DIGITAL POLICY BRIEF

Financial Instruments

European Financial Instruments

Existing Financial Instruments

In the context of the funding schemes of the EU, innovative financial instruments are support opportunities, which are different from funding by way of direct subsidies. The concept embeds a great number of funding schemes, for instance a combination of subsidy grant and loan. According to the EU-budget plan, the share of innovative financial instruments increased significantly in the course of the Financial Framework 2014–2020. Therefore it is imperative, that innovative financial instruments and their impact are taken into consideration on a wider scale. [1]

The Financial Framework 2014-2020 period provided the following innovative financial instruments:

Innovative Financial Instruments	
Risk and equity capital instruments	Debt instruments
Equity capital instrument for innovation and development	Debt instruments to support innovation and development activity
Risk capital instrument for seed phase investments to SMEs	Project bonds to support building infrastructure objects
Equity capital instrument to support infrastructure objects	Debt instrument to SMEs

Innovative Financial Instruments in Future

Within the Financial Framework 2014-2020 **20 % of EU expenditures** have been contributed to **climate objectives** [2]. In the next programming period 2021-2027 **25 % of the EU budget** will be spent on climate investments and additional funding for Horizon Europe, reflecting the crucial role of research and innovation in driving the shift towards a clean, circular, competitive and climate neutral economy. Targeted investments, funded through grants and loans, will develop an economy for the people and foster key sectors and technologies. [3]

[1] Branten E., Purju A. (2013): Innovative Financial Instruments in EU Funding Schemes, Baltic Journal of European Studies, Vol.3

[2] European Commission (2018): EU Budget for the Future, retrieved June 29, 2020 at 10 a.m.: https://ec.europa.eu/commission/sites/beta-political/files/budget-proposals-sustainability-environment-climate-change-may2018_en.pdf

[3] European Commission (2020): Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions; Europeans's moment: Repair and Prepare for the Next Generation, 456 final

National Financial Instruments

Existing Financial Instruments

The main financial instruments concerning energy and environmental issues are managed by KPC (Kommunalkredit Public Consulting). KPC is developing and implementing a lot of support mainly by subsidies concerning energy saving measures, Renewable Energy projects and greenhouse gas reducing measures. As target groups for their support initiatives companies, communities and private persons can be mentioned.

The main regional support initiatives in Burgenland are the photovoltaic support programme for companies and environmental support programme for communities, named EUB (Energie und Umweltberatung Burgenland). Both regional initiatives are focused on the reduction of greenhouse gases, mainly CO_2.

Innovative Financial Instruments in Future

First experiences gained from the regional support programmes in Burgenland have shown, that it is possible to use synergies of different environmental action by achieving additional success by energy saving and reducing greenhouse gases. Therefore, it is recommended to develop IFIs by focusing on a mix of different and interlinking measures, which can reach better environmental results and additional positive effects by using synergies of the different measures. A precondition for reaching positive results by implementing mixed and synergetic measures is the elaboration of a comprehensive strategy with long term goals and sustainable environmental effects.