

# Report on accounting issues

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## INTRODUCTION

The aim of this Report is to provide an overview of financing and accounting regulations across Project Partner countries (Austria, Croatia, Czech Republic, Hungary, Italy, Poland and Slovenia) relating to energy efficiency projects of the schools.

For that purpose different countries regulations were investigated and analyzed in order to have picture of legal frames and decision making systems. Particularly it was interesting to reveal presently used financing and accounting schemes in different Project Partners countries, and to understand whether is possible to share advanced knowledge and experience. Finally, opinions and experiences of Project Partners related to existing barriers on national and local/regional level were used to explore advanced solutions for their removal.

Main findings of financing and accounting issues are given hereafter, while questioners fulfilled by each Project Partner country are provided as integral part of this Report.

## MAIN FINDINGS

### Regulation in general - Schools

National schools regulations in general are extensive with strong interdependence of different national and local/regional level jurisdictions, predefined and demanding decision making process.

### Financing of Energy efficiency projects - Schools

In all of participating countries majority of School owners/founders are local and regional government units, or state itself and consequently the financing and co-financing is strongly related to the local, regional and state budget.

School financing is depending on regulation in terms of planning, budget making and budget execution, asset and debt management, public debt management, government debt financing and guarantees, local and regional government unit's debt financing and guarantees, public sector budget relations, accounting, budget supervision and other issues related to public finance management.

For financing of Energy efficiency projects the following sources/financial instruments are used:

- Own funding - Budget,
- Debt financing,
- Subvention and Grants - combined with other financial instruments,
- Public Private Partnerships (PPP),
- Energy Performance Contracting (EPC),



## Identification of barriers

The schools in all participant countries, if depending on, Own funding - Budget have relatively limited resources at their disposal for energy efficiency projects. There are models for expanding School financial autonomy but with strictly defined usage.

Access to the Debt financing is in almost all participant countries for School owners/founders is limited because of its impacts on government deficit and debt figures, regardless of whether there are available Special lending programs for environmental protection projects, energy efficiency and renewable energy sources.

For the usage of Subsidies and Grants the key is availability and access, which defer for participant countries. Good example is Hungary where all schools are state owned, after re-nationalization, therefore all ongoing energy efficiency projects are financed either from domestic budget or EU structural funds.

Subsidies and Grants are more often combined with all other financial instruments in so call co-financing, and best synergy effect would be to combine it with Energy Performance Contracting.

Public Private Partnerships (PPP) as a long-term contractual relationship between a public and a private partner for specific purpose of construction and / or reconstruction and maintenance of a public building is an option for energy efficiency projects on larger number of schools. Regulation defers for participant countries but almost always PPP have to use the procedure set out in the Concession regulations, due to the fact that this model assumes transferring a larger part of the project's economic risk to the private party.

Energy Performance Contracting (EPC) in Austria and Czech Republic looks back at certain range of projects in schools, while for all other countries it represents the greatest area of potential to be explored as form of non-debt increasing financing.

In September 2017 Eurostat issued revised guidance on how a particular form of energy efficiency investment, impacts on government deficit and debt figures, recognizing that in certain circumstances EPC can be recorded “off balance sheet” for government.

For that purpose in the context of these Report a short review of guide to the Statistical Treatment of Energy performance Contracts published in May 2018 is presented.

## A Guide to the Statistical Treatment of Energy Performance Contract - review

Eurostat and European Investment Bank through European Investment Advisory Hub produced in May 2018 publication on the statistical treatment of EPC in order to contribute to mobilize investment in energy efficiency in public sector buildings and bring clarity on the practical application of 2017 Guidance Note.

The Guide is aimed at public sector stakeholders and in particular authorities in charge of energy efficiency policy, decision making and preparation and procurement of EPCs. Guide explains typical features of EPCs especially those that reflect general market practice in the EU jurisdictions, but accounting treatment of EPC arrangements remained outside of the scope.



Governments should recognize untapped savings potential and incorporate clearly into national legislation typical EPC provisions that influence the statistical and the accounting treatment.

## 1. AUSTRIA

### 1.1. National financing regulation – Schools

National regulation (focus on financing)	Contents
<b>Federal Finance Act 2018</b> (Federal Law Gazette I 18/2018)	This Act is budget for the year 2018 and determines financing of the education sector (general budget line).
<b>Federal Constitutional Act</b> (Federal Law Gazette I 22/2018)	This Act is legal basis and regulates revenue sharing and agreements between federal states and Federal Government. The specific agreements are made on different topics between the Federal Government and the federal states governments.
<b>School Organization Act</b> (Federal Law Gazette I 138/2017)	This Act determines general regulations and distribution of tasks/responsibility between federal states and Federal Government.

#### Comments

In addition to the above mentioned laws there are several laws concerning education standards and classes, salary and service law of teachers.

#### Additional legislation for Schools:

- Federal Service Act
- State Service Acts
- Federal Salary Act
- State Salary Act (for teachers in vocational schools)
- State Contract Staff Act
- School Education Act
- School Education Act for Professionals
- School Organizational Act
- School Time Act
- Performance Assessment Ordinance
- Compulsory Education Act
- Examination Regulations
- Federal Act on Professional Graduates
- Private Schools Act
- Ordinance of the Federal Minister of Education, the Arts and Culture on the final examinations in the teacher colleges and in the higher institutions of teacher education and the education of educators
- Ordinance of the Federal Minister for Education and Women, with which the examination regulations in vocational schools, educational institutions and the examination regulations of educational institutions are changed



- Ordinance on the replacement of examination areas of the Professional Graduates
- Federal Law on Schools for the Education of Moving Educators and Sports Teachers
- BIFIE Law: Federal Act amending a federal law on the establishment of a federal institute for educational research, innovation and development of the Austrian education system
- Federal Law on the Organization of Universities of Education and their Studies
- University Study Authorization Act
- Agreement in accordance with Article 15a Federal Constitutional Law on the development of full-time school forms
- Ordinance of the Federal Minister for Education, the Arts and Culture on Educational Standards in Education

In the public compulsory education (primary and secondary education) federal states, municipalities or associations of municipalities act as school authorities.

In general compulsory schools are owned by municipalities or associations of municipalities, while in the vocational schools owners are the federal states (“Länder”).

School ownership in terms of expenditure covers construction of a school, maintenance of the school building, operating costs, purchase of facilities and teaching aids, school doctor and necessary auxiliary staff (school attendants, stokers, etc.).

Teaching staff are under responsibility/budget of the federal states for compulsory and public compulsory schools, but Federal Government cover expenditures as part of the financial equalization to 100% on the basis of federal states requirements.

The costs of school equipment and maintenance at vocational schools and agricultural and forestry schools are borne by the federal states. Teaching staff expenditures at these schools are shared between the federal states and Federal Government.

At state compulsory schools, no school fees may be charged, and travel organized by public transport is also free of charge. The textbooks are provided by the public sector and become the property of the students. In recent years, a deductible of 10% has been introduced for both student travel and textbooks. The transport costs are covered by a fund, which is funded by social security contributions of employees and employers and managed by the Federal Ministry for Social Security and Generations.

The middle and high schools are founded and maintained by the Federal Government (upper secondary education) the Federal Government cover all expenditures, including those of the teaching staff. Teachers also have no employment relationship with the school in this case and Employer is the Federal Government. Regarding school fees, free travel and textbooks, the statements on compulsory education apply.

The schools in Austria receive global budgets and budget guarantee for period of 3-4 years but they have relatively limited resources at their disposal. However, there are models for expanding their financial autonomy for example rent of premises or parts of the property to third parties, and dispose of the income with the condition that it must be used for educational purposes. The same applies to third-party funds, for example sponsoring or promotional activities at the school.

According to the Federal Constitutional Law, the Austrian Court of Auditors is responsible in particular for reviewing the conduct of the Federal Government (“Länder”), municipal associations and the



municipalities with at least 20,000 inhabitants. Under the term "behavior", which is specific to Austria, "any behavior that has financial implications" is to be understood. In addition, there are also the state accounting courts, which examine the behavior of the federal states and or on initiative of the Federal States governments or the Provincial Governor, the conduct of municipalities and associations of municipalities can also be examined by them.

As far as the school system is concerned, the Court of Auditors examines schools, in particular with regard to its accounting and monetary controls carried out within the sphere of action of the Federal Ministry of Education, Science and Culture. For example, in 2002 the Court of Auditors audited agricultural and forestry education at the Federal Ministry of Education, Science and Culture, the Federal Ministry of Agriculture, Forestry, Environment and Water Management and the provincial governments of Lower Austria, Upper Austria, Styria, Tyrol and Vorarlberg. In addition, however, the state audit offices can carry out examinations in those areas of the schools that are financed by the state. The audit activity of the regional audit offices will be coordinated as far as possible with that of the Court of Auditors.

The verification of the financial management shall be such that the economic and financial management complies with the existing rules, is numerically correct, economical, economical and expedient. In addition to regular audits, there is also the option of carrying out special audits on specific subjects.

The Education Committee of the Parliament is competent for school and education system and it includes school organization and administration and teachers and their education related matters. Ministry of Education has traditionally the responsibility for religious matters ("the cult") so Education Committee also deals with religious education including funding and support. The Education Committee regularly sets up subcommittees where delegates discuss in detail with experts on the state and reforms of the schools

## 1.2. Local and regional government financing regulation - Schools

Local and regional government regulation (focus on financial issues)	Contents
<b>Styrian Compulsory School Maintenance Act</b> (State Law Gazette LGBl 72/2017)	<p>This Act regulates general provisions, legal school owner, own sphere of influence, establishment of compulsory schools and public special schools (special school classes), student homes, legal homeowner, school fees (compulsory and eligibility fees).</p> <p>Act regulates the maintenance of compulsory schools, eligibility of costs, financing of school buildings, school maintenance posts, distribution of school maintenance contributions, ordinary and extraordinary school expenses, breach of duty of the contributing municipalities.</p>
<b>Styrian State Budget Act</b> (State Law Gazette LGBl. 8/2018)	<p>This Act regulates general provisions for Styrian state budget, objectives and principles of financial management, organization of financial management, state accounting and budget/planning, state financial</p>



	framework, tasks and structure of the state budget, principles and rules of budgeting, reporting requirements and breakdown for expense and income groups.
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**Comments**

Each of the nine Austrian federal states has own regulations (description 1.1).

**1.3. Accounting regulations – Schools**

National regulation	Contents
<b>Federal Finance Act 2018</b> (Federal Law Gazette I 18/2018)	This Act is budget for the year 2018 and determines financing of the education sector (general budget line).
<b>Austrian Stability Pact</b> (Federal Law Gazette I 45/2013)	Austrian Stability Pact sets deficit/surplus targets for all levels of government. It includes sanctions for government units, which are not fulfilling the targets, therefore it has an influence on the financing of school renovations.
<b>Styrian State Budget Act</b> (State Law Gazette LGBI. 8/2018)	This Act regulates state accounting and budget/planning, state financial framework, tasks and structure of the state budget, principles and rules of budgeting, reporting requirements and breakdown for expense and income groups.

**1.4. Decision making process – Schools**

National regulation	Contents
<b>Public Procurement Act</b> (Federal Law Gazette I 7/2016)	This Act regulates rules and process for public procurement of goods, services and works regulating schools procurement as well as their founder's procurement if founders are local and regional government units. The law is according to EU-procurement regulations.  Act sets minimum value limits as exception for which simple procurement process is accepted (up to 221.000 EUR for procurement of goods and services, up to 5.548.000 EUR for procurement of building works). Some public bodies have more strict rules and limits under these extents.
<b>School Organizational Act, Styrian Compulsory School Maintenance Act</b> and other laws on state level and decisions at local level (cities and municipalities as owners of schools buildings)	Set of Acts and decisions are made on different levels, therefore the regulations vary from school to school depending on the owner/founder of the building.



## Comments

In the last 20 years there is a tendency to give the schools more rights/autonomy. In fact the possibilities of the schools themselves are still limited.

Decisions on educational matters are made on federal level (parliament group, BIFIE, Ministry of Education).

Decisions on renovations of schools are made on local, state and/or federal level (it depends on the school owners, they decide in cooperation with the next higher level of school authorities and financiers).

### 1.5. Financing of Energy efficiency projects - Schools

The financing of energy efficiency projects depends on the school owner/founder and their financial possibilities.

In principle for financing of Energy efficiency projects several financial instruments are available:

- Own funding (out of the ordinary budgets of the municipality or the state) and subsidies for significant energetic improvements
- Debt financing (up to the limits of the Austrian Stability Pact)
- Financial leasing
- Public Private Partnerships (e.g. a private company builds the schools and rents it to the municipality in a long term contract, also operating leasing is possible)
- Energy Performance Contracting (EPC) - especially the federal schools use this instrument, a lot of EPC projects in Austria with schools!).

### 1.6. Debt financing

There are no special lending programs in Austria. The Debt financing and budgets and additional budgets are on municipal, states and federal levels (subsidies and grants for environmental improvements up to 30 % of the direct environmental investments e.g. from the Federal Kommunalkredit Public Consulting Company). The sharing of budgets is individual to the project and depends sometimes on the political strength of the local authorities.

Debt financing and aids on European level (ELENA program, Horizon 2020 Project Development Assistance etc.) are used rarely for school renovations in Austria.

### 1.7. Public Private Partnership

Public Private Partnership (“PPP”) instrument is mainly used for new school buildings and not for renovations. In principle it would be possible to use PPP for school renovations up to the financial limits of the Stability Pact in dependence if debt increasing (contract, regulative and detailed accounting rules).



There is ongoing discussion related to debt increasing aligned with the latest Eurostat guidance note on the accounting of Energy Performance Contracts in Sept. 2017.

Financially there is a strong relation between PPP and energy performance projects, and procurement of PPP is more complicated than a normal renovation project.

There is no legislation regulating Public Private Partnership in Austria.

### 1.8. Co-financing

Normally there is a co-financing between the municipal and state level, and in case of significant environmental improvements also from federal level, depending from project to project. Financially stronger municipalities normally finance their school renovations (100% minus grants from environmental subsidies) while financial weaker municipalities sometimes get the budget from the state level.

### 1.9. Energy Performance Contracting (EPC)

EPC in Austria looks back at a range of projects for many years, particularly for schools. EPC still covers only a market niche as the concept is not often opted for in comparison traditional ways of procurement and renovation of buildings. Nevertheless, there are many successful examples for EPC in schools both for federal schools as well as for municipal schools.

Federal schools are centrally organized under institution called Bundesimmobiliengesellschaft (BIG). BIG runs a long-term and experienced EPC program improving the model, building up and keeping knowledge and resources in-house.

Municipal schools under community patronage performed limited number of projects, with necessity of external consultants' facilitators and thereby cannot build up their own knowledge and experience on EPC. Although a project facilitator can overtake most of the tasks in the procurement-process, relevant resources have to be used for information and training of the users.

Austrian EPC market in the framework:

[http://guarantee-project.eu/au/wp-content/uploads/sites/5/2017/11/EPC\\_Market-Report\\_AT.pdf](http://guarantee-project.eu/au/wp-content/uploads/sites/5/2017/11/EPC_Market-Report_AT.pdf)

#### Comments

The first version of the Eurostat Guideline relating to EPC left things under a question mark for public sector. Concrete activities were put on hold until all legal uncertainties clarification.

Energy efficiency investments was additional debt for the public sector (owner/founder) without direct responsibility for installed equipment/appliances.

New version of the Eurostat Guideline relating to EPC opens new opportunities, including pre-condition to be met that majority of economic risks (and benefits) have to be taken over by the ESCO, specifically the performance risk and the malfunction risk. Practical relevance is still unclear, but a supporting



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“practitioners guide” by the European Investment Bank should answer some questions:  
([http://www.eib.org/attachments/pj/guide\\_to\\_statistical\\_treatment\\_of\\_epcs\\_en.pdf](http://www.eib.org/attachments/pj/guide_to_statistical_treatment_of_epcs_en.pdf))



#### 1.10. Other

There several additional binding legislations in Austria:

- Energy Efficiency Act (according to EU-guideline on Energy Efficiency and Energy Services)
- State Buildings Acts – regulations concerning energy efficiency and energy performance certificates
- Austrian Institute of Construction Engineering – technical guidelines with legal status (in all over Austria)
- Guidelines of the Austrian Institute for School and Sports Facilities Construction

#### 1.11. Conclusions

In principle there are several ways to finance major school renovations in Austria. Possibilities ends with the financial frame and financial power of the owners. Municipalities still prefer the classic way of financing and project development and are therefore bounded to the Stability Act and state regulations. The reason of this behaviour lies very often within a lack of knowledge and concerns (justified and unjustified) towards alternative forms like PPP and EPC.

Procurement of PPP and EPC is much more complicated and time consuming.

The discussion about the latest Eurostat Guideline still leave open lot of questions and details, and relevant authority (Austrian Statistical Institute) responsible for final model determining is unavailable in sense of expertize and so far there is no legally binding statement on how relevant authority interprets the Eurostat guideline. This creates difficulties in finding legally confirmed EPC model.

#### To do list

- Explore legal certainty and accounting recording of EPC - not debt increasing (model contract)
- Explore possibilities with European investment programs (ELENA)



## 2. CROATIA

### 2.1. National financing regulation – Schools

National regulation	Contents
<b>Decision on elementary and secondary schools network, student homes and education programs</b> (Official Gazette 70/2011, 62/2017)	Decision of the Government of the Republic of Croatia contains a list of founders of elementary and secondary schools and student homes of the Republic of Croatia: counties, cities and municipalities, legal entity and individuals.
<b>Education Act for elementary and secondary schools</b> (Official Gazette 87/08, 86/09, 92/10, 105/10, 90/11, 5/12, 16/12, 86/12, 126/12, 94/13, 152/14, 07/17)	This Act regulates financing and co-financing of school institutions from: the state budget, the budgets of local and regional government units, founder funds when the founder is legal entity or individual, income earned by performing own business activities, other income, parental payments for special services and school activities, donations and other sources in accordance with the Act.
<b>Act on financing local and regional government units</b> (Official Gazette 127/17)	This Act regulates: Income Tax distribution, financing of decentralized functions, setting minimum financial standards and determination of funds to be provided to cover expenditures for decentralized functions of elementary and secondary schools.
<b>Budget Act</b> (Official Gazette 87/8, 136/12, 15/15)	This Act regulates planning, budget making and budget execution, asset and debt management, public debt management, government debt financing and guarantees, local and regional government unit's debt financing and guarantees, public sector budget relations, accounting, budget supervision and other issues related to public finance management.
<b>Fiscal responsibility Act</b> (Official Gazette 139/10, 19/14)	This Act regulates rules and government spending limits, legitimate budget usage and the control system in order to ensure fiscal responsibility.

<b>Decision on criteria and measures for determination of balance sheet rights and minimum financial standard for financing of elementary schools public needs of the year 2018</b> (Official Gazette 7/18)	Decision of the Government of the Republic of Croatia that determines the total balance sheet rights, minimum financial standard for financing of elementary schools public needs.  Decision determines: material and financial expenditures, expenditures for material, parts and services for current and investment maintenance and expenditures for procurement of fixed and non-financial asset investments.
<b>Decision on criteria and measures for determination of balance sheet rights and minimum financial standard for financing of secondary schools</b>	Decision of the Government of the Republic of Croatia that determines the total balance sheet rights, minimum financial standard for financing of secondary schools and student homes public needs.  Decision determines: material and financial expenditures, expenditures for material, parts and services for current and investment maintenance and



<b>and student homes public needs of the year 2018</b> (Official Gazette 7/18)	expenditures for procurement of fixed and non-financial asset investments.
<b>National pedagogical standard for elementary education system</b> (Official Gazette 63/08, 90/10)	The national pedagogical standard for elementary education system in the Republic of Croatia determines the minimum infrastructure, financial and human resource requirements for unified realization and development of elementary school education throughout the Republic of Croatia.
<b>National pedagogical standard for secondary education system</b> (Official Gazette 63/08, 90/10)	The national pedagogical standard for secondary education system in the Republic of Croatia determines the minimum infrastructure, financial and human resource requirements for unified realization and development of secondary school education throughout the Republic of Croatia.
<b>Institutions Act</b> (Official Gazette 76/93, 29/97, 47/99, 35/08)	The Act regulates the establishment of school institution in the Republic of Croatia.

**Comments:**

National legislation regarding financing of schools is in jurisdiction of:

- Government of the Republic of Croatia (<https://vlada.gov.hr/en>)
- Ministry of Science and Education of the Republic of Croatia (<https://mzo.hr/en>)
- Ministry of Finance of the Republic of Croatia (<http://www.mfin.hr/en>)

The majority of elementary and secondary school founders in Croatia are cities and counties. Consequently, Act on financing local and regional government units regulates Income Tax distribution, financing of decentralized functions, and setting minimum financial standards and determination of funds to be provided to cover expenditures for decentralized functions of schools.

Budget Act regulates planning, budget making and budget execution, asset and debt management, and local and regional government units borrowing and guarantees.

Government of the Republic of Croatia decision determines the total balance sheet rights and minimum financial standard for financing of schools public needs for the counties and cities as material and financial expenditures, expenditures for material, parts and services for current and investment maintenance and expenditures for procurement of fixed and non-financial asset investments.

Considering interdependence of jurisdictions, investments and investment relating decisions regarding schools could be complex and time-consuming process, which should be foreseen and timely planned.



## 2.2. Local and regional government financing regulation - Schools

Local and regional government regulation	Contents
<b>Public education and technical culture program/budget of the City of Split for 2018 and projections for 2019 and 2020</b> (Official Gazette of the City of Split 53/17)	The program/budget of local and regional government unit determines the funds allocated to finance programs beyond the minimum financial standards.
<b>Budget for 2018 and Projections for 2019 and 2020 of the County Splitsko dalmatinska – Elementary and secondary schools wider standard funds</b>	The program/budget of local and regional government unit determines the funds allocated to finance programs beyond the minimum financial standards.

### Comments:

Local and regional government regulation regarding financing of schools (City of Split and County Splitsko dalmatinska) is in jurisdiction of:

- City of Split (<http://www.split.hr/>)
- County Splitsko dalmatinska (<https://www.dalmacija.hr/en>)

Cities and counties as local and regional government unit determines the funds allocated to finance programs beyond the minimum financial standards.

Considering interdependence of jurisdictions, investments and investment relating decisions regarding schools could be complex and time-consuming process, which should be foreseen and timely planed.

## 2.3. Accounting regulations – Schools

National regulation	Contents
<b>Ordinance on budget accounting and Accounting plan</b> (Official Gazette 124/14, 115/15, 87/16, 3/18)	This Ordinance defines bookkeeping records, business books, bookkeeping organization, account content of the Accounting plan and other related budget accounting areas.
<b>Ordinance on the mandatory tasks and responsibilities for secretary, administrative-technical and assisting jobs at elementary schools</b> (Official Gazette 40/14)	This Ordinance defines mandatory tasks and responsibilities for Secretary, Head of Accounting, Accounting and Administrative Officer in the elementary schools.
<b>Ordinance on the mandatory tasks and responsibilities for secretary,</b>	This Ordinance defines mandatory tasks and responsibilities for Secretary, Head of Accounting, Accounting and Administrative Officer in the



<b>administrative-technical and assisting jobs at secondary schools</b> (Official Gazette 40/14)	secondary schools.
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**Comments**

National legislation regarding accounting of schools is in jurisdiction of:

- Ministry of Finance of the Republic of Croatia (<http://www.mfin.hr/en>)
- Ministry of Science and Education of the Republic of Croatia (<https://mzo.hr/en>)

Ordinance on budget accounting and Accounting plan defines bookkeeping records, business books, bookkeeping organization, account content of the Accounting plan and other areas related to budget accounting while mandatory tasks and responsibilities of key employees are defined by Ordinance on mandatory tasks and responsibilities for secretary, administrative-technical and assisting jobs at schools.

**2.4. Decision making process –Schools**

National regulation	Contents
<b>Public Procurement Act</b> (Official Gazette 120/16)	<p>This Act regulates rules and process for public procurement of goods, services and works regulating schools procurement as well as their founder’s procurement if founders are local and regional government units.</p> <p>Act sets minimum value limits as exception for which simple procurement process is accepted (up to 27.000 EUR for procurement of goods and services, up to 67.000 EUR for procurement of works).</p>
<b>Cities and Counties Acts (Statutes, Rules of Procedures, Structure)</b>	<p>Set of Acts regulates rules and process regarding school founder decision making scope and autonomy regarding energy efficiency project investments and related expenditures.</p>

**Comments**

National legislation regarding public procurement is in jurisdiction of:

- Ministry of Economy, Entrepreneurship and Crafts of the Republic of Croatia (<https://www.mingo.hr/>),

while cities and counties publish their Acts on web sites and/or local and regional Official Gazettes.

Making a decision regarding procurement (material and financial expenditures, expenditures for material, parts and services for current and investment maintenance and expenditures for procurement of fixed and non-financial asset investments) is on school founders, which are local and regional government units.



Energy Efficiency project investments and related expenditures have to be budgeted as part of local and regional government unit budget and budgeting process.

Energy Efficiency project investments and related expenditures decisions are in jurisdiction of local and regional government units.

## 2.5. Financing of Energy efficiency projects - Schools

For financing of Energy efficiency projects, investment and related expenditures, depending on founder's decision following financing may be available:

- Debt financing,
- Public Private Partnership,
- Co-financing (40%-60%),
- Energy Performance Contracting (EPC).

## 2.6. Debt financing

On Croatian market there are special lending programs for environmental protection projects, energy efficiency and renewable energy sources.

For energy efficiency projects, there are HBOR's (Croatian Bank for Reconstruction and Development) credit facilities approved through commercial banks operating in the Republic of Croatia, directly through HBOR with the risk-sharing model in co-operation with commercial banks. Major advantage is a lower interest rate of (4%).

Various commercial banks have available green lending lines. One of the most significant is the EBRD's (European Bank for Reconstruction and Development) credit facility for local and regional government units approved through various commercial banks. These credit facilities enable easier investments in energy efficiency and renewable energy projects as the result of the EBRD project implemented in co-operation with the European Union under the name of the Western Balkans Sustainable Energy Financing Facility II (WeBSEFF II).

There are grants provided for projects that meet the criteria for energy savings and / or CO2 reduction from 5% to 10% of the credit facility amount for legal entities, or 10% to 15% of the credit facility amount for local and regional government entities. Additionally, this credit facilities arrangement also offers/include free technical consultant assistance for preliminarily estimations of savings at initial stage and assess whether the projects meet the granting criteria.

### Comments

Possibility of additional borrowing: schools, local and regional government units in Croatia are limited.



## 2.7. Public Private Partnership

National regulation	Contents
<b>Public Private Partnership Act</b> (Official Gazette 78/12, 152/14)	This Act regulates the procedure for proposing and approving the proposals for public-private partnerships, monitoring the implementation of public private partnership, the content of the contract of public private partnerships and competences of the Public Private Partnership Agency.
<b>Regulation on implementation of Public Private Partnership Projects</b> (Official Gazette 88/12)	Regulation regulates the content of the information for implementing a public private partnership project, necessary documentation for public-private partnership proposal, a public and private sector structure, other criteria for approving a public private partnership project proposal, public private partnerships, the criteria for selecting the tender that the public body must use in the private partner selection process, the content of the report on the implementation, and other key issues related to the modification and / or modification of the public private partnership contracts.
<b>Concessions Act</b> (Official Gazette 69/17)	This Act regulates the procedures for granting concessions, concession contracts, and termination of concessions, legal protection in concession procedures, concession policies and other issues related to concessions.

Agency for Investments and Competitiveness is an agency of the Croatian Government (<http://www.aik-invest.hr/>) that provide full services for public private partnership projects and coordinate activities for Ministry of Finance of the Republic of Croatia approval. Agency for Investments and Competitiveness publishes public private partnership register (<http://www.aik-invest.hr/jpp/registar/>).

### Comments

Public Private Partnerships it is defined as a long-term contractual relationship between a public and a private partner for specific purpose of construction and / or reconstruction and maintenance of a public building used for providing services of public partner.

Public-private partnership enables use of expertise of the private sector and their resources, in order to contribute to the infrastructure and public sector service activities. In this way, the public sector triggers private sector activity, taking into account public interest and quality control. The private partner, on the other hand, closes the financial structure and contributes to the project by offering its expertise (depending on the type of project it may be designing, performing etc.). The private partner's financial coverage is ensured through some contractual right (concession or similar rights).

Public private partnership is potential option for energy efficiency projects for schools on larger number of schools, depending on private partner and founders' interest.

## 2.8. Co-financing

Within Competitiveness and Cohesion Operational Program on Croatian market high level of investment co-financings are available through competitiveness priorities: research and innovation, ICT, small and medium-sized enterprises, low-carbon economy and education. Additionally, more than 2.2 billion euros



are intended for environmental protection and adaptation to climate change. Also, overall, around 40% of the European Regional Development Fund intention is to support small and medium-sized enterprises, research and innovation.

The Green for Growth Fund for the Southeast Europe region was established with the mission of helping the implementation of energy efficiency measures and the use of renewable energy sources in the form of a public private partnership. The Fund is available for Southeast European countries, including Turkey and the countries bordering on this region. Financing is primarily done through direct financing of companies or households and indirectly through partnerships with other financial institutions.

The Fund's goal is to achieve a 20% reduction in energy consumption and / or a 20% reduction of CO2 emissions through its investments through:

- refinancing of financial institutions (local commercial banks, non-banking financial institutions such as institutions providing microfinance and leasing companies and other financial institutions) offering loans to households, businesses, local and regional government units and the public sector to implement energy efficiency measures or implementation of projects geared to use of renewable energy sources.
- direct financing of non-financial institutions (companies, Energy Service Company (ESCO), enterprises or projects in the field of energy efficiency, etc.) that meet the criteria of energy savings or emission reductions and meet the technical criteria for funding through this fund.

#### Comments

Possibility of additional borrowing: schools, local and regional government units in Croatia limited.

### 2.9. Energy Performance Contracting (EPC)

EPC encompasses development, performance and financing of projects to improve energy efficiency and reduce operating and maintenance costs. The goal of each project is to reduce energy costs by installing new more efficient equipment and optimizing energy systems, thus ensuring the repayment of investment through realized savings over a period of several years depending on the client and the project.

In Croatia there were a certain number of energy efficiency projects but not in the form of EPC because of legal limitations.

#### Comments

The EPC and accounting recording to be harmonized with Eurostat Guidance Note and relevant Croatian legislation.

### 2.10. Other

Croatian legislation which regulates Energy Efficiency and VAT legislation:

Energy Efficiency Act (Official Gazette 127/14), Building Act (Official Gazette 153/13, 20/17), Ordinance on energy audits and energy certification of buildings (Official Gazette 88/17), Ordinance on energy audits of construction works and energy certification of buildings (Official Gazette 81/12, 29/13,



78/13), Technical regulation on energy economy and heat retention in buildings (Official Gazette 128/15) ,VAT Act (Official Gazette 73/13).

## 2.11. Conclusions

The completed questionnaire is an overview of legislation in the Croatian environment. The comments include, among other things, legal and operational constraints for the energy efficiency projects performance focusing on schools.

### To do list:

- Explore possibility of additional borrowing: schools, local and regional government units
- Explore interest and possibilities for Public Private Partnership in energy efficiency projects
- The accounting recording of energy performance contracts
- Energy performance contract – final wording



### 3. CZECH REPUBLIC

#### 3.1. National financing regulation – Schools

National regulation	Contents
<b>Act No 128/2000 on Municipalities</b>  <b>Act No 129/2000 on Regions</b>	Schools in the Czech Republic are owned (founded) by a) regions (secondary schools) and b) municipalities (basic schools, kindergartens). Based on this Act, the ownership was shifted from state to municipalities/regions.  The Acts define the main financial responsibilities and financial management of municipalities/regions, however they do not set any specific requirements regarding schools.
<b>Act No 218/2000 on Budgetary Rules</b>  <b>Act No 219/2000 on the property of the Czech Republic</b>  <b>Act No 243/2000 Budget tax allocation</b>	The main acts that set framework for financing of public administration – national, regional, local.
<b>Act No 561/200 – School</b>	The act regulates pre-school, primary and secondary education levels. It sets concrete conditions for financing of schools from the state budget.
<b>State Budget Act</b>	This Act regulate concrete budget for a specific year.

#### Comments

Applying the above acts at regional and local level in relation to financing of schools, situation is the following:

- Cost/Expenditures related to property (i.e. buildings) is paid by the owner/founder – regions or municipalities. Owner/founder decide about any investment, reconstruction etc., to be paid from regional/local budget.
- Cost/expenditures related to the “main process”, i.e. educational role of schools (e.g. salaries of teachers) is under management of schools themselves, and is paid from a school budget.

#### 3.2. Local and regional government financing regulation - Schools

The basic conditions for budgeting and financing on regional/local level are regulated by national financing regulations (see 3.1) and each region/municipality has their regional/municipal budgets for every year.



### 3.3. Accounting regulations – Schools

National regulation	Contents
<b>Act No 563/1991 on Accounting</b>	Basic Act that sets all accounting rules for organizations. It applies on public organizations as well.
<b>Decree No 410/2009</b>	The decree further elaborates in details some requirements of the Accounting Act.
<b>Decree No 383/2009</b>	The decree sets some specifics for accounting of public organizations and establishes the Central system of accounting information of the State.

### 3.4. Decision making process – Schools

National regulation	Contents
<b>Act No 128/2000 on Municipalities</b> <b>Act No 129/2000 on Regions</b>	Acts defines the main rights and responsibilities of municipalities/regions (i.e. the owners/founder of schools).
<b>Act No 134/2016 on Public Procurement</b>	The Act regulates procurement of goods, services and construction works tendered by public organizations – including schools and regions/municipalities.

#### Comments

The decisions regarding investment and procurement are under responsibility of owners/founders management, i.e. regions or municipalities. Small-scale procurement of operational material (e.g. sanitary material) and basic services (e.g. repair) can be delegated to schools in way that each school has its economist / financial manager.

### 3.5. Financing of Energy efficiency projects - Schools

For financing of school renovations, including investment into energy efficiency and Renewable Energy Sources (RES) projects, the following financial instruments are used in the Czech Republic:

- Financing from regional/local budget,
- Funding from European Regional Development Fund (ERDF) operational programmes or national funding support programmes,
- Energy Performance Contracting (EPC),
- Debt financing (often in combination with EPC)



### 3.6. Debt financing

Czech commercial banks offer standard grants, and also operate credit lines of foreign or international banks (e.g. EIB, KfW):

- Standard loans: There are not any specific programmes (financial products) for energy efficiency projects or public buildings projects. On the other hand, regions and municipalities are considered less risky clients, so they can obtain lower interest rate.
- Credit lines: Selected Czech commercial banks have operated credit lines of foreign or international banks focused specifically on energy efficiency and RES. However these credit lines targeted only SMEs not public sector.

Debt financing are often combined with EPC. Money for investment is provided by bank, not by ESCO. (See chapter 3.9. for details)

#### Comments

The borrowing is permitted for regions and municipalities but limited for state entities.

### 3.7. Public Private Partnership

Procedure for granting concession and concluding concession contracts is regulated by the Act No 134/2016 on Public Procurement, in which specific section is dedicated to concessions.

PPP is used to a certain extent, constructing of transport or water infrastructure but not for investments in the buildings.

Theoretically, concession procedure could be used for Energy Supply Contracting e.g. a private company invests into modernization of boiler room and then operates it. However, for traditional EPC or Energy Demand Contracting that includes projects on energy efficiency, standard procurement procedures apply.

### 3.8. Co-financing

Projects on energy efficiency and/or RES installation in schools can be supported from the following sources:

- ERDF – Operational Program Environment 2014-2020 (“hard” investment),
- National “State programme on support of energy savings and use of RES” (also “soft” projects – i.e. analyses, etc.)



Funding programme	Contents
<p><b>ERDF – Operational Programme Environment 2014 - 2020</b></p>	<p>Priority axis no. 5 focuses on energy efficiency and RES in public buildings. Only public sector can apply for a subsidy (e.g. schools, municipalities, state- or municipality-funded institutions, etc.), private sector is excluded.</p> <p>The priority axis includes two specific areas:</p> <ul style="list-style-type: none"> <li>• 5.1. Decrease of energy efficiency and increase of RES use in public buildings</li> <li>• 5.2. High energy standard of newly constructed public buildings – aims at construction of new public buildings in a passive standard</li> </ul> <p>Depending on measures and particular conditions of the project, funding can be around 40%. If combined with EPC, the funding is +10%. Moreover, the applicants can apply for a preferential loan provided by the State Environmental Fund even up to 100% of the total project value.</p>
<p><b>Programme EFEKT</b></p>	<p>Programme EFEKT is the national programme (“State programme on support of energy savings and use of RES”) funded from state budget and operated by the Ministry of Industry and Trade.</p> <p>It supports several energy efficiency-related activities in buildings although the funding (project budget) is much lower compared to ERDF-funded projects.</p> <p>Relevant sub-programmes that can be used by schools (directly or via their founders (regions, cities)) include:</p> <ul style="list-style-type: none"> <li>• 1B Reconstruction of heating system and heating source (funding 50%, max 80 thousand EUR)</li> <li>• 1C Energy efficiency measures in buildings implemented by using EPC method (funding 50%, max 80 thousand EUR)</li> <li>• 2D Implementation of energy management systems (funding 70%, max 20 thousand. EUR)</li> <li>• 2E EPC feasibility studies (analysis whether/which buildings are suitable for EPC) (funding 50%, max 8 thousand EUR)</li> <li>• 2F Preparation of energy efficiency projects (funding 50%, max 4 thousand EUR)</li> </ul>

### 3.9. Energy Performance Contracting (EPC)

ESCO/EPC market in the Czech Republic is quite well developed and recognized in Europe. It is used mainly in a public sector, while private sector is still perceived by ESCO companies as too risky. However, there are examples of projects in industry.

For EPC tenders, standard procedures given by the Act No 134/2016 on Public Procurement are used.

It has developed in a way that today it is not primarily about financing (client can finance the investment from its own budget or commercial loan), but other aspects play an important role, i.e. energy



management implementation and operation, guarantee of savings (and verification via IPMVP protocol), and guarantee that the measure is implemented by really capable company.

EPC projects are always implemented in a way that each project covers several public buildings of the same owner, so called “packages”. Implementing a project for a small number (or even one) buildings is not economically feasible.

At regional level, Pardubický Region is the most developed. They started with the 1st package in 2006, now they are tendering the 8th package. At municipal level, there are several cities that have implemented EPC projects.

Schools are very popular buildings for ESCO. The reason is that many of them have already been insulated and windows changed, so EPC projects can focus on measures with lower payback period, which makes the projects economically attractive.

### 3.10. Other

EPC projects implemented in schools (source: <http://www.apes.cz/mapa-projektu.php>)

<ul style="list-style-type: none"> <li>• Brno (2002)</li> <li>• Česká Lípa (2004)</li> <li>• České Budějovice (2012)</li> <li>• Český Těšín (2015)</li> <li>• Děčín (2001)</li> <li>• Doksy (2009)</li> <li>• Holice (2014)</li> <li>• Hradec Králové (2x 2011)</li> <li>• Hronov (2012, 2015, 2017)</li> <li>• Jablonec nad Nisou (1998, 2016)</li> <li>• Jablonné v Podještědí (2006)</li> <li>• Jeseník (2015)</li> <li>• Jilemnice (2017)</li> <li>• Klatovy (2013)</li> <li>• Kolín (2017)</li> <li>• Kopřivnice (2014)</li> </ul>	<ul style="list-style-type: none"> <li>• Krnov (2013)</li> <li>• Liberec (2004, 2012)</li> <li>• Litoměřice (2016)</li> <li>• Litomyšl (2015)</li> <li>• Mělník (2x 2006, 2008)</li> <li>• Mladá Boleslav (2003, 2004)</li> <li>• Mnichovo Hradiště (2017)</li> <li>• Moravská Třebová (2015)</li> <li>• Most (3x 2003)</li> <li>• Neratovice (2013)</li> <li>• Nymburk (2014)</li> <li>• Olomouc (2007)</li> <li>• Opava (2014)</li> <li>• Ostrava (2012)</li> <li>• Pardubice (2x2006, 2x2007, 2008, 2016)</li> <li>• Písek (2013, 2015)</li> </ul>	<ul style="list-style-type: none"> <li>• Plzeň (2001, 2003, 2005)</li> <li>• Praha (2000, 2001, 2x 2003, 2006, 2007, 2008, 3x 2009, 2x 2010, 2014)</li> <li>• Přelouč (2017)</li> <li>• Rakovník (2002)</li> <li>• Skuteč (2016)</li> <li>• Slaný (2009)</li> <li>• Šluknov (2018)</li> <li>• Uherské Hradiště (2006)</li> <li>• Ústí nad Labem (2002, 2003)</li> <li>• Valašské Meziříčí (2004)</li> <li>• Velké Poříčí (2017)</li> <li>• Velký Osek (2017)</li> <li>• Zábřeh na Moravě (2007, 2013)</li> <li>• Zlín (2006)</li> </ul>
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## 4. HUNGARY

### 4.1. National financing regulation – Schools

National regulation	Contents
<b>Act CXC of 2011 on national education</b>	State funded schools are eligible for normative subvention which is defined by a special calculation methodology based on the number of students resulting in pedagogical status as the base of subvention.  There are different financial mechanisms and methodologies for primary schools, secondary schools and vocational training.
<b>Act on the year budget of Hungary (e.g.: 2017/CXXV)</b>	The Act regulates yearly planning of national budget including planning, execution, asset and debt management, public debt management and details of public financing.
<b>XXXIII Act of 1992 on payments of public employees</b>	The payments of teachers are defined by this regulation based on a matrix considering teachers' education (type of diploma), time spent in service etc.

### 4.2. Local and regional government financing regulation – Schools

Local and regional government regulation	Contents
<b>CXC Act of 2011 on National education</b>	The Act appoints a national authority named KLIK (Klebsberg Institution Maintenance Centre) to be responsible for state funded schools in Hungary.

### 4.3. Accounting regulations – Schools

National regulation	Contents
<b>CXC Act of year 2000 on accountancy</b>	Act defines that schools must have an independent accountancy (e.g.: to have a cashier, bank account, etc.), submit a yearly tax declaration, and employ an accountant.
<b>CXXVII Act of 2007 on Value Added Tax</b>	Act defines that schools are usually VAT exempted.



#### 4.4. Decision making process – Schools

National regulation	Contents
<b>CXC Act of 2011 on national education</b>	Act defines that schools lay down basics of decision making processes in their pedagogical programme and internal policies. Religious and private schools has different regulations on decision making processes.

##### Comments

Act on vocational education (2011./CCXXVI) defines its rules on decision making in vocational education.

#### 4.5. Financing of Energy efficiency projects - Schools

For financing of energy efficiency projects in Hungary, investment and related expenditures, depending on founder's decision following financing may be available:

- EU grants for energy efficiency investments,
- Debt financing – there are substantial funds for low interest rate loans handled by the Hungarian Development Bank,
- Public Private Partnership,
- Energy Performance Contracting (EPC).

Through the re-nationalisation of schools between the year 2014 and 2016 (previously owned and operated by local and county governments), the local governments have no actual role anymore in energy efficient projects in schools in Hungary.

##### Comments

All schools are state owned, therefore all ongoing investment/renovations are financed either from domestic budget or EU structural funds. No other financial methods applied.

In the 2014-2020 programming period, for school renovation there are HUF 32, 4 billion available:

- HUF 21 Billion for elementary schools,
- HUF 8 Billion for vocational schools,
- HUF 3,4 Billion for ecclesiastic schools,
- HUF 1.47 Billion available for local elementary schools – county Zala.

#### 4.6. Debt financing

In Hungary, there are special lending programs for environmental protection projects, energy efficiency and renewable energy sources operated by the Hungarian Development Bank (MFB).

The different financial solutions offered by MFB with favourable interest rates provide municipalities opportunity to finance infrastructural investments as part of their obligatory or voluntary tasks, and to have the necessary own contribution for participating in tenders published for them:



- interest rate (cc. 1,5%) - financing for a long term period,
- additional resource for any grant the municipalities receive,
- no necessity of contribution - suitable for large debt financing,
- financing of already initiated investment,
- local government cooperation investments can be financed.

#### 4.7. Public Private Partnership

There is no complex PPP legislation in Hungary - including a proposed context of the PPP contracts considered as a general contract form.

##### Comments

Because of the re-nationalisation of schools (previously owned and operated by local and county governments), the local government loses interest in energy efficiency or RES investments in schools.

#### 4.8. Co-financing

This financing method is not relevant for school renovations in Hungary at present.

##### Comments

Economic Development and Innovation Operational Programme offer new combined grants and loans introduced for SME's in the year 2016 support is provided for projects of energy efficiency combined with renewable energy projects. Within the project the part aiming to energy efficiency must account for at least 30% of the costs, the part aiming for the use of renewable energy must account for at least 10% of the costs.

Benefits:

- Non-refundable support: min. 3 million HUF and max. 50 million HUF,
- Loan: min. 3 million HUF, max. 50 million HUF,
- Level of non-refundable support: max. 45%.

#### 4.9. Energy Performance Contracting (EPC)

Because of the re-nationalisation of schools (previously owned and operated by local and county governments) the local government loses interest in energy efficiency or RES investments for schools.

General information on the conclusion of energy efficiency-based contract, the description of contents of the contracts is available on the Energy Efficiency website where a contract template can also be downloaded. Available at: (<http://enhat.mekh.hu/index.php/esco-konstrukcio/>)



#### Comments

The once flourishing (1990– cc. 2008) Hungarian ESCO market drastically declined into recession due to numerous factors. The possibilities narrowed, market volume shrank and the number of ESCO companies decreased from 20–30 to 6–8 by 2014. There was limited prospect of ESCO at local government level before 2017, until the TOP (Territorial and Settlement Operational Programme) grants have been distributed.

The remaining ESCO activities occur mainly in private companies, however the low energy prices caused a hold up in that sector as well.

The Energy Efficiency Directive creates some market potential for ESCO: 1600 large companies have to prepare energy audits. These audits provide a pool of potential energy efficiency projects – many of them likely to be ESCO financed. The government set up a public ESCO (the entrance of a public ESCO can either distort the competitive market or beneficial via enhancing knowledge and trust), and a Green Bank was announced in early 2015, with functions including ESCO financing, among many others. Nevertheless, the Bank has not been set up yet.

#### 4.10. Other

No further comments.

#### 4.11. Conclusions

Nationalisation has been completed for nearly all schools (previously owned and operated by local and county governments). Therefore the local governments, as the owner, lost interest in energy efficiency or RES investments, as the benefits accrue to the state.

At present, there are no specific plans for innovative funds or promoting public-private partnerships through for example, energy performance contracting. The Government does not encourage this financing scheme, and municipalities are suspicious towards it.

However, after the EU structural funds run out, new alternative financing methods will again be necessary.

#### To do list

- To raise awareness for alternative financing methods (i.e. ESCO)
- To present best practices for municipalities for innovative financing
- Get municipalities involved of direct calls focusing on EE innovative investments



## 5. ITALY

### 5.1. National financing regulation – Schools

National regulation	Contents
<b>The Good School – School Buildings</b>	The school building fund has a budget of 3.9 billion for the safety, renovation and construction of school buildings.
<b>The Good School – Energy Audit on School Buildings</b> <b>Act n.107/2015</b>	The Act has authorized the expenditure of 40 million euros for the year 2015 to finance diagnostic investigations of school buildings.
<b>NOP funds</b>	Under the NOP (National Operational Program using the ERDF - European Regional Development Fund) 2007/2013, the Ministry has also financed school building projects with European funds. The interventions mainly concern energy efficiency, safety, accessibility, attractiveness and sports facilities. Within the new Pon 2014/2020 380 million of the ERDF will be used for the improvement of safety, energy efficiency, and usability of school environments.
<b>D.L. n. 66/2014</b>	The #scuolenuove project, aimed at new school buildings or the complete renovation of existing ones.
<b>National planning for school buildings for the three-year period 2018-2020.</b>	The available resources amount to a total of 1.7 billion euros. The regions will be authorized to take out mortgages, with amortization charges to be borne by the State, with the aim of favouring extraordinary restructuring, improvement, safety measures, seismic upgrading, energy efficiency of school buildings, as well as for the construction of new public school buildings.

#### Comments:

For the first time, in May 2015 Italy established a three-year national program of school building interventions for the 2015/2017 period. To this were added, among other measures, the EIB loans for the financing of the interventions included in the regional school building plans and the “#scuolesicure” and “#scuolebelle” actions for the safety and standardization of buildings and for minor maintenance interventions, decoration and functional restoration of school buildings.



## 5.2. Local and regional government financing regulation - Schools

Local and regional government regulation	Contents
<b>POR-FESR</b>	Plans that support both the public and private sectors in order to improve the energy efficiency

### Comments:

Many Italian regions publish regional calls (usually called POR-FESR - plans for regional development) with which they support both the public and private sectors in order to improve the efficiency of various buildings (condominiums, public buildings, school buildings and public administration offices). The calls make a budget available and the different proposals are evaluated and each one is assigned a score. A ranking of the best projects is created and these are financed until all the economic resources are exhausted.

## 5.3. Accounting regulations – Schools

National regulation	Contents
<b>D.I. 44/2001</b>	Regulation concerning the "General instructions on administrative and accounting management of educational institutions".

### Comments

The decree provides general instructions on the administrative-accounting management for educational institutions e.g. legal entity and autonomy. The financial management of educational institutions in terms of competence is based on criteria of effectiveness, efficiency and economy and conforms to the principles of transparency, annularity, universality, integrity, unity, truthfulness.

## 5.4. Decision making process –Schools

In Italy a decision making process (material and financial expenditures, schools and schools) in procurement is in responsibility of municipalities for minor schools (kindergartens, elementary and middle schools) and the provinces for high schools.

Energy Efficiency project investments and related expenditures have to be budgeted as part of local budget and the municipal council must approve the related expenses with a shared document.

The school principal cannot authorize any kind of expense, he can only ask the municipality or the province to intervene economically if it is necessary to make an expense.



### 5.5. Financing of Energy efficiency projects - Schools

For financing of Energy efficiency projects, investment and related expenditures, depending on Municipality or Province decision following financing may be available:

- Ministry financing
- Energy Performance Contracting (EPC)
- Regional financing projects

### 5.6. Ministry financing

The Ministry of Education, Universities and Research funds, with its own funds, projects to raise awareness of schools of all levels on the subject of school buildings to make learning environments suitable for students.

For each region the budgets and the number of interventions to be implemented during the three years are planned.





National plans are very important because they represent the only possibility for schools access to the mortgages. The interventions are financed through the EIB (European Investment Bank) mortgages, soft loans with amortization charges to be borne by the State that can be activated by the Regions. Restructuring, safety measures, earthquake-proofing, energy efficiency of schools, buildings will be financed for high-level artistic, musical and dance training or for housing and residences for university students.

### 5.7. Energy Performance Contracting (EPC)

The EPC in Italy is struggling to find diffusion. It meets identifiable diffusion difficulties:

- lack of an adequate analysis of this contractual model and of the advantages it can bring in economic terms and environmental sustainability,
- regulatory uncertainty regarding the essential elements of the contract,
- uncertainty of results achievements,
- moreover, having to be consistent with the Italian Code of Public Contracts, its application and, consequently, its diffusion becomes more difficult.

From this it follows that even if formally applicable, in Italy, it is not used for obvious regulatory obstacles.

### 5.8. Conclusions

The document is an overview of Italian legislation: we can see that it include, among other things, legal and operational constraints for the energy efficiency projects performance focusing on schools.

#### To do list

- Explore possibilities for Public Private Partnership in energy efficiency projects
- Explore possibilities to joint of energy performance contracts with the Italian Code of Public Contracts
- Explore possibilities of access to subsidized loans with simplified procedures for Municipalities wishing to make school buildings more efficient



## 6. POLAND

### 6.1. National financing regulation – Schools

National regulation	Contents
<p><b>Act of 14 December 2016 - Educational Law</b> (Journal of Laws 2017 item 59)</p>	<p>The Act regulates types of schools and kindergartens existing in Poland; principles of organization of pre-school education; principles of fulfilling the compulsory schooling; the obligation to learn and the obligation to pre-school preparation, principles of management of schools and public institutions, including the list and scope of competences of school heads and institutions; pedagogical councils and social organs in the education system (parents' councils, National Educational Council and voivodship educational councils and student self-governments); principles of organizing education, upbringing and care in schools and public institutions; rules of admission to public kindergartens, public other forms of pre-school education, public schools and public institutions; rules for educating people coming from abroad; principles of operation of schools and non-public institutions; principles of the teacher training centres. The Act also regulates basic requirements for financial planning of educational facilities. For instance, according to art. 70 sec. 2 point 2, art. 80 sec. 2 point 2 and art. 84 sec. 2 point 3 of the Act, the draft financial plan of the educational facility has to be approved by the Teachers' Council, the Parents' Council and the School Council (if it has been appointed).</p>
<p><b>Act of 8 March 1990 on Municipal Self-Government</b> (Journal of Laws 1990 No. 16, item 95)</p>	<p>The gmina (municipality) is the principal unit of the administrative division of Poland, similar to a commune. There are 2,478 gminas throughout the country.</p> <p>Gminas (municipalities) are usually responsible for management and financing of primary schools and kindergartens in Poland.</p>
<p><b>Act of 5 June 1998 on Powiat Self-Government</b> (Journal of Laws 1998 No. 91, item 578)</p>	<p>A powiat is the second-level unit of local government and administration in Poland, equivalent to a county, district or prefecture in other countries. The term "powiat" is most often translated into English as "county" or "district". A powiat is part of a larger unit, the voivodship (Polish województwo) or province. A powiat is usually subdivided into gminas (in English, often referred to as "communes" or "municipalities").</p> <p>Powiats are usually responsible for management and financing of high schools and vocational schools in Poland. Several Polish municipalities (cities) have the status of both municipalities (gminas) and powiats.</p>
<p><b>Act of 7 September 1991 on the system of education</b> (Journal of Laws 1991 No. 95 item 425 with further amendments)</p>	<p>From 1 January 2018, this Act regulates school examinations system, material help for students (in part, next to the Act of 27 October 2017 on financing of educational tasks (Journal of Laws 2017, item 2203)), principles for assessing, classifying and promoting pupils in public schools.</p>
<p><b>Regulation of the Minister of Culture and National Heritage of 29</b></p>	<p>The regulation specifies detailed rules and conditions for granting and</p>



<p><b>January 2018</b> on detailed rules and conditions for granting and withdrawing a permit to set up a public art school by a legal person or a natural person (Journal of Laws 2018, item 301)</p>	<p>withdrawing a permit to set up a public art school by a legal person or a natural person.</p>
<p><b>Regulation of the Minister of National Education of 18 August 2017</b> on detailed rules and conditions for granting and withdrawing a permit to establish a school or public institution by a legal person or a natural person (Journal of Laws 2017, item 1625)</p>	<p>The regulation specifies detailed rules and conditions for granting and withdrawing a permit to establish a school or public institution by a legal person or a natural person.</p>
<p><b>Regulation of the Minister of National Education of 29 June 2017</b> on acceptable forms of implementation of compulsory sport education classes (Journal of Laws 2017, item 1322)</p>	<p>The regulation specifies acceptable forms of implementation of compulsory sport education classes.</p>
<p><b>Regulation of the Minister of National Education of 17 March 2017</b> on the detailed organization of public schools and public kindergartens (Journal of Laws 2017, item 649)</p>	<p>The regulation specifies the rules of organization of public schools and public kindergartens.</p>
<p><b>Act of 27 October 2017 on financing of educational tasks</b> (Journal of Laws 2017, item 2203)</p>	<p>The Act sets out the rules for financing educational tasks, including in particular the rules for the provision of general educational subsidies; principles of financing non-public pre-school education institutions, schools and institutions as well as public pre-school education centers, schools and facilities run by ministers, legal persons not being local government units and natural persons; financial settlements between local government units; fees for using pre-school education; purpose subsidy for co-financing tasks in the field of pre-school education; equipping public and non-public schools and school consultation points with textbooks, educational materials and exercise materials; financing of material assistance benefits; financing of regional, local and government programs; other subsidies from the state budget.</p>
<p><b>Regulation of the Minister of National Education of 14 December 2017 on granting subsidies to local self-government units</b> from the state budget for co-financing tasks in the field of pre-school education (Journal of Laws 2017 item 2425)</p>	<p>The Regulation specifies the rules of granting subsidies to local self-government units from the state budget for co-financing tasks in the field of pre-school education. The regulation specifies in particular the mode of granting and the method of settlement of the subsidy referred to in art. 53 par. 1 of the Act of 27 October 2017</p>
<p><b>Act of 13 November 2003 on revenues of local government units</b> (Journal of Laws 2003 No. 203, item 1966)</p>	<p>The Act sets out: 1) sources of income of local government units and rules for determining and collecting these revenues; 2) rules for determining and transferring general subsidies and targeted subsidies from the state budget.</p>
<p><b>Regulation of the Minister of National Education of 15 December 2017</b> on the manner of dividing the</p>	<p>The Regulation specifies the rules of of dividing the educational part of the general subsidy for local government units in 2018.</p>



<p>educational part of the general subsidy for local government units in 2018 (Journal of Laws 2017, item 2395)</p>	
<p><b>Act of 17 December 2004 on liability for violation of public finance discipline</b> (Journal of Laws 2005 No. 14 item 114)</p>	<p>The Act defines the principles and scope of liability for violation of public finance discipline, competent authorities and proceedings in cases concerning violation of public finance discipline.</p>
<p><b>Act of 27 August 2009 on public finance</b> (Journal of Laws 2009 No. 157 item 1240)</p>	<p>The act sets out:</p> <ol style="list-style-type: none"> <li>1) scope and principles of operation and organization of budgetary units and self-government budgetary establishments;</li> <li>2) scope and principles of operation of executive agencies, institutions of the budgetary economy and state earmarked funds;</li> <li>3) operating principles of public finance sector entities in the field of financial management;</li> <li>4) rules and procedures for the control of processes related to the collection and distribution of public funds and the management of property;</li> <li>5) principles of state public debt management as well as prudential and remedial procedures;</li> <li>6) the rules and procedure for drawing up and adopting the State Long-Term Financial Plan;</li> <li>7) rules and procedure for the preparation and adoption of a long-term financial forecast of a local government unit;</li> <li>8) rules and procedure for drawing up the state budget in a task-based system;</li> <li>9) scope and detail as well as the rules and procedure for planning, adopting and implementing the state budget and budgets of local government units;</li> <li>10) specific accounting, planning and reporting rules applicable in the public finance sector;</li> <li>11) principles of managing public funds from the budget of the European Union and from other foreign sources;</li> <li>12) Principles of management control and internal audit as well as coordination of management control and internal audit in units of the public finance sector.</li> </ol>
<p><b>Regulation of the Minister of Finance of 7 December 2010</b> on the manner of conducting financial management of budgetary and self-government units budgetary establishments (Journal of Laws 2015 item 1542)</p>	<p>The regulation specifies the manner of conducting financial management of budgetary and local government units budgetary establishments (including schools), in particular:</p> <ol style="list-style-type: none"> <li>1) the manner of preparing financial plans;</li> <li>2) the manner of making changes in the financial plans of budgetary entities and approving these changes;</li> <li>3) the mode of collecting incomes and making expenditures of state budgetary units;</li> <li>4) the method of determining the surplus of current assets in self-</li> </ol>



	government budgetary establishments.
<b>Regulation of the Minister of Finance of 10 January 2013</b> on the multi-annual financial forecast of a local government unit (Journal of Laws 2015, item 92)	The regulation specifies: 1) a template for a long-term financial forecast of a local government unit; 2) the manner of submitting the resolutions related to forecast by a local government unit to the regional auditing office; 3) the manner and dates of submitting documentation related to forecasts by the regional auditing offices to the Minister of Finance.
<b>Regulation of the Minister of Finance of 2 March 2010</b> on the detailed classification of revenues, expenses, revenues and expenditures and funds from foreign sources (Journal of Laws 2014, item 1053)	The regulation specifies detailed classification of incomes, expenses, revenues and expenditures and funds from foreign sources, following the Public Finance Act.

#### Comments

National legislation regarding financing of schools is mainly in jurisdiction of:

- Ministry of National Education of the Republic of Poland (<http://en.men.gov.pl>)
- Ministry of Finance of the Republic of Poland (<https://www.mf.gov.pl/en/news>)

The founders of schools are usually cities and counties. The main legal Acts concerning financing of education are:

- Act of 14 December 2016 - Educational Law (Journal of Laws 2017 item 59),
- Act of 7 September 1991 on the system of education (Journal of Laws 1991 No. 95 item 425 with further amendments),
- Act of 27 October 2017 on financing of educational tasks (Journal of Laws 2017, item 2203),
- Act of 13 November 2003 on revenues of local government units (Journal of Laws 2003 No. 203, item 1966),
- Act of 27 August 2009 on public finance (Journal of Laws 2009 No. 157 item 1240),
- Act of 17 December 2004 on liability for violation of public finance discipline (Journal of Laws 2005 No. 14 item 114).

Considering interdependence of legal regulations and governance levels, investment-related decisions regarding schools are complex and time-consuming, which have to be timely planned.

#### 6.2. Local and regional government financing regulation - Schools

Local and regional government regulation	Contents
<b>Act of 15 March 2002 on the system of the Capital City of Warsaw</b> (Journal of Laws of 2002 No. 41 item 361) ( <a href="#">link</a> )	The Act regulates the issues of the system of the capital city of Warsaw. It states that Warsaw is a commune with the status of a city with poviat rights. The governing body is the City Council of the Capital City of Warsaw. The Act also states that in addition to the tasks provided for by the provisions concerning municipal and district self-government, the Capital City of Warsaw provides the necessary conditions for functioning in the city of central and central state organs, foreign



	<p>diplomatic representations and consular offices and international organizations, accepting foreign delegations, functioning of public infrastructural devices of significance for the city's capital functions. These tasks form part of a set of tasks commissioned in the field of government administration.</p>
<p><b>Statute of the Capital City of Warsaw</b> (resolution of the City Council of the Capital City of Warsaw No. XXII/743/2008 from 10 January 2008)</p>	<p>Statute of the Capital City of Warsaw, also known as the "constitution of Warsaw", is the most important resolution of the City Council of Warsaw clarifying the provisions of local government laws and the system of Warsaw. The Statute for its validity requires approval by the Prime Minister of the Republic of Poland. The statute provides for a significant decentralization of Warsaw in accordance with the principle: one city but based on 18 self-governing districts. In particular, sec. 44 para. 2 point 5 letter as of the Statute specifies the rules of the transfer of the City's competences in the field of education to its districts.</p>
<p><b>Resolution No. XLVI/1422/2008 of the Council of the Capital City of Warsaw of 18 December 2008</b> regarding the transfer of certain tasks and competences of the Capital City of Warsaw to the districts of the Capital City of Warsaw</p>	<p>The resolution specifies the tasks and competences of the Capital City of Warsaw in the field of local affairs, handed over to the districts of the Capital City of Warsaw. In terms of the tasks and competences held, the President of the Capital City of Warsaw may authorize the management board district or people who are part of the district board to perform other tasks and competences, not mentioned in the resolution, also in matters not local in nature. The mode and forms of supervision and coordination of the President of the Capital City of Warsaw over the performance of tasks and competences mentioned in the resolution are defined by district statutes.</p>
<p><b>Resolution No. LIX/1539/2017 of the Council of the Capital City of Warsaw of 14 December 2017</b> regarding the Multi-Annual Financial Forecast of the Capital City of Warsaw for 2018-2045</p>	<p>The Multi-Annual Financial Forecast (MAFF) is the financial management instrument of the Capital City of Warsaw, developed in accordance with the provisions of the Act of 27 August 2009 on public finance (Journal of Laws of 2016, item 1870). MAFF is a strategic document used to develop a forecast of necessary current expenditures and to set investment opportunities in the context of effective management of financing needs. MAFF is also a document raising the level of transparency and openness of the finance of the Capital City of Warsaw, serving, among others, assessment of its financial standing and creditworthiness. As part of the current Forecast, it is planned to build infrastructure facilities, including 25 kindergartens, 17 schools, 14 metro stations, 12 nurseries, 2 hospitals and modernization: 63 schools, 16 kindergartens, 6 hospitals, 5 nurseries and 2 clinics.</p>
<p><b>Resolution No. LXXXI/2334/2010 of the Council of the Capital City of Warsaw of 28 April 2010</b> on the mode of work on the draft budget resolution and the procedure for adopting the budget of the Capital City of Warsaw</p>	<p>The Resolution regulates the mode of work on the draft budget resolution of the Capital City of Warsaw, procedures for adopting the budget of the Capital City of Warsaw and the type and details of information material accompanying the draft budget and the scope and form of information on the progress of the budget implementation of the Capital City of Warsaw for the first half of the budget year.</p>
<p><b>Resolution No. LIX/1540/2017 of the Council of the Capital City of Warsaw of 15 December 2017</b> on the budget of the capital city of</p>	<p>The mode of work on the budget of the local government unit is regulated by art. 234, 238 and 239 of the Act of 27 August 2009 on public finance (Journal of Laws of 2017, item 2077) as well as the</p>



Warsaw for 2018	resolution no. LXXXI/2334/2010 of the Council of the Capital City of Warsaw of 28 April 2010. The most important elements of the Warsaw budget for 2018 are high expenditures on education - PLN 3,743 million and on investments - PLN 2,843 million. Capital expenditures are planned for PLN 3.139 billion, which means an increase in relation to the plan for 2017 by 49.6%, i.e. by PLN 1.041 billion1.
<b>Education development program in Warsaw in 2013-2020</b> (Resolution No. LXIII/1751/2013 of the Council of the Capital City Warsaw of 29 August 2013)	The education development program in Warsaw in the years 2013-2020 is a strategic document describing the goals and means of development of Warsaw education. The education development program in Warsaw in 2013-2020 indicates the objectives, areas and directions of activities that will be implemented in the developed modules and projects and reflected in the educational priorities adopted each year. Issues covered in the document correspond with the strategic programs of the Warsaw Social Strategy - Strategy for Solving Social Problems for the years 2009-2020, in particular such as: "Family" Program for the years 2010-2020; Warsaw Action Program for the Disabled for the years 2010-2020; Innovative Warsaw; A city of culture and citizens. Culture development program in Warsaw until 2020 - Assumptions.

#### Comments

In 2018, the Capital City of Warsaw plans to allocate a total of PLN 4,010 million (approx. 1 billion euro) for education, which accounts for 22.7% of the City's budget. The city will receive PLN 1,765 million from the state budget for tasks related to education (educational subsidy)<sup>2</sup>. Therefore, Warsaw will allocate more than twice the amount of education subsidy from the state budget to finance its educational tasks. A similar situation does not occur in any other large Polish city. One of the reason for this is the wide range of renovation works carried out in schools and educational institutions, including the use of modern energy efficiency improvement measures in pursuit of meeting the EU standards.

During school year 2016/2017, in Warsaw there were 1,754 public and non-public educational institutions, including: 805 kindergartens, 334 elementary schools, 52 junior high schools, 187 general high schools, 172 vocational schools and 94 schools and special kindergartens<sup>3</sup>. There are two main management systems of public educational institutions: schools managed directly by the Education Office of the City of Warsaw and schools managed by the 18 districts of the City<sup>4</sup>.

<sup>1</sup> Approx. 1 EUR = 4.15 PLN

<sup>2</sup> <http://www.um.warszawa.pl/budzetwpigulce/2018-budzet-edukacja>

<sup>3</sup> ibidem

<sup>4</sup> City of Warsaw, Information on the state of implementation of educational tasks in the Capital City of Warsaw in the 2016/2017 school year, Warsaw, 2017, [http://edukacja.warszawa.pl/sites/edukacja/files/informacja-o-realizacji-zadan/15289/attachments/informacja\\_o\\_stanie\\_realizacji\\_zadan\\_oswiatowych\\_w\\_m.st.\\_warszawie\\_w\\_r.szk.\\_2016-2017.pdf](http://edukacja.warszawa.pl/sites/edukacja/files/informacja-o-realizacji-zadan/15289/attachments/informacja_o_stanie_realizacji_zadan_oswiatowych_w_m.st._warszawie_w_r.szk._2016-2017.pdf), p. 79, p. 81



Starting from 2008, calculating funds transferred to districts of the Capital City of Warsaw for the implementation of current tasks in the field of education (sections 801 - Education and upbringing and 854 - Educational care) takes place in particular on the basis of the principle “funding follows the student”. This principle is the basis for calculating funds for the activities of kindergartens, primary schools, junior high schools, general and vocational schools and vocational schools (the variable part of the budget). In addition, from 2010, according to this principle, the funds for pre-school classes in schools are calculated. The fixed part of the budget is calculated based on actual costs incurred in the previous year. The competence of districts' management boards includes the allocation of funds to individual schools and educational institutions. Transfer of competences in this regard to districts took place in particular on the basis of the following legal provisions:

- § 44 para. 2 point 5 letter a of the Statute of the Capital City of Warsaw, introduced by the resolution of the City Council of the Capital City of Warsaw No. XXII/743/2008 of 10 January 2008,
- § 8 para. 1 of the resolution No. XLVI/1422/2008 of the Council of the Capital City of Warsaw of 18 December 2008 regarding the transfer of certain tasks and competences of the Capital City of Warsaw to the districts of the Capital City of Warsaw.

The division of roles in the field of creating the budget of the Capital City of Warsaw in the area of education can be described as follows:

- **Education Office** prepares budget assumptions in the area of education, sets out guidelines for districts to construct the budget, indicating the hierarchy of planned expenditures, determines the amount of funds that districts must plan for training of teachers, determines the actual and “standardized number” of students,
- **Treasurer of the Capital City of Warsaw** defines the global amount of funds allocated for the districts for education, determines the amount of the financial support for 1 standardized student,
- **Districts** divide financial resources into individual tasks and educational units, and also make possible decisions on increasing funds for education over the amounts charged by the Treasurer.

By creating a new system for financing education in Warsaw, the costs of implementing tasks per 1 “standardized student” in individual types of educational units were assumed as a measure of effectiveness. The term “standardized student” is related to the respective weights assigned to individual categories of students due to the varied costs of education, i.e. primarily:

- medical reasons (movement and mental impairment, impaired sense of sight and hearing, and others),
- type of schools in which education is offered (public / non-public),
- social function disorders (threat of addiction, behavioral disorders, social maladjustment).

The use of the term “standardised student” allowed to take into account the diverse specifics of the educational system characterizing the districts. The advantages of the implemented budget construction model in the educational part are:

- cost rationalization – striving to eliminate the relatively high costs of the education system characterizing certain districts,
- Transparency – clear rules for calculating the amount of funds available to districts,
- Objectivity – resulting from the adoption of a financial standard for one student,



- responding to demographic changes – by linking resources to the districts' disposal with the number of those using the educational system.

The district authorities, if they consider that the educational tasks are priority tasks, may allocate additional resources, more than funds specified by the Treasurer of the Capital City of Warsaw.



### 6.3. Accounting regulations – Schools

National regulation	Contents
<b>Act of 29 September 1994 on accounting</b> (Journal of Laws 1994 No. 121, item 591)	The Act constitutes the main legal basis of accounting in Poland, together with International and National Accounting Standards. It is usually called the Polish balance sheet law. The Act sets out the accounting principles and the procedure for auditing of financial statements by statutory auditors. It also presents the principles of performing activities in the field of bookkeeping services.
<b>Act of 27 August 2009 on public finance</b> (Journal of Laws 2009 No. 157 item 1240)	The principal of the educational unit (e.g. school) is the head of the public finance sector unit, which is subject to specific rules and discipline. Article 53, paragraph 1 of the Act of 27 August 2009 on Public Finance (Journal of Laws 2009 No. 157, item 1240, as amended) indicates that "the head of the public finance sector unit is responsible for the entire financial management of this unit". The principal is in charge of school's financial management based on the financial plan.
<b>Regulation of the Minister of Finance of 7 December 2010</b> on the manner of conducting financial management of budgetary and self-government units budgetary establishments (Journal of Laws 2015 item 1542)	The regulation specifies the manner of conducting financial management of budgetary and local government units budgetary establishments (including schools), in particular: <ul style="list-style-type: none"> <li>1) the manner of preparing financial plans;</li> <li>2) the manner of making changes in the financial plans of budgetary entities and approving these changes;</li> <li>3) the mode of collecting incomes and making expenditures of state budgetary units;</li> <li>4) the method of determining the surplus of current assets in self-government budgetary establishments.</li> </ul>
<b>Regulation of the Minister of Development and Finance of 13 September 2017</b> on accounting and chart of accounts for the state budget, budgets of local government units, budgetary units, self-government budgetary establishments, state earmarked funds and state budgetary units based outside the Republic of Poland (Journal of Laws 2017, item 1911)	The regulation sets out specific accounting principles and chart accounts for: <ul style="list-style-type: none"> <li>1) the state budget;</li> <li>2) budgets of local government units;</li> <li>3) budgetary units;</li> <li>4) self-government budgetary establishments;</li> <li>5) state earmarked funds;</li> <li>6) state budgetary units having their registered office outside the borders of the Republic of Poland.</li> </ul>
<b>Regulation of the Minister of Development and Finance of 9 January 2018</b> regarding budget reporting (Journal of Laws 2018, item 109)	The regulation specifies: <ul style="list-style-type: none"> <li>1) types, forms, dates and ways of preparing reports: <ul style="list-style-type: none"> <li>a) on the implementation of budgets of local government units,</li> <li>b) the implementation of financial plans of budgetary entities,</li> </ul> </li> </ul>



	<p>c) Income and expenditure on the accounts referred to in art. 163 and art. 223 of the Act of 27 August 2009 on Public Finance,</p> <p>d) from the financial plans of self-government budgetary establishments,</p> <p>e) on the implementation of the financial plans of the executive agencies,</p> <p>f) the implementation of financial plans of institutions of the budgetary economy,</p> <p>g) from the execution of financial plans of state earmarked funds,</p> <p>h) on the status of funds in the bank accounts of local government units,</p> <p>i) on the financial plans of the Social Insurance Institution;</p> <p>2) units obliged to prepare individual types of reports referred to in point 1 and recipients of these reports;</p> <p>3) types and principles of reporting on liabilities arising from public-private partnership contracts concluded on the basis of separate acts by entities of the public finance sector.</p>
<b>Regulation of the Minister of Finance of 2 March 2010</b> on the detailed classification of incomes, expenses, revenues and expenditures and funds from foreign sources (Journal of Laws 2014, item 1053)	The regulation specifies detailed classification of incomes, expenses, revenues and expenditures and funds from foreign sources, following the Public Finance Act.
<b>Regulation of the Minister of Finance of 4 March 2010</b> regarding reports of public finance sector entities in the field of financial operations (Journal of Laws of 2014, item 1773)	The regulation specifies the types, forms, dates and ways of drawing up by the public finance sector entities reports on all financial operations, in particular as regards receivables and liabilities, incl. state public debt, sureties and guarantees granted, and recipients of reports.
<b>Resolutions of the Accounting Standards Committee in the form of National Accounting Standards</b>	In matters not covered by the Act of 29 September 1994 on accounting, schools can (this is their right, not obligation) use the National Accounting Standards (NAS) and statements of similar nature given by the Committee of the Accounting Standard. However, in the absence of regulations in NAS schools' founders' may apply IAS.

### Comments

National legislation regarding accounting of schools is mainly in jurisdiction of:

- Ministry of National Education of the Republic of Poland (<http://en.men.gov.pl>)
- Ministry of Finance of the Republic of Poland (<https://www.mf.gov.pl/en/news>)

Act of 29 September 1994 on accounting defines accounting principles and the procedure for auditing of financial statements by statutory auditors. Mandatory responsibilities of public finance units are defined by the Act of 27 August 2009 on public finance. Crucial requirements concerning financial management and accounting of local government budgetary establishments (including schools) are specified in the Regulation of the Minister of Finance of 7 December 2010 on the manner of conducting financial management of budgetary and self-government units budgetary establishments (Journal of Laws 2015 item 1542).



#### 6.4. Decision making process – Schools

National regulation	Contents
<p><b>Act of 29 January 2004 on Public Procurement Law (PPL)</b> (Journal of Laws 2004 No. 19 item 177 with further amendments)</p>	<p>This Act regulates rules and process for public procurement of goods, services and works regulating schools procurement as well as their founder's procurement if founders are local and regional government units. According to art. 4 point 8 of the PPL, the provisions of the Act shall not apply to orders whose value does not exceed the PLN equivalent of EUR 30,000. When granting such orders, the provisions of the PPL do not apply, including the submission of legal protection measures (appeal, complaint). The only exception is the rules for determining the value of the contract. In order to determine whether the provisions of the PPL apply to a specific order, the awarding entity determines the value of this order pursuant to art. 32-35 of PPL.</p>
<p><b>Cities' and Counties' Acts</b> (Statutes, Rules of Procedures, Structure)</p>	<p>The set of Acts regulates rules and process regarding school founder decision making scope and autonomy regarding energy efficiency project investments and related expenditures.</p>
<p><b>Act of 14 December 2016 - Educational Law</b> (Journal of Laws 2017 item 59)</p>	<p>According to art. 70 sec. 2 point 2, art. 80 sec. 2 point 2 and art. 84 sec. 2 point 3 of the Act, the draft financial plan of the educational facility has to be approved by the Teachers' Council, the Parents' Council and the School Council (if it has been appointed).</p> <p>According to art. 10 sec. 1 of the Act, the institution running the school (school founders – e.g. city) is responsible for its activities, in particular</p> <ul style="list-style-type: none"> <li>a) performing renovation of school facilities and investment tasks in this area;</li> <li>b) providing administrative services, including legal, financial services, including in the scope of activities referred to in art. 4 par. 3 points 2-6 of the Act of 29 September 1994 on accounting (Journal of Laws of 2016, item 1047 and 2255).</li> </ul> <p>According to art. 68 sec. 1 of the Act, the School Principal has at his/her disposal the resources specified in the financial plan of the school, as approved by the school council or institution council and is responsible for their proper use, and can organize the administrative, financial and economic support of management of the school or institution.</p>
<p><b>School statutes</b></p>	<p>According to art. 172 of the Educational Law, the school operates based on its Statutes. The Statutes have to describe the way of obtaining financial resources for the school's activity.</p>

#### Comments

National legislation regarding public procurement is in jurisdiction of Ministry responsible for Economy, while Public Procurement Office plays a policy making and co-ordinating role for the whole public procurement system. It is an independent unit within the Polish government. Cities and counties publish their regulations on their websites.



Making a decision regarding procurement (material and financial expenditures, expenditures for material, parts and services for current and investment maintenance and expenditures for procurement of fixed and non-financial asset investments) is on school founders, which are local or regional government units (gmina/powiat). Energy Efficiency project investments and related expenditures have to be budgeted as part of local and regional government unit budget and budgeting process. Energy Efficiency project investments and related expenditures decisions are in jurisdiction of local and regional government units. The opinion on the financial plan has to be given by the Teachers' Council, the Parents' Council and the School Council (if it has been appointed). The School Principals have at their disposal the financial resources specified in the financial plan of the school. The way of obtaining financial resources for the school's activity has to be in line with the School's Statutes.

### 6.5. Financing of Energy efficiency projects - Schools

For financing of Energy efficiency projects, investment and related expenditures, depending on founder's decision following financing may be available:

- Loans and credits,
- Public Private Partnership,
- Grants,
- Energy Performance Contracting (EPC).

### 6.6. Loans and credits

The most common form of financing local government investment projects with debt is bank credit. The art. 5, par. 1 of the Banking Act of 27 August 1997 (Journal of Laws 1997 No. 140 item 939) specifies that granting credits are among banking activities, which means that they can only be performed by banks. Some banks provide low-interest pro-ecological credits. This often happens in cooperation with National Environmental Protection and Water Management Fund (NFOŚiGW) or Voivodship Environmental Protection and Water Management Funds (WFOŚiGW). Local governments can apply for preferential credits co-financed by national and voivodship funds, funds coming from government programs, as well as from international institutions such as the European Investment Bank (EIB) or the Council of Europe Development Bank (CEB). The advantages of these credits are low interest rates – around 5 per cent on an annual basis and a long credit term, up to 20 years. Local government units are generally considered a very good borrower. This is related to their public-law nature and a special position related to cooperation with the state in the performance of public tasks.

Loans most often offered to local governments are allocated for financing tasks in the field of environmental protection (e.g. from NFOŚiGW and WFOŚiGW funds). These funds offer, among others, loans granted from their funds directly or through banks. Benefits for borrowers are usually associated with preferential interest rates or collateral, which are not as demanding as bank credits. The price preference of the loan may be related to low or even zero interest, and in some cases to the cancellation of a part of the loan. This is



usually the case when the investment effect desired by the lender is achieved (i.e. the so-called ecological effect). Furthermore, schools' founders can use the loans offered by specialized other commercial loan institutions. In 2018 there were 287 such institutions in Poland registered by the Financial Supervision Authority<sup>5</sup>.

## 6.7. Public Private Partnership

National regulation	Contents
<b>Act of 19 December 2008 on public-private partnership</b> (Journal of Laws of 2009 No. 19 item 100)	The Act sets out the rules for cooperation between a public entity and a private partner under a public-private partnership. The subject of public-private partnership is the joint implementation of the undertaking based on the division of tasks and risks between the public entity and the private partner.
<b>Regulation of the Minister of Economy of 11 February 2015</b> on types of risk and factors taken into account in their assessment (Journal of Laws 2015 item 284)	The regulation specifies: 1) the scope of particular types of risk affecting the classification of contractual obligations resulting from the public-private partnership; 2) factors taken into account in the risk assessment.
<b>Act of 21 October 2016 on the concession contract for construction works or services</b> (Journal of Laws of 2016, item 1920)	The Act sets out the rules and procedure for concluding a concession contract for construction works or services, legal protection measures and competent authorities. The Act implements Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts (Official Journal of the European Union L 94 of 28/03/2014, page 1, Official Journal of the European Union L 114 of 05/05/2015, page 24 and Official Journal of the European Union L 307 of 25/11/2015).
<b>Regulation of the Minister of Development and Finance of 22 December 2017</b> on determining the amounts of the value of concession contracts on which the obligation to submit notices to the Publications Office of the European Union depends (OJ 2017, item 2478)	The regulation requires that the announcements regarding works concession contracts or services have to be published through the Publications Office of the European Union, if the value of these contracts equals or exceeds EUR 5,548,000 equivalent to the amount PLN 23,921,312.
<b>Regulation of the Minister of Development and Finance of 28 April 2017</b> on the templates of announcements placed in the Public Procurement Bulletin regarding the conclusion of concession contracts (Journal of Laws 2017 item 1017)	The regulation is the performance of the statutory authorization contained in art. 18 para. 6 of the Act of 21 October 2016 on the concession contract for construction works or services (Journal of Laws 2016, item 1920). The Act specifies the templates for announcements placed in the Public Procurement Bulletin.
<b>The Policy Of The Government In The Scope Of Development of</b>	The main purpose of the Policy is to increase the scale and efficiency of

<sup>5</sup> [https://www.knf.gov.pl/podmioty/Rejestry\\_i\\_Ewidencje/rejestr\\_instytucji\\_pozyczkowych](https://www.knf.gov.pl/podmioty/Rejestry_i_Ewidencje/rejestr_instytucji_pozyczkowych)



<b>Public-Private Partnership</b> – Attachment to Resolution No. 116/2017 of the Council of Ministers of 26 July 2017 (RM-111-83-17)	infrastructure investment implemented through the PPP formula. "PPP Policy" identifies a series of activities of the Polish Government for PPP development until 2020.
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The minister competent for regional development (currently the Minister of Investment and Economic Development) acts as the central organizational unit responsible for the PPP in Poland and coordinating the activities of other government institutions (<http://www.mii.gov.pl>). The dedicated PPP Department of the Ministry cooperates with other PPP units in the other ministries and with other public entities, with bodies and teams set up at government level acting in the scope of PPP (e.g., Public-Private Partnership Team, PPP Platform) and non-governmental organizations (foundations, associations) implementing tasks related to PPP. The Department also performs function of the knowledge center on PPP.

#### Comments

According to the “Policy Of The Government In The Scope Of Development of Public-Private Partnership”, between 2009 and 2016 over 460 proceedings were announced for the selection of a private partner or concessionaire, however, only approx. 110 contracts were concluded. This suggests either the unattractive offer for the private sector (due to e.g. poor risk sharing, private partner's revenues not covering expenditures, poorly prepared project), or lack of resources in the private sector to achieve the tasks expected by the public sector.

Local government units are the dominant procuring entity that applies the PPP formula in Poland as more than 90% of the proceedings initiated were announced by these units. Most PPP contracts were signed using the procedure set out in the Concession Act, which is mainly due to the fact that this model assumes transferring a larger part of the project's economic risk to the private party. The value of contracts concluded under the Concession Act is lower than the value of projects for which PPP contracts were signed using the procedures provided in the Public Procurement Law. The Polish market is characterized by a large diversity of sectors in which the PPP formula is used. From 2009, pursuant to the PPP and the concession act, the largest number of contracts was signed for sport and recreation investments (about 20% of all contracts), broadband networks (about 15%), water-sanitation sector (about 10%), energy efficiency (about 10%) and public facilities (about 10%).

Between 2009 and 2016 57% of PPP projects had values ranging from PLN 1 million to PLN 100 million. Only 13 agreements were concluded for projects with a value of over PLN 100 million. The public parties usually choose the form of the concession that is most neutral for its budget, and additionally of a small value. The main motivator was the desire to transfer to the private partner not only the risk of construction, but above all the risk of demand and financing.



According to the register of PPP contracts ran by the Ministry of Investment and Economic Development<sup>6</sup>, as of 31 December 2017, there were 16 ongoing PPP contracts concluded in the area of energy efficiency of public buildings, managed by: City of Radzionków, City of Wołów, City of Karczew, Municipality of Świdnica, City of Wołów, City of Bytom, Municipality of Piekoszow, City of Ruda Śląska, Municipality of Dębe Wielkie, City of Kobyłka, City of Płock, City of Opalenica, City of Zgierz, Gmina Wiązowna, City of Pabianice, Municipal Real Estate Management in the City of Sosnowiec.

### 6.8. Co-financing

Between 2014 and 2020 EU grants for renovation of public buildings are offered by the Infrastructure and Environment Operational Program, Measure 1.3.1 *Supporting energy efficiency in public buildings* (national level) and in the 16 Regional Operational Programs (regional level). At national level, support is granted by the National Fund for Environmental Protection and Water Management ([www.nfosigw.gov.pl](http://www.nfosigw.gov.pl)), while at regional level by the Marshal's Offices. For instance, in Regional Operational Programme of Mazowieckie Voivodship, (i.e. the programme of the voivodship, in which the Capital City of Warsaw is located), there is measure 4.2 *Energy efficiency*. The measure finances up to 80% of costs of investment managed by local self-government units.

The National Fund for Environmental Protection and Water Management as well as the 16 Regional Funds for Environmental Protection and Water Management also award grants and loans funded from national/regional sources. For instance, in 2018 the National Fund announced the call for proposals under priority program *Improving air quality. Part 6) Public utility buildings with a higher energy efficiency standard*. Co-financing is provided in the form of grants and loans or only the loan itself. Co-financing in the form of grants is up to 40% of eligible costs. Co-financing in the form of a loan is granted as a supplement to 100% of eligible costs, after taking into account the amount of grants.

### 6.9. Energy Performance Contracting (EPC)

Legal acts and mechanisms have been introduced in Poland that ensure the implementation of tasks in the field of supporting the energy services market in accordance with art. 18 of Directive 2012/27/EU. In order to stimulate the market for companies providing energy services, several provisions were introduced in the Act of 20 May 2016 on energy efficiency. However, obligations resulting from the implementation of EPC have been falling fully into the debt of local government units, so they have not been available, attractive alternative to EU or national grants. In September 2017, Polish Statistical Office published a translation of the Eurostat Guidance Note on "The recording of energy performance contracts in government accounts"<sup>7</sup>. However, no transposition of the Eurostat Guidance Note into relevant national legislation or guidance for public bodies has been observed yet.

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<sup>6</sup> [http://www.ppp.gov.pl/baza/Strony/baza\\_projektow\\_ppp.aspx/](http://www.ppp.gov.pl/baza/Strony/baza_projektow_ppp.aspx/)

<sup>7</sup> [https://www.ppp.gov.pl/Aktualnosci/Documents/PL\\_Eurostat\\_Guidance\\_Note\\_EPCs\\_2017.pdf](https://www.ppp.gov.pl/Aktualnosci/Documents/PL_Eurostat_Guidance_Note_EPCs_2017.pdf)



Still, various types of activities are also carried out for the dissemination of energy performance contracts. As part of promotional activities, the Ministry of Energy has developed and made available on its website a guide for the public sector regarding the financing of energy efficiency, which includes a model energy efficiency contract (EPC)<sup>8</sup>. The list of ESCO type companies operating on the Polish market is also available on the website of the Ministry of Energy<sup>9</sup>.

The good practice in the field of EPC in Poland is the project of comprehensive renovation of educational buildings in Radzionków. The investment was based on public-private partnership, in which the task of the private partner was to implement, finance and provide thermal energy management services. The private partner also gave a full guarantee that the assumed savings effect will be obtained. The contract covers a period of 10 years - 2010-2020. The amount of estimated savings due to modernization is approx. PLN 3.4 million (approx. EUR 0.8 million). The results of the renovation include:

- replacement of 762 windows;
- modernization of 3 boiler rooms;
- replacement of 1179 lighting fittings;
- reduction of CO<sub>2</sub> emissions by the end of 2020 by 4,550 tons;
- thermal energy savings - 54%;
- electricity savings - 40%<sup>10</sup>.

#### 6.10. Other

Polish legislation which regulates buildings, energy efficiency and VAT issues:

- Act of 20 May 2016 on energy efficiency (Journal of Laws of 2016, item 831);
- Act of 7 July 1994 Construction Law (Journal of Laws of 1994 No. 89, item 414);
- Regulation of the Minister of Infrastructure of 17 March 2009 on the detailed scope and forms of energy audit and parts of the renovation audit, models of audit cards, as well as the cost-effectiveness evaluation of the building renovation project (Journal of Laws of 2009 No. 43, item 346, Journal of Laws 2015 item 1606);
- Regulation of the Minister of Infrastructure of 12 April 2002 on technical conditions to be met by buildings and their location (Journal of Laws 2015 item 1422, Journal of Laws 2017, item 2285);
- Act of 11 March 2004 on tax on goods and services (Journal of Laws 2004 No. 54, item 535).

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<sup>8</sup> [http://www.me.gov.pl/files/upload/10722/Podrecznik-Sektor\\_publiczny\\_OSTATECZNY.pdf](http://www.me.gov.pl/files/upload/10722/Podrecznik-Sektor_publiczny_OSTATECZNY.pdf)

<sup>9</sup> <http://www.me.gov.pl/Energetyka/Efektywnosc+energetyczna/Listadostepnych+dostawcow+uslug+energetycznych>

<sup>10</sup> Ministry of Energy, 4<sup>th</sup> National Energy Efficiency Action Plan for Poland, 2017 <http://www.me.gov.pl/Energetyka/Efektywnosc+energetyczna/KPDEE>



## 6.11. Conclusions

The completed questionnaire is an overview of financial and accounting legislation and practice in the Polish environment. The comments include, among other things, legal and operational constraints for the energy efficiency projects performance focusing on schools.

### To do list:

- EPC contracts



## 7. SLOVENIA

### 7.1. National financing regulation - Schools

National regulation	Contents
<p><b>The Law on the Organization and Financing of Education Act</b> (Official Gazette of RS, Nos. 16/07 - official consolidated text, 36/08, 58/09, 64/09 - corr., 65/09 - corr., 20/11, 40 / 12 - ZUJF, 57/12 - PCP 2D, 47/15, 46/16, 49/16 - corr. and 25/17 - exercises)</p>	<p>This Act regulates the conditions for the provision and provides for the administration and financing of education in the areas of:</p> <ul style="list-style-type: none"> <li>• early childhood education,</li> <li>• primary education,</li> <li>• education of children, adolescents and young adults with special needs,</li> <li>• basic music education,</li> <li>• lower and secondary vocational education,</li> <li>• secondary vocational and technical education,</li> <li>• general secondary education,</li> <li>• higher professional education,</li> <li>• education of nursing students and school dormitories, and</li> <li>• adult education.</li> </ul>
<p><b>Regulation on public funding of higher education institutions and other institutions</b> (Official Gazette of RS, no. 35/17)</p>	<p>This Regulation regulates in detail the setting of the amount of public financing operations study full-time study for the first and second stage, and by studying related extracurricular activities of students of public universities and private higher education institutions for the concession study programs.</p> <p>This Regulation specifying indicators for calculation of the variable part of the fundamental pillars of financing higher education institution (hereinafter: the-TSF-Z), study groups and factors for determining the resources-TSF-Z in the first and third year of the contract period, and the detailed method of reducing and increasing the fixed part of the cornerstone of the financing institution of higher education (hereinafter referred to as f-TSF-Z).</p> <p>This Regulation regulates in detail the public funding of university libraries of other members of the public higher education institutions and the Central Technical Library of the University of nationally important tasks in the field of higher education, developmental tasks of higher education institutions providing certified study programs, and the Euro-Mediterranean University.</p>
<p><b>Elementary School Act (ZOsn)</b> (Official Gazette of RS, no. 81/06)</p>	<p>This law regulates basic education implemented by public and private schools, or implemented as a homeschooling.</p>
<p><b>Gymnasiums Act</b> (Official Gazette of RS, no. <a href="#">1/07</a> - official consolidated text, <a href="#">68/17</a> and <a href="#">6/18</a> - ZIO-1)</p>	<p>This Act regulates education and general and professional gymnasiums, Which Allows for graduating to Continue Their Education and Higher Education.</p>
<p><b>The Law on Vocational Education</b> (Official Gazette of RS, Nos. <a href="#">79/06</a> and <a href="#">68/17</a>)</p>	<p>This Act governs education for the acquisition of lower and upper secondary vocational and secondary vocational education.</p>
<p><b>The Local Government Act</b> (Official Gazette of RS, Nos. 94/07 - official consolidated</p>	<p>This law governs the municipality as the basic local government.</p>



<p>text, 76/08 , 79/09 , 51/10 , 40/12 - ZUJF, 14/15 - ZUUJFO and 11/18 - ZSPDLSL-1)</p>	
<p><b>The Public Finance Act</b> (Official Gazette of RS, Nos. 11/11 - official consolidated text, 14/13 - corr. , 101/13 , 55/15 - FISP, 96/15 - ZIPRS1617 and 13/18)</p>	<p>This Act shall govern the composition, preparation and implementation of the budget of the Republic of Slovenia and the budgets of local self-government, asset management states and municipalities, government borrowing or municipalities, government guarantee or municipalities manage their debts, accounting and internal control of public finances and the financial inspection tool.</p>
<p><b>Financing of Municipalities Act</b> (Official Gazette of RS, Nos. 32/06 - official consolidated text, 123/06 - ZFO-1 and 57/08 - ZFO-1A)</p>	<p>The provisions of this Act relating to the direct users of the municipal budget, shall also apply to the narrow parts of the municipalities that are legal persons, provided that the law provided otherwise.</p>
<p><b>Act on the Promotion of Balanced Regional Development</b> (Official Gazette of RS, Nos. 20/11 , 57/12 and 46/16)</p>	<p>With a view to promoting balanced regional development with the law determine the manner of coordination between the state and municipalities in the planning of regional policy and carrying out regional development activities and perform development tasks in the development regions and regional policy measures.</p>
<p><b>Law on Execution of budgets of the Republic of Slovenia for the years 2018 and 2019</b> (Official Gazette of RS, Nos. <a href="#">71/17</a> and <a href="#">13/18</a> - PFA-H)</p>	<p>This Act is the Budget of the Republic of Slovenia for 2018 and the budget of the Republic of Slovenia for 2019 determine their composition, peculiarities of their implementation, use of cohesion policy funds, earmarked revenues and receipts of government, borrowing and government guarantees and public sector country level, the amount of the lump sum in accordance with the law governing the financing of municipalities commit, the most urgent measures to reduce expenditure the state budget and municipal budgets, calculating surpluses and regulate other issues related to the implementation of the budget.</p>
<p><b>The Public Finance Act</b> (Official Gazette of RS, Nos. 11/11 - official consolidated text, 14/13 - corr. , 101/13 , 55/15 - FISP, 96/15 - ZIPRS1617 and 13/18 )</p>	<p>This Act shall govern the composition, preparation and implementation of the budget of the Republic of Slovenia (hereinafter: the state budget) and the budgets of local self-government (hereinafter: municipal budgets), asset management states and municipalities, government borrowing or municipalities, government guarantee or municipalities manage their debts, accounting and internal control of public finances and the financial inspection tool. The provisions of this Act relating to the direct users of the municipal budget, shall also apply to the narrow parts of the municipalities that are legal persons, provided that the law provided otherwise.</p> <p>This Act also lays down rules which apply for the Health Insurance Institute of Slovenia and Pension and Disability Insurance Institute of Slovenia, both in compulsory insurance, public funds, public institutions and agencies in drawing up and submission of financial plans, management cash, borrowing, issuing guarantees, accounting, submission of annual reports and public internal financial control and financial INSPECTION.</p> <p>This Act also regulates borrowing and giving guarantees public commercial institutions, public companies and other legal persons in which the state or a municipality decisive influence on management.</p>



	This Act also regulates the medium-term planning of fiscal policy and measures to ensure fiscal discipline and the rules for the use of surplus government institutional units.
- <b>Financial Administration Act</b> (Official Gazette of RS, no. 25/14)	This Act regulates the principles of operation, the organization, functions and powers of financial management, rights and particularities of labor-law relations for civil servants and staff members of public financial management (hereinafter referred to as agents of the financial administration) and other issues related to the functioning of financial management.
<b>The Law on the Organization and Financing of Education (ZOFVI)</b> (Official Gazette of RS, Nos 16/07)	This Act regulates the conditions for the provision and provides for the administration and financing of education in the areas of: <ul style="list-style-type: none"> <li>• early childhood education,</li> <li>• primary education,</li> <li>• the education of children, adolescents and young adults with special needs,</li> <li>• basic music education,</li> <li>• lower and secondary vocational education,</li> <li>• secondary vocational and technical education,</li> <li>• general secondary education,</li> <li>• higher professional education,</li> <li>• education of nursing students and school dormitories, and adult education.</li> </ul>
<b>Elementary School Act (ZOsn)</b> (Official Gazette of RS, Nos. 81/06 - official consolidated text, 102/07 , 107/10 , 87/11 , 40/12 - ZUJF, 63/13 and 46/16 - ZOFVI-K)	This law regulates basic education implemented by public and private schools, or implemented as a homeschooling.
<b>The Law on Payment Services and Systems Act</b> (Official Gazette of RS, Nos. <a href="#">58/09</a> , <a href="#">34/10</a> , <a href="#">9/11</a> , <a href="#">32/12</a> , <a href="#">81/15</a> , <a href="#">47/16</a> and <a href="#">7/18</a> - ZPlaSSIED)  (Invalid rule, which is still in use)	This Act regulates: <ul style="list-style-type: none"> <li>• conditions for the establishment, operation, supervision and termination of payment institutions,</li> <li>• conditions for the provision of payment services in the Republic of Slovenia,</li> <li>• rights and obligations of users and payment service providers in relation to the provision of payment services,</li> <li>• rules for the establishment and management of payment systems,</li> <li>• conditions for carrying out the business of issuing electronic money,</li> <li>• conditions for the creation, management, control and dissolution of electronic money,</li> <li>• rules concerning the comparability of the allowances associated with payment accounts,</li> <li>• rules on exchange invoices and payment</li> </ul> The terms and conditions of access to basic payment accounts.
<b>Institutes Act</b> (Official Gazette of RS, Nos. 12/91, 8/96 , 36/00 - ZPDZC and 127/06 - PPP)	This Act regulates the status of Issues Institutions. Institutions are organizations that are set up to perform activities of education, science, culture, sports, health, social care, child care, disability care, social security or other activities if the goal of activity is not getting profits.



<http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO10>

#### Comments

National legislation regarding financing of schools is in jurisdiction of:

- Government of the Republic of Slovenia: <http://www.vlada.si/en/>
- **Ministry of Education, Science and Sport** of the Republic of Slovenia: <http://www.mizs.gov.si/en/>
- Ministry of Finance of the Republic of Slovenia: <http://www.mf.gov.si/en/>

#### 7.2. Local and regional government financing regulation - Schools

Local and regional government regulation	Contents
<b>Ordinance on the budget of the Municipality of Slovenska Bistrica for 2018</b>	With this decree, the municipality of Slovenska Bistrica for 2018 determines the budget, the procedures for implementing the budget, the specificities of managing and selling real and financial assets and the extent of municipal debt and guarantees in the public sector at the municipal level <a href="https://www.uradni-list.si/glasilo-uradni-list-rs/vsebina/2018-01-0533/odlok-o-proracunu-obcine-slovenska-bistrica-za-let-2018">https://www.uradni-list.si/glasilo-uradni-list-rs/vsebina/2018-01-0533/odlok-o-proracunu-obcine-slovenska-bistrica-za-let-2018</a>

#### Comments

Local and regional government regulation regarding financing of schools (City of Slovenska Bistrica) is in jurisdiction of:

- **Statut of Municipality of Slovenska Bistrica** (<http://www.lex-localis.info/KatalogInformacij/VsebinaDokumenta.aspx?SectionID=514bef11-11ca-4281-858d-bdb7a0d3ebbf>)
- **Ordinance on the organization and work field of the municipality of the Municipality of Slovenska Bistrica** (<https://www.uradni-list.si/glasilo-uradni-list-rs/vsebina/1999-01-3086/odlok-o-organizaciji-in-delovnem-podrocju-obcinske-uprave-obcine-slovenska-bistrica>) - This decree determines the working area of the municipal administration of the Municipality of Slovenska Bistrica and the working areas of internal organizational units and regulates other issues related to the functioning of the municipal administration. The municipal administration carries out administrative, professional and other tasks within the framework of the rights and obligations of the municipality in the fields of work determined by the laws, the Statute of the Municipality of Slovenska Bistrica, other general acts and by this decree.

#### 7.3. Accounting regulations – Schools

National regulation	Contents
<b>Accounting Act</b> (Official Gazette of RS, Nos. <a href="#">23/99</a> , <a href="#">30/02</a> - PFA-C and <a href="#">114/06</a> - ZUE)	This Act regulates the bookkeeping and preparation of annual reports for the budget and budget users as well as legal entities of public law and private law entities (hereinafter: legal persons) who do not keep accounts



	<p>under the Companies Act (Official RS, Nos. 30/93, 29/94, 82/94, 20/98, 84/98 and 6/99), Law on public utilities (Official Gazette of RS, no. 32/93) and the Law on associations (Official Gazette of RS, Nos. 60/95 and 49/98 - decision).</p> <p>The law also regulates the auditing of the annual accounts of operators providing utilities.</p>
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#### Comments

National legislation regarding accounting of schools is in jurisdiction of:

- Ministry of Finance of the Republic of Slovenia (<http://www.mf.gov.si/en/>)
- **Ministry of Education, Science and Sport** of the Republic of Slovenia (<http://www.mizs.gov.si/en/>)

#### 7.4. Decision making process – Schools

National regulation	Contents
<b>Public Procurement Act</b> (Official Gazette of RS, Nos. 91/15 and 14/18 )	This Act lays down rules on the procurement procedures carried out by the contracting authorities in connection with public contracts and design contests.
<b>Cities and Counties Acts (Statutes, Rules of Procedures, Structure)</b>	Set of Acts regulates rules and process regarding school founder decision making scope and autonomy regarding energy efficiency project investments and related expenditures.

National legislation regarding public procurement is in jurisdiction of:

- **Ministry of Education, Science and Sport** of the Republic of Slovenia (<http://www.mizs.gov.si/en/>), while cities and counties publish their Acts on web sites and/or local and regional Official Gazettes.

#### 7.5. Financing of Energy efficiency projects - Schools

**Law on Public-Private Partnership** (Official Gazette of RS, no. [127/06](#)) - <http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO4323>

**Regulation on the common procurement of the Government of the Republic of Slovenia** (Official Gazette of RS, no. 27/16 ) - <http://pisrs.si/Pis.web/pregledPredpisa?id=URED7201>

**Decree on Green Public Procurement** (Official Gazette of RS, no. 51/17 ) - <http://pisrs.si/Pis.web/pregledPredpisa?id=URED7202>

For financing of Energy efficiency projects, investment and related expenditures, depending on founder's decision following financing may be available:

- **Funds from EKO SKLAD (EKO FUND)** - <https://www.ekosklad.si/information-in-english>
- **Keheesion Fund** - [http://www.eu-skladi.si/kohezija-do-2013?set\\_language=en](http://www.eu-skladi.si/kohezija-do-2013?set_language=en)
- **Own resources through public procurement**

#### 7.6. Debt financing

- commercial loans or subsidized interest rates through the EKO SKLAD (EKO FUND) (<https://www.ekosklad.si/information-in-english>) - Eco Fund is an independent legal entity, with



the Ministry of the Environment and Spatial Planning, being represented as *majority* in the Supervisory Board. Eco Fund's main purpose is to promote development in the field of environmental protection. It is the only specialised institution in Slovenia that provides financial supports for environmental projects. The financial assistance is offered mainly through soft loans from revolving funds and since the year 2008 through grants.

- Loans from SID Bank (<https://www.sid.si/en>) - **SID Bank (SID – Slovenska izvozna in razvojna banka, d.d., Ljubljana) is a promotional development and export bank 100% owned by the Republic of Slovenia.**

## 7.7. Public Private Partnership

National regulation	Contents
<p><b>Law on Public-Private Partnership (Official Gazette of RS, no. 127/06 )</b></p>	<p>This Act regulates the purpose and Principles of private investment in public projects and / or public financing of private projects That are and the Public Interest (hereinafter: PPP), Ways of Promoting public-private partnerships and Institutions Responsible for ITS promotion and Development Conditions, the process of formation and the forms and methods of Implementation of public-private partnership, the specificities of concessions for works and services and the status of public-private partnership, control over public-private partnerships, the Transformation of Public Enterprises, The law is used to settle disputes from relationships public-private partnership, as well as arbitration jurisdiction and the rule on disputes Arising from These relationships.</p>
<p><b>Regulation on public-private partnership in the implementation of the project "Energy rehabilitation of three buildings set Courts" (Official Gazette of RS, no. 52/16 )</b></p>	<p>This Regulation lays down the subject, the rights and obligations of public and private partners and users of its buildings, the procedure for selecting the private partner and the other components of the public-private partnership for the implementation of the project "Energy rehabilitation set of three buildings of the courts."</p>
<p><b>Decree on Use of European Cohesion Policy in Slovenia in the 2014-2020 programming period for the Investment for Growth and Jobs (Official Gazette of RS, Nos. <a href="#">29/15</a> , <a href="#">36/16</a> , <a href="#">58/16</a> , <a href="#">69/16-corr.</a> , <a href="#">15/17</a> and <a href="#">69/17</a> )</b></p>	<p>The implementation of the European cohesion policy is to encourage investment for growth and jobs, and to reduce disparities in development to developed regions of the European Union (hereinafter: EU) and between cohesion and development regions in the Republic of Slovenia.</p> <p>Intermediary bodies are ministries that are responsible for:</p> <ul style="list-style-type: none"> <li>• Labor, Family, Social Affairs and Equal Opportunities,</li> <li>• Economic Development and Technology,</li> <li>• Culture,</li> <li>• Public Administration,</li> <li>• Justice,</li> <li>• Infrastructure,</li> <li>• Environment and Spatial Planning,</li> <li>• Education, Science and Sport and</li> <li>• Health.</li> </ul> <p>For implementation of the mentioned decree are used:</p>



	<ul style="list-style-type: none"> <li>• Instructions by the Managing Authority for planning, decision-making on support, monitoring, reporting and evaluation of the implementation of European cohesion policy in the 2014-2020 programming period</li> <li>• Operational Program for the Implementation of the European Cohesion Policy for the period 2014-2020;</li> <li>• Criteria for the selection of operations under the Operational Program for the Implementation of the European Cohesion Policy for the period 2014-2020 (FASR, October 2016);</li> </ul>
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In particular, the following implementing regulations are important for the management of public-private partnership projects:

- Rules on the content of project implementation justifiability according to the model of public-private partnership (Official Gazette of RS, no. 32/07 )  
 – <http://www.pisrs.si/Pis.web/pregledPredpisa?id=NAVO831>
- Rules on the content and method of keeping records of public-private partnerships and contracts entered into in the context of public-private partnership (Official Gazette of RS, 56/07)  
<http://www.pisrs.si/Pis.web/pregledPredpisa?id=PRAV8082>

INSTITUTE FOR PUBLIC PRIVATE PARTNERSHIP, SLOVENIA (<http://www.pppforum.si/en/>) - The basic areas of operation of the Institute include: public procurement, concessions and public-private partnerships, public services and public infrastructure, energy performance contracting, investment documentation and economic analysis, project management, legal advice and transfer of knowledge.

### 7.8. Co-financing

In the 2014-2020 period, Slovenia, in accordance with EU cohesion policy, is managing one operational program (Operational Program for the Implementation of the European Cohesion Policy for the period 2014-2020), which includes the European Regional Development Fund (ERDF), the Cohesion Fund and the European Social Fund (ESF). „Operational Program for the Implementation of the European Cohesion Policy for the period 2014-2020“ is a document which highlights the priorities of selected priority investments, in which Slovenia will invest European Cohesion Policy funds in the 2014-2020 programming period in order to achieve national targets within the EU 2020 objectives. The document is the starting point for further coordination at both national level (ministries and other stakeholders), as well as with the European Commission.

Some of Slovenia's contributions to achieving the goals of the EU 2020 strategy are:

- 20% less greenhouse gas emissions (GHG),
- 20% renewables (RES) in final consumption,
- 20% increase in energy efficiency (EEI).

Within Cohesion Operational Program co-financings are available through 10 priorities:

- International Competitiveness of Research, Innovation and Technological Development line with the smart specialization for greater competitiveness and of the green economy,
- Dynamic and competitive entrepreneurship for green economic growth,



- Sustainable use and production of energy and smart grids,
- Adapting to climate change,
- Better state of the environment and biodiversity,
- Building infrastructure and measures to promote sustainable mobility,
- Promoting employment and transnational labor mobility,
- Knowledge, skills and lifelong learning for better employability.

Indicative amount of support used for climate change objectives is 602.379.953,80, of which 83.021.932,00 euros are intended for adaptation to climate change; 259.099.482,00 for Sustainable use and energy production and smart grids

### 7.9. Energy Performance Contracting (EPC)

**Regulation on the prevision of energy savings among final customers** (Official Gazette of RS, no. 114/09, 57/11 -EA-1 and 96/14).

This Regulation establishes minimum height of achieving energy saving by end-users, types of energy services and measures to improve energy efficiency by achieving energy savings, the scope and the mandatory components of programs to improve energy efficiency, deadlines and scope of reporting on the implementation of programs to improve energy efficiency and the contribution to increase the efficiency of electricity use and the supplement to the price of heat and fuel prices to increase energy efficiency in accordance with the Directive of the European Parliament and Council Directive 2006/32/EC of 5th April 2006 on energy end-use efficiency and energy services and repealing Council Directive 93/76 EEC.

### 7.10. Other

In the framework of the Strategic Implementation Document "Operational Program for the Implementation of European Cohesion Policy for the period 2014-2020", Slovenia committed itself to the promotion of energy efficiency, smart energy management and the use of renewable energy sources in public infrastructure, including with public buildings, and the housing sector "supported the specific objectives of increasing the efficiency of energy use in the public sector and households. As a measure to support both of these specific objectives, the priority investment will provide for the development of a system for energy renovation of buildings on the basis of energy contracting as a new form of implementation and financing of energy renovations of buildings. This system will be developed primarily in the public sector, if feasible, but also in the household sector.

Other key national legislation which regulates Energy Efficiency and measures for energy renovation of public sector buildings, which weren't mentioned in this document before:

- The Energy Act (Official Gazette of RS, Nos. 17/14 and 81/15) (<http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO6665>);



- The Construction Act (Official Gazette of RS, no. 102/04 - official consolidated text, 14/05 - corr. , 92/05 - ZJC-B, 93/05 - VMS 111/05 - dec. US, 126 / 07 , 108/09 , 61/10 - ZRud-1 20/11 - dec. US, 57/12 , 101/13 - ZDavNepr, 110/13 , 19/15 , 61/17 - GZ and 66/17 - dec. US), <http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO3490> – invalid rule, which is still in use and
- Construction Law (Official Gazette of RS, Nos. 61/17 and 72/17 - corr.), <http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO7108> – valid but not yet used;
- Regulations on energy efficiency in buildings (Official Gazette of RS, Nos. 52/10 and 61/17 - GZ) (<http://www.pisrs.si/Pis.web/pregledPredpisa?id=PRAV10043>);
- An Cohesion Policy in Slovenia in the 2014-2020 programming period for the Investment for Growth and Jobs (Official Gazette of RS, Nos.29/15 , 36/16 , 58/16 , 69/16 - corr. , 15/17 and 69/17) (<http://www.pisrs.si/Pis.web/pregledPredpisa?id=URED6816>)
- Instructions from the planning authority, decision-making on support, monitoring, reporting and evaluation of the implementation of European cohesion policy in the 2014-2020 programming period;
- Long-term strategy for the promotion of energy renovation of buildings (MZI, October 2015);
- Decree on the uniform methodology for the preparation and treatment of investment documentation in the field of public finances (Official Gazette of RS, Nos. 60/06, 54/10 and 27/16) (<http://www.pisrs.si/Pis.web/pregledPredpisa?id=URED3708>);
- Code of Ethics for Civil Servants (Official Gazette of RS, no. 8/01) (<http://www.pisrs.si/Pis.web/pregledPredpisa?id=DRUG1022>);
- Regulation on the provision of energy savings (Official Gazette of RS, no. 96/14) (<http://www.pisrs.si/Pis.web/pregledPredpisa?id=URED6636>);
- Rules on the methodology for the production and content of the energy audit (Official Gazette of RS, no. 41/16) (<http://www.pisrs.si/Pis.web/pregledPredpisa?id=PRAV11911>);

VAT legislation: Law on Value Added Tax (Official Gazette of RS, Nos. 13/11 - official consolidated text, 18/11 , 78/11 , 38/12 , 83/12 , 86/14 and 90/15) (<http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO4701>).