



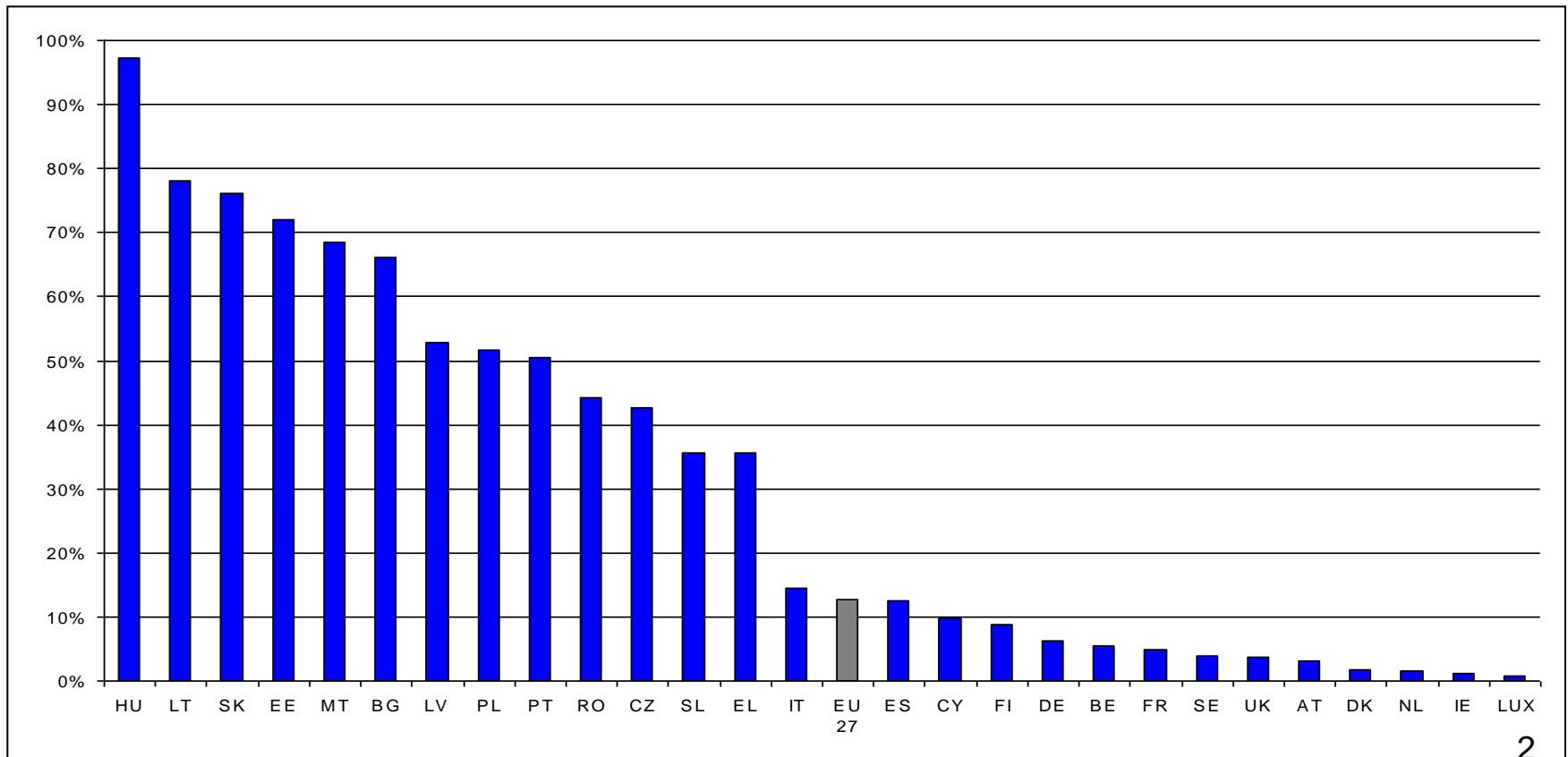
Energy efficiency financing: Support from the European Structural and Investment Funds (ESIF)

*"Financing energy efficiency - Lessons from successful
Horizon 2020 projects and other initiatives across Europe"*

DG Regional and Urban Policy

30 March 2017

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



ESIF 2014-2020

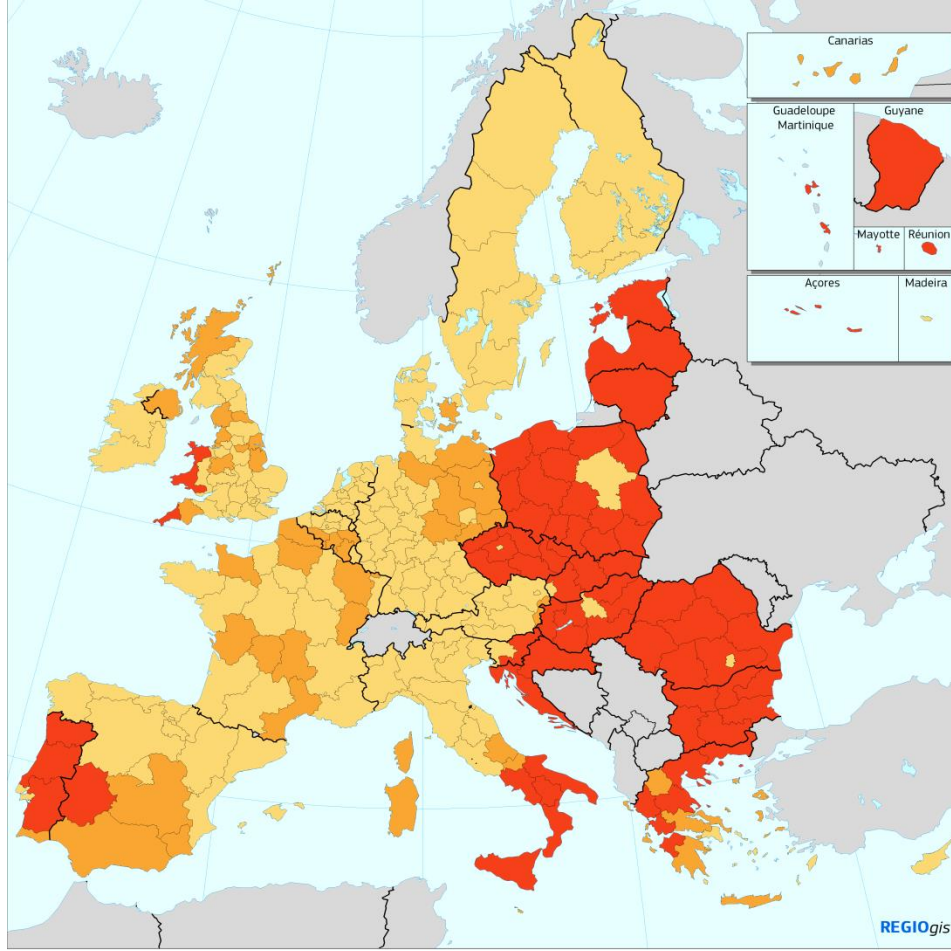


European Structural and Investment Funds (ESIF): EUR 454bn

- 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	
Red	Less developed regions (GDP/head < 75% of EU-27 average)
Orange	Transition regions (GDP/head between >= 75% and < 90% of EU-27 average)
Yellow	More developed regions (GDP/head >= 90% of EU-27 average)

Shared management



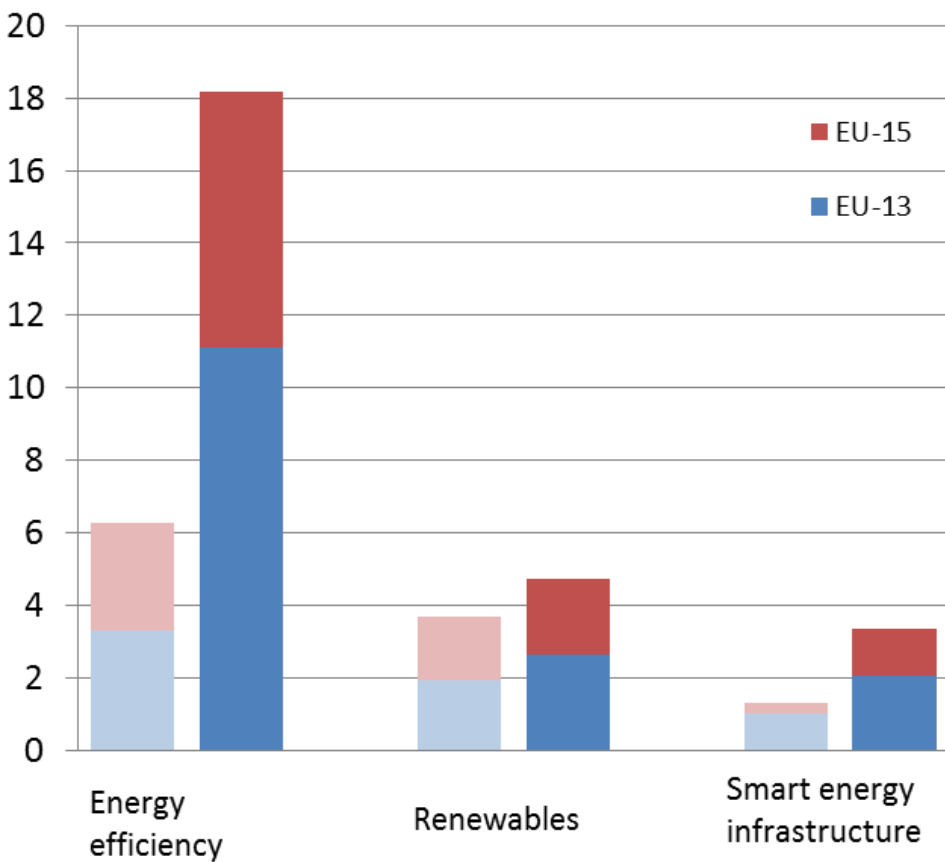
ESI Funds key features

- **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.



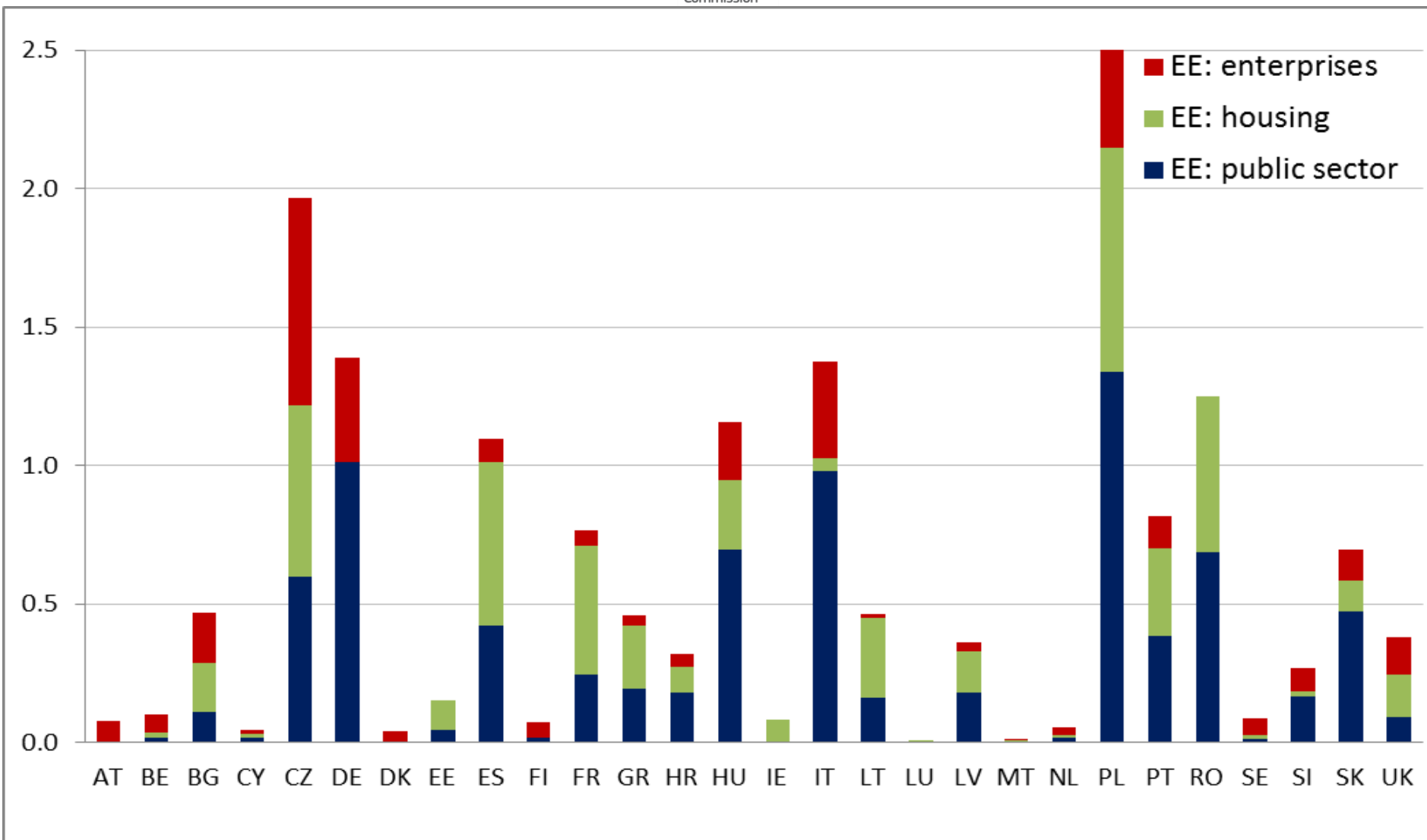
Public buildings will use **5.2 TWh/year less energy** than they do now.



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



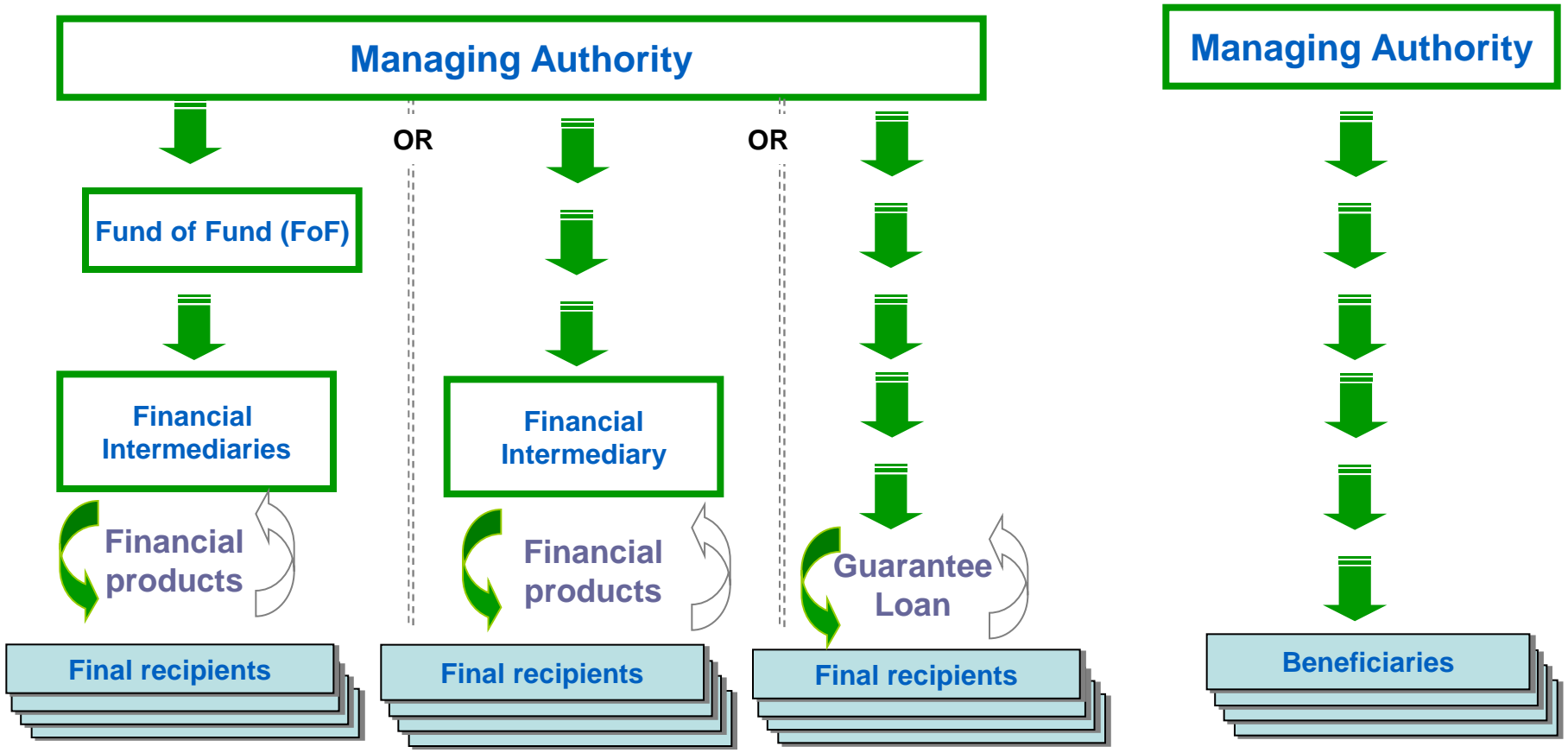
Total planned allocations per Member State from the ERDF and the CF as of January 2017



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



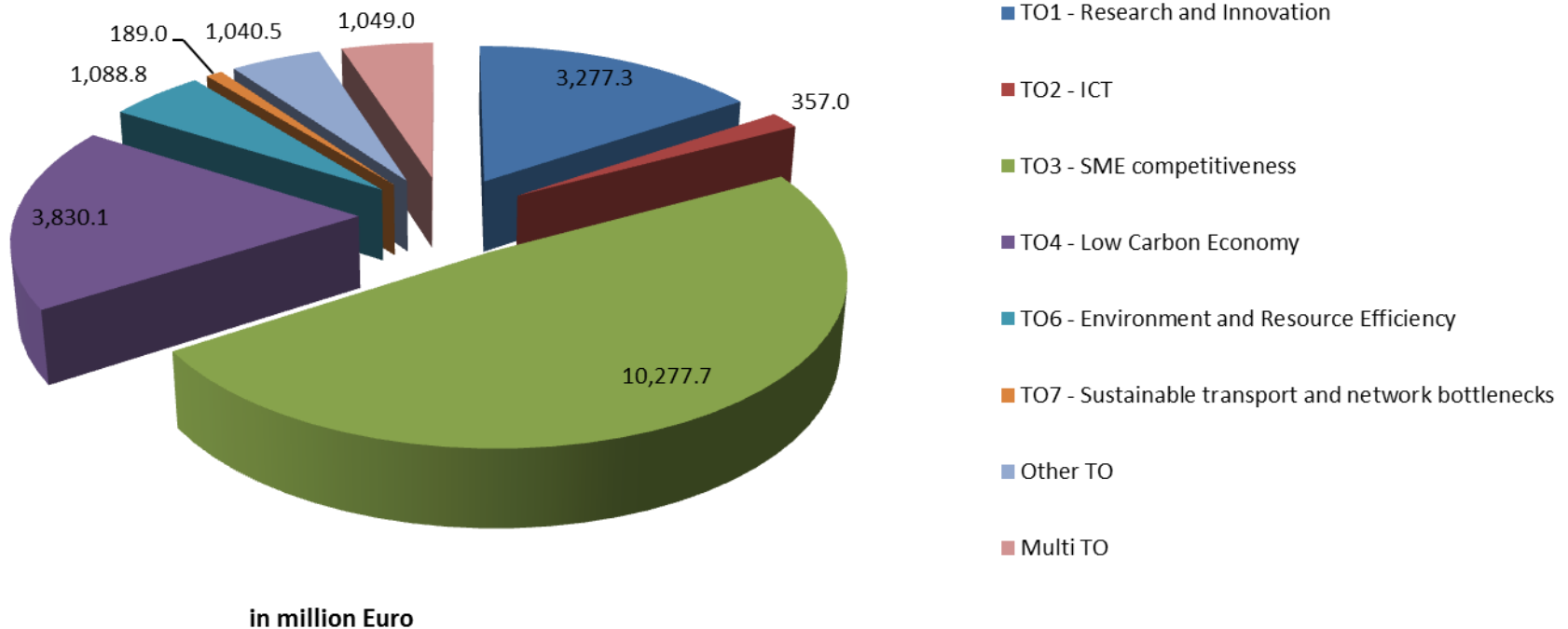
Repayable FI INVESTMENT (loan, guarantee, equity)
prior to project expenditure

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



Some results (by end 2015)



ESIF amounts committed in the funding agreements to FIs at the end of 2015, in million EUR

	ERDF and CF	ESF and YEI ¹	EAFRD	Total
TO1: Innovation and R&D	728.77	-	-	728.77
TO2: ICT	292.52	-	-	292.52
TO3: Support to SMEs	985.72	-	9.25	994.97
TO4: Low carbon economy	893.61	-	0.20	893.81
TO5: Climate change adaptation	57.01	-	-	57.01
TO6: Environmental and resource efficiency	-	-	-	0.00
TO7: Transport	119.00	-	-	119.00
TO8: Employment and labour mobility	95.54	148.60	-	244.14
TO9: Social inclusion	-	-	-	0.00
TO10: Investing in education and training	-	-	-	0.00
Total	3,172.17	148.60	9.45	3,330.22

http://ec.europa.eu/regional_policy/sources/thefunds/fin_inst/pdf/summary_data_fi_1420_2015.pdf

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.

Financial instruments 2014-2020: "Off-the-shelf"

Three for SMEs

1. Loan for SME's based on a portfolio risk sharing loan model (Risk Sharing Loan) (Annex II of 2014/964/EU) .
2. Guarantee for SMEs (partial first loss portfolio, capped guarantee) (Annex III of 2014/964/EU).
3. Equity fund for SMEs and start-up companies (Co-Investment facility) (Annex V of 2014/964/EU).

Two for energy efficiency/renewable energies and for urban development

4. Renovation Loan based on a Risk sharing loan model (RS Loan) (Annex IV of 2014/964/EU).
5. Urban Development Fund (Loan Fund for Urban development projects) (Annex VI of 2014/964/EU).

'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 ESFI beyond the 3 year initial period



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>

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_instrument/pdf/efsi_esif_compl_en.pdf