1.7 Smart Finance for Smart Buildings Investment Facility

Putting energy efficiency first is more than just a slogan; it is one of the most cost effective ways to support the transition to a low carbon economy and a key policy for implementing the Paris Agreement. And while meeting our environmental commitments, it also reduces energy bills and dependency on imports, and creates local jobs.

Local energy efficiency measures are an effective way to create investment opportunities, growth and employment. Improving the energy performance of our economy is critical to the Paris Agreement. The building and housing sector accounts for 40% of Europe’s energy consumption. It is also the sector with the biggest current investment gap - annual investments in building renovation will need to triple to meet the 30% energy efficiency targets the European Commission proposed for 2030. That is why, from 2014 to 2020, European Structural and Investment Funds (ESIF) will allocate €18 billion to energy efficiency, €6 billion to renewable energy - notably in buildings and district heating and cooling – and around €1 billion to smart distribution grids. But more is still needed.

While falling, inability to keep homes adequately warm still affects 9.4% of the EU population (in % of population)

Source: Eurostat (EU Population unable to keep home adequately warm by poverty status)

What will the European Commission do next?

In the context of the European Investment Plan, the European Investment Bank (EIB) is adopting a brand new financial instrument – the Smart Finance for Smart Buildings Facility – which will make energy efficiency projects for buildings more attractive to private investors, and will multiply the effect of the EU money invested. This will be done through using EU grants as a guarantee for these projects, creating a market for energy efficiency projects. This Instrument, together with other EU policy initiatives for smart buildings, will aim to:

- Add €10 billion of public and private funds until 2020 for energy efficiency
- Support 220,000 new or retained jobs;
- Create a renovation market for small businesses worth up to €120 billion
- Take up to 3.2 million families out of energy poverty