

# Lessons learned from European Financial Instruments to support Energy Efficiency in buildings: relevance to EuroPACE

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# 1. Background

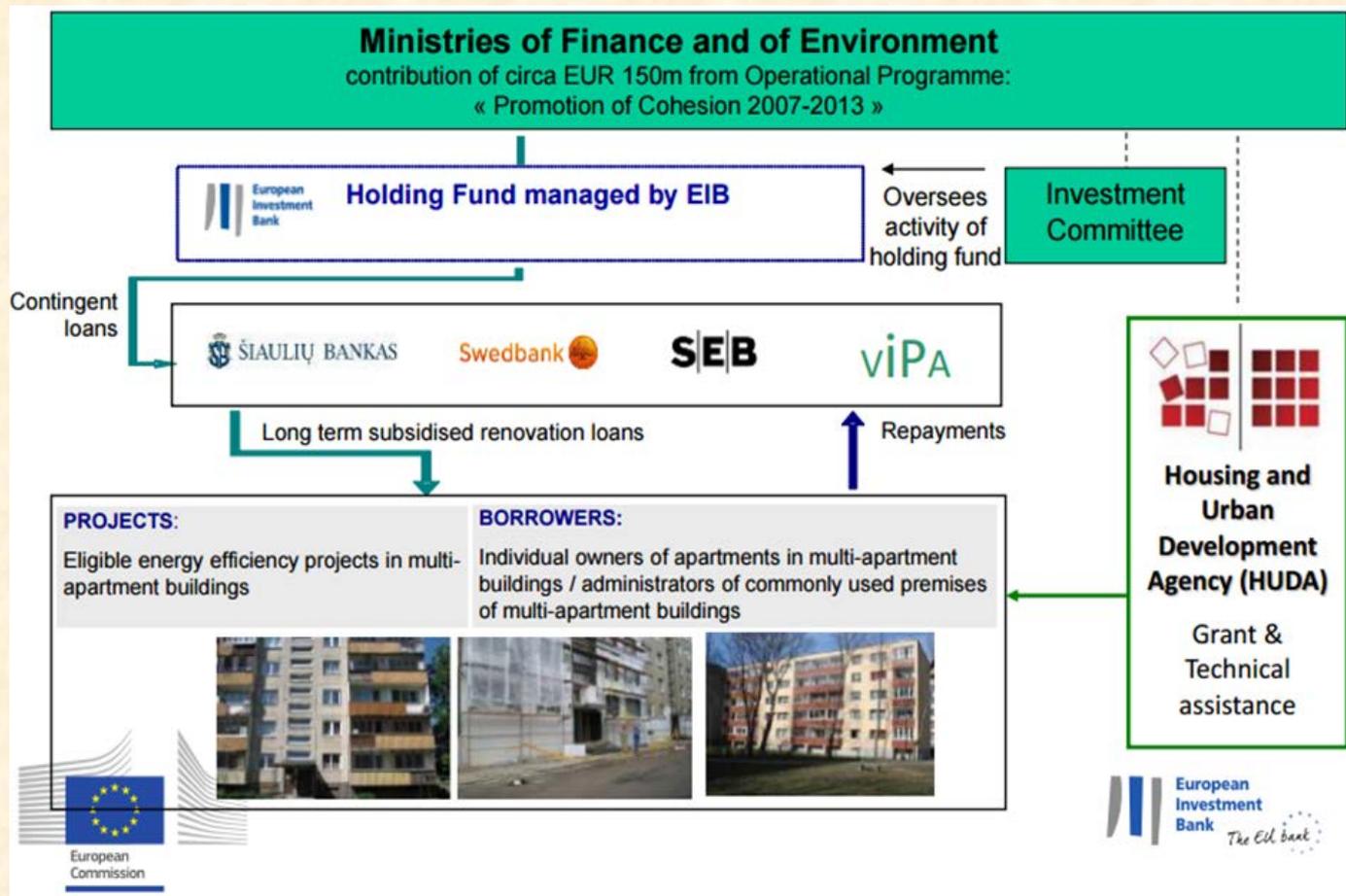
- European Financial Instruments (FI) to support Energy Efficiency (EE) are mostly created from mid-2000
- EU policy supports the development of FI for buildings renovation: Smart financing for Smart buildings
- Strong expansion of EU funds for EE: Structural and Cohesion funds, Juncker Plan, ELENA, etc.
- An alternative to FI and grants to support EE is energy taxes: but not very popular, in particular for its negative impact on energy poverty

## 2. Main characteristics of Financial Instruments (FI) to support EE

- Two general types (\*): dedicated credit lines and funds
- Mostly use public grants to reduce credit risk (and thus lower loan pricing) and to stimulate financial intermediaries to finance EE
- They normally include Technical Assistance to beneficiaries and financial intermediaries
- In some cases include grants for low incomes or for investments with a long pay back

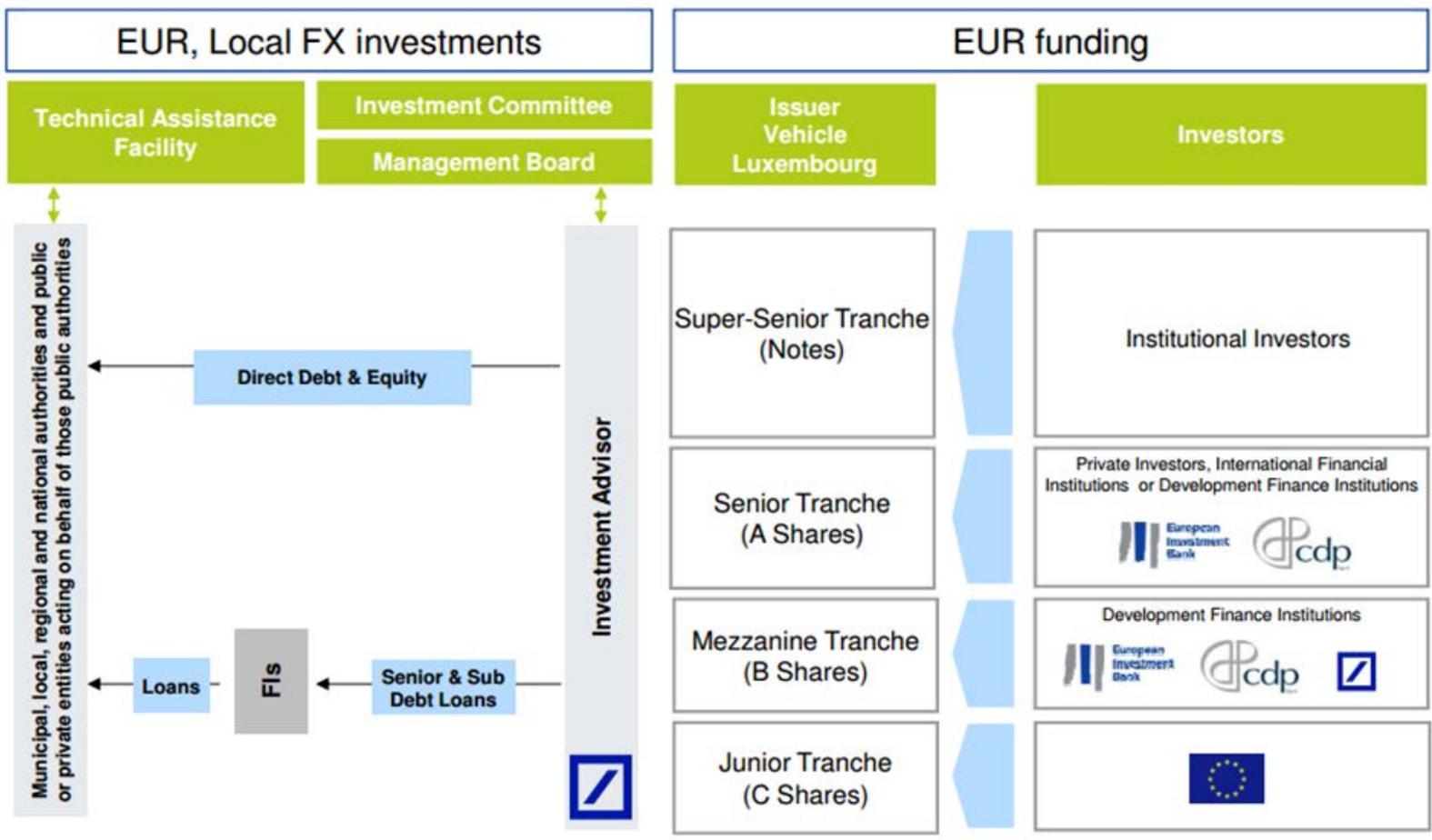
(\*) Generally, they also support small renewable energy (RE)

## 2.1. Example of credit line to support EE in private residential buildings: Jessica Lithuania



Source: Frank Lee, FI experiences in energy efficiency. Fi-compass EIB Enero 2015

# 2.2. Example of fund to support EE&RE in public sector/ESE: EEEF



Source: [http://www.sustainablegeneva2013.org/wp-content/uploads/2013/04/A3\\_Massud.pdf](http://www.sustainablegeneva2013.org/wp-content/uploads/2013/04/A3_Massud.pdf)

### 3. Advantages of FI in relation to grants to support EE

- FI can achieve a higher leverage than grants in terms of investment mobilized per public funds used
- Sustainability
- Facilitates financing of large investments, such as deep renovations
- Better quality of projects, if FI includes good investment monitoring
- Better communication between public and private actors

## 4.1. Lessons learned

- To achieve its objectives FI have to be part of a policy to promote EE investment, including regulatory measures
- Provision of information and TA to households is fundamental, to help them identifying investments and implementing them
- Provision of competitive financing is key to success
- Grants are usually required for low incomes and for capital intensive EE measures

## 4.2. Lessons learned

- Households have often difficulties to understand the benefits of financing provided by the FI in relation to grants: risk tan results are less than initially expected
- Significant time is necessary to set up a new FI and to develop its market
- Capacity of public actors to understand FI and to contribute to their implementation.
- Capacity and cost to implement a good FI reporting

## 5. Relevance to EuroPACE of lessons from European FI

EuroPACE integrates lessons learned from existing FI:

- It provides competitive financing at low cost (needs thus less public resources)
- It covers a large range of investment: from small to large EE&RE
- It integrates provision of information to households and development of works and equipment suppliers. It can include a TA component if public funds are available
- It can be combined with grants and cheap funding from public or private sources