



SHERPA Project

“Shared knowledge for Energy Renovation in buildings by Public Administrations”

SHERPA Working Group 4 (WG4) Financial model's results

Description of the Working Group's objectives (#1)

The project SHERPA WP3 Testing - WG4 aimed to raise awareness on the financial issues encountered in ERB projects' promotion and development.

The main scope of it was to explicit the financial analysis of ERB projects, to identify financing alternatives for ERB projects and to innovate the financial schemes applied, according to the specific characteristics of ERB projects.



Therefore, the main agreed goals for the WG4 were:

- To identify and agree the financial process to be followed in order to help EEB projects get financed;
- To identify the best financial solution to renovate 100 buildings selected by all SHERPA partner Regions.

The Working Group's methodology (#2)

The methodology included the following steps:

- The WG4 project started by analysing what was carried out in the Med Area, in energy efficiency investments, before the start of the Working Group. This provided ideas on the obstacles each Region could encounter as well as opportunities and local financial alternatives that could be scaled;



- The second part was dedicated to understanding if some of the projects could be entirely financed by the market, without recurring on public grants. After this, each Region performed an in-depth study on the situation of their own local financial market, aiming at assessing which conditions have to be complied with in order to obtain funds for energy renovation investments (for instance, the rate of interest applied by a bank when a loan is granted that can be different from the same loan granted elsewhere in the Med area);
- The SHERPA FUNDING TOOL was then developed to properly assess the projects. Its development took place through an intense collaboration with the partners in order to adapt the tool to their specific needs;
- The last part of the project consisted of analysing all the projects with the tool and matching them with the best financial alternative. In addition, for the projects unable to entirely rely on public grants the TOOL provided a calculation of the additional funds needed to finance the project;
- Lastly, the TOOL analysed the investments that could be achieved following the EPC methodology, in which no debt at all is created for the public entity.

The Working Group's key products/outputs ((#3)

In order to achieve the objectives of WG4, the SHERPA FUNDING TOOL was created to make the application of the financial process methodology and the funding feasibility analysis using real examples of ERB projects more practical.

The tool takes care of the analysis of four pillars (qualitative and quantitative) that, together, assess not only the return the investment will provide but also the capability of the entity to obtain financing and the maturity of the project at a given time.



In addition, each Member of the WG4 prepared an analysis assessing the conditions an entity has to meet in their own area in order to receive funds for an investment. This was done because, by interacting with the stakeholders around the Med area, it has become clear that each Region has its own specific financial characteristics. Some financial alternatives applicable in one country are not applicable in another, and so it was important to understand the local situation for each of the partner Regions.

The tool, together with the local characteristics, was applied to each of the 100 regional buildings participating in the project to establish whether or not there is the opportunity to perform an investment that provides a financial return as well as an environmental one.

Some of the projects that applied the tool are undergoing a process that should end with an investment carried out. In most of the cases, the EPC method will be applied, resulting in no debt created by the public entity.

ANNEX: WG4 telcos' minutes



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