EU cohesion policy support for energy efficiency

SEIF Warsaw, 28 November 2017
European Commission, Directorate-General for Regional and Urban Policy
Cohesion policy 2007-2013 and national counterpart is a significant proportion of public investment in Europe (2011-2013)
**European Structural and Investment Funds (ESIF):** EUR 454bn
- European Regional Development Fund (ERDF)
- Cohesion Fund (CF)
- European Social Fund (ESF)
- European Agricultural Fund for Rural Development (EAFRD)
- European Maritime and Fisheries Fund (EMFF)

**Cohesion policy** (ERDF, CF, ESF): EUR 352bn over 2014-2020 concentrated in less developed regions, aiming to:
- Reduce disparities between Europe's regions strengthening economic, social and territorial cohesion
- Contribute to the Europe 2020 Strategy for smart, sustainable and inclusive growth

**Shared management**
Thematic concentration: low-carbon economy

- Thematic concentration: obligatory % of ERDF for different types of regions to be spent on innovation, digital growth, SME's, low-carbon economy

- Low-carbon economy: more developed regions 20% ERDF; transition 15% less developed 12%.

- Includes: RES, energy efficiency in enterprises, energy efficiency in housing, smart grids, low-carbon urban strategies including mobility, innovation in low-carbon technologies, high-efficiency CHP and co-generation

- Change of approach: in 2007-2013 support to the housing sector extremely limited; in 2014-2020 energy efficiency in housing encouraged.
ESI Funds key features

- **Delivery** through multi-annual programmes at national or at regional level

- Obligation of **national co-financing** (subject to same rules and conditions)

- **Form of support**: mainly grants but increasing emphasis on the use of financial instruments (EC internal target: 20% of low-carbon economy allocation to be implemented via FI's)

- Implemented by Member States and their regions under **shared management** (Commission has no direct role in selection or implementation of projects)

- ESI Funds have geographical and sectoral **eligibility** criteria as stipulated in the Regulations, programmes and national eligibility rules
Funding leading to benefits for people, regions and businesses

ERDF+CF allocations in EUR billion, all EU MSs
Comparison 2007-2013 vs 2014-2020

- 875,000 households will live in buildings that have been renovated to reduce energy use.
- Around 7,670 MW of additional capacity of renewable energy production.
- 3.3 million additional energy users connected to smart grids.
- Public buildings will use 5.2 TWh/year less energy than they do now.
- Energy efficiency will be supported in over 57,000 companies, mainly SMEs.

Planned allocations from the European Regional Development Fund (ERDF) and the Cohesion Fund (CF), 06/2016.
Energy efficiency: ERDF+CF for 2014-2020, in billion EUR

Total planned allocations per Member State from the ERDF and the CF as of January 2017
€ 20 billion planned allocations to FI for ERDF, ESF and CF by Thematic Objective

- TO1 - Research and Innovation: 3,277.3 million Euro
- TO2 - ICT: 1,049.0 million Euro
- TO3 - SME competitiveness: 1,040.5 million Euro
- TO4 - Low Carbon Economy: 1,088.8 million Euro
- TO6 - Environment and Resource Efficiency: 189.0 million Euro
- TO7 - Sustainable transport and network bottlenecks: 189.0 million Euro
- Other TO: 357.0 million Euro
- Multi TO: 1,088.8 million Euro

in million Euro
Cohesion policy for energy efficiency in Poland

- Operational Programme Infrastructure and Environment (central level) + 16 Regional Operational Programmes
- EUR 2 billion Energy efficiency in buildings
  - public – grants
  - multi-family housing – mainly FI's and repayable assistance
- EUR 385 million Energy efficiency in enterprises
- Other project types contributing to energy efficiency: development of district heating, high-efficiency CHP, low-carbon strategies for urban areas (including sustainable mobility), rail, urban regeneration
The measure aims to improve the air quality in Malopolskie and Śląskie and subsequently help both regions meet their obligations under the recently enacted national anti-smog resolutions. This should be achieved through setting up a sustainable and scalable financing scheme for replacement of obsolete heating systems with more efficient devices and thermo-modernisation measures in single family buildings.

The activity forms part of Catching-up Regions Initiative II (CRI) implemented in partnership with the World Bank and the Ministry of Economic Development. Continuous meetings with various stakeholders, including relevant ministries, regional and local authorities, financial institutions, equipment manufacturers, suppliers and installers shall help examine the market readiness for a new instrument, assess its viability and complementarity with other existing schemes and build up a consensus around the proposed solution. Lessons learned should also be applicable all across the country.
In view of the existence of numerous mechanisms supporting low-carbon economy (including EE and RES) from national funding, coordination and complementarity with European funding must be ensured. ESI funds will act first of all as a catalyst and leverage for further investments, also by supporting the most ambitious projects with a demonstration potential.

[Partnership Agreement for Poland, 2014]
Conclusions

- **Low carbon-economy and energy efficiency at the heart of the reformed 2014-2020 EU cohesion policy**
- **Increased role of financial instruments instead of grants**
- **Coordination of different instruments supporting energy efficiency is crucial**
Thank you for your attention!


Open data platform: [https://cohesiondata.ec.europa.eu](https://cohesiondata.ec.europa.eu)

Project examples: [https://ec.europa.eu/budget/euprojects/](https://ec.europa.eu/budget/euprojects/)
Financial instruments, ESIF+EFSI: legislation and guidance – useful links

- fi-compass: https://www.fi-compass.eu/
- EFSI EIB website: http://www.eib.org/efsi/index.htm
- Brochure on ESIF and EFSI complementarities: http://ec.europa.eu/regional_policy/sources/thefunds/thefunds/fin_i
nst/pdf/efsi_esif_compl_en.pdf