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Case Study Report:

Thailand Energy Conservation Fund

A case study providing inputs to discussions in Asia-Pacific region on the design and management of National Climate Funds, jointly pepared by UNDP and the ENCON fund.

United Nations Development Programme

ENVIRONMENT AND ENERGY

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Introduction

This paper aims to enrich knowledge sharing about the establishment and management of national climate funds (NCFs), which is organized by the Asia-Pacific Community of Practice on Climate Finance. To provide a technical input to the knowledge sharing, UNDP commissioned seven case studies on existing national funds in the fields of environment, conservation, energy, climate change and development. This paper reports the lessons learned extracted from the establishment and management of the Thailand Energy Conservation Promotion Fund (ENCON), which is one of seven national funds across the Asia-Pacific region selected as a case study.[1]

The ENCON fund is selected to provide an interesting case for countries in Asia-Pacific due to the following characteristics:

1. **The source of the ENCON fund** comes mainly from government levies collected by the government on petroleum products to finance the promotion of renewable energy and energy efficiency in the country. Through the collection of levies, the government can influence the use of fossil-fuel products by increasing market prices and at the same time earmarking the revenues collected to provide sustainable financing for renewable energy and energy efficiency in Thailand. The idea of collecting levies on the basis of the polluter pay's principle can be an example for countries in Asia-Pacific to explore possible sources of revenue to finance climate related activities.

2. **Using a wide range of innovative financial instruments**, the ENCON fund has attracted the engagement of the private sector, particularly businesses and commercial banks, in financing the promotion of renewable energy and energy efficiency. A wide range of programs funded by the ENCON fund include: the Thailand Energy Efficiency Revolving Fund, the ESCO venture capital, tax incentives, and investment grants. The programs financed by the ENCON fund are currently managed by different fund managers, where project selection criteria and implementation procedures of each program are designed specifically according to the targeted beneficiaries.

3. **The utilization of the ENCON fund** is based on the Five-Year Energy Conservation Program, which is a rolling plan where programs/projects under the ENCON program and the expenditure estimation will be reviewed and adjusted each year. The Conservation Programs include quantitative targets in renewable energy and energy conservation that will be achieved in a five-year period. Such programs enable for monitoring and evaluation of the performance achieved by activities/programs financed by the ENCON fund.

This report first summarizes the design of the ENCON fund and provides a short description of the establishment and the management of the fund. A brief analysis of the lessons learned from the establishment and management of the ENCON fund are then presented. The case study analysis involved: literature review to set the scope of the study and in-depth interviews with relevant stakeholders: 1) Government Representatives (from the Department of Alternative Energy Development and Efficiency and the Energy Policy and Planning Office), 2) Program Manager and staff (Energy for Environment Foundation), and 3) other relevant stakeholders (Thailand Greenhouse Gas Organization and Office for Natural Resources and Environment Planning). Prior to finalization, the report has been reviewed by the ENCON team and the UNDP Thailand Country Office.

[1] National funds selected for the case study analysis are: Bhutan Trust Fund for Environmental Conservation, China CMD Fund, Cambodia Climate Change Alliance Trust Fund, Thailand Energy Conservation Promotion Fund, Lao Environmental Protection Fund, Micronesian Conservation Trust and Tuvalu Trust Fund. http://www.snap-undp.org/elibrary/default.aspx

The role of the ENCON fund in the energy sector in Thailand

The ENCON fund is one of the biggest non-budgetary funds (in terms of its annual budget) for the promotion of renewable energy and energy conservation in Asia-Pacific. The fund provides financial assistance for a wide range of renewable energy and energy efficiency programs and projects in Thailand. Extra-budgetary funds are common in Thailand as the World Bank reports that around ninety-five revolving funds have been established to finance specific purposes such as education and health as of May 2009.[2] Extra budgetary funds in Thailand are usually managed by dedicated government agencies and in many cases they are financed by specific taxes or levies collected by the government.

The extra-budgetary funds in Thailand are often created by the government to support implementation of a particular law. The ENCON fund was created to provide financial support to implement the Energy Conservation Promotion Act 1992 that mandates the promotion of energy conservation activities in factories and commercial/service buildings.[3] Under this Act, the ENCON Fund was established to provide financial support to different actors that wish to implement measures to increase efficiency in energy utilization. The ENCON fund is therefore the "pull" factor for the implementation of the ENCON Act. The ENCON Act stipulates the use of the ENCON fund. Designated factories/buildings, manufacturers or distributors of energy-efficient equipment/materials contributing to energy conservation or persons interested in energy conservation implementation can apply for grants or subsidies from the ENCON Fund.

The annual amount of budget received and managed under the ENCON fund is around THB 7 billion (USD 225 million).[4] This amount is significantly higher than the total government budget allocation for renewable energy and energy efficiency annually. For instance, in 2011, the amount of government budget allocated to renewable energy and energy efficiency totaled around THB 2 billion. The ENCON fund has therefore provided financial incentives for government and particularly non-government actors to invest in energy conservation and renewable energy promotion in Thailand.

The design of the ENCON fund at a Glance

The legal status

The ENCON fund is an extra-budgetary fund that was established by the ENCON Act 1992 as previously discussed. The management of the ENCON fund is outside the government budget system, although the governing body of the fund consists mainly of relevant government agencies. The overall management of the ENCON fund is under the responsibility of the ENCON Fund Committee along with the guidance of the National Energy Policy Council (NEPC), while the members of the Committee are the Deputy Prime Minister (Vice Chair) and Ministers of Finance, Energy, Transport, Commerce, Industry, Agriculture, Science and Technology and others. The Committee that is responsible for the allocation of the ENCON fund also consists of representatives from relevant government agencies.

The implementation of the ENCON Fund is mainly under the Ministry of Energy, which consists of the Department of Alternative Energy Development and Efficiency (DEDE) and the Energy Policy and Planning Office (EPPO). The EPPO, which is the Secretariat to the NEPC and the ENCON Fund Committee, is currently responsible for the day-to-day implementation of the ENCON fund, particularly for the

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[2] Public Expenditure Review: The Kingdom of Thailand, the World Bank, 2009.

[3] Another example is the Environment Fund was also created to provide financial support for the Enhancement and Conservation of National Environmental Quality Act of 1992

[4] An exchange rate of $US1 = THB 31.1 has been used throughout this report

implementation of grant investment projects allocated to government agencies, NGOs and universities for the promotion of renewable energy and energy efficiency.

The model of the ENCON Fund

The source of capital of the ENCON fund comes mostly from the imposed levies on petroleum products in Thailand. The levies collected from the petroleum products range between THB 0.07 – 0.25 per liter. The Prime Minister prescribes the rate of the imposed levies taking into consideration the recommendation of the National Energy Policy Council. There are other potential sources of capital for the ENCON Fund as prescribed by the Law, including: 1) surcharges for use of electricity (collected from designated factories/buildings that violate or fail to comply with the Ministerial Regulations); 2) subsidies from the government; 3) money or property received from the private sector, both local and abroad; and 4) interests and other benefits incurred from the ENCON Fund. However, none of these sources has contributed to the ENCON Fund. Furthermore, the existing regulation restricts the investment of the ENCON fund's capital and assets in financial markets to generate interests or dividends.

The Five-Year Energy Conservation Program has been developed to provide a guideline for the utilization of the ENCON fund. The program has been revised regularly taking into consideration the recent changes in the energy sector as well as socio-economic conditions in the country. Phase 3 of the Energy Conservation Program has recently been completed, while Phase 4 (2012-2016) was approved by the ENCON Fund Committee on 1 March 2012 (during the writing of this report it is still pending the Cabinet's endorsement). Phase 3 of the ENCON Program focused on three main areas:

1. **Renewable/alternative energy utilization** aimed to increase the share of renewable/alternative energy in 2011 to 15.6 percent of the final energy demand, supplanting about 10,961 ktoe of commercial energy use.[5] The promotion of renewable energy utilization focused on activities such as the promotion of biofuels and renewable energy utilization for power and heat generation, policy studies, technology research and public awareness campaigns to create correct understanding of renewable energy use.

2. **Energy Efficiency Improvement** targeted to increase energy efficiency and hence reduce commercial energy consumption by 10.8 percent, equivalent to 7,820 ktoe, by 2011. The program involved research and development and support to bring about efficient use of energy in the industrial, transportation as well as household sectors.

3. **Strategic Management Program** focused on policy research and studies to provide recommendations for decision-making pertaining to the improvement of the Renewable Energy Development Program or the Energy Efficiency Improvement Program. The program also supported monitoring and management of the overall ENCON fund to ensure efficient and effective implementation of the ENCON Program.

The ENCON fund provides working capital, grants and subsidies for investment in energy conservation programs in both public and private sectors. From the total budget received and managed by the ENCON fund (THB 7 billion annually), around two thirds of the total revenue is managed by EPPO, while DEDE is responsible for managing the remaining one third of the revenue (Figure 1). The EPPO then provides grants to government agencies, universities and NGOs for hundreds of investment projects, and also implements a program known as the Demand Side Management (DSM) Bidding to encourage business operators to invest in higher energy efficiency machines/equipment. Moreover, DEDE also implements a wide range of financial instruments, such as the Thailand Energy Efficiency Revolving Fund, the ESCO venture capital, tax incentives and other related projects, to promote energy conservation and increase the share of renewable energy in the total energy mix in the country. Each of the programs financed by the ENCON fund is detailed below:

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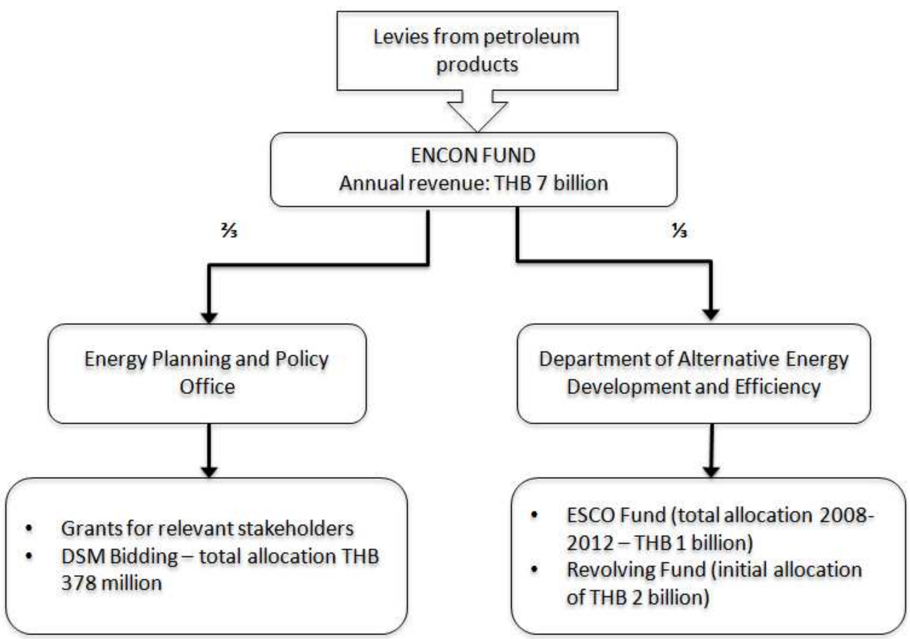
[5] ktoe: thousand ton oil equivalent

1. **Thailand Energy Efficiency Revolving Fund** (the Revolving Fund) is a simple soft loan, providing capital investment with a maximum interest rate of 4 percent for a maximum loan period of 7 years. Nine commercial banks have participated as the implementing partners of the Revolving Fund scheme. The scheme is monitored by DEDE.
2. **Demand Side Management (DSM) Bidding** provides subsidies through a bidding mechanism to encourage business operators to invest in higher energy efficiency machines/equipment to achieve energy savings higher than the subsidy ratio. Subsidies are provided based on actual units of energy savings achieved in a year. With the bidding mechanism, companies requesting for the lowest weighted subsidy rate will be subsidized first. This scheme is monitored by EPPO.
3. **ESCO Venture Capital Fund** aims to invest jointly with private operators (i.e. Energy Service Companies – ESCOs, project developers) in energy efficiency and renewable energy projects. The scheme was specifically created to target small and medium enterprises (SMEs) and small renewable energy and energy efficiency projects that have a good potential in energy saving but facing a problem with project financing for investment. The program was established by DEDE in 2008. Two fund managers from non-profit organizations were assigned to implement the program, namely the Energy for Environment Foundation (E for E) and the Energy Conservation Foundation of Thailand (ECFT).
4. **Tax incentives**. The government introduced tax incentives via the Board of Investment (BOI) to encourage energy efficiency improvements. Corporate tax deductions are made available to encourage operators to invest in energy efficient equipment/machinery. DEDE monitors the implementation of this scheme. Another tax incentive scheme is in the form of 25 percent of tax deductible expenditure from the purchasing of energy efficiency equipment. This program is in cooperation with the Revenue Department.

Figure 1. The implementation of the ENCON Fund



Governing body and beneficiaries

The governing body of the ENCON Fund consists of the National Energy Policy Council (NEPC), the ENCON Fund Committee, and the ENCON Fund Sub-Committees. Their respective roles and responsibilities are detailed below.

National Energy Policy Council (NEPC) is chaired by the Prime Minister, with the EPPO as the secretariat. The NEPC has the following mandate: i) to propose energy conservation promotion policies, goals, and measures to the cabinet; ii) to issue guidelines, criteria, conditions, and priorities for the disbursement from the ENCON fund; and iii) to determine contribution rates to be imposed on petroleum products for the ENCON fund.

ENCON Fund Committee is chaired by the Deputy Prime Minister and EPPO serves as the secretariat of the Committee. The mandate of the Committee includes: i) to propose energy conservation promotion policies, goals and measures to NEPC; ii) to propose to NEPC guidelines, criteria, conditions, and priorities for the disbursement from the ENCON fund; iii) to prescribe regulations on the criteria and procedures for applications, grant allocations or subsidies from the ENCON fund; iv) to allocate appropriations from the ENCON fund; and v) to propose to NEPC contribution rates to be imposed on petroleum products for the ENCON fund.

According to the ENCON Act, the ENCON Fund Committee can appoint Sub-Committees to assist with the tasks of the ENCON Fund Committee, particularly in screening projects/proposals as well as monitoring and evaluation.

Each of the programs currently financed by the ENCON fund applies specific criteria in project selection and implementation procedures. Particularly for grant projects currently managed by EPPO, the project cycle is rather similar to the state budget process. Line ministries are invited to submit project proposals and the screening process usually takes approximately four months. The process is undertaken by EPPO, while the final decision will be made by the ENCON Fund Committee.

The Establishment Process of the ENCON fund

The issuance of the ENCON Act in March 1992 was driven by the government's commitment to meet targets set in the Seventh National Economic and Social Development plan (1992 - 1996) to reduce the annual growth rate of energy consumption in Thailand. As previously discussed, the ENCON Fund was then established to provide financial support to the implementation of the Act.

Soon after the issuance of the Act, the ENCON fund received THB 1.5 billion from the Petroleum Fund as the initial capital in August 1992. A few months after the receipt of the initial capital, the NEPC started imposing a levy on domestic gasoline, kerosene, diesel and fuel oil to raise revenues for the ENCON fund. In August 1994, the NEPC gave consent to the establishment of the Energy Conservation Program (ENCON Program) and set guidelines, criteria, conditions and priorities for the allocation of the ENCON Fund to support the implementation of the ENCON Act. The ENCON fund started providing financial assistance for the promotion of energy conservation in Thailand since 1995.

From the issuance of the Act to the establishment of operational guidelines of the ENCON fund, the process only took two years to complete. The fund was fully operational a year after the issuance of the guidelines, or around three years after the issuance of the ENCON Act. The quick process of establishing the ENCON fund was only possible due to the strong commitment of the government, which was legalized by the ENCON Act. The amount of time and resources invested during the political process of issuing the ENCON Act is however unavailable. However, it is clear that strong political will is an important aspect when establishing a national fund.

The Management of the ENCON fund

Innovative financial instruments

After two decades, the ENCON fund has financed a wide range of programs to support the promotion of energy conservation and renewable/alternative energy. The ENCON fund currently provides grants for various investment projects, particularly for government agencies and line ministries to support energy conservation promotion. Financial instruments, such as soft loans and subsidies, have also been introduced under several different programs as previously discussed to promote investments in and operations of energy conservation and renewable energy programs.

In late 2002, DEDE introduced the Revolving Fund Program that is implemented jointly with commercial banks to provide soft loans for energy efficiency improvement and renewable energy development and utilization. Following a review of program implementation, it was found that the main participants of this program were large companies. Following this realization, the DEDE created in 2008 the ESCO fund scheme to target potential investors for small projects in energy efficiency improvement and renewable energy development, mostly to be implemented by small and medium enterprises. For this purpose, two fund managers from non-profit organizations (NGOs) were appointed directly to manage the scheme. Furthermore, the DSM bidding was also introduced in 2008 by EPPO to provide subsidies to encourage business operators to invest in higher energy efficiency machines/equipment.

As different programs target different beneficiaries, each instrument is managed by a different fund manager. Each program also applies specific criteria for the selection of projects to be financed and also carries different procedures for project implementation. In this case study report, specific attention is provided to the management of the ESCO Venture Fund. An in-depth interview was conducted with the Energy for Environment Foundation to understand the management of the ESCO Fund, which is reported in the next section below.

ESCO Venture Capital Fund: the story from Energy for Environment

The Energy for Environment Foundation (E for E) is currently designated to manage a portion of the ESCO Venture Capital fund, while another portion is entrusted to the Energy Conservation Foundation of Thailand. During the first phase of the ESCO fund implementation (October 2008 to September 2010), E for E and the Energy Conservation Foundation of Thailand were responsible for managing THB 250 million (USD 8 million) respectively. The total amount of funds managed by E for E was increased to THB 300 million (out of THB 500 million) during the second phase (October 2010 to September 2012).

The main objectives of the ESCO fund particularly during the second phase of the implementation are to stimulate more than THB 1,250 million (USD 40 million) investments in renewable energy and energy efficiency and to encourage more than 10 ktoe annual energy savings or valuing THB 250 million per year. The target is to be achieved by implementing several sub-programs, including:

1. *Equity Investment*. The ESCO Fund will make equity investments in energy efficiency or renewable energy projects. Investment criteria applied are: i) size of equity investment: 10-50 percent of total investment cost but limited to THB 50 million per project; ii) investment period of 5-7 years; and iii) exit method of selling back the shares to the entrepreneur, or find new strategic partners.
2. *ESCO Venture Capital*. The scheme will partner with Energy Service Companies (ESCOs) to raise capital for investments in energy saving projects of the ESCO. Investment criteria applied are: i) size of equity investment is 30 percent of registered capital but limited to THB 50 million per project; ii) investment period of 5-7 years; iii) exit method of selling back the shares to the entrepreneur, or find new strategic partners and; iv) board seat is required in the company.

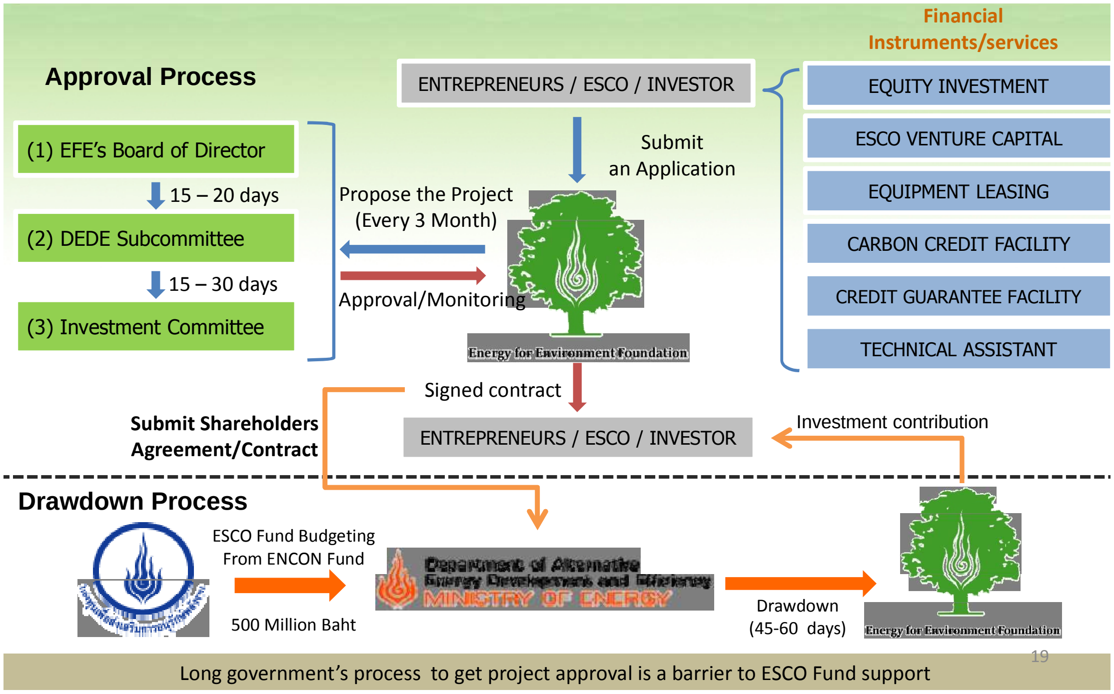
3. *Equipment Leasing*. The leasing criteria include: i) 100 percent of equipment cost but limited to THB 10 million per project; ii) repayment duration of 5 years; and iii) interest rate of 4 percent per annum.
4. *Carbon Credit Facility*. The ESCO Fund will support project owners in developing CDM documents, Project Idea Note (PIN) and Project Design Document (PDD), and help to bundle small projects so that buyers are willing to purchase the carbon credits from the projects.
5. *Credit Guarantee Facility*. The Fund will cooperate with financial institutions or credit guarantee agencies to assist entrepreneurs in accessing long-term loans from banks by providing a credit guarantee depending on the project risk and limited to THB 10 million at a low premium rate.
6. *Technical Assistance*. The ESCO fund will provide financial support for technical assistance, e.g. energy audit, feasibility study. The support is limited to THB 100,000 per project and this support must be reimbursed to the ESCO Fund unless the proposed technical solutions have been implemented.

The intended beneficiaries of these sub-programs are potential entrepreneurs from industrial sectors or Energy Service Companies (ESCOs) with potential energy efficiency or renewable energy projects resulting in lower energy consumption, increased energy efficiency, fuel switching, or renewable energy businesses.

As the main purpose of the ESCO fund program is to reach potential investors, including small and medium enterprises to be involved in energy efficiency and renewable energy programs, the involvement of non-profit organizations, such as E for E, has proven effective. E for E, for instance, provides assistance to potential beneficiaries to access the fund, including technical assistance for project development and implementation. A marketing and public relations plan is also developed by E for E to disseminate information about the ESCO fund to potential beneficiaries, including through seminars and published information in media. This effort has increased the uptake of the ESCO fund by eligible small and medium enterprises.

The success of the ESCO fund, particularly the portion managed by E for E, relies on a thorough screening process of project selection. E for E has invested more time and resources at the beginning of the project cycle to carefully screen all proposals received. From a total of 80 proposals received in each project cycle, only 40 proposals are usually approved. Figure 2 shows the process of project selection and implementation. E for E also conducts project monitoring and verification during the development, construction and operation period of projects. The progress report will be provided by E for E to DEDE every 3 months. E for E charges a fixed amount of management fees to DEDE for their services provided in managing the fund.

Figure 2. Project cycle of the ESCO fund



Source: E for E (2012)

Monitoring and evaluation system

Monitoring and evaluation systems to measure the impacts of the ENCON fund also vary between programs implemented. Generally, the monitoring and evaluation of government policies in the energy sector has benefited from robust basic energy data that are published on a regular basis. DEDE maintains the relevant time series energy data and the data for the latest 5-10 years, which are published in statistical books including "Thailand Energy Situation", "Oil and Thailand" and "Electric Power in Thailand".

Particularly for the Revolving Fund, DEDE uses a range of Key Performance Indicators (KPI) to monitor the performance of the Fund. Participating banks are required to provide monthly reports to DEDE, with six-monthly and annual compilations of the monthly reports. Based on the reports, DEDE assesses the achievement or performance of the Revolving Fund (Table 1).

Table 1 The performance indicators of the Revolving Fund

	Phase 1	Phase 2	Total
Project cost (US$ million)	85.7	94.8	180.5
Revolving fund loan (US$ million)	47.7	47.0	94.7
Payback period (years)	2.4	2.45	2.44
Electricity saving (US$ million/year)	15.6	15.7	31.3
Oil saving (US$ million/year)	19.5	23.0	42.5
Total saving (US$ million/year)	35.1	38.7	73.8

Source: DEDE 2008

Lessons learned

Innovative source of fund

The ENCON fund is one of very few examples in Asia-Pacific where governments directly collect taxes on petroleum products and allocate the revenues specifically to stimulate private investments in renewable energy and energy efficiency aiming to reduce reliance on fossil fuels and environmental pollution. This is different from common practices in many countries where governments apply environmental taxes to generate revenues, which are usually not directly earmarked for financing policies or activities in addressing environmental degradation. The taxes are usually collected as general government revenue and later are allocated to various ministries according to the government's priorities determined by the planning process in the country. This approach has the risk that the collected revenues are not allocated to address environmental problems, because environment is often given low priority.

The lesson from the ENCON fund provides an example for countries to identify potential sources to generate revenues for financing climate actions at the national and local levels. Revenues can be collected from industries and sectors that are the main emitters of greenhouse gasses. The revenues can then be allocated or earmarked for activities that are related to mitigating or adapting to the impacts of climate change at the national and local levels. To manage the collected revenues, a national fund can be considered to ensure that the fund is specifically earmarked for addressing climate change.

Innovative programmatic instruments

The ENCON fund has received much attention at the international level particularly given its success in financing the promotion of energy efficiency and the increased renewable energy share in the total energy mix in Thailand. The Revolving Fund, for instance, has been mentioned as one of the best examples of financial instruments in Asia-Pacific related to energy conservation and renewable energy. The Revolving Fund is however only a small portion of the overall ENCON fund. The bigger portion of the ENCON fund is also used to provide grants to government agencies, NGOs, businesses, universities and others. The grant projects are mostly managed by a directorate under EPPO. During the interview with EPPO, it was revealed that managing hundreds of grant projects has caused a very high workload for the directorate. Therefore, it would likely be more effective to create programs where fund managers are hired to implement the programs, particularly when the scale of the fund is as large as the ENCON fund. This arrangement would also allow DEDE and EPPO to focus mainly on monitoring and evaluation of the performance and results of the programs, instead of on the implementation of administrative activities.

Three other important lessons can be learned from the management of the ENCON fund, including:

1. Creating specific programmatic instruments to target particular beneficiaries. When developing an instrument/program to be financed, it is crucial to ask: "who are the intended beneficiaries?" Since different beneficiaries will have specific characteristics and behaviors, there is no universal solution (or program) that can be developed to change the behaviors of all actors in the promotion of energy efficiency and renewable energy utilization. This is particularly true of the case of managing climate finance to mitigate and adapt to climate change: the number of stakeholders is very large and their capacities differ greatly. Furthermore, the type of activities under adaptation and mitigation will be far more diverse than 'only' renewable energy and energy efficiency activities as is currently supported by the ENCON fund.

2. Assessing the effectiveness of strategy/program implementation regularly and revising the strategy/program as necessary. It is imperative to conduct a thorough assessment of the effectiveness of programs financed by a national fund from time to time. Based on such assessment, an existing program may need to be revised or a new program should be created considering the changing socio-economic and political situation in a country. In the case of the ENCON fund, the Revolving Fund was first introduced in 2002. Following a review conducted by DEDE, it was found that the main beneficiary of the program were large emterprises. Based on this review, a discussion was started within DEDE where a specific program targeting SMEs was considered necessary. In 2008, the ESCO fund was introduced specifically targeting SMEs. The procedures and criteria of the ESCO fund were developed considering the characteristics of the SMEs. As a result, non-profit organizations were appointed as the fund managers.

3. Hiring a fund manager to manage a portion of the fund for a specific purpose. To implement the Revolving Fund, the DEDE has been working with commercial banks to provide soft loans for businesses. Having commercial banks manage the Revolving Fund will be beneficial for the program due to the capacity of commercial banks in managing loans and dealing with lenders. The program can also create awareness for commercial banks about the importance of providing loans for energy efficiency and renewable energy initiatives. In contrast, two fund managers from non-profit organizations have been appointed to manage the ESCO fund. As previously discussed, the fund managers have been proactive in working with SMEs and helping them to access the ESCO fund.

Strong guidance by Energy Conservation Programs

The implementation of a national fund should be guided by well-defined policy objectives. In the case of the ENCON fund, specific objectives and quantitative targets to be achieved within a period of time are set in the ENCON program. Phase 3 of the ENCON program (2008-2011), for instance, aimed to increase energy efficiency by 10.8 percent from business as usual and increase the share of renewable energy development to 15.5 percent of the total energy consumption. The evaluation of the performance in Phase 3 is underway during the writing of this report. The specific targets set by the ENCON program ensure that the ENCON fund is managed strategically according to the government priorities on renewable energy and energy efficiency. Setting specific policy objectives and targets enables the monitoring and evaluation of the performance of the fund. The effectiveness of the fund can then be monitored and evaluated based on the performance since there is a clear link between the amount of resources spent with the achievement of policy targets and performance indicators.

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