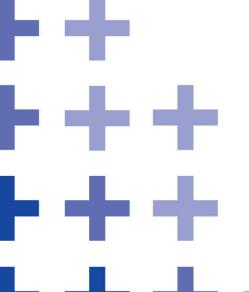


State of play of energy financing in Malta

Financing energy efficiency in Malta and Italy 22nd November 2018





European Union
European Structural and Investment Funds





Partnership Agreement 2014-2020



Established three funding priorities:

- Fostering competitiveness through innovation and the creation of a business friendly environment;
- ii. Sustaining an environmentally-friendly and resource-efficient economy; and
- Creating opportunities through investment in human capital and improving health and well-being.



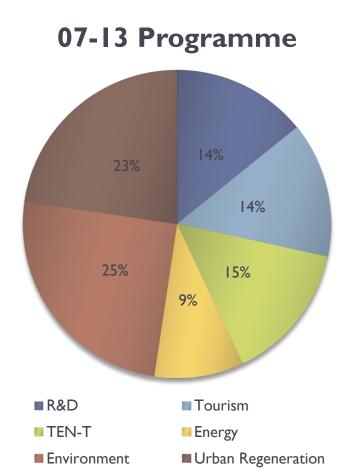
Funding allocation towards EE

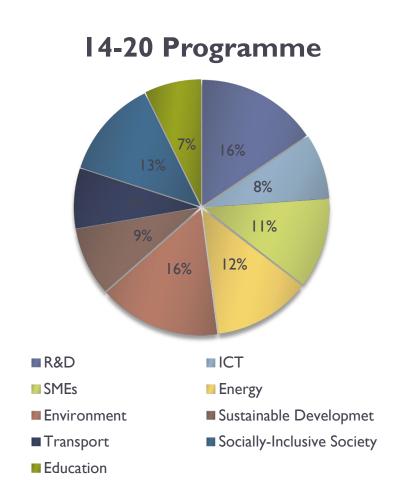
Out of a total funding allocation of €820M, €54.5M are focused on TO 4 as per below:

Thematic objective	ERDF	ESF	CF	EAFRD	EMFF	Total
04. Supporting the shift towards a low-carbon economy in all sectors	46,122,480.00	0.00	0.00	8,299,113.00	100,000.00	54,521,593.00

ERDF Allocation towards Energy



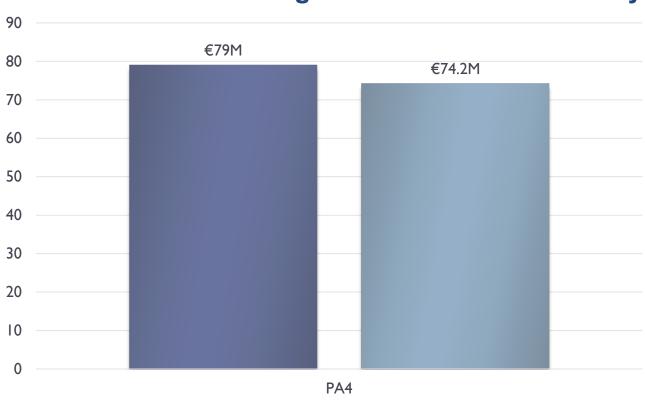




Allocation under PA 4 under the 07-13 Operational Programme

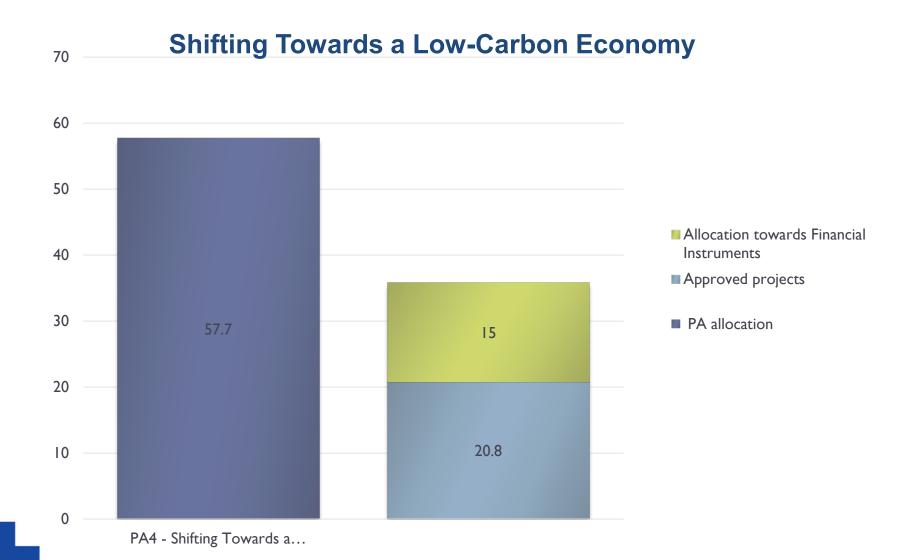


Climate Change and Resource Efficiency



Allocation under PA 4 under the 14-20 Operational Programme









- An ex-ante assessment required for the setting up of a Financial Instrument was carried out as required by the Regulation between late 2017 and early 2018.
- Such assessment was carried out by the EIB with the assistance of the Managing Authority and main stakeholders were interviewed.
- Surveys with the domestic and commercial sector were also held to determine demand.

Ex Ante Assessment – Main Findings



Current economic status:

- ▶ GDP is growing faster than the EU average although, at €22,700, is still lower than EU average. It is however expected to continue in the coming years and has already increased by about 52% in the 2009/2016 period.
- ▶ The number of enterprises has increased by 25% between 2011 and 2016, however the size of the enterprises remains very small, with 97% still being made up of micro-enterprises.
- The population increased significantly in the last decade and at the same time the percentage of the employed population has increased.
- ▶ The average income and disposable income of households has increased, however 16% of population (68,658 persons) still lives under the poverty threshold.

Ex Ante Assessment – Main Findings (2)



Energy production, consumption and supporting measures:

- Malta reports one of the lowest energy consumption per capita in Europe (about 4.87MWh per year), however overall consumption increased in the last years (+13% between 2011 and 2015). The households/services sector accounts for about 80% of total consumption.
- Public intervention is often needed, as the energy sector is affected by market failure and suboptimal investment situations, e.g. PV market started to develop in Malta only after public support schemes became available.
- ▶ EE initiatives are perceived as a non-priority by Maltese corporates and households. **EE initiatives** are **promoted and supported** by public schemes, but the uptake is much lower than initiatives promoting renewable based solutions.

Ex Ante Assessment – Main Findings (3)



- ▶ Despite this, a **potential investment demand in EE of EUR 117m** has been estimated for the coming years (2018 2023).
- The corporate sector is expected to be the main contributor to this demand, through the development of EE initiatives to both to improve buildings and machineries.
- ▶ The **residential sector** is also expected to contribute with EE initiatives in **residential buildings** (both renovation of **existing** dwellings and EE in **new** units).
- Demand is also anticipated from the public sector, to implement EE initiatives on buildings (energy audits are ongoing) and for public infrastructures (e.g. street lighting system).

Ex Ante Assessment – Main Findings (3)



Cost of financing of Maltese enterprises, is still **higher than the EU average** and the **high level of collaterals** required has been highlighted by Maltese SMEs as a relevant obstacle.

Need for financial instruments:

- to support the credit system (e.g. reducing the risk connected with final recipients)
- to help households and enterprises offering better conditions to access finance for EE/REs
- to complement other public support schemes, reducing grant dependency of EE/RE initiatives and therefore maximising the grant impact.

FIs can complement existing support schemes and reduce support given in the form of grant and Feed in Tariffs.



Looking Forward

- ▶ €15M can be made available before end of year
- Discussions are ongoing on the best way to address any State Aid concerns that may arise and to determine under which regime to implement an potential EE instrument
- A Funding Agreement can then be signed and a public Expression of Interest will be issued for banks to act as Financial Intermediary.

Contact Details



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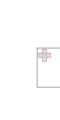
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