



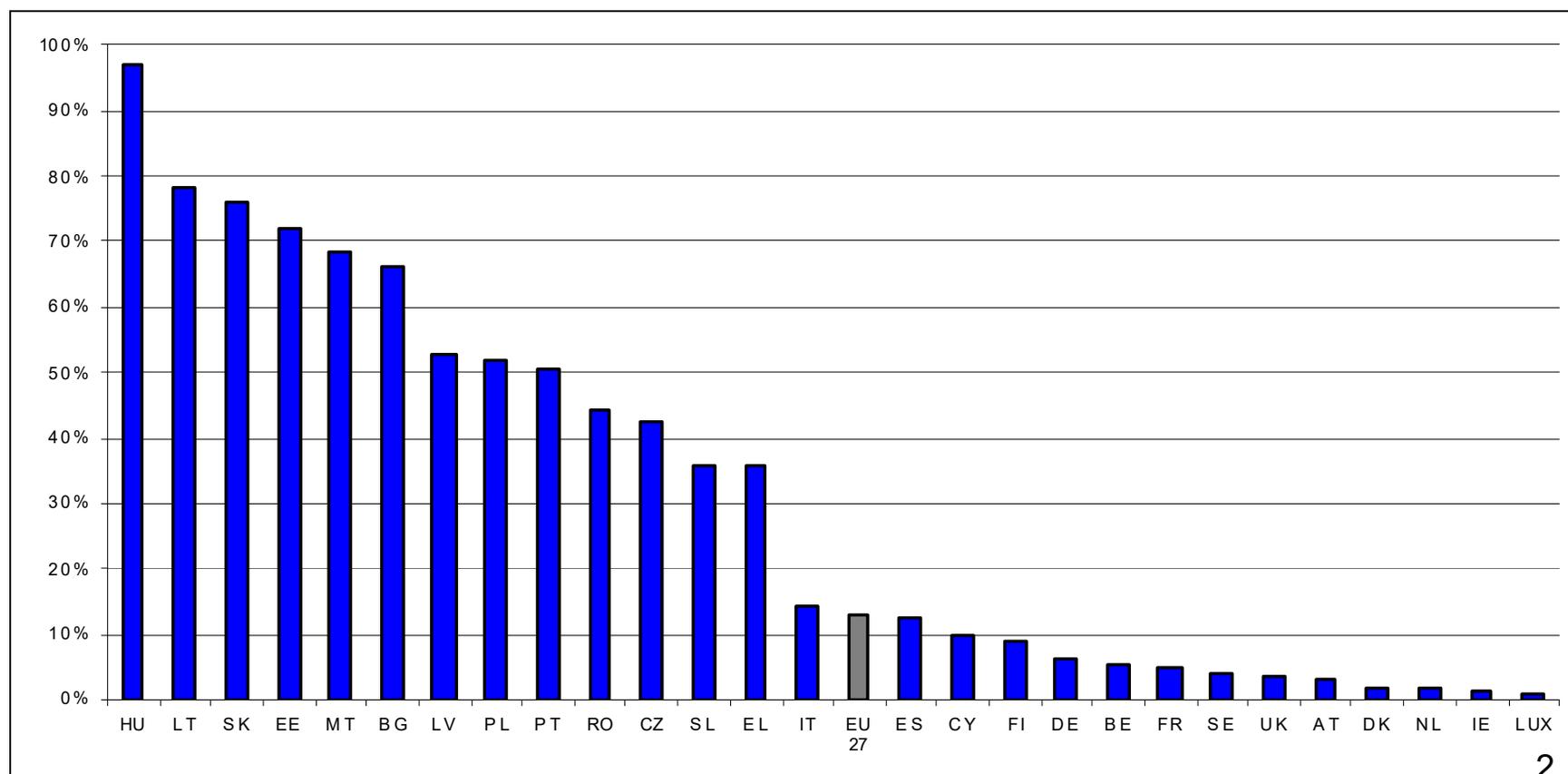
Energy efficiency financing: Support from the European Structural and Investment Funds (ESIF)

"Financing energy efficiency Opportunities and challenges "

DG Regional and Urban Policy

19 April 2017

Cohesion policy 2007-2013 and national counterpart is a significant proportion of public investment in Europe (2011-2013)



ESIF 2014-2020



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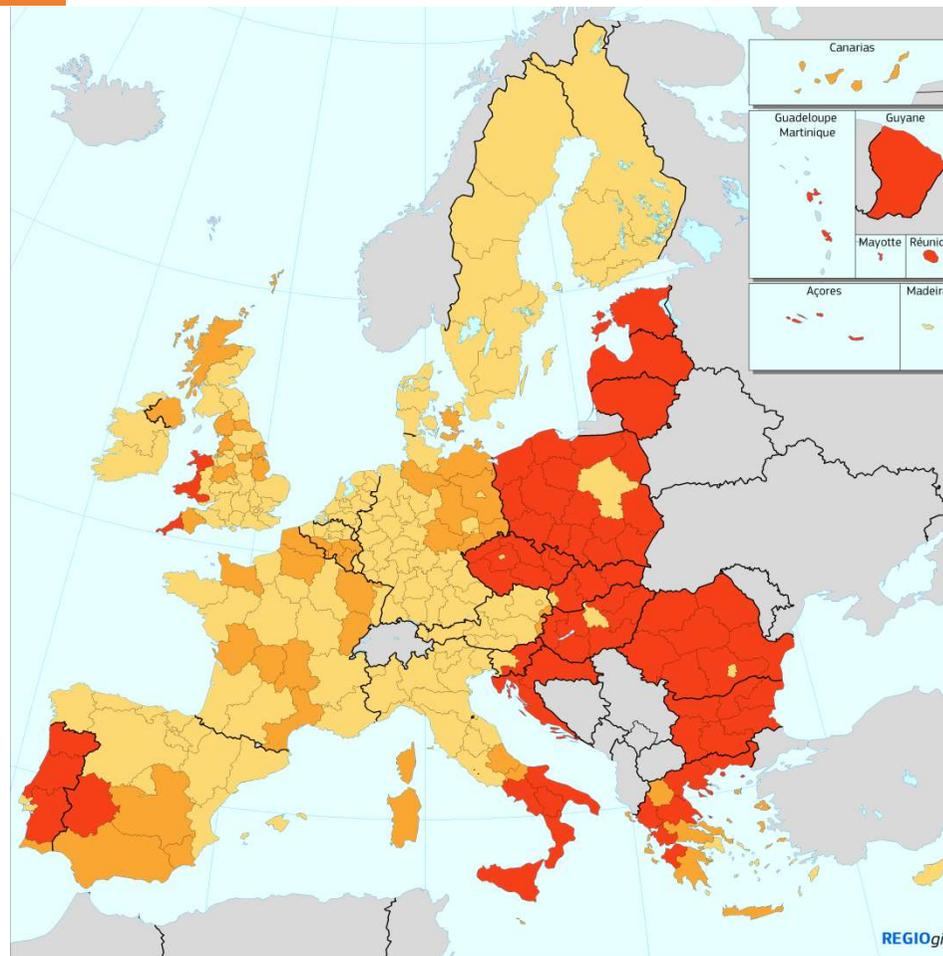
European Structural and Investment Funds (ESIF): EUR 454bn

- European Regional Development Fund (ERDF)
- Cohesion Fund (CF)
- European Social Fund (ESF)
- European Agricultural Fund for Rural Development (EAFRD)
- European Maritime and Fisheries Fund (EMFF)

Cohesion policy (ERDF, CF, ESF):

EUR 352bn over 2014-2020 concentrated in less developed regions, aiming to:

- Reduce disparities between Europe's regions strengthening economic, social and territorial cohesion
- Contribute to the Europe 2020 Strategy for smart, sustainable and inclusive growth



ERDF and ESF eligibility for 2014-2020 period:

Category

- Less developed regions (GDP/head < 75% of EU-27 average)
- Transition regions (GDP/head between $\geq 75\%$ and $< 90\%$ of EU-27 average)
- More developed regions (GDP/head $\geq 90\%$ of EU-27 average)

Shared management

Regional
Policy



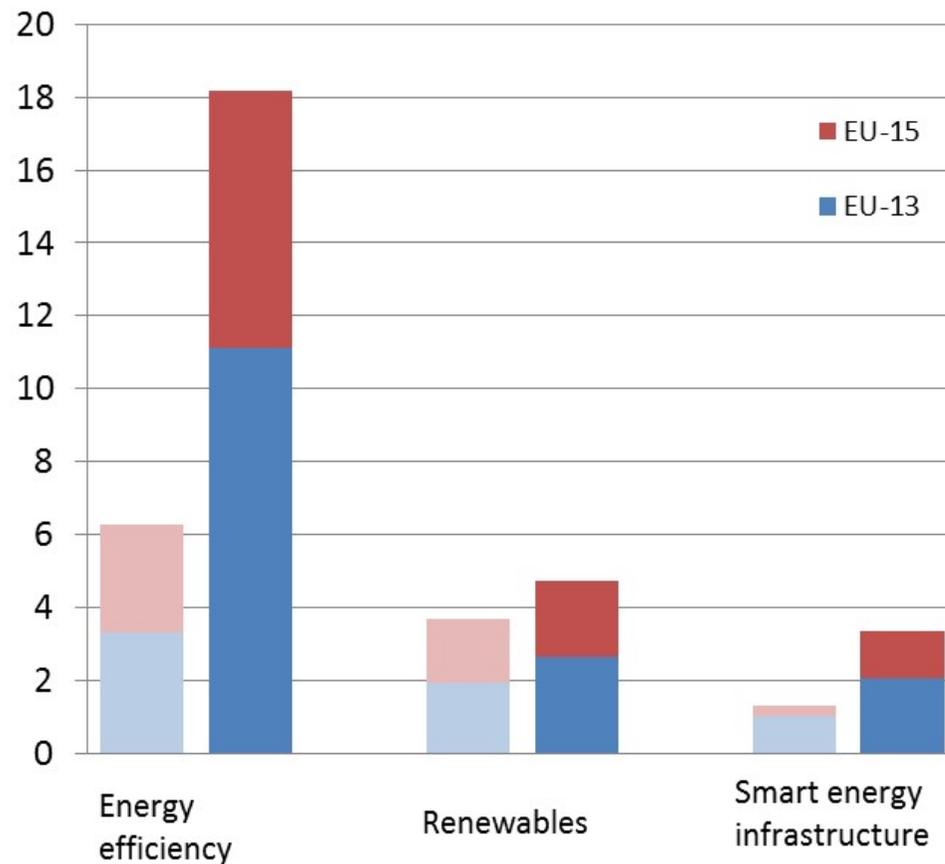
ESI Funds key features

- **Delivery** through multi-annual programmes at national or at regional level
- Obligation of **national co-financing** (subject to same rules and conditions)
- **Form of support:** mainly grants but increasing emphasis on the use of financial instruments
- Implemented by Member States and their regions under **shared management** (Commission has no direct role in selection or implementation of projects)
- ESI Funds have geographical and sectoral **eligibility** criteria as stipulated in the Regulations, programmes and national eligibility rules

Funding leading to benefits for people, regions and businesses



ERDF+CF allocations in EUR billion, all EU MSs
Comparison 2007-2013 vs 2014-2020



875 000 households will live in buildings that have been renovated to reduce energy use.

Around **7 670 MW** of additional capacity of renewable energy production.

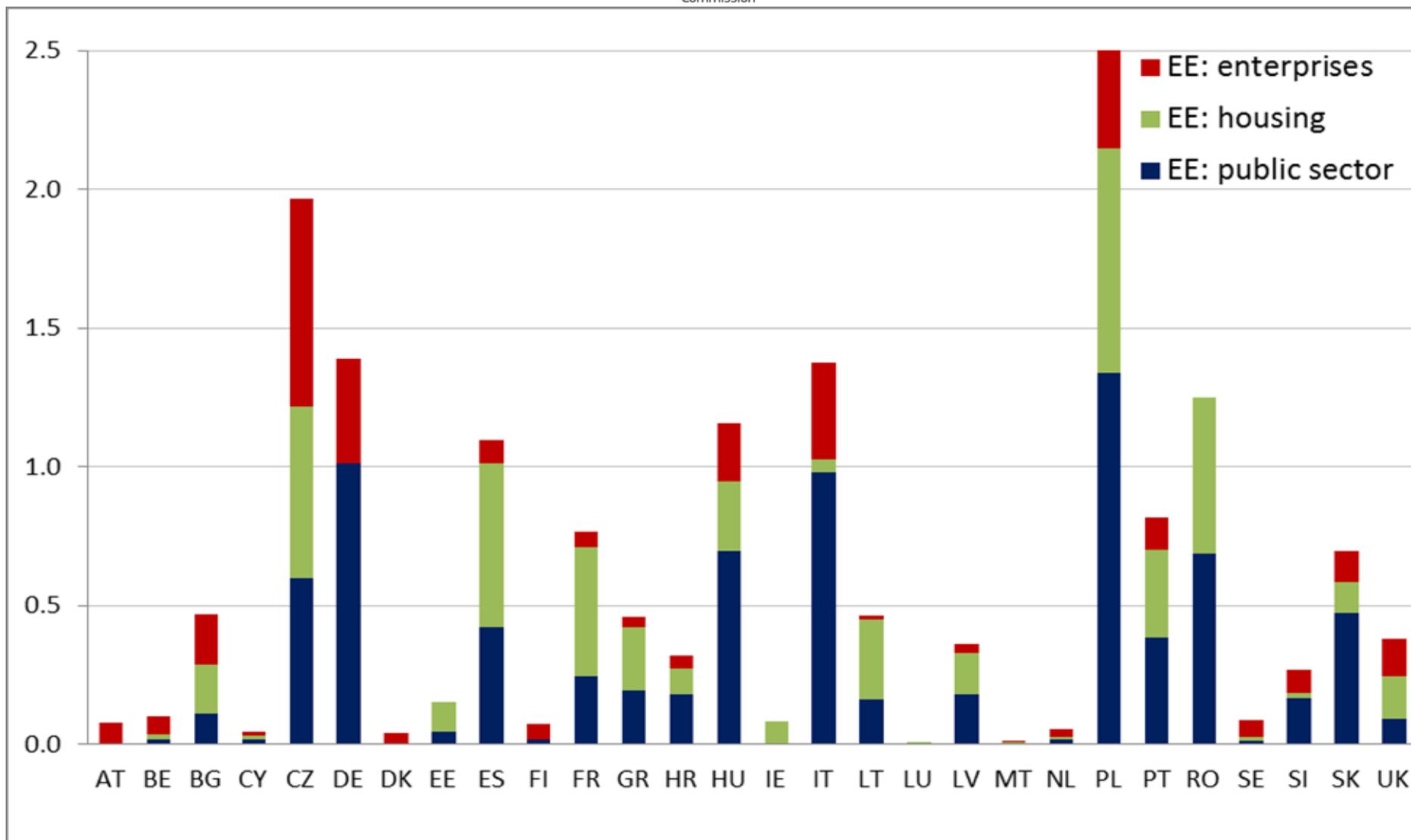
3.3 million additional energy users connected to smart grids.

Public buildings will use **5.2 TWh/year less energy** than they do now.

Energy efficiency will be supported in over **57 000 companies**, mainly SMEs.

Planned allocations from the European Regional Development Fund (ERDF) and the Cohesion Fund (CF), 06/2016.

Energy efficiency: ERDF+CF for 2014-2020, in billion EUR



Total planned allocations per Member State from the ERDF and the CF as of January 2017

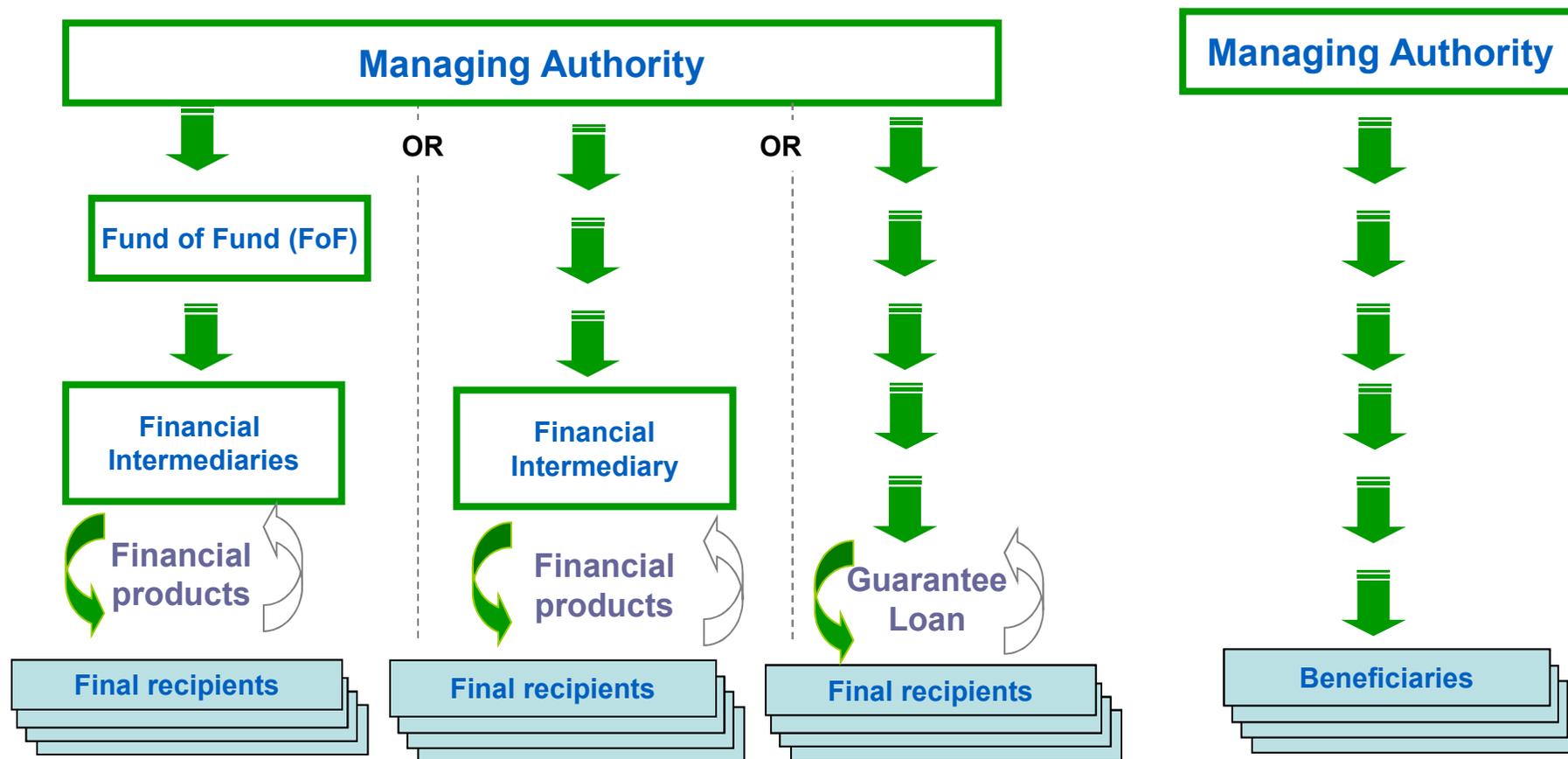
What role for financial instruments?



2014-2020 framework

- Performance oriented legal framework to **promote the use** of financial instruments (FI)
- Financial instruments are a **delivery mode – not an objective**
- **Not all projects (investments) can be supported with FI.** The activity must be generating income/revenue/cost savings in order to ensure repayment of investment
- **Decision** to deliver OP/RDP support through FI is with the **managing authority (MA)**

FIs vs Grants



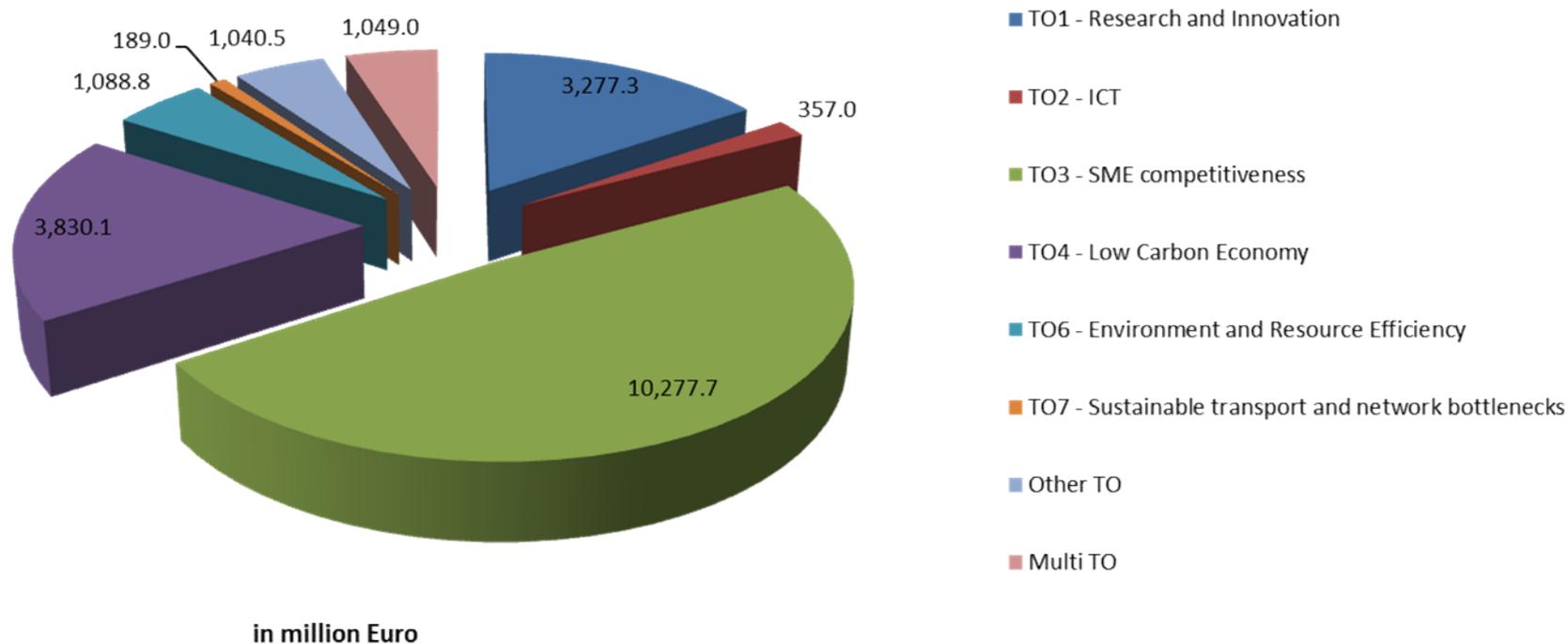
Repayable FI INVESTMENT (loan, guarantee, equity)
prior to project expenditure

Non-repayable GRANT SUPPORT
after project expenditure

Financial instruments in 2014-2020



€ 20 billion planned allocations to FI for ERDF, ESF and CF by Thematic Objective



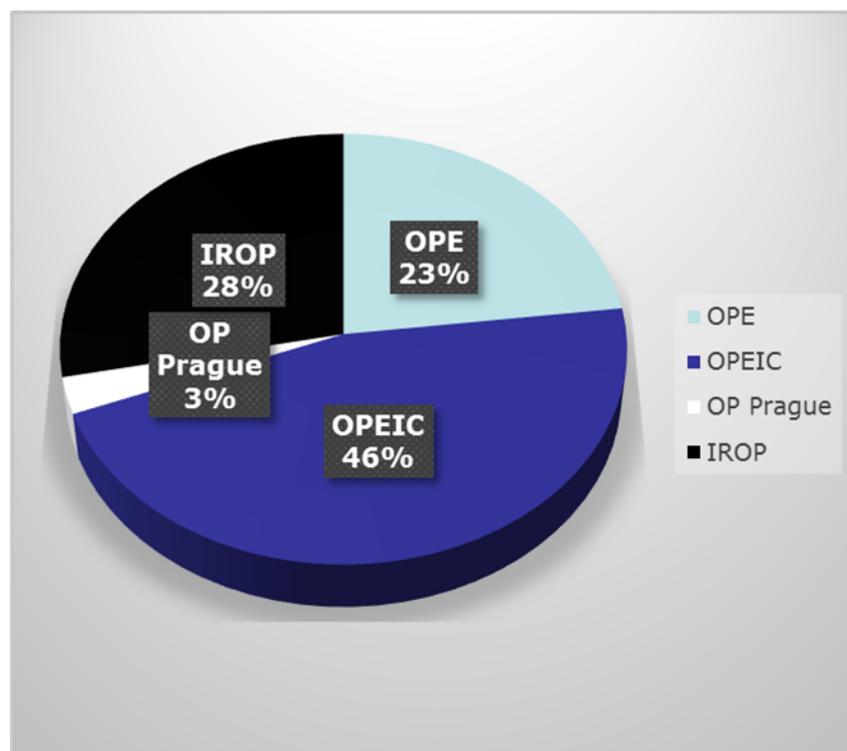
in million Euro



Energy Efficiency in Czechia ERDF/CF OP

- Concentration on grants prevails
- Several OPs involved in TO 4:
 - **OPEIC, PA3; RES, EE for enterprises, smart distribution network, low carbon technologies, heat distribution,**
 - **IROP, SO 2.5; residential housing, multi-apartment buildings**
 - **OPE, PA5; EE in public buildings,**
 - **OP Prague; PA 2, Low carbon strategies and urban multimodal mobility, Housing and public buildings, RES**
- Other Energy efficiency related activities under different TOs:
 - **Transport**
 - **Air pollution reduction**

TO 4 Low Carbon Investment In Czech Republic



*ERDF+CF Allocation
EUR 2,21 billion*

*Set-up of FIs is slow.
Low interest in loans
from public
beneficiaries.*



Standard terms and conditions also called "Off-the-shelf" instruments: objectives

- Help managing authorities to deliver faster and safer funds to the final recipients;
- Combine public and private resources, seek leverage on EU contributions;
- Encourage switch from grant dependency to a more sustainable way of project finance.
- Learn and build on experience of 2007-2013.

'Off-the-shelf' instruments: Renovation Loan



- Purpose of the loan: energy efficiency or renewable measures
- Target: natural, legal persons or independent professionals, administrators or other legal bodies acting on behalf and for the benefit of owners, owning premises (apartment or individual household).
- Loan maturity: up to 20 years (including grace period);
- Loan amount: up to EUR 75.000 / owners;
- Advantage for the owners: access to finance at preferential conditions (interest rate and collateral reductions)
- Risk-sharing: 85%/15%, i.e. the financial intermediary shall contribute with its own private fund for a minimum of 15% (at market conditions);
- State-aid free at the level of the financial intermediary (full pass on of the financial advantage) and
- Compliant with de-minimis rule at the level of owners with economic activities.

Commission implementing regulation No 964/2014 of 11/09/2014



ESI Funds and EFSI

- Both ESI Funds and EFSI bring significant investment volume into Europe (together around EUR 800 billion)
- ESI Funds and EFSI pursue globally similar objectives in the same sectors (e.g. energy, environment, transport, R&D, innovation, SMEs, human capital)
- They form part of distinct frameworks but can be used in a complementary manner and can be combined.

Conclusions



- The reformed Cohesion policy – important driver for energy efficiency investments for the 2014-2020 period
- Clear political commitment – now time for delivery!!!
- Increased use of financial instruments – needed for attracting private financing and for developing markets
- Planned revision of CPR will facilitate the combination of ESIF and EFSI (new dedicated article)
- Planned extension of EFSI beyond the 3 year initial period



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Thank you for your attention!

List of Programmes and Managing authorities:

http://ec.europa.eu/regional_policy/en/atlas/programmes/
http://ec.europa.eu/regional_policy/en/atlas/managing-authorities/

Open data platform:

<https://cohesiondata.ec.europa.eu>
http://ec.europa.eu/regional_policy/en/policy/evaluations/data-for-research/

Project examples:

<https://ec.europa.eu/budget/euprojects/>
http://ec.europa.eu/regional_policy/EN/projects/
<http://ec.europa.eu/esf/main.jsp?catId=46>

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Financial instruments 2014-2020: legislation and guidance – useful links

- DG REGIO:
http://ec.europa.eu/regional_policy/en/funding/financial-instruments/
- fi-compass: <https://www.fi-compass.eu/>
- Investment Plan for Europe EC:
http://ec.europa.eu/priorities/jobs-growth-and-investment/investment-plan_en
- EFSI EIB website: <http://www.eib.org/efsi/index.htm>
- Brochure on ESIF and EFSI complementarities:
http://ec.europa.eu/regional_policy/sources/thefunds/fin_inst/pdf/efsi_esif_compl_en.pdf