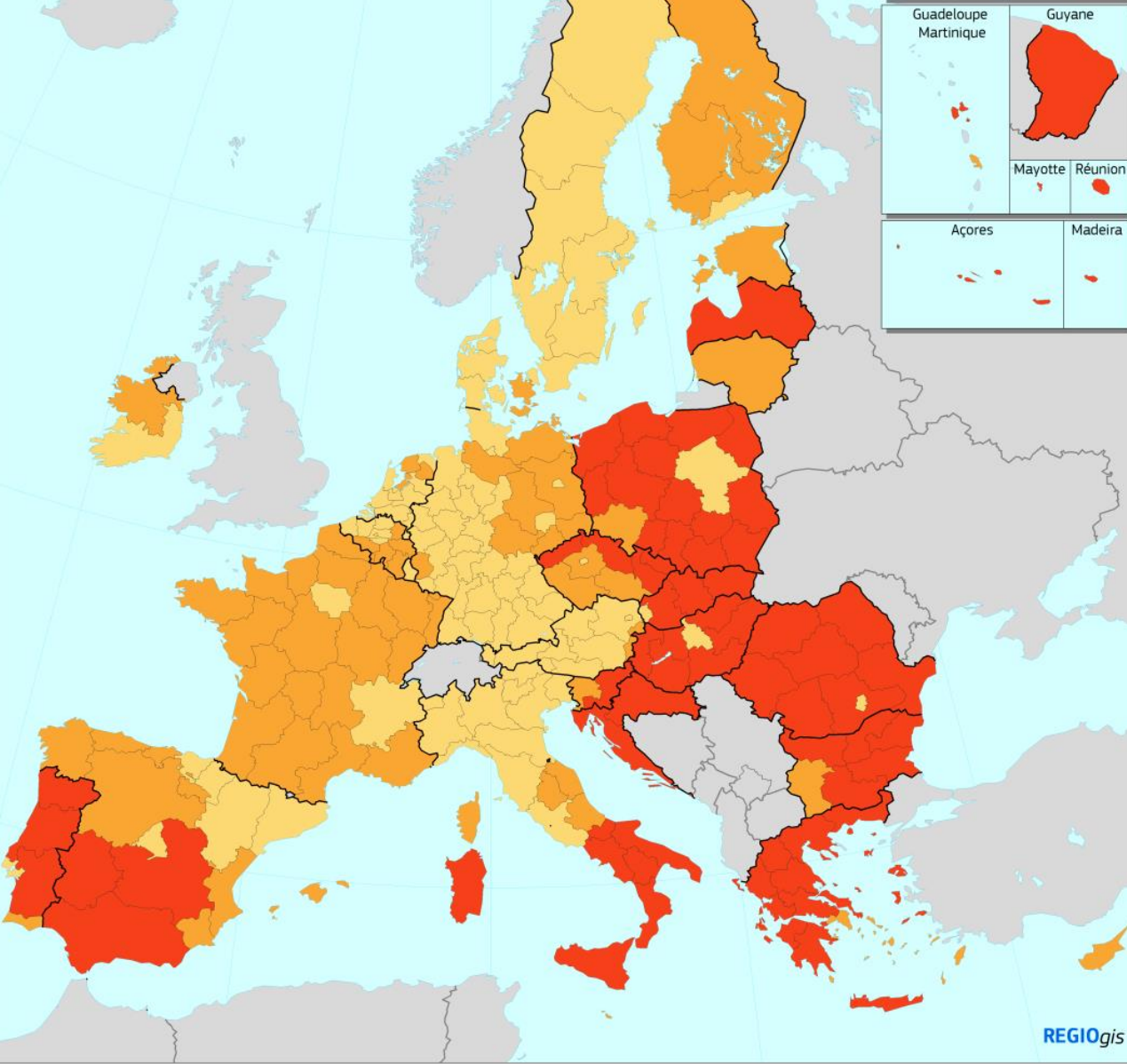




# INCREASING ENERGY EFFICIENCY BY SUSTAINABLE FINANCING SOLUTIONS

3rd SMAFIN National Roundtable in Romania  
4<sup>TH</sup> April 2023

*Agne Kazlauskaite, Policy officer  
European Commission, DG REGIO.B.3 -  
Financial instruments*



GDP/head (PPS) by NUTS2 region, average 2014-2015-2016

Index, EU-27 = 100

- < 75% (less developed regions)
- 75% - 100% (transition regions)
- >= 100% (more developed regions)

## Cohesion Policy 2021-2027

1/3 of the EU budget (**ERDF, CF, ESF +, JTF**) to:

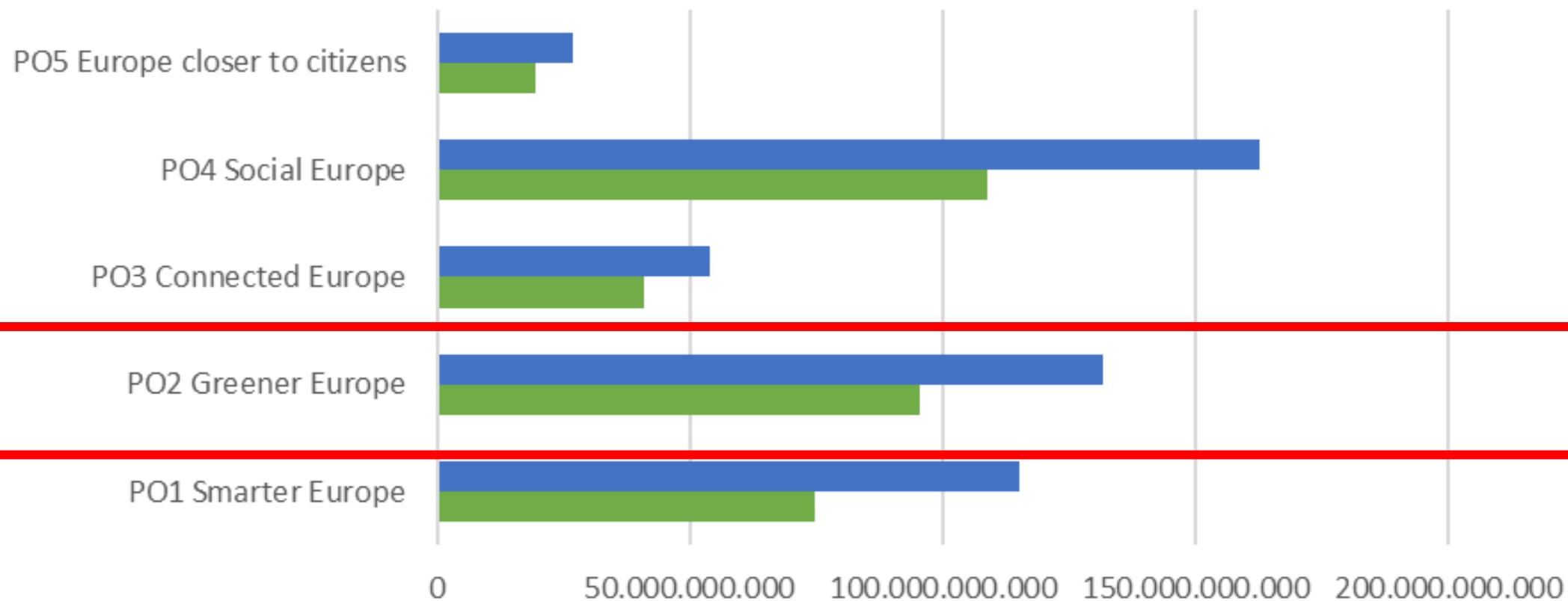
- Reduce disparities between Europe's regions, strengthening economic, social and territorial cohesion
- Contribute to EU priorities, including the European Green Deal

### 5 Policy Objectives:

1. A more competitive and smarter Europe
2. **A greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe**
3. A more connected Europe
4. A more social and inclusive Europe
5. A Europe closer to citizens

**At least 30% of the ERDF and 37% of the CF dedicated to climate action.**

## Cohesion policy (ERDF, CF, ESF+) 2021-27



	PO1 Smarter Europe	PO2 Greener Europe	PO3 Connected Europe	PO4 Social Europe	PO5 Europe closer to citizens
■ Total Amount	115.326.131.398	131.673.256.920	53.894.602.204	162.792.289.125	26.929.473.045
■ EU Amount	74.575.714.348	95.629.071.176	40.771.998.144	108.728.902.911	19.606.976.474

# Investment needs

**€29 billion** in the power grid (2030) for greater electricity use



**€37 billion** to increase biomethane production



**€56 billion** for energy efficiency and heat pumps (2030)

**€10 billion** investments to import sufficient LNG and pipeline gas (2030)



**€210 billion**  
by **2027**



**€41 billion** for adapting industry to use less fossil fuels by 2030



**€1.5-2 billion** for security of oil supply



**€113 billion** for renewables (**€86bn**) and key H2 infrastructure (**€27bn**) by 2030

# How to do more with limited public funds?

## Financial instruments in Cohesion policy context

A more **efficient, sustainable & complementary financial tool** to deliver Cohesion policy objectives

A **revolving** form of support

Designed for **revenue-generating & cost-saving activities**

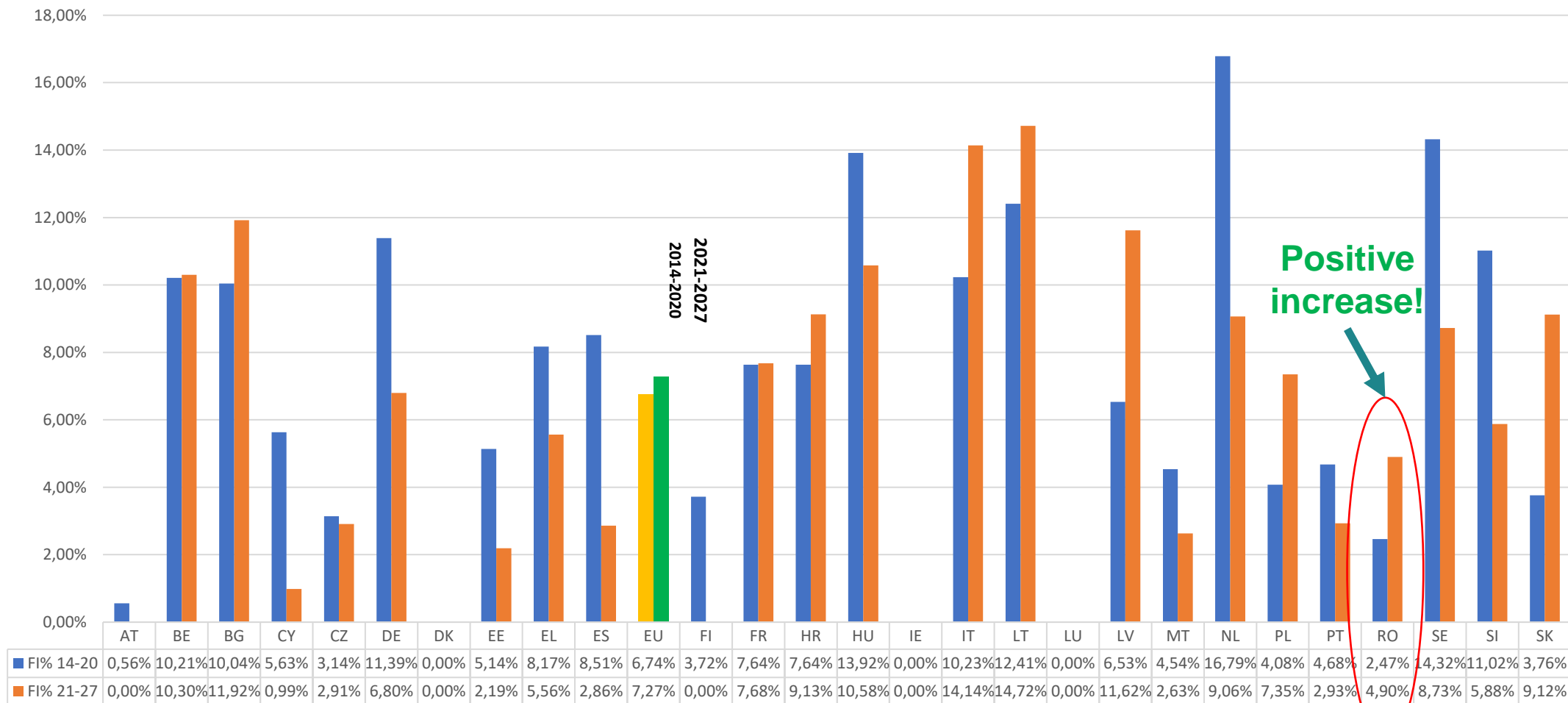
Helps to **leverage private investment for projects with minimum public support**



**Possibility** to combine with grants in **ONE** operation in 2021-2027!

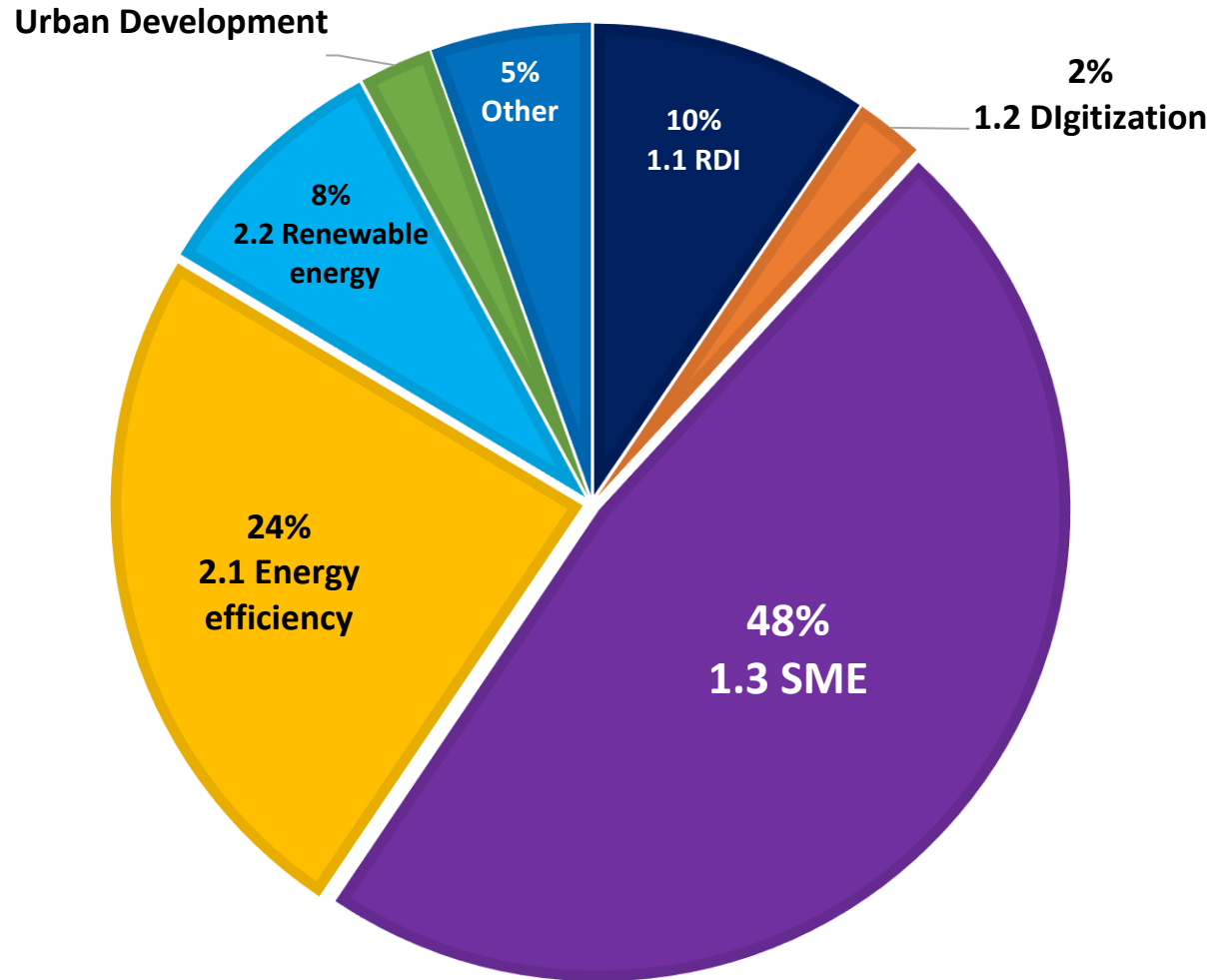
# State of play – 2014-2020 VS 2021-2027 (18 BN EUR)

FI allocation %

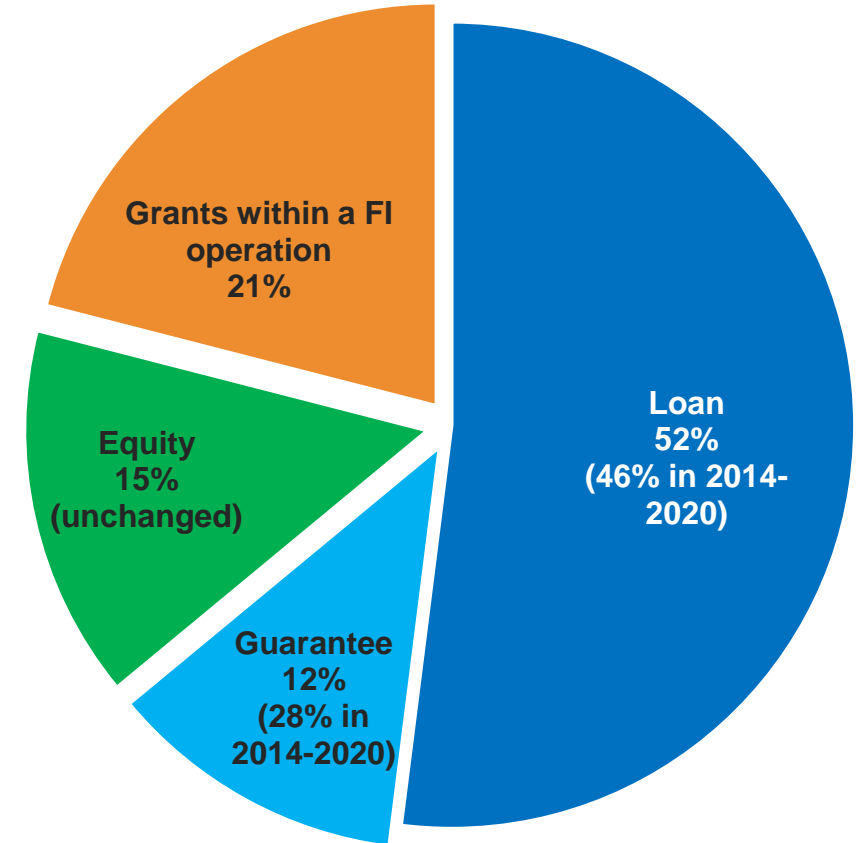


# FI investment areas & products - 2021-2027

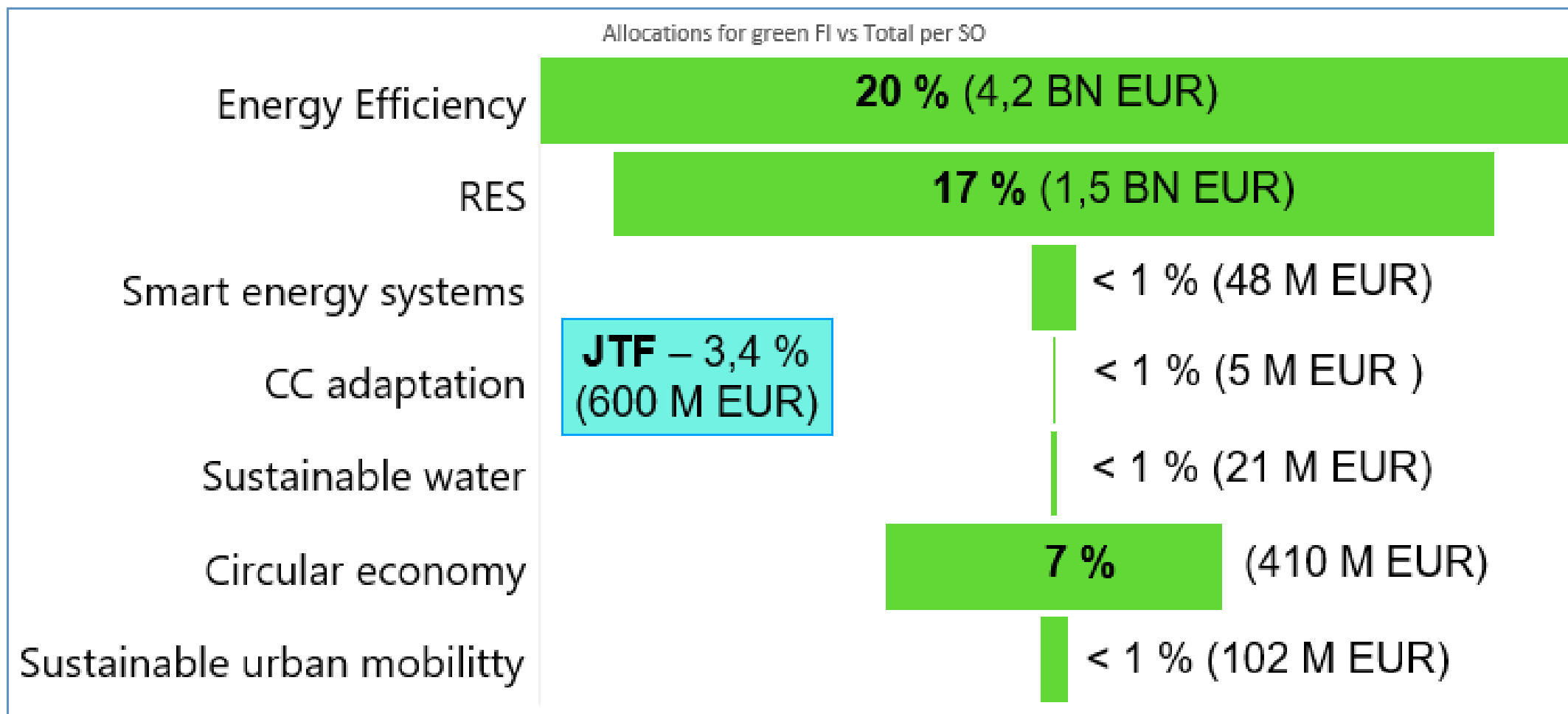
3% COMMITMENTS BY SPECIFIC OBJECTIVE



EU-27

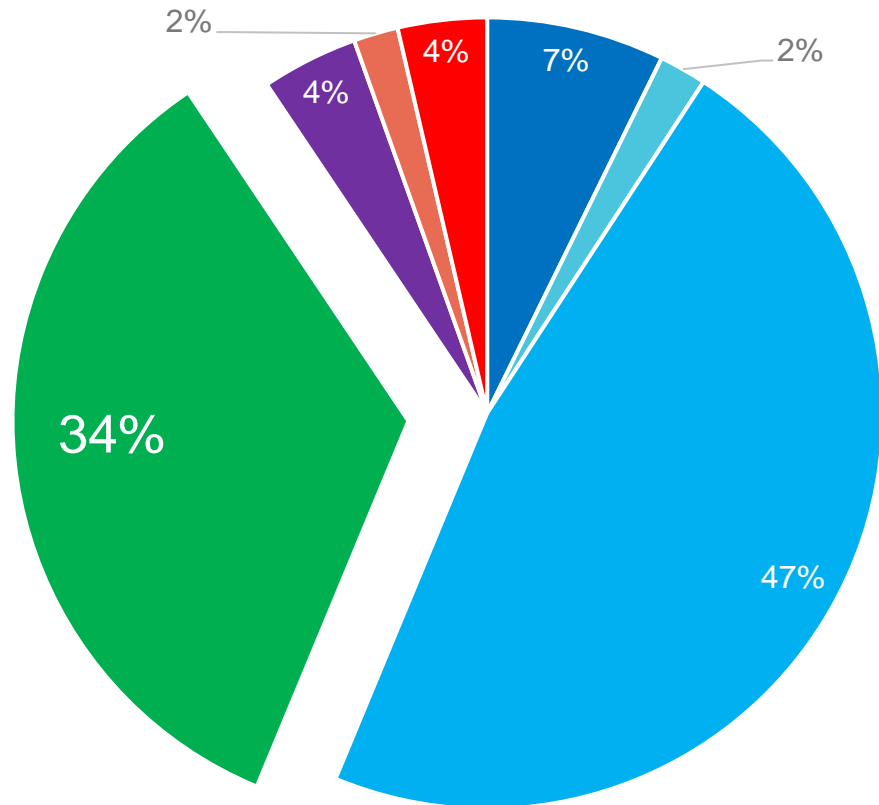


# FINANCIAL INSTRUMENTS FOR GREENER EUROPE IN 2021-2027 PROGRAMMES (ERDF+CF)

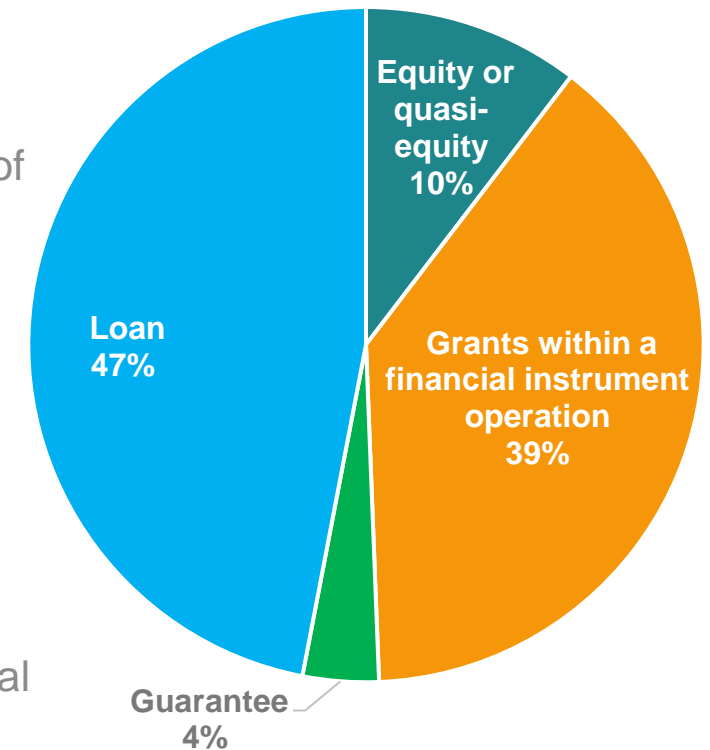




# FI investment areas & products in Romania - 2021-2027



- ESO4.1 Access to employment and activation measures for all
- RSO1.1 Enhancing research and innovation
- RSO1.3 Growth and competitiveness of SMEs
- RSO2.1 Energy efficiency
- RSO4.6 Culture and sustainable tourism
- RSO5.1 Integrated development in urban areas
- RSO5.2 Integrated development in rural and coastal areas



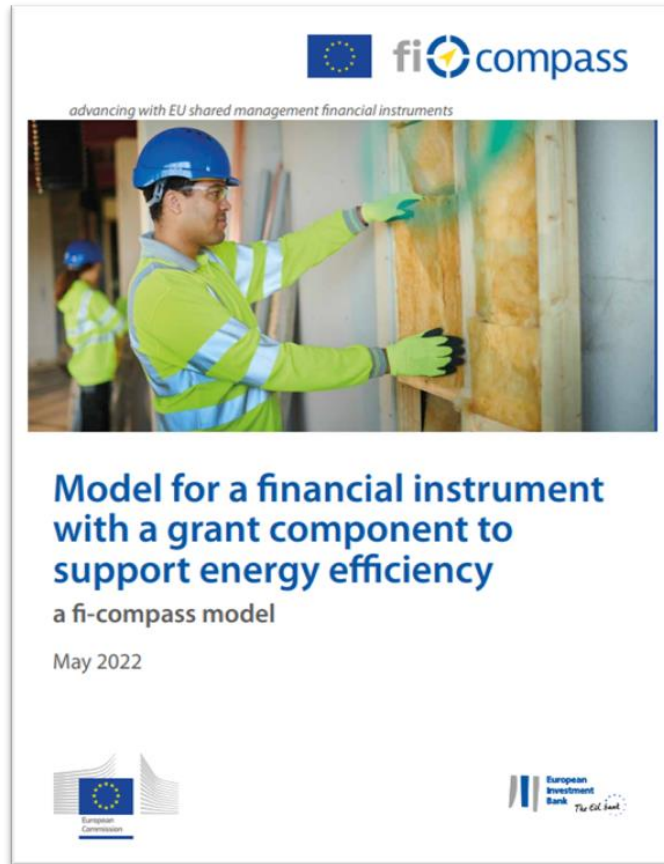
> **12 BN EUR INVESTMENT GAP FOR ENERGY EFFICIENCY IN HOUSING!** (WB)

> **1 BN EUR OF COHESION FUNDS FOR FINANCIAL INSTRUMENTS**

# Energy Efficiency typical market failures

- EE investments are usually structured in such a way that the **cost of the works are** - at least partially - **covered by savings** on energy expenses.
- However, grants are needed to help overcome major EE investment barriers:
  - Significant need for **technical support**: audit, project design, launch, monitoring and commissioning
  - Project promoters **lack incentives** to prioritize / carry out EE investments, in particular deeper renovations
  - EE projects report a **long payback time** / **limited financial return**
  - Final recipients may have a **limited financial capacity** / social issues
  - **Unadequate market finance supply**: limited tailored products, high perceived risk, EE savings not factored in the financing decision

# Innovative model Financial instrument with a grant component for Energy Efficiency (EEFI)



[Model for a financial instrument with a grant component to support energy efficiency \(fi-compass.eu\)](https://www.fi-compass.eu)

- Potential model for financial instruments to support energy efficiency projects **that combine grants with loans in a single financial instrument operation using Cohesion funds!**
- Taking advantage of the new flexibilities in Article 58 CPR
- Example of how the programming, design and implementation requirements can be applied to deliver market oriented financial instruments
- MAs should shape on application to their own specific circumstances

## Aim

- To use programme resources to mobilise additional investment to provide low cost loans to finance the renovation of residential property to make it more energy efficient
- To deploy **grant in combination with the loan** in order to:
  - **improve quality of projects** through technical support at the preparation phase;
  - achieve ambitious energy saving targets within an acceptable timeframe, **providing incentives for** final recipients to engage in **deeper renovation projects**
  - **reduce the cost and burden of financial instrument financing;**
  - **decrease the perceived level of risks of specific market sub-segments**, such as homeowners' associations, low-income individuals or energy efficiency projects involving SMEs and/or ESCOs.

# Thank you



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