



Innovative Financial Instruments for industry low carbon energy transition in Central Europe

Ongoing Activities:

IRENA:

In the previous period, IRENA has finished the Block 1 of the Ex-Ante assessment analysis and currently is preparing the Block 2 of the assessment. The purpose of the Ex-Ante assessment is to identify an innovative financial instrument that should have a positive effect on increasing the demand for financial instruments as a preferable way of financing projects dealing with investments in energy efficiency and/or renewable energy sources. In the Block 1, the focus was on identification of market failures and potentials from the perspective of an innovative financial instrument, assessment of the added value of an innovative financial instrument, its consistency with other incentive models, and evaluation of its impact from the aspect of state aid regulation and at last identification of possible additional sources and models of financing (public and private), and the possibility of combining them with a financial instrument.

Fraunhofer IMW:

End of January, Fraunhofer IMW finalize the regional Ex-Ante assessment analysis report for Saxony, Germany. Some of the results of the report are to be seen on the figure below. The results are based of desktop research about regional macroeconomic indicators and regional information concerning the alternatives for financing energy efficiency measures. Through empirical assessment, the local problems in this area were also determined according different local stakeholders. As next step, Fraunhofer IMW will use the results as basics for the development of innovative financial instrument, which can overcome at least some of the determined local problems for SMEs, when investing in energy efficiency measures.

		Problems	Decision drivers
Internal	from the side of the SMEs	<ul style="list-style-type: none"> ▪ Limited Management capacity <ul style="list-style-type: none"> ▪ Lack of time resources ▪ Lack of experience, knowledge and confidence <ul style="list-style-type: none"> ▪ Transaction costs ▪ Asymmetric information <ul style="list-style-type: none"> ▪ Share of own financial contribution ▪ Specific company features 	<ul style="list-style-type: none"> ▪ Internal motivation <ul style="list-style-type: none"> ▪ Visible savings from energy efficiency measures ▪ Awareness (e.g. perceive the need for energy efficiency measures)
	from the side of the financial supporter	<ul style="list-style-type: none"> ▪ Complicated and slow bureaucracy <ul style="list-style-type: none"> ▪ Complex regulations ▪ Challenging conditions/ requirements 	<ul style="list-style-type: none"> ▪ Variety of financial support opportunities <ul style="list-style-type: none"> ▪ Consultancy with regard to funding in this context ▪ Consultancy with regards to appropriate energy efficiency measures
External	from the general environment	<ul style="list-style-type: none"> ▪ Not enough convenience/ persuading incentives (e.g. prices of conventional sources still very low, not very high taxes and missing CO2 emission trading etc.) 	<ul style="list-style-type: none"> ▪ National and regional policy towards low carbon economy <ul style="list-style-type: none"> ▪ Actions of competitors in this area



STRIA:

Hungarian project partner STRIA together with an Ex Ante Consulting Ltd. (external expert) already created the Innovative Financial Instrument (IFI). For an efficient operation, the IFI will be composed of two components. Component 'A' includes a thorough due diligence for approximately 300 businesses, ensuring nation-wide coverage by an independent expert consortium. This activity will result in a detailed Energy Innovation Roadmap at each SME, including financial background and possibilities, and the feasibility study of the energy efficiency investment. Businesses examined will have the opportunity to apply for subsidized loans to implement the developments within the framework of Component 'B'. Both components will be initially financed from the Operational Program budget (with a possibility to attract private investment in the long run), through an Energy Fund established by the Ministry of Finance.

The proposed financial instrument aims at supporting investments of SMEs for energy efficiency and advanced energy technology adaption purposes. The main goal is to reach optimal operation with the lowest energy consumption possible, and maximalise the energy efficiency of buildings and facilities.

During the next months STRIA will focus on the dissemination of the IFI at regional and national level too. STRIA as WPT2 leader will work together with an independent expert who will evaluate all IFI created in the frame of the FIRECE project.

Lubelskie Voivodeship:

In December 2019, the work on the Ex-Ante document was completed by using the FIRECE action plan and the guidelines. The report summarizes the available data including primary and secondary external and internal data on the existing mechanisms of financial support for energy efficiency as well as the use of renewable energy sources (RES) in industry among small and medium enterprises in the Lubelskie Voivodeship. The structure of the ex-ante analysis is adequate to the internal documents developed in the FIRECE project, it refers to the Ex-ante assessment methodology for financial instruments for 2014-2020 Quick guide and Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17/12/2013 establishing common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund, and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Fund Maritime and Fishing, and repealing Council Regulation (EC) No 1083/2006. The report was prepared in the period June - December 2019 and concerns the Lubelskie Voivodeship.

Enviros:

With the aim to present the 'Methodology to assess public investment to industry' and relevant assessment tools as well as to involve national stakeholders into realization of project pilot activities, the FIRECE workshop took place in the Czech Republic 4th February 2020. Attended by responsible ministries and financial institutions, the workshop provided to the participants recent information about the project development including demonstration of both project-level and program-level tools. Representative of the Ministry of Industry and Trade explained what financial instruments are considered to be used within the new programming period 2021-2027 to support energy efficiency in industry, while a simple financial instruments calculator for small-scale projects was presented by the Czech-Moravian Guarantee and Development Bank.

In the next project period, the FIRECE tools will be used to assess planned financial instruments within the Operational Program Competitiveness (pilot action 1), as well as individual energy saving projects (pilot action 2).



RDA ARLEG:

In order to increase the contribution of the regional stakeholders into project activities and outputs, RDA ARLEG organized on 17th December 2019 the local workshops in the Marshal Office premises in Wrocław to present and discuss the Tools developed in WPT1. The tool to assess public investments will be further used in the Pilot action 2 “Improving energy efficiency in industry sector”, which goal is the analysis of investments projects made by SMEs on Energy Efficiency / RES funded with relevant energy saving funds in 5 partner regions (all together 40 SMS’s projects).

On 6th February 2020 RDA ARLEG organized the “FORUM FOR SME’s” in Legnica Business Incubator. The participants of the Forum - small and medium enterprises and representatives of regional authorities and business support organizations - were informed about the current activities of the project and public investments assessment procedures. During the workshop small and medium enterprises had an opportunity to see how the Tool works and can be used to asses SME’s investments on EE/RES.



FB:

Forschung Burgenland organized a local workshop on 9th Dezember 2019 in Eisenstadt in order to present and discuss the tool to asses public investments, which was elaborated in WPT1. Representatives of Wirtschaft Burgenland, Land Burgenland, Regionalmanagement Burgenland, Mind Consult & Research GmbH, Facility Management Burgenland and Europäisches Zentrum für erneuerbare Energie attended it. In the workshop Forschung Burgenland informed about ongoing activities of the FIRECE project and presented the tool. The workshop was closed by an open discussion to collect the opinion of the participants.

On 5th January 2020 Forschung Burgenland held a press conference about the FIRECE project. SPÖ Environmental Minister Astrid Eisenkopf, Harald Horvath (Regional Management Burgenland), Roman Sodoma (Regional Management Burgenland) and Johann Binder (Forschung Burgenland) talked about investments of the EU in climate protection measures of municipalities. Johann Binder explained that the implementation of innovative financial instruments particularly addressed to provide energy saving instruments are essential for the EU funding in climate protection measures.

