

FINERPOL ACTION PLANS



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FINERPOL Project

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FINERPOL
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European Union
European Regional
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Contents

FINERPOL: Financial Instruments for Energy Renovation Policies	3
What is a Financial Instrument?	4
Loans	4
Guarantees	4
Equities	4
Quasi-Equity	5
FINERPOL Partnership.....	5
What is an Action Plan?.....	6
Obtaining structural funds for the development of a new financial instrument in Extremadura	7
An Action Plan for heart of South West England	8
Financial Instruments as tools for small European Regions: The Action Plan for Western Macedonia	9
INFIN Programme: Creating a new Financial Instrument for City of Prague.....	10
Financial instruments for apartment buildings: energy efficient measures and experiences	11
An Action Plan for the Northern Region of Portugal	12
Trentino: Towards a Positive Energy Region by 2030.....	13

FINERPOL: Financial Instruments for Energy Renovation Policies

Buildings account for 40% of energy use and 36% of CO² emissions in the European Union. Currently, about 35% of the EU' buildings are over 50 years old, and by improving their energy efficiency we could reduce total EU energy consumption by 5-6% and lower CO² emissions by about 5%.

Increasing investment in energy efficiency and renewable energy for buildings is a major challenge requiring substantial up-front investments (estimated at €38 billion during 2011-2030).

FINERPOL aimed to increase the renovation rate of buildings by improving access to finance and so enabling those upfront investments to be made. The European Union provides support for the creation of funding instruments, especially Financial Instruments (FIs) supported by ERDF funds and integrated with EC funding initiatives, such as EFSI (Juncker Plan 06/2015), tools from the European Investment Bank EIB (ELENA, Margarite Funds) or from public private partnerships.



Low-carbon
economy

FINERPOL is a project of the first call of Interreg Europe, in the Low-carbon Economy topic. Through this theme, Interreg Europe fosters the exchange of experience and collection of best practices towards a low-carbon economy and how growth is achieved as a result of integrating all aspects of the economy around technologies and practices with low emissions.

Regions can learn from each other on for example policy action and investments to improve energy efficiency in public buildings, housing, businesses and households; raising the share of energy from renewable sources; and introducing policies to facilitate more sustainable, low-carbon transport and mobility, cleaner transport and alternative mobility behaviour.

This document shows the main achievements of the implementation of FINERPOL Action Plan in each participant region in the project.

What is a Financial Instrument?

Financial Instrument schemes with EU participation are created to provide finance on a complementary basis from the Union budget to address policy objectives of the Union. These objectives are often achieved with risky investments that require public participation to de-risk financing.

This EU financial support will be combined with finance coming from the private sector and other public financial sources in order to promote investments in the area of building energy retrofitting.

Such instruments may take the form loans or guarantees and other risk-sharing instruments (equities and quasi-equities), and may, where appropriate, be combined with grants.

Loans

Most common instrument in any financial scheme, have repayment priority over other financial structures such as equities, have low risk (but higher interest) and are easy to manage.



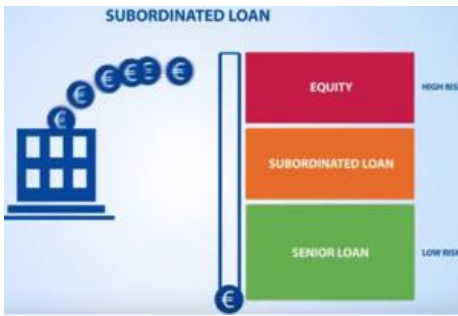
Guarantees

An investor creates a guarantee in order to de-risk financing (loan or other) and offer cheaper financing, they require less funding than loans alone and have a clear multiplying effect.

Equities

As in the creation of a Company, an investor (also public entities) may contribute to financing contributing as a partner or shareholder, having higher risks but also higher ROI. It usually targets a smaller number of recipients with high investment volume.



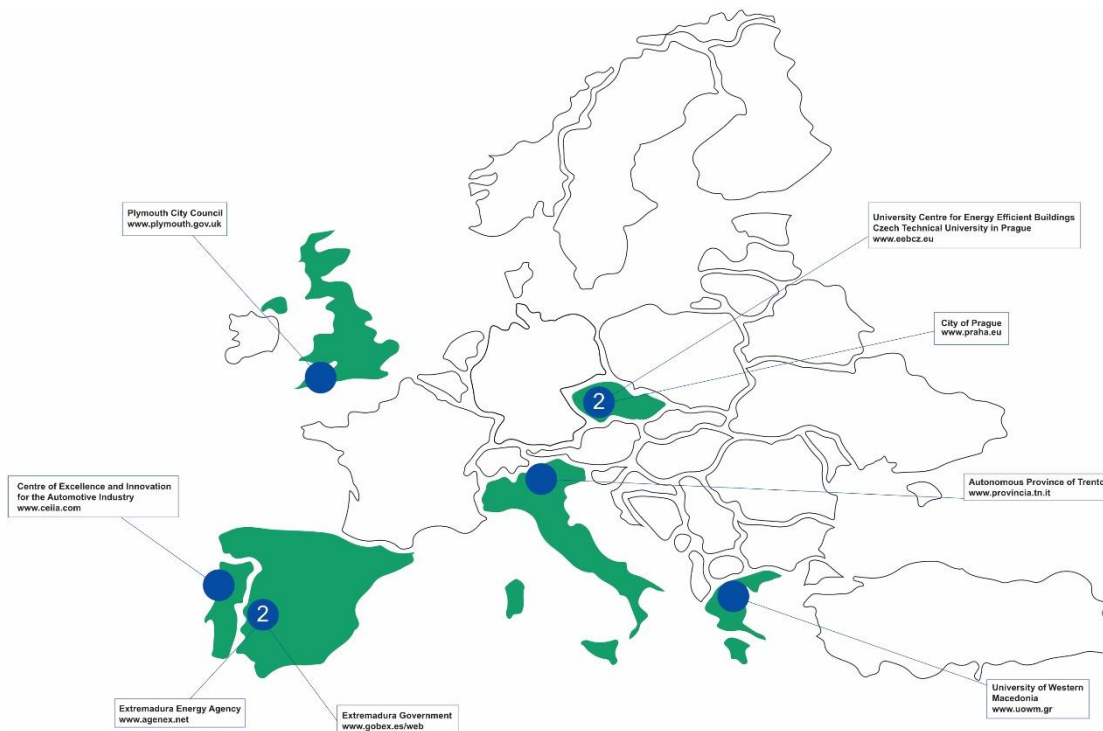


Quasi-Equity

A type of financing that ranks between debt and equity according to the exposure to loss in case of insolvency or the level of ownership acquired. It stimulates risky investment with less collateral requirements than equities. A special case is the subordinated loan: It will only be paid back once the senior loans are entirely paid.

FINERPOL Partnership

The partnership includes eight partners from six countries (Spain, Portugal, Greece, United Kingdom, Czech Republic and Italy) with capacity to influence the policy instruments related to the renovation sector.



What is an Action Plan?

Produced by each region, the action plan is a document providing details on how the lessons learnt from the cooperation will be exploited in order to improve the policy instrument tackled within that region. It specifies the nature of the actions to be implemented, their timeframe, the players involved, the costs (if any) and funding sources (if any). If the same policy instrument is addressed by several partners, only one action plan is required. That is the reason why the region of Extremadura has a unique Action Plan and the partners from the Czech Republic have developed two different Action Plans.

The six FINERPOL regions completed their Action Plans at the end of phase 1 of the project in March 2018. These have been implemented in phase 2 during 2018, 2019 and the beginning of 2020.

You can find FINERPOL Action Plans through these links:

[Extremadura](#) 

[Plymouth City Council](#) 

[Western Macedonia Region](#) 

[City of Prague](#) 

[Czech Technical University](#) 

[Northern Region of Portugal](#) 

[Autonomous Province of Trento](#) 

Obtaining structural funds for the development of a new financial instrument in Extremadura

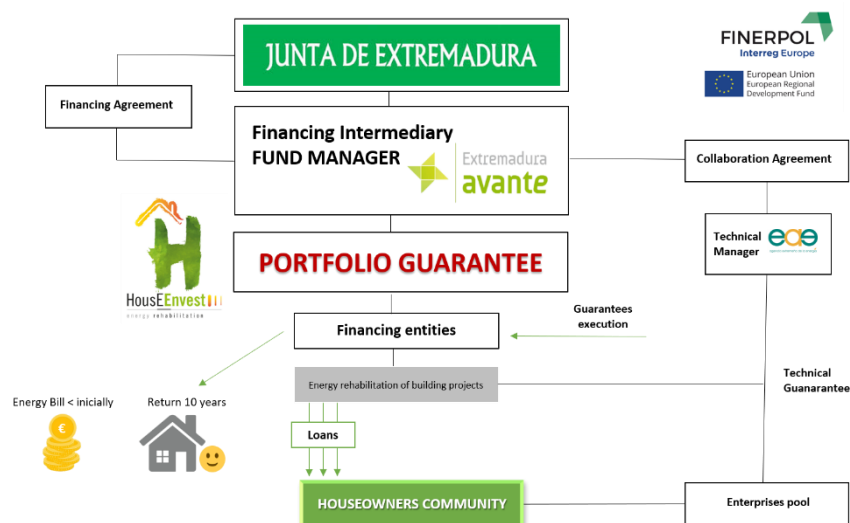


Extremadura regional ex-ante analysis has shown that there was a market failure in the housing stock built before 1980, presenting a high potential for energy renovation, with a demand-side expressing the incapacity to carry out specific investments due to the numerous technical and financial barriers.

Given the market failure and the funding gaps identified in the Spanish region of Extremadura, the implementation of a Financial Instrument for building renovations was needed. This is the reason why the efforts of FINERPOL project in Extremadura were focused on modify the policy instrument in order to transfer ERDF through financial instruments (until this moment only grants were held in the Operational Programme).

The Action Plan of Extremadura is based on the modification of Extremadura Operational Programme for ERDF of Extremadura 2014-2020 to create a financial instrument for energy efficiency and renewable energies in buildings.

And the result of this policy change is the creation of a Guarantee Fund for the energy renovation of multifamily buildings in Extremadura, with advantageous conditions for the beneficiaries.



An Action Plan for heart of South West England



Local authorities, community groups and the private sector often find themselves in the dark or without the staff to tackle energy issues in their buildings. As much as they are keen to lower carbon emissions and energy costs, they either do not have the knowledge or are just too busy to consider what can seem to be complex or expensive solutions.

The consortium of Bristol City Council, Devon County Council and Plymouth City Council and funding from ELENA (European Investment Bank) resulted in the South West Energy Unit (often referred to as the South West Energy Partnership). This is a project development unit aimed at providing technical assistance to these sectors to help unlock energy solutions that will benefit the region. The formation of SWEU or SWEP is the result of the first two activities of the Plymouth FINERPOL Action Plan.

The unit has been up and running and working hard for a year now, with an expenditure so far of about €0.8m. The first six months was focused on building a project pipeline and to date the unit has 28 projects in development with an expected capital value of about €38m and growing. In the last few months the unit has managed to secure contract signatures on 4 projects worth €1.4m. The next 2 years will focus on contract signatures for the remaining pipeline projects.



ZEB/CAT deep retrofit project in Devon, South West England (technical assistance by SWEU – Action #2 of Plymouth FINERPOL)

The third activity of the Action Plan is still in play. This is to investigate the option of a South West (of England) Low Carbon Fund that can be used to bankroll these energy projects.

Financial Instruments as tools for small European Regions: The Action Plan for Western Macedonia

The transition towards a low-carbon economy in all sectors is held at the Regional Operational Programme for Western Macedonia so this Action Plan will be based on two main actions:

- The regional plan for the energy improvement of public buildings (country standard)
- The regional plan for the exploitation of biomass with emphasis on district heating



A recent announcement has been done by the Greek Government. It says that the country will shut down the coal-fired plants in 2028. That supports the work developed on the FINERPOL Action Plan for this region, focused on launching a call for District Heating projects by the Managing Authority of the region, expected in March 2020.

Until now, several actions have been accomplished:

- Various meetings with the Managing Authority
- The establishment of a contract between UoWM -FINERPOL partner- and a municipality of the region, acting as a pilot for other municipalities.
- The establishment of a contract between UoWM and a global scale business advisor (bank or other) for the set-up of the Financial Instrument (FI)
- Two workshops where the municipality, the Managing Authority, the business advisor and ESCOS or private investors, participated as a part of the ex-ante assessment of the new FI. The first workshop took place in November 2018, and the second and final one will be on January 2019.

INFIN Programme: Creating a new Financial Instrument for City of Prague



Prague's INFIN Programme supports innovative companies, providing preferential loans with zero interest rates.

In the implementation phase of Interreg Europe's FINERPOL project, financial instrument INFIN (Loan FI)

has been established to support start-ups and young innovative companies based in the City of Prague. INFIN Programme is financed from European Regional and Development Fund (ERDF) through Operational Programme Prague – Growth Pole of the Czech Republic (OP PGP).

First call for submitting projects with total allocation of 15,5 million euros is opened until December 2022, and offers to young innovative companies preferential loans with zero interest rates. The maximum loan amount is provided up to 600.000 euros for companies with a history of maximum 7 years from their first commercial activity and up to 120.000 euros for companies with a history of maximum 2 closed accounting periods. Besides the zero interest rate, the service does not include any other fees and the maturity of the loan is up to 10 years.

Promotional image from INFIN Programme



Czech Moravian Guarantee and Development Bank (ČMZRB), the provider of the preferential loans, currently signs first contracts with successful applicants.

Thanks to FINERPOL project, INFIN Programme is designed also to increase accessible funding for innovative energy efficiency and renewable energy projects.

Financial instruments for apartment buildings: energy efficient measures and experiences

The Czech Technical University in Prague participated in and assisted the Ministry of Regional Development of the country with the development of an Action Plan focused on the creation of a financial instrument – a subsidized loan (allocating 24 million EUR) for energy renovations of apartment buildings with four or more apartments.



The expected impact is to reach the renovation of approximately 150 apartment buildings in the whole country by providing a subsidized, near 0% interest rate loan managed and distributed by the State Housing Development Fund. The expected official announcement of the financial instrument conditions should take place in March or April 2020.

Thanks to FINERPOL project and policies implemented the instrument used will contribute to reducing energy costs and implementation of energy efficiency measures with a resulting impact on the CO2 emissions, decreased up to 10%, as well as on energy costs in the beneficiary buildings, reduced by at least 20%.

An Action Plan for the Northern Region of Portugal



FINERPOL will contribute to the adaptation of the Operational Programme of the Northern Region of Portugal to the needs of its beneficiaries and to the regional climate, maximizing the application of funds supporting energy efficiency in public buildings and in the residential sector.

New result indicators will upgrade the monitoring and evaluating methodology of the Operational Programme and provide the Managing Authority with relevant information to improve decision-making targeting residents' quality of life.

Also, the Operational Programme's eligibility criteria will become more flexible, promoting solutions adapted to the specificities of each building, leading to better results and reduced maintenance costs for project promoters.

Trentino: Towards a Positive Energy Region by 2030

Finerpol project was the chance for Trento region to start a local debate on the role of financial instruments and private actors on energy retrofit issues.

After the approval of the , key achievements have to be highlighted:

- The creation of synergies with other European projects funded under Horizon2020, such as EeMaP / EeDaP, within the Energy Efficiency Mortgage Initiative, where the Province sits on the Advisory Committee; and as SMARTER, in which a Memorandum of Understanding was signed with GBC Italia to implement synergies and actions in the local area.
- The discussion with European Investment Bank (EIB) during the underway elaboration of the ex-ante assessment with the common goal to introduce financial engineering tools in the next ERDF Operational Programme to support investments, among others, related to the redevelopment of buildings.
- The planning of a green bond issued by the EIB for the redevelopment of the building stock owned by the Province, for the installation of photovoltaic systems on the roof top and investments in energy efficiency works of municipal public lighting systems.
- The ongoing revision of a provincial grant for the energy retrofit of multi-owners buildings.
- The submission of a H2020 proposal in which Trentino will be the test area for the implementation of a specific banking product aimed at issuing green loans for energy efficiency.

