



## Support to small municipalities, JESSICA Holding Fund, Sardinia, Italy

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# The EIB's experience with financial instruments in Italy



☀ **The JESSICA initiative:** The EIB set up Holding Funds on behalf of the MAs of the regions of Campania, Sardinia and Sicily; the Regions contributed EUR 328 million of EU Structural Funds for the programming period 2007 - 2013. The resources were used to support investments through loans and venture capital: the portfolios are fully performing.



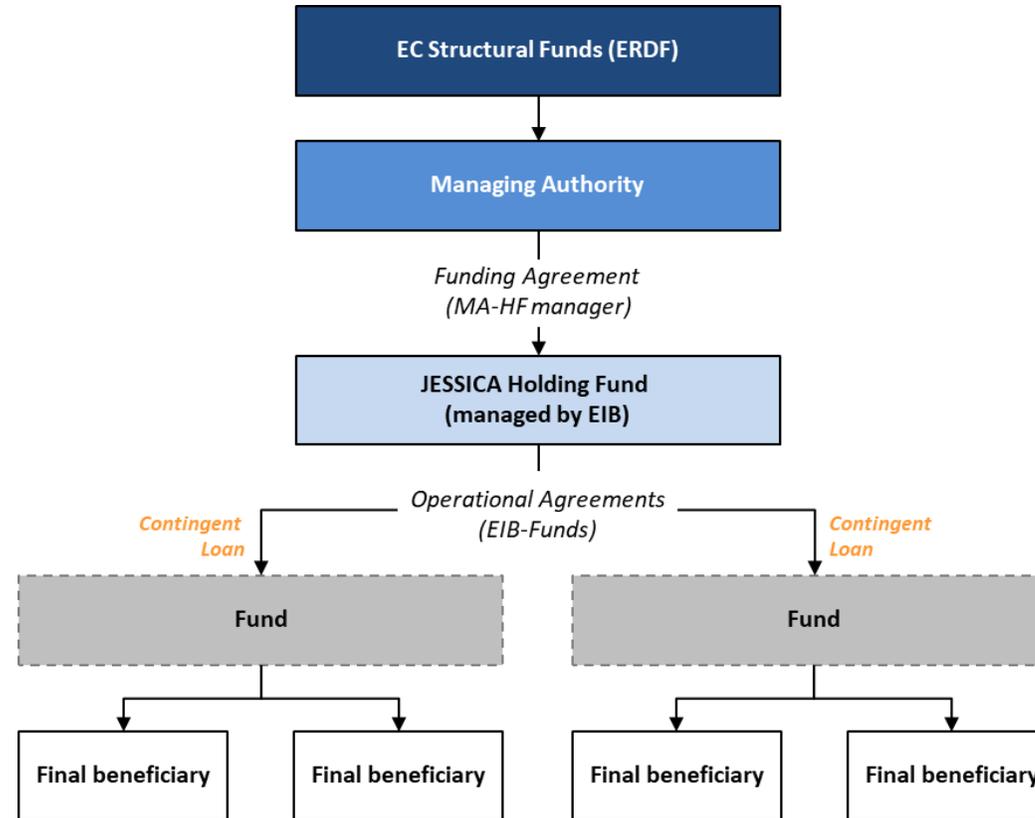
☀ **MIUR Fund for Research and Innovation:** At the end of 2016, the Ministry for Education, University and Research (MIUR) and the EIB created a Fund of Funds focused on research and innovation, with a budget of EUR 200 million of the NOP R&I 2014 - 2020 funds on a multiregional scale (focus on the eight regions of southern Italy). The MIUR Fund also represents an opportunity to develop a **platform that attracts additional private resources, including those of the EIB**, to increase the multiplication effect of scarce public resources without burdening the national budget.



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# A consolidated and simple set-up



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# Advantages of financial instruments



## Risk tolerance advantages

*Reduction of risks connected to the project structuring*

- Wide range of financial products:
  - ✓ Junior/subordinated debt
  - ✓ Mezzanine
  - ✓ Equity
  - ✓ Quasi-equity
- Risk coverage instruments:
  - ✓ Loss absorption mechanisms
  - ✓ Guarantees
  - ✓ Subordinated financing

## Financial advantages

*Attractive conditions / incentives*

- Long term financing (up to 25 yrs) vs shorter term offered commercial banks
- Competitive pricing (EC reference rate, market conform)
- Upfront disbursements for project promoters (vs grants contribution)
- Co-financing and leverage effect

# Support to small and remote municipalities – Baridili



- This is one example of several similar projects with small municipalities in Sardinia. It concerns various energy efficiency measures: (i) installation of a photovoltaic system in a camper car parking; (ii) installation of solar panels for water heating in the municipal sports facilities; (iii) installation of energy-efficient LED street lighting in the local park.
- The projects is promoted by the municipality of Baradili, a small village with less than 100 inhabitants in the province of Oristano.
- **JESSICA Fund Sardinia contribution:** long-term loan of EUR 119k, covering all projects costs.
- **Expected benefits:**
  - Contribution to clean energy measures;
  - In the long-term, energy cost savings;
  - Modern street lighting.



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# Support to small and remote municipalities – Fordongianus



- The project concerns energy efficiency measures: energy efficient public buildings through the use of geothermal energy
- **Beneficiary:** Comune di Fordongianus (890 inhabitants)
- **JESSICA Fund Sardinia contribution:** EUR 200k, covering all projects costs.



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# Support to small and remote municipalities – Burgos



- The project concerns energy efficiency measures: energy production plants from renewable sources on municipal buildings (school building, municipal office, sports facilities)
- **Beneficiary:** Comune di Burgos (920 inhabitants)
- **JESSICA Fund Sardinia contribution:** EUR 287k, covering all projects costs.



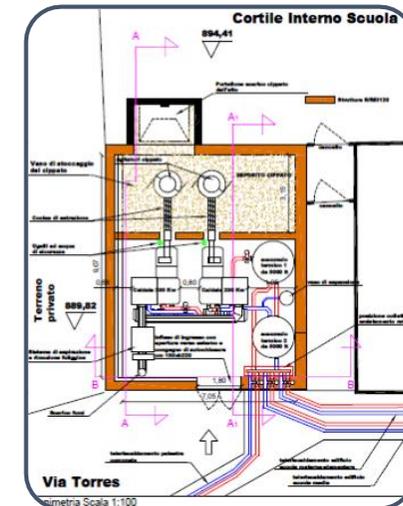
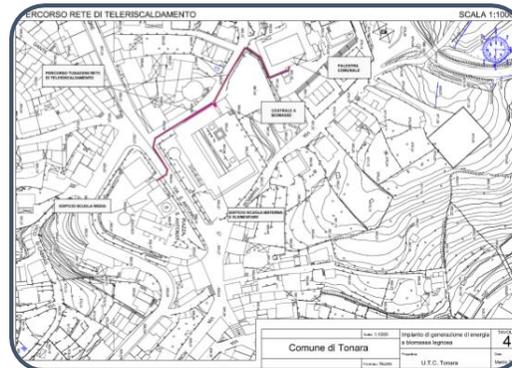
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# Support to small and remote municipalities – Tonara



- The project concerns the construction of **two biomass boilers** (moving grate boilers) for a total heating capacity of 500 kW, to be fed by **woodchips**. The project envisages the construction of a **heating network** providing energy supply to the **schools and the municipal gym** located in the surrounding area, allowing the **disposal of the outdated and polluting oil-fired boilers**.
- The projects is promoted by the municipality of **Tonara**, a small town (2,000 inhabitants) in the province of Nuoro.
- **JESSICA Fund Sardinia contribution**: EUR 360k, covering all projects costs.



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# Support to small and remote municipalities – Muros



- The project concerns energy efficiency measures: energy production plants from renewable sources on municipal buildings and replacement of boilers
- **Beneficiary:** Comune di Muros (860 inhabitants)
- **JESSICA Fund Sardinia contribution:** EUR 100k, covering all projects costs.



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# Support to small and remote municipalities – Ozieri



- The project concerns energy efficiency measures: realisation of a small wind plant connected to Parco della Sostenibilità.
- **Beneficiary:** Comune di Ozieri
- **Total project costs:** EUR 275k
- **JESSICA Fund Sardinia contribution:** EUR 248k



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# Support to small and remote municipalities – Torralba



- The project concerns energy efficiency measures: energy production plants from renewable sources on communal buildings (communal houses, primary school)
- **Beneficiary:** Comune di Torralba (975 inhabitants)
- **JESSICA Fund Sardinia contribution:** EUR 342k, covering all projects costs.



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