Launch of the Climate Alliance working group on financing (24 May)
2012 Annual Conference in St Gallen

Why a Working group on financing?
- Financing is one of the current key issue for local authorities;
- Exchange and collect local financing solutions and mechanisms;
- Discuss where the LAs can influence the new EU financing schemes that are currently under development.

Current EU funding landscape
What already exists? (See: http://www.climatealliance.org/european-funds.html)

EU budget 2014-2020 – Energy & Climate
What is under discussion? (See briefing document on EU budget 2014-2020)

Examples on how to tackle the issue of financing locally

MUNICH (DE) – Reported by Mr Joachim Lorenz, president of Climate Alliance, permanent city councilor in Munich

German government does not support the EU Energy Efficiency directive (not enough money for the renovation of buildings). In Munich, due to balanced budget, 3 % renovation target for public buildings is achievable.

Energy efficiency programme in Munich:
- Information centre for the population > 15 000 inhabitants per year are getting services on energy saving, RE, energy technologies (subsidized with 1-1,5M€/year) / Consultants providing advice (consultation services)
- Energy standards for people/institutions, who buy real estates or ground from the city in order to build housing areas
- Subsidies for housing companies and other private house owners if they invest in energy standards (better than standards defined by the German energy saving law)
- Subsidies for the implementation of solar panels on the roof (except in areas served by district heating system)
- Subsidies if an owner of a house changes from oil or gas to the district heating system (produces the energy in CHP plants)
- Cooperation with private sector / working with SMEs

In total: 14M€ of subsidies per year, which result in 140M€ of private investments.

Munich has clear targets and more than 200 actions in their energy plan. However, securing the same level of public financing for the coming years in Munich can be difficult.
BECKERICH (LU) – Reported by Mr Camille Gira, Mayor of Beckerich, Board member of Climate Alliance

- Beckerich started by setting up a private foundation with 150 small stakeholders. If there is no money available from government / banks, get money from your citizens! If the money well invested, people are ready to pay > show people what you do with their money – communication is essential. This foundation employs 12 people and is considered as the ‘Silicon Valley’ of Beckerich.
- Consultant services (incl possibility of energy audits) offered to citizens > interest-free loans to low income households
- Retrofitting existing municipal buildings via contracting (important to take into account the rise of the energy price when calculating savings that can be achieved via energy efficiency).
- Follow up of the EU funding instruments available to draw up the mid- and long-term vision of the municipality (for the next 10-15 years) > study performed by external consultant (screening of the EU programmes) -> start defining your vision / objectives before looking for funds, use the expertise available to get better understanding of what is existing and could be helpful to implement your vision, “try to be creative to get the money you need!”

Discussion

Ensuring long term financing has been identified as a key problem for local authorities. Long-term problems cannot be solved by short-term instruments. Climate Alliance already had discussions with Philip Lowe on the main difficulties of local authorities. Solutions such as micro-loans were proposed to EIB to balance programmes such as ELENA. Now there are the ELENitas (kfw, CIB and MLEi under the IEE.)

However, the main proposal would be to use the SEAPs as passport for funding: Local authorities that have signed the Covenant of Mayors and delivered their Sustainable Energy Action Plans could be recognized as reliable partners by the European Commission. The Joint Research Center of the European Commission evaluates the SEAPs and ensures that the local authority has a strategy with a target and set of actions to strive for sustainable energy. This way the lengthy and complicated application procedures could be avoided.

Another approach in Nantes: funding based on CO2 reduction (not project based funding). The objective is to take into use the ETS funding – part of the amount that member states are collecting from the companies. Nantes – together with some other French cities – is developing a model to use this funding for local authorities. Establishment of a MRV system with proved efforts and quantified CO2 reductions by the LAs.

Similar models are being developed in the Nordic countries. Norway is the most advanced, but similar partnerships, where the national governments buy the emission reductions from municipalities, are being developed in other Nordic countries as well.
Objectives of the group

The objective of the working group is twofold: it will exchange on the local financing solutions and mechanisms; and seek to influence the new EU budget 2014-2020 in particular showing the funding needs of local authorities in energy and climate related actions.

This is a moment when the new EU budget is widely discussed in Europe. Now is the time for local authorities to formulate concrete needs on how the funding instruments should be shaped. The new budget already has a strong focus on energy and climate related funding. However, it is crucial to demonstrate the strong need for energy and climate related funding, so that the high ambitions remain within the budget proposal also after the debates carried out within the European Parliament and the Council.

Some of the relevant questions include:
- What kind of financing instruments are available and how they work (critical analysis)
- Public versus private financing; where is public financing still needed and where can we leverage on private funding?
- Which level of government is ‘the most suited’ to provide different types of funding: European / national / regional / local?
- How to ensure accessibility and feasibility for local authorities of the available and new funding schemes?

Tasks of the working group

The working group will:
- Collect and exchange on examples of innovative funding solutions. Regular examples will be demonstrated on the Climate Alliance website (Our members activities: http://www.climatealliance.org/member_activities0.html)
- Provide regular briefings on open calls related to key energy and climate related funding schemes; and if necessary helping to find partners in relation to calls (such as the Smart Cities and Communities).
- Respond to consultations and actively promoting innovative funding solutions towards the European Commission; and
- Participate in discussions currently on-going at the European Parliament related to the different proposals for the EU budget 2014-2020.