieved primarily in the buildings sector until 2030 before shifting to the hard to abate industrial and consumer sectors
- ▶ Estimated annual investment costs for Slovakia to meet 2030 target 1.4% GDP and 2050 target 4% GDP
- ▶ The dip in emissions is temporary and will surge with economic recovery
- ▶ This sudden pandemic should serve notice for the existential climate and biodiversity threats unfolding more slowly but with far greater consequences

### KEY POLICY CHALLENGES

- ▶ European Regional Development Fund voluntary climate guidelines should be made mandatory
- ▶ Building sector is complex and falls under competency of several ministries that do not coordinate well, so even though renovation rates are increasing in Slovakia lack of coherent national investment strategy leads to suboptimal results
- ▶ Majority of building renovations do not achieve cost-optimal efficiency which is locked-in for 30 years
- ▶ Pressure to redistribute EU funds earmarked for long-term climate objectives (e.g. Just Transition Fund) to more pressing issues
- ▶ Environmental priorities are still considered additional/external not internalized in economic activities
- ▶ Need to assist regions and municipalities in developing methodology for low carbon transition
- ▶ Geothermal and waste to heat potential in Eastern Slovakia but government owned/controlled heating systems prefer gas switching

### OPPORTUNITIES

- ▶ Invest in reconstruction drive with Slovakia part of European materials/supply chain, reducing imports and emissions
- ▶ Better positioned to mainstream green growth than in 2008 when measures were marginal and implementation weak (e.g. vehicle scrapping) with Green Deal setting course for economy wide carbon neutrality by 2050 and European Investment Bank (EIB) a trailblazing climate bank
- ▶ Apply Connecting Europe Facility to non-fossil cross border infrastructure like ACON smart grid
- ▶ Neutral tax reforms scrapping environmentally harmful subsidies on fossil fuels and lowering labour taxes
- ▶ Since Slovak energy production is already low carbon (predominately nuclear) energy efficiency savings is not as cost-efficient as e.g. Czechia and Poland but with electrification of heating and transport increasing demand should still incentivize these investments
- ▶ With European Central Bank purchase of EIB bonds and taxonomy of green investments money will be available for decarbonisation, the question is will it be used wisely?