As the EU Budget 2014-2020 will set the course for the next years, now is the time for local authorities to formulate concrete needs on how the funding instruments need to be shaped. The panelists debated on how to tackle the issue on financing locally, what instruments to use and how to address the key barriers.

**Overview of EU investment support instruments for energy:**

- **Cohesion policy funds** (2007-2013): €4,6b for energy efficiency, 4% of ERDF
- **IEE programme**: €735M for soft energy efficiency/renewable projects
- **ELENA facility**: 4 different windows already exist (ELENA-EIB/CEB/kfW/MLEI), and additional windows under negotiation with EIB for new member states (EBRD)
  
  Starting point of the ELENA: One of the main barriers for LAs is the lack of capacity and knowledge. Technical Assistance aims to increase capacity within LAs, to improve the bankability of projects.

  - **ELENA-EIB**: 16 signed and approved projects (28M€), investments already committed close to 100M€
    
    Main sectors covered: 1/Building, 2/transport, 3/RE in buildings
    
    18 projects in the pipeline (34M€, investments: 2,2 billion €)
  
  - **ELENA-kfW**: Financial intermediaries involved > 2 contracts, 1 in Germany and 1 in France (bank rolling the investment programme)
  
  - **ELENA-CEB**: operational but ‘young’
  
  - **MLEI**: 2011 call for proposals > big demand, especially from small municipalities, 8 (+1) projects selected

- **EEE-F**: for mature / ready projects, status: only one project ongoing
Future financing – and shaping it

Next Multi-annual financial framework (2014-2020)

- Cohesion fund: 17b€ allocated to energy efficiency and RE
- Horizon 2020: 6,5 b€ allocated to research and innovation in “secure, clean and efficient energy”
- Increased use of existing financial instruments
- Consultations: Public consultation on financial support for EE in buildings > report to be published during autumn & Public consultation on the future of the IEE programme > deadline 5 September 2012

Structural funds for greening local economies – the Romanian case | Calin Chira, Association of Romanian Cities (AMR)

Traditional instruments are available for local authorities, such as structural funds and loans.
Screening of the available funds and how they are being used in Romania:

- Structural Funds are mainly used for the development/improvement of the infrastructure for heating and/or other renewable energy sources (e.g. rehabilitation/modernization of the heating network).
- For example under priority: “Increasing energy efficiency and security of supply, in the context of combating climate change”, in the latest call published in 2010, out of 17 approved projects, only 2 are from local authorities.
- Loans from EIB to implement energy efficiency actions (e.g. retrofitting of buildings).
- Other more specific national programmes dedicated to public authorities.

One of the obstacles is privatization, which takes the challenge out of public authorities’ hands.

Green economy as a focus for a regional low carbon strategy | Esther Davidsen, Zealand Region

Zealand Region is a Covenant Coordinator since 2009, 14 out of 17 municipalities are Signatories, 8 SEAPs submitted, 2 SEAPs accepted.

- 1/3 regional development funds are spent on climate change (cluster, research...)
- ELENA project, REEZ (2.6 M€, investments: 62.400M€), 5 focus areas and projects, involving 12 municipalities and the Zealand region, building new capacities
- IEE programme: several projects e.g. Solrød municipality receives 0,6M€ under MLEI for their biogas project
- Support offered by Covenant initiative is greatly appreciated. However, SEAP evaluation approach should be improved; need for more focus on ACTION.

Financing energy efficiency measures in low income houses | Karla Schimmel, Ghent

REGent energy agency (employs 13 people): a one-stop shop for low energy building and retrofitting
Services proposed:
- Energy scans (free for all citizens, 25% performed in private rented houses and 32% in low-income households) combined with the installation of energy-efficient materials > these scans report an average 8-10% energy savings
- Helpdesk /guidance and advice in energy efficiency measures (help with search for subsidies, filling in application forms, filling in tax forms etc.)
- Loans (guaranteed by federal fund) for roof insulation of private houses: max 10,000€ during 5 years, 0-2% interest
- Specific subsidies for low income households for example on roof insulation/roof or windows replacement.

>> Panel Discussion

No need to invent new financing instruments, the first priority is to improve the existing EU funds/programmes. Also ‘markets’ need to exist before new tools such as ELENAs can be really taken into use.

Different situations in EU countries should be taken into account – what is needed from EU funds/programmes is enough FLEXIBILITY to address this diversity.

There is a European “addiction” to grants. Some local authorities are reluctant to think differently and combine the different financing solutions. Grants and loans need to be combined in an optimal way.

For some policy areas grants remain essential: There is a shift towards putting more emphasis of private funding. However, some sustainable energy projects will never be profitable e.g. related to public transport, so the need for grants remains (Ghent).

Implementing a sustainable energy action plan requires long term financing. Long-term problems cannot be solved by short-term instruments. The best solution for securing long term financing as well as simplifying application processes would be to use the Sustainable Energy Action Plan (SEAP) as a ‘passport’ for funding. Sustainable Energy Action Plan could serve as a quality standard for receiving EU funding, as the SEAP is evaluated by the Joint Research Centre of the European Commission, and it ensures that the local authority has a long-term strategy, defined target and a set of actions to achieve the target. Roman Doubrava (EC) highlighted that this might be the case when the SEAPs reach the monitoring phase and the real impacts are assessed.

The carbon price, public banks and long-term investors like pension funds all have a role to play in funding sustainable energy actions. Public banks have an important role to play (“banks of the people”) – they should take the risk and lead the way in showing that energy efficiency and renewables are good investments.