

Taking Energy Efficiency Financial Instruments to the next level

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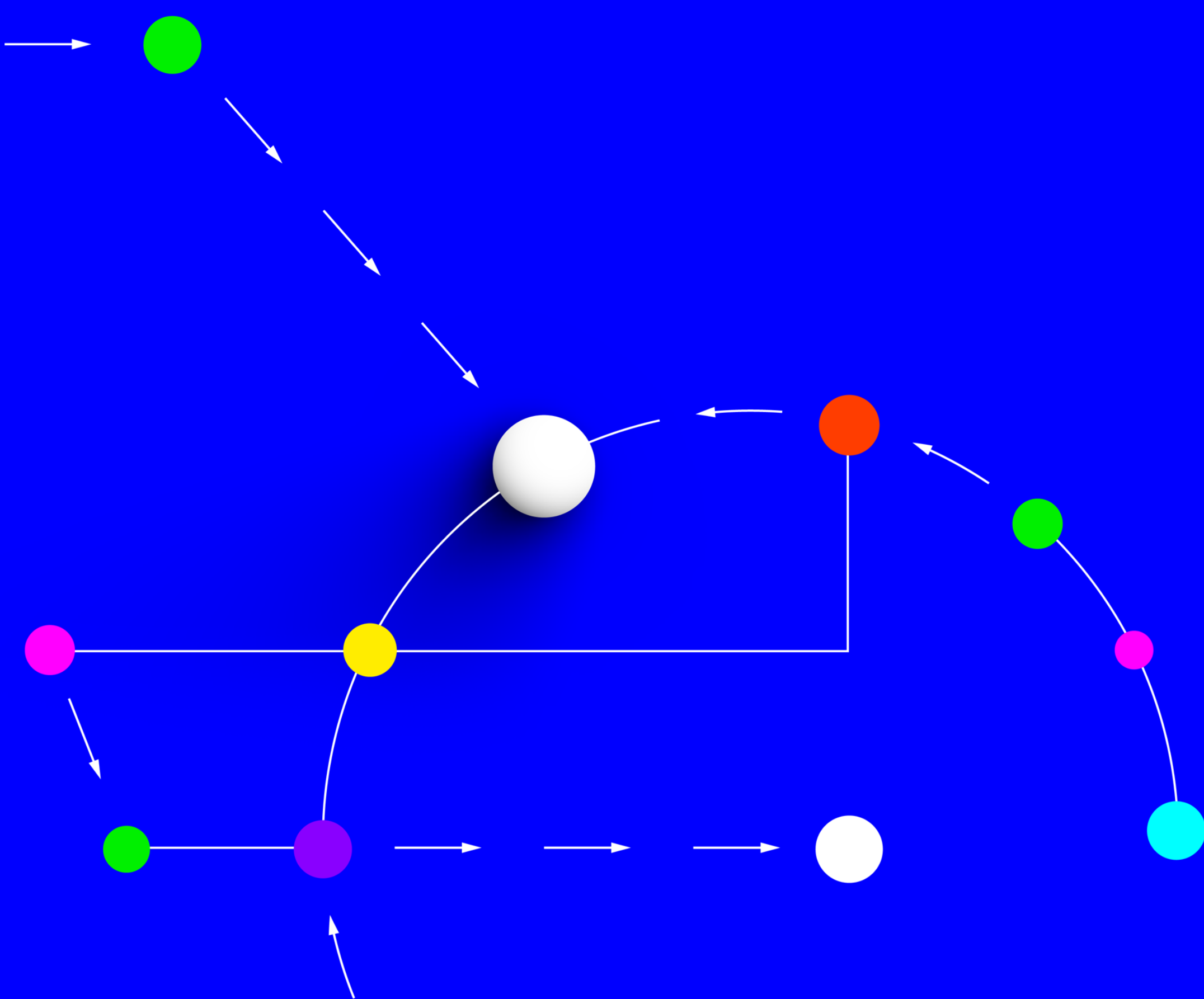
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Why Energy Efficiency Financial Instruments?

🎯 Energy Efficiency as key strategic priority for the 2021-2027 programming period

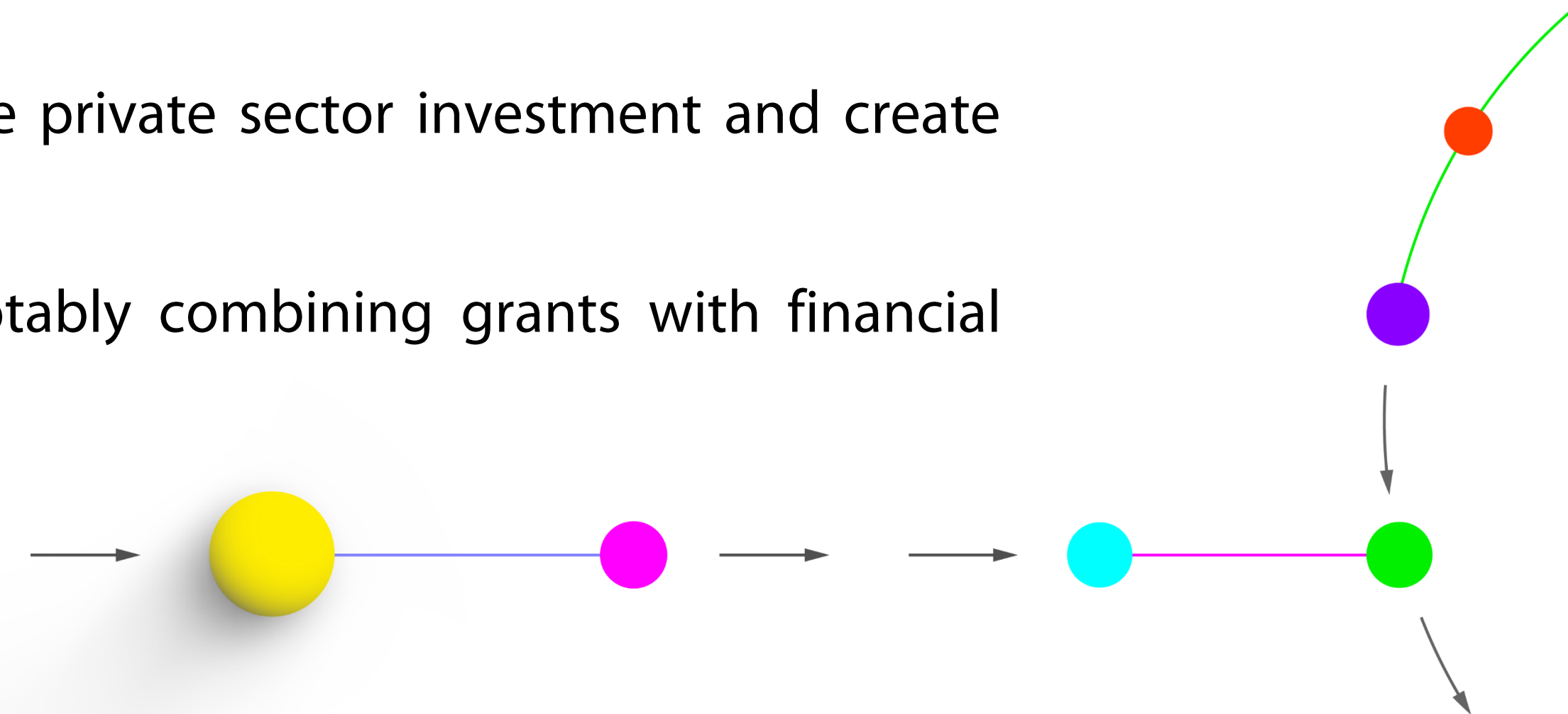
- EE support measures to address high energy costs, for companies as well as individuals, thus supporting both economic competitiveness and social inclusion.
- EE also contributes to strengthen energy security by reducing dependency on imports and minimise energy waste.
- **Need for acceleration of EE investments to meet EU targets:** around EUR 275bn of additional investment in building renovations is needed every year to achieve the 55% climate target by 2030¹.

but insufficient funding to address large EE market gap and limited incentives' for such investments.

▶▶ Leveraging FIs to scale-up EE investment

- FIs can lead to more efficient use of public resources, mobilise private sector investment and create incentives for EE investments
- New flexibilities introduced under CPR to facilitate EE FIs, notably combining grants with financial instruments in a single operation

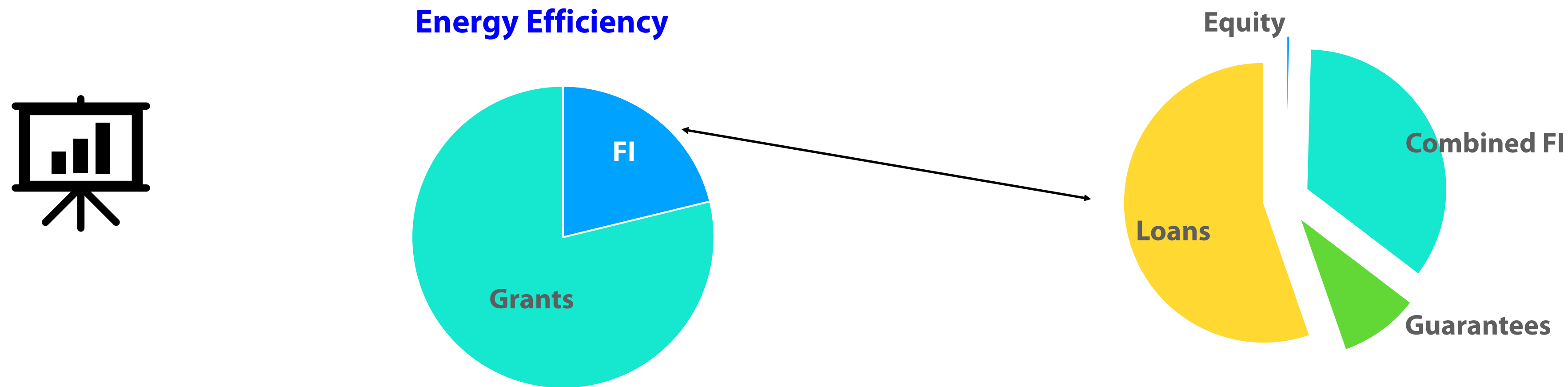
¹ Renovation Wave strategy



A look into EE FIs for 2021-2027

ERDF and Cohesion Funds

- Energy Efficiency investments can be supported by financial instruments due to their cost saving impact.
- **HOWEVER, though increasing from previous programming period, Financial Instruments account for only one fifth of the EU budget allocated to support EE investments in 2021-2027.**



- **The main reasons for the modest FI allocation need to be identified and related challenges addressed in order to scale up EE FI to achieve environmental and social objectives**

What prevents EE FI from reaching higher levels?

1 Low market demand

- Insufficient **awareness** of the benefits of EE investments
- Project promoters **lack incentives**, in particular for deep renovations
- Final recipients may have a **limited financial capacity / energy poverty**
- Lack of simple and integrated blended products

3 Project challenges

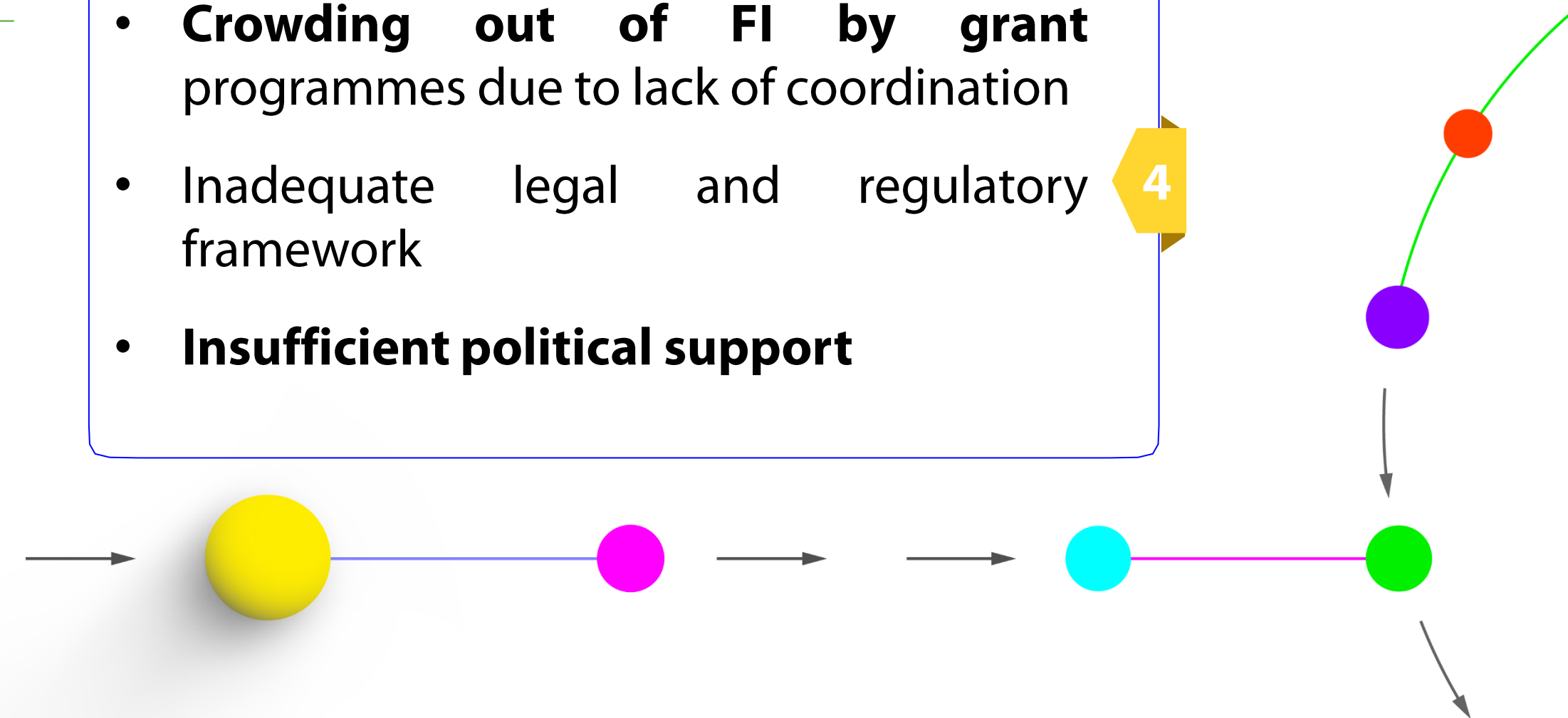
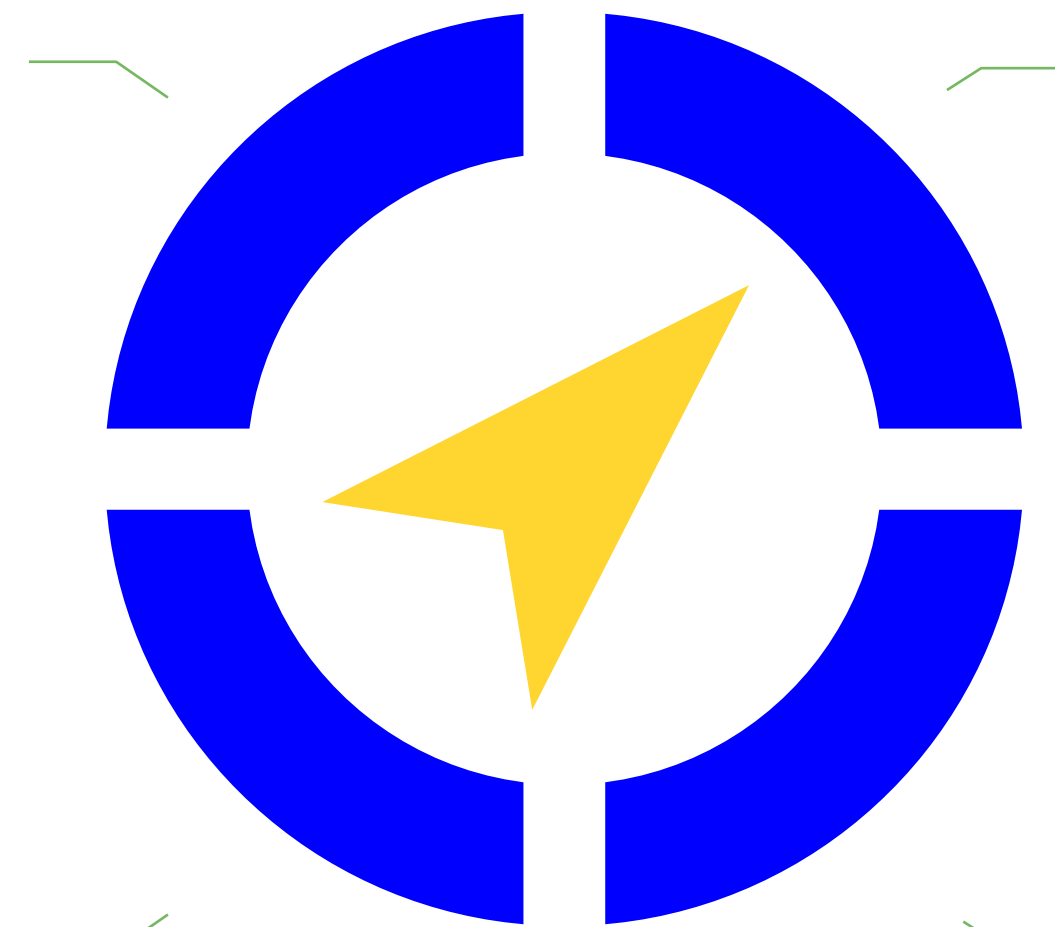
- **High upfront costs** for project development – significant **TA needed**
- **Technical complexity** for financial intermediaries
- Shortage of qualified and experienced EE project designers and installers

2 Moderate though growing appetite from financial markets

- Complex regulatory environment
- Lack of scalable solutions
- Long payback / low return conundrum
- **High perceived risk**)
- **Insufficient collateral**
- State aid restrictions

4 Potential country specificities

- **Crowding out of FI by grant programmes** due to lack of coordination
- Inadequate legal and regulatory framework
- **Insufficient political support**



Fi-compass Scale-up programme

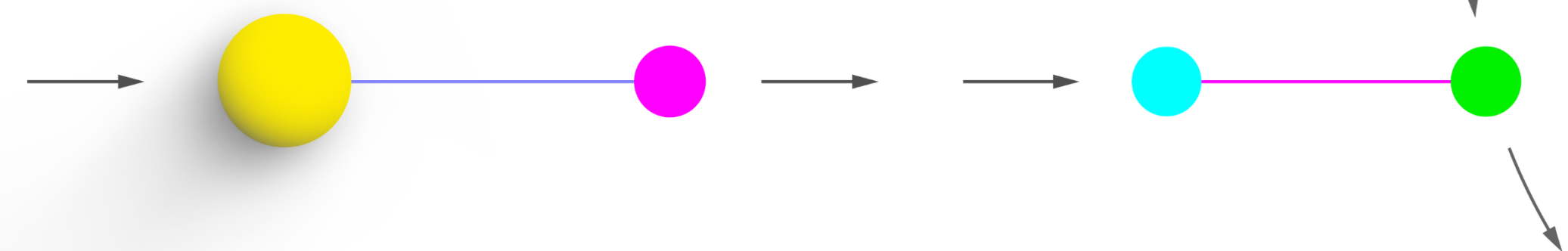
A new initiative to support the deployment of EE FIs

Objective

- Scale up aims to **identify and address key challenges** related to the design, set up and implementation of FIs for EE and small-scale RE investments in the 2021-2027 programming period.
- The overall objective is to help put in place the conditions to increase the scope and leverage of the EE FIs, notably by crowding in external investors/private financiers
- It builds on a collaborative approach by bringing together a **working group** of experts that will collectively reflect, share experience and propose operational solutions to EE FI challenges.
- Launched in April 2024, the Scale up working plan will be delivered **over a period of 18 months**. The results will be disseminated to the fi-compass community.




A number of Member States have programmed combined FI for EE in the 2021-2027 period, e.g. Latvia, Estonia, Lithuania, Bulgaria, Hungary, Croatia, Poland, Romania...



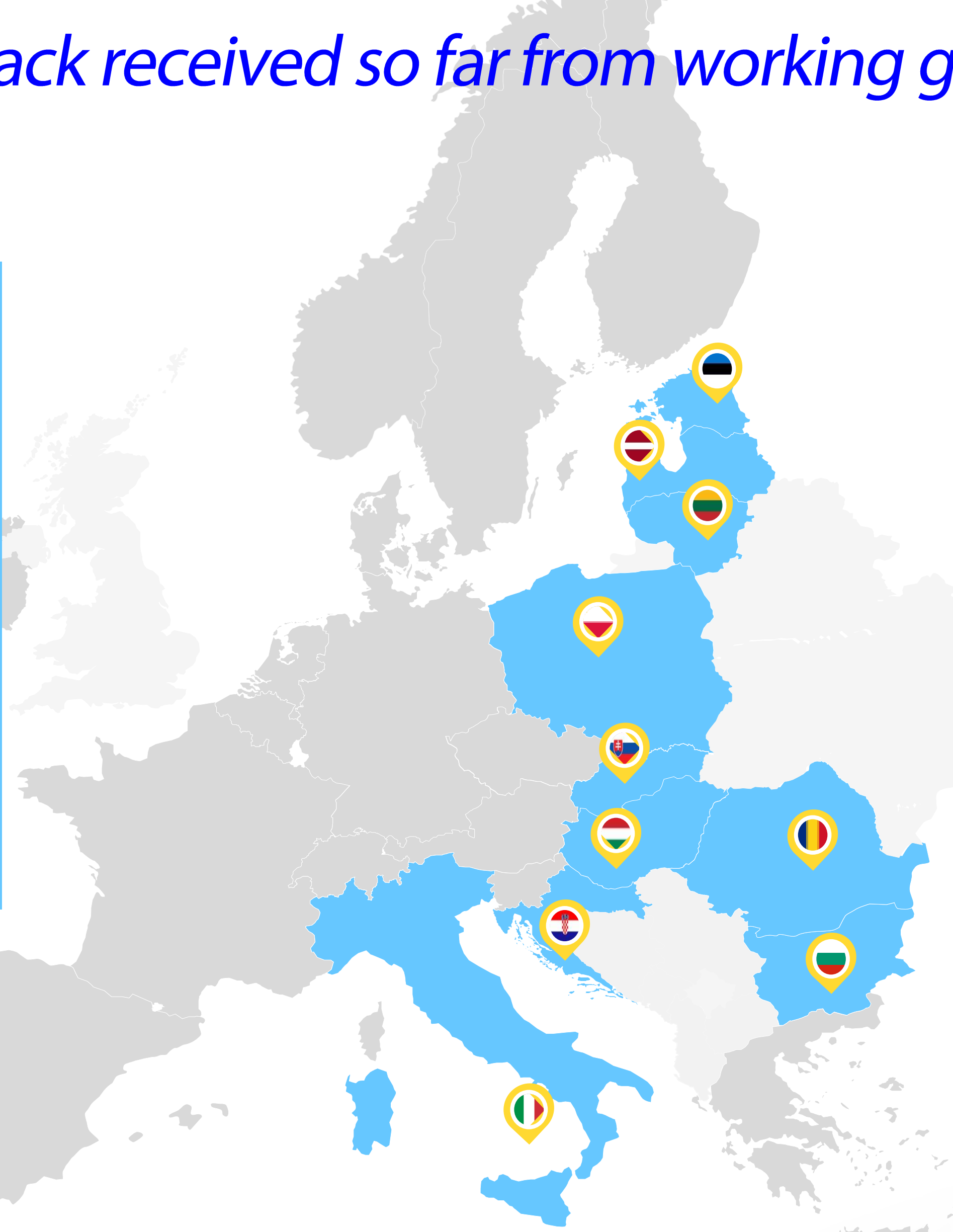
Map of expected EE FIs for 2021-2027

Based on feedback received so far from working group

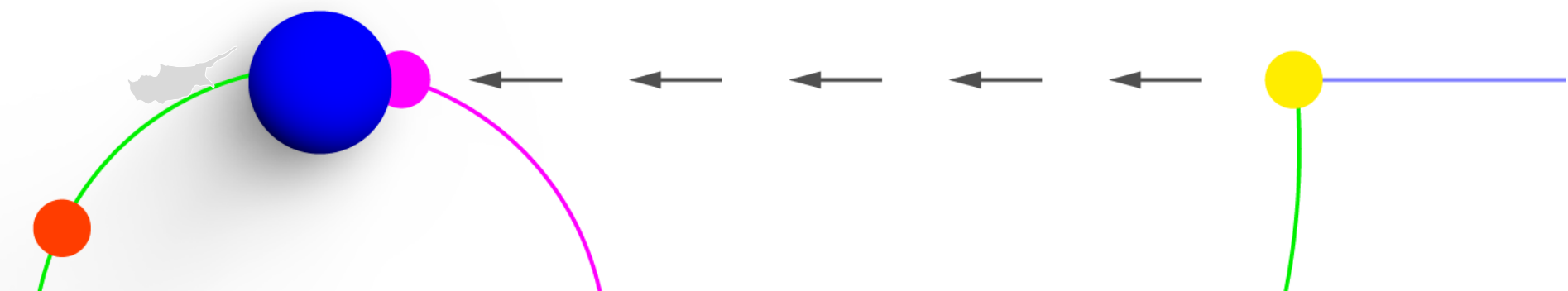
 **Working group**

The working group consists of experts from Managing Authorities, NPBI, the European Commission and the EIB Group.

Members were selected based on their skills and experiences, and after consideration of their institutions' ambitions for EE FIs within the current programming period.



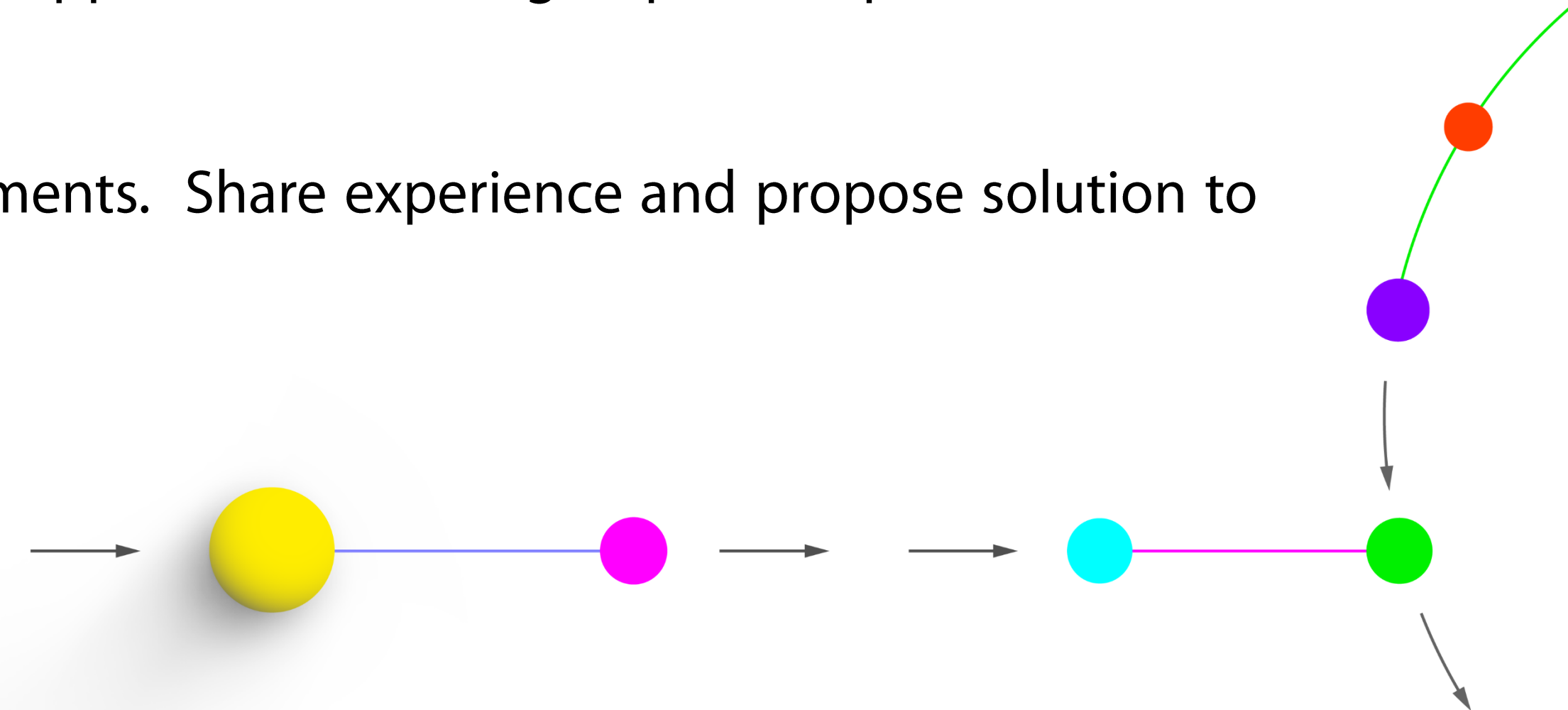
BG	Fund for Sustainable Urban Development
BG	Fund Manager for Financial Instruments in Bulgaria
EE	Financial Instruments Expert at the State Shared Service Center
EE	Kredex
HR	Ministry of Regional Development and EU Funds
HR	HBOR
HU	MFB
HU	Ministry for public administration and territorial development
IT	Regione Marche
IT	Lazio Innova
LV	Altum
LT	Invega
PL	Ministry of Development Funds and Regional Policy
PL	Managing Authority of West Pomerania Region
PL	Marshal Office of Wielkopolska Region
PL	Pomorski Fundusz Rozwoju sp. z o.o.
PL	Marshal's Office of the Kuyavian-Pomeranian Voivodeships
RO	Ministry of European Investments and Projects
SK	Ministry of Finance of the Slovak Republic



Working plan

Scale-Up will tackle a wide range of topics, summarized into four key areas:

- 1 Combination of grants and financial instruments**
Objective: Take stock of main operational challenges of combined FIs and help address them with concrete solutions.
- 2 Credit risk assessment of EE loans to individuals / housing associations**
Objective: collect evidence of credit risk performance of existing EE financial instruments and identify the necessary conditions to replicate low risk structure to facilitate co-financing by private investors/financial institutions.
- 3 State aid regime**
Objective: Identify State aid obstacles and solutions found by MA. Possible support to a MA to notify a new State aid scheme for an EE FI combined with grant in one operation with the support of the wider group/fi-compass.
- 4 Eligibility and impact assessment**
Objective: Identify and help address eligibility issues for EE investments. Share experience and propose solution to facilitate eligibility checks and impact assessment.



FI Campus 2024

Thank you

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