

TAKING
COOPERATION
FORWARD



Block 3: *Development of Financial Instruments*



Module 3.1. Financial mechanisms



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The module introduces existing financial mechanisms for energy efficiency and renewable energy sources support



- **Types of financial mechanisms for EE/RES support**
- **Definition of Innovative Financial Instruments**
- **Innovative Financial Instruments (European Investment Bank) - *separate presentation***



For financing of energy efficiency and RES projects, investment and related expenditures, the following financial mechanisms are available for industry (and private sector in general):

- ERDF funding through national and/or regional Operational Programs
- National and regional public funds
- Energy Performance Contracting (EPC)
- Financing instruments (e.g. loans, guarantees)



- **European Regional Development Fund (ERDF)**

ERDF is one of the European Structural and Investment Funds that contributes to smart, sustainable and inclusive growth, as well as aims to reinforce economic, social and territorial cohesion in EU regions and cities.¹

ERDF is implemented through national and/or regional Operational Programs.



¹ <https://www.fi-compass.eu/esif/erdf>



TYPES OF FINANCIAL MECHANISMS FOR EE/RES SUPPORT

- **National and Regional Public Funds**

These funds provide subsidies from the state/regional budget to support projects that cannot be funded by the Operational Programs.

The financing is provided through National/Regional programs of the EU Member States.



- **Energy Performance Contracting (EPC)**

EPC encompasses development, performance and financing of projects to improve energy efficiency and reduce operating and maintenance costs in buildings and technological units

The service is delivered by Energy Service Companies (ESCOs) who ensure identification of energy saving measures, their implementation and financing, and provide a contractual guarantee



- **Financial Instruments**

Financial instruments are non-subsidy financial products such as credits, preferential loans, guarantees that can be provided in several forms and by different institutions:

- Standard financial products offered by commercial banks
- Credit lines of international financing institutions (e.g. EBRD, EIB, etc.)
- Financial products offered by national development banks
- Combination of ERDF funding and financial instruments operated by Operational Programs operators



DEFINITION OF INNOVATIVE FINANCIAL INSTRUMENTS

*Innovative Financial Instruments are other forms of financing than pure grants which provide loans or guarantees to **COMPLEMENT** the grant funding in supporting projects.*



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The European Commission has proposed to extend the duration of the European Fund for Strategic Investments until the end of 2020 and to require that at least 40% of projects in the European Fund for Strategic Investments infrastructure and innovation window should contribute to climate, energy and environment action in line with the COP21 objectives.

*Financial instruments are also available through the European Structural and Investment Funds. Member States and regions have already planned investments for **low-carbon (EUR 6 billion)** and for innovation (EUR 5 billion) over the 2014-2020 period.*

*The Commission, together with the European Investment Bank (EIB) last year launched the **Energy Demonstration Projects** facility as part of Horizon 2020 InnovFin. The Energy Demonstration Projects is generating strong interest for loans or loan guarantees to first-of-a-kind low-carbon technologies in renewables and fuel cells and hydrogen.*



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*Swift implementation of the **Innovation Fund** should support investments into highly innovative low-carbon technologies for energy-intensive industries, as well as for renewable energy and Carbon Capture, Storage and Use. All these efforts will require strong linkages with other EU instruments, particularly InnovFin Energy Demonstration Project, the European Fund for Strategic Investment and the European Structural and Investment Funds. The future Emission Trading System Innovation Fund should support investments in low-carbon innovation in renewable energy; carbon capture, storage and use; and in energy-intensive industry. The Commission also has proposed enabling the start of the Innovation Fund before 2021.*

*In the framework of the European Fund for Strategic Investment the Commission has developed the **European Investment Project Portal** that aims to build a bridge between the EU project promoters and investors worldwide. The Portal offers visibility to the project promoters seeking potential investors, and access to a transparent pipeline of viable projects within the European Union and an easy access to the project developers and promoters to investors.*



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Research Public-Private Partnerships, such as the Joint Technology Initiatives on Fuel Cells and Hydrogen, CleanSky, the Single European Sky Air Traffic Management Research, Shift2Rail, and the BioBased Initiative, as well as contractual Public-Private Partnerships, e.g. Green Vehicles and Sustainable Process Industry through Resource and Energy Efficiency, represent an important source of new investment, resulting from Research & Development co-financed with industry, and provide a project pipeline.

*Another key source of new clean energy investments and subsequent project proposals that are ready for EU financing will come from the **Knowledge and Innovation Communities**, in particular the Knowledge and Innovation Communities-InnoEnergy and the Climate- Knowledge and Innovation Communities. The Knowledge and Innovation Communities are instrumental in connecting European sources of Research & Innovation funding, such as Horizon 2020 and the European Structural and Investment Funds, with private partners and bridge regional and local activities to enterprises, start-ups and Small and Medium Enterprises. Their work will be extended to advisory services on access to capital, technical assistance or business models proposals.*



INFORMATION ON NATIONAL LEVEL IN PROJECT'S PARTNER REGIONS



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CZECH REPUBLIC

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GERMANY

Source of information	Link / PDF / Video document
National Contact Point - HORIZON 2020 Programs (de)	https://www.nks-energie.de/start
Crowdfunding and beyond - Platforms. Projects. Insights. Events (de)	https://www.crowdfunding.de/
Examples of crowdfunding campaigns (de)	https://www.imw.fraunhofer.de/de/abteilungen-und-gruppen/wissens-und-technologietransfer/innovationsfinanzierung/projekte/crowdFANding.html



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HUNGARY

Source of information	Link / PDF / Video document
SET-UP (PGI01484) Funding sources: Analysis of investment possibilities for “Intelligent” Network Infrastructures, 2017 [pdf]	[pdf]



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ITALY

Veneto (LP)

Source of information	Link / PDF / Video document
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Emilia Romagna

Source of information	Link / PDF / Video document
National Plan Industry 4.0	http://www.sviluppoeconomico.gov.it/index.php/it/industria40
Energy efficiency certificates	https://www.gse.it/servizi-per-te/efficienza-energetica/certificati-bianchi
Thermal account	https://www.gse.it/servizi-per-te/efficienza-energetica/conto-termico
Tax expenditure for energy efficiency measures	http://www.acs.enea.it/



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POLAND

Legnica

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Lubelskie

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Thank you for your attention

