



Leveraging EU Funds to scale-up investment in energy efficiency

Götz von Thadden, Head of Unit, Financial Instruments
Baltic Sea and Northern Europe, European Investment
Bank

Vilius Bernatonis, Managing Partner, TGS Baltic,
Lithuania

Mindaugas Rudys, Board Member, Šiaulių Bankas,
Lithuania

Abel Mascarenhas, President of the Executive Board,
IFRRU 2020, Portugal

Iva Petkova, Director, FLAG/Sustainable Cities Fund,
Bulgaria

Adam Hirny, Director, Energy Transformation Support
Department, BNP Paribas, Poland

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Götz von Thadden

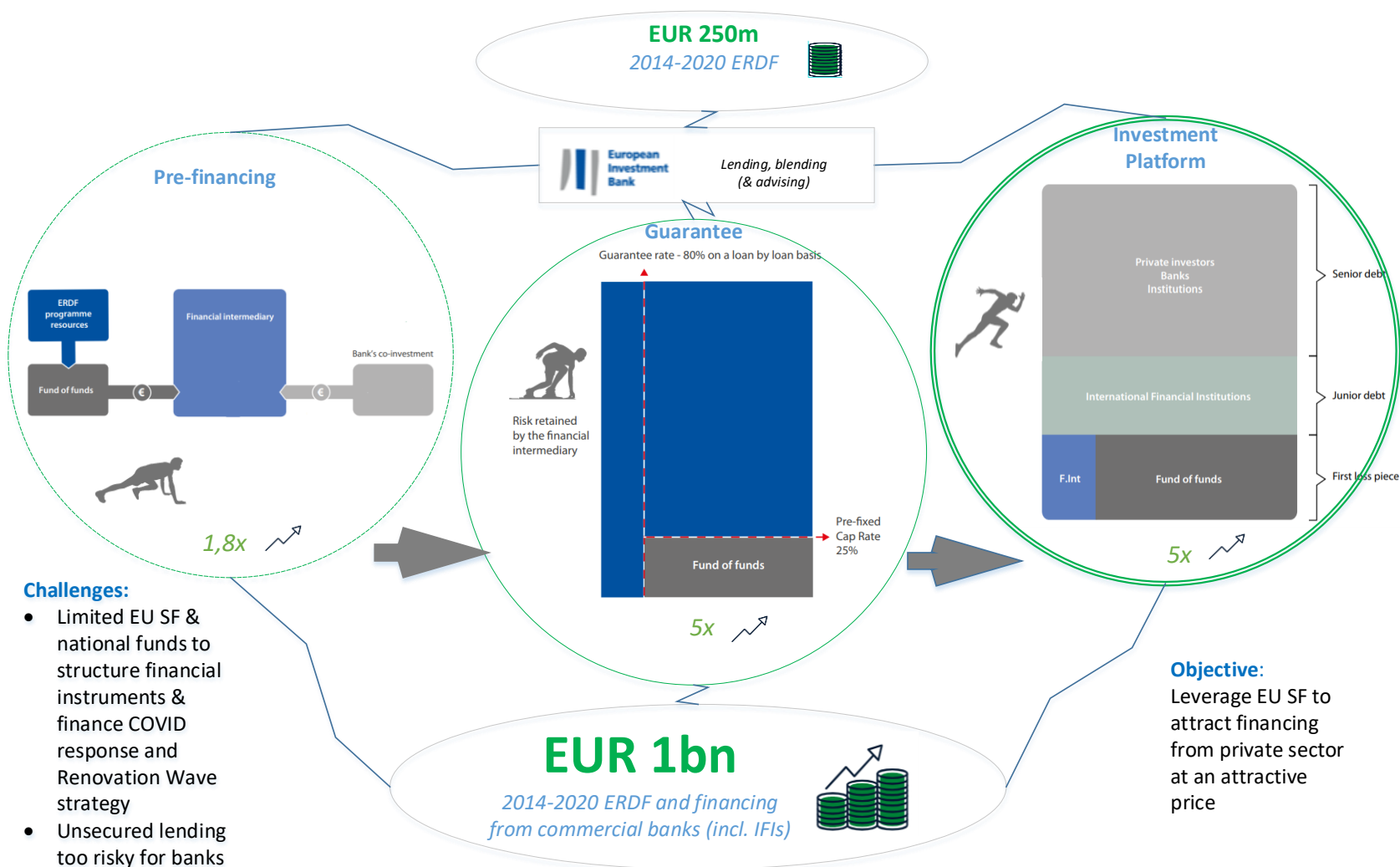
Head of Unit, Financial Instruments Baltic Sea and Northern Europe, European Investment Bank

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Grooming the Banks

Financial Instruments funding the Lithuanian Modernisation Programme





Leveraging EU Funds to scale-up investment in energy efficiency

Vilius Bernatonis

Managing Partner, TGS Baltic, Lithuania

Mindaugas Rudys

Board Member, Šiaulių Bankas, Lithuania

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To finance projects you need willing owners – transforming the Government support scheme



- **Government support:**
 - Generous lending terms
 - “No added expense” subsidy scheme
 - Full coverage of project preparation
- **Information / promotion action:**
 - Specialized institution for promotion of renovation projects
 - Active role of the Ministries
 - Active role of the municipalities

Transforming the project implementation regulation



- **Legislative action:**

- Quasi-security over apartments
- Borrowing based on majority vote
- Administrator borrowing
- Mandatory vote for social support recipients

- **Technical assistance:**

- Centralized preparation of investment plans
- Resources for decision-making
- Centralized procurement of works

Breaking through the conservative approach of the banking sector



- **Difficult start:**
 - Leverage 1:5 planned in 2010 but took more than 12 years to achieve
 - No private funds invested for several years
- **Issues faced by the banking sector:**
 - No infrastructure (especially IT) in place
 - Need to revisit internal processes and be flexible
 - No established risk assessment rules
 - Unclear capital requirement



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Mindaugas Rudys

Board Member, Šiaulių Bankas, Lithuania

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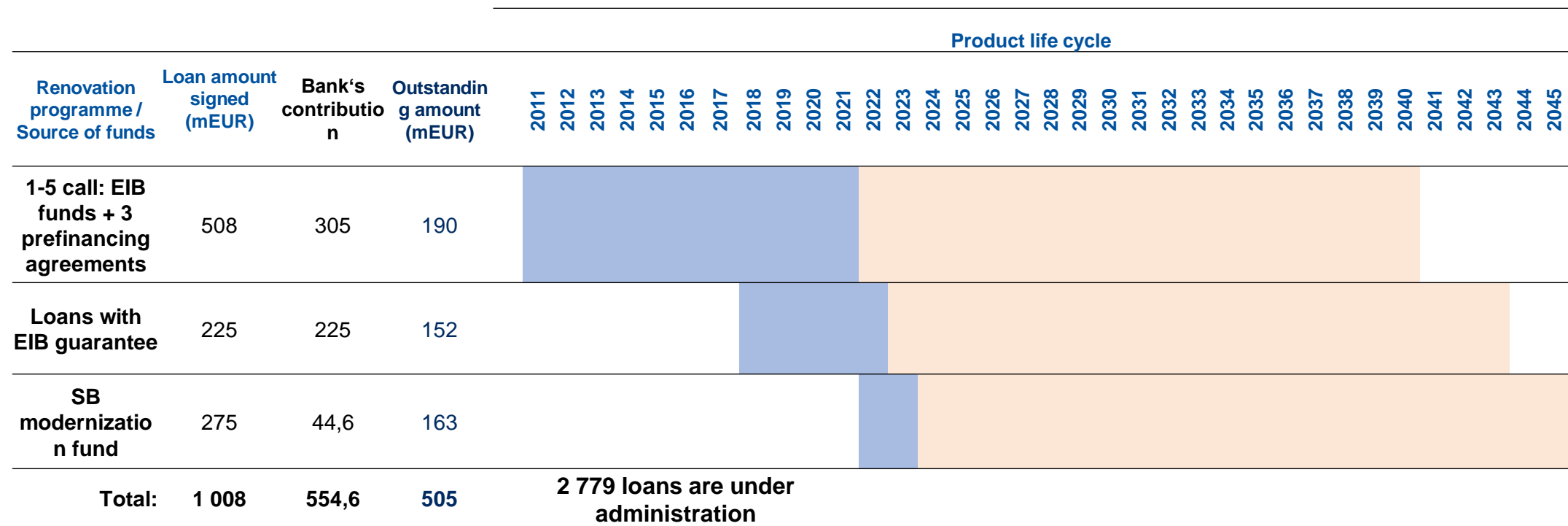
Renovation program and strategy overview





One of strategic goals of the Bank - leadership in renovation financing:

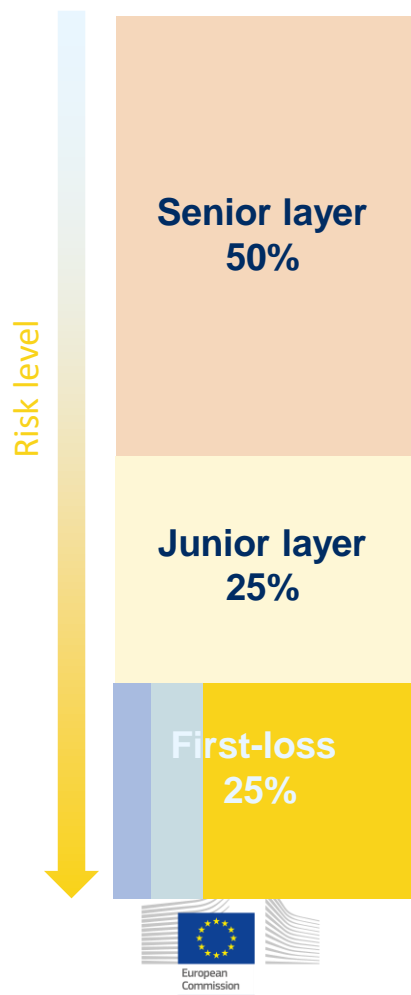
- Bank have been financing renovation of multi-apartment buildings starting from **2011Y**
- Since **2 779** multi-apartment buildings financed
- Market share - **65 %**



- Disbursements of loans
 - Repayments of loans

Investment platform

The total amount of the fund is EUR 275 million



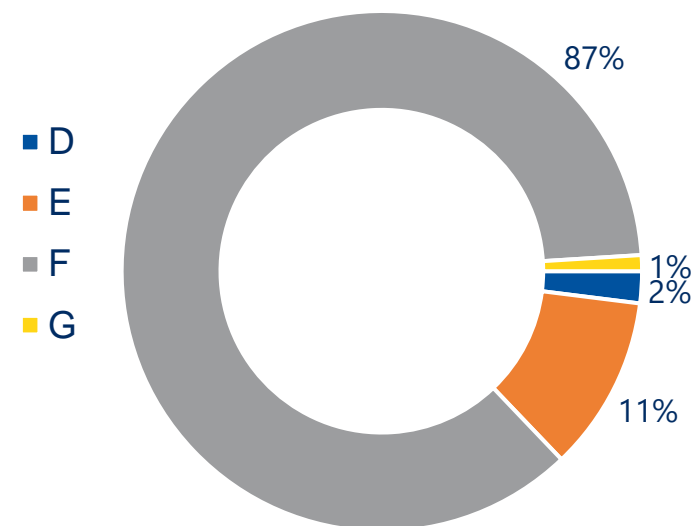
- **395** multi-apartment buildings financed (532 planned)
- Average amount of the building - 650k EUR (520 planned)
- Repayments started in 27 multi-apartment buildings (up to 1'000 flats)

Energy savings*

- Energy savings reach ~271 MWh / year (~65 %)
- CO2 emissions savings – ~62 tCO2 / year

*after modernization per one building

ENERGY CLASS BEFORE RENOVATION



ENERGY CLASS AFTER RENOVATION





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Abel Mascarenhas

President of the Executive Board, IFRRU 2020,
Portugal

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IFRRU 2020 in numbers

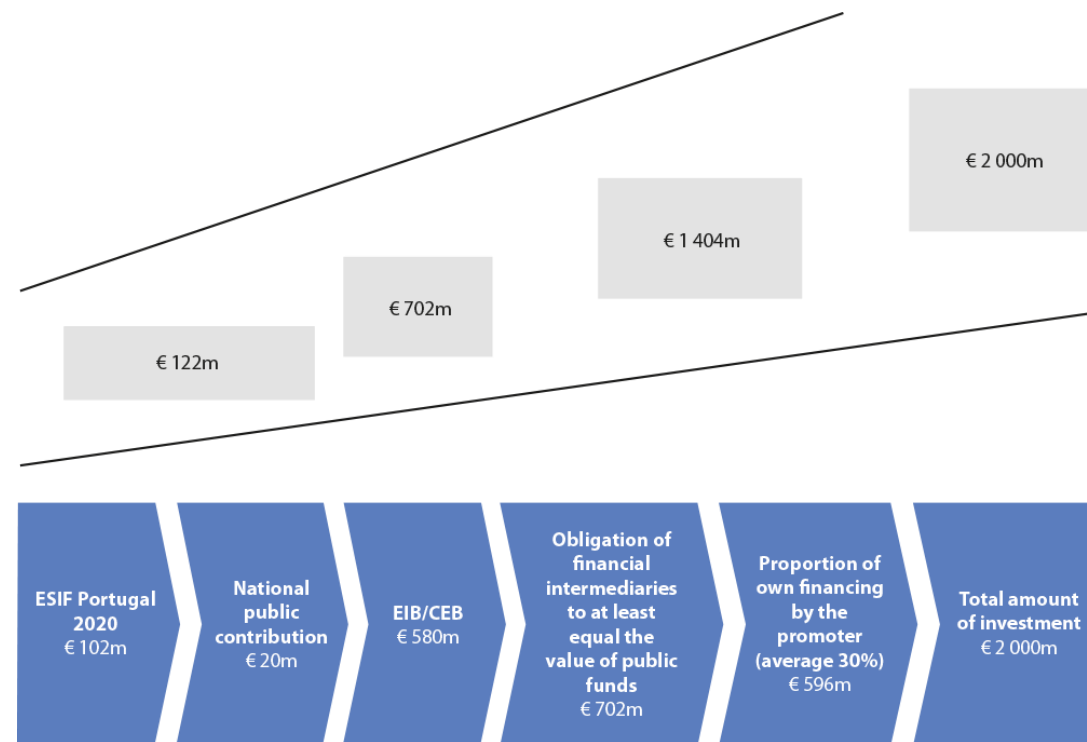


- **7** regional + **1** national managing authority established Holding Fund – IFRRU 2020
- **EUR 1.5bn** contracted investment
- **467** contracted projects until September 2023 located in **91** municipalities
- **2581** renovated households
- **629 115 m2** renovated public or commercial buildings
- **59 428** toe primary energy consumption reduction
- **37 041** ton CO2 equiv greenhouse gas emissions reduction



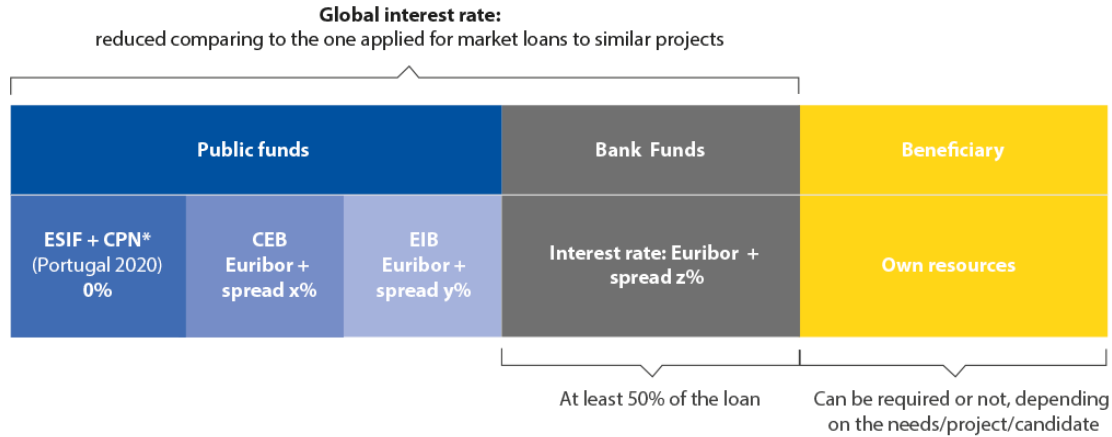
Case study – IFRRU 2020

Urban development fund in Portugal – leveraging public and private resource



Leverage in practice

Loan pricing methodology



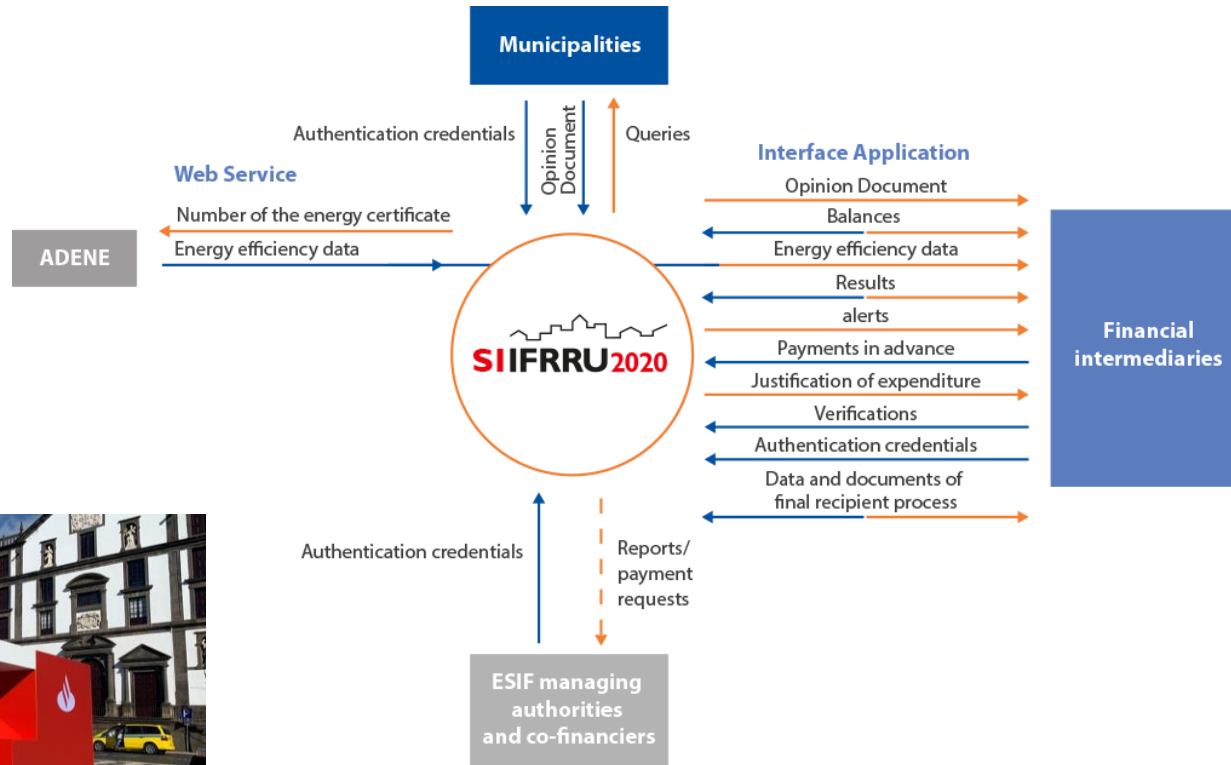
*CPN = national public contribution from the State Budget

Marketing and communication

- IFRRU 2020 website, YouTube, LinkedIn
- Newsletter, guidance, short guide, leaflets
- Leverage private sector assets and expertise



Managing information





Leveraging EU Funds to scale-up investment in energy efficiency – experience from Bulgaria

Iva Petkova

Director, FLAG/Sustainable Cities Fund, Bulgaria

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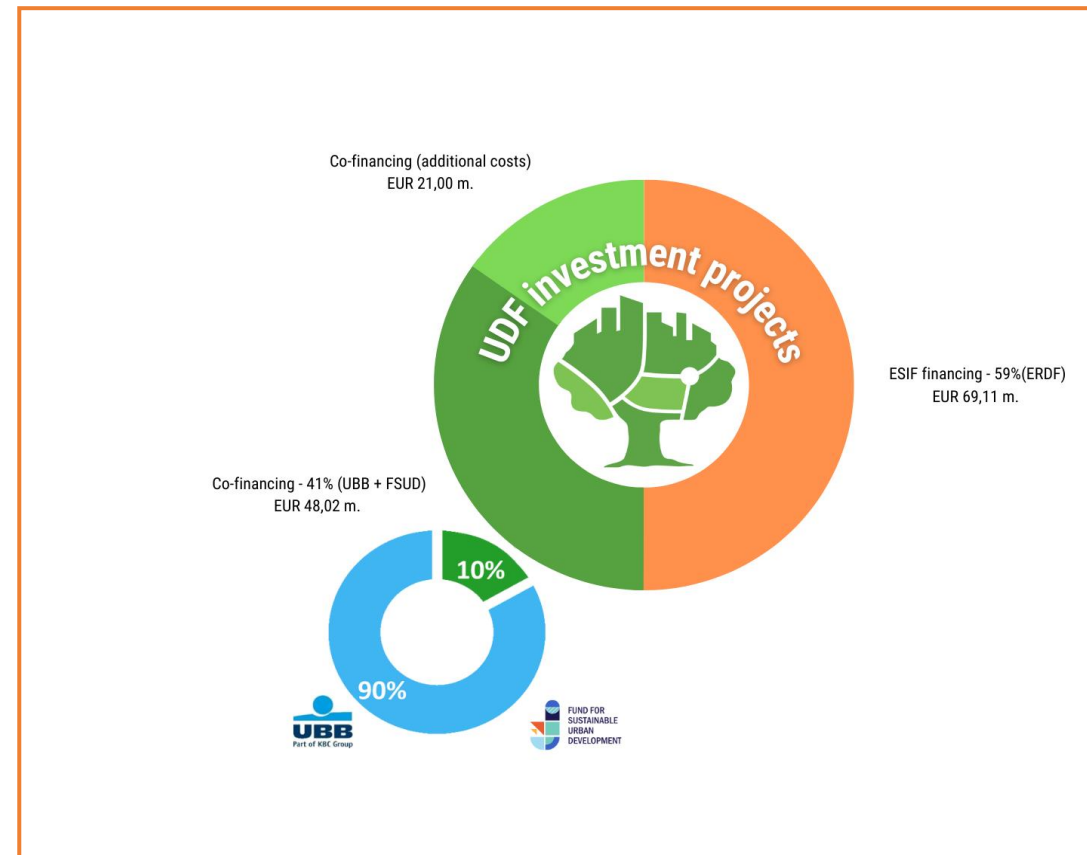
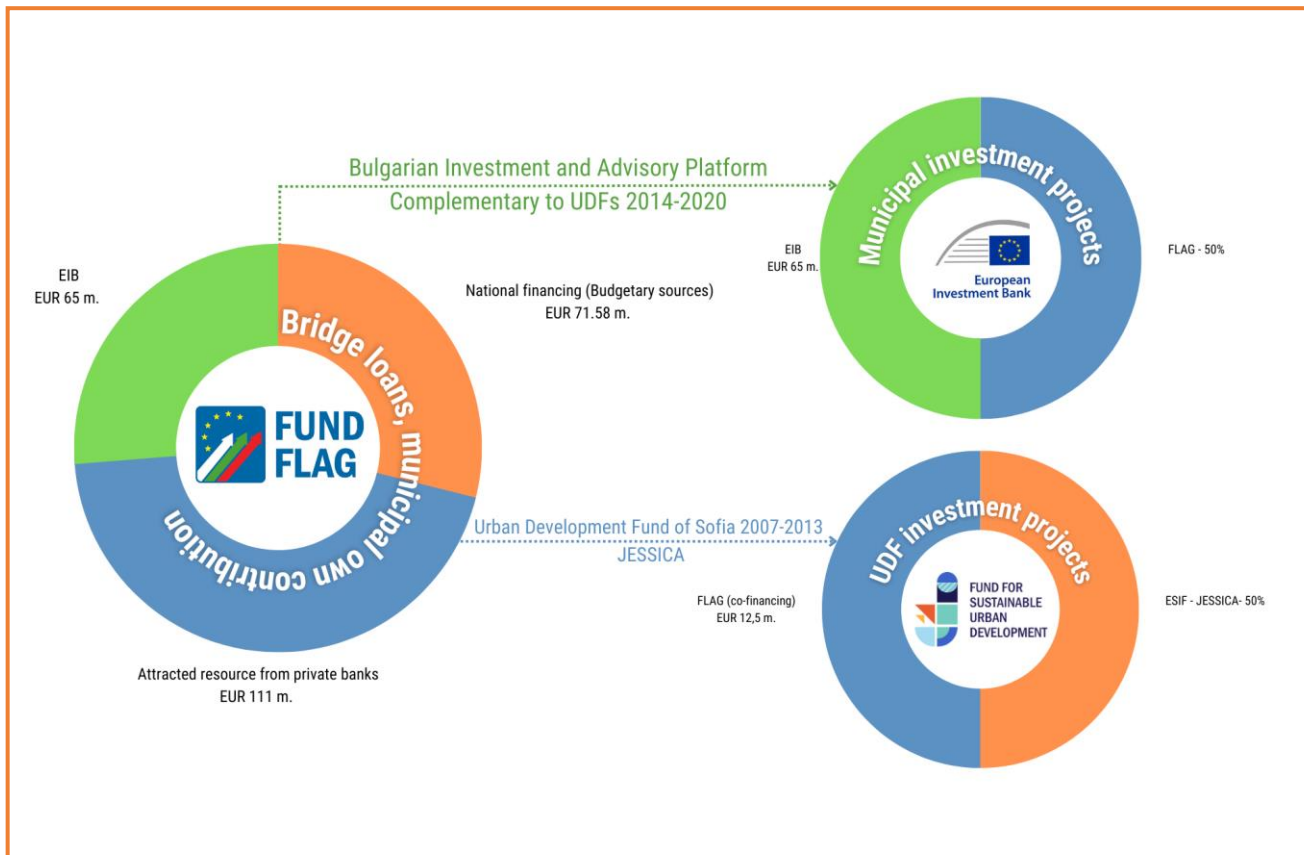


Fund FLAG – Using public funds for leveraging private finance since 2009



Experience with JESSICA and EIB investment platform

UDFs 2014-2020 for Sofia and Southern Bulgaria



Project examples – incl. EE measures (financing provided by SCF/Fund FLAG)



Renovation of a Cultural House, Burgas



Centre for Contemporary Art and Library, Burgas



Solar panels on rooftops of public buildings, Muglitzh



EE measures in student dormitories, Sofia



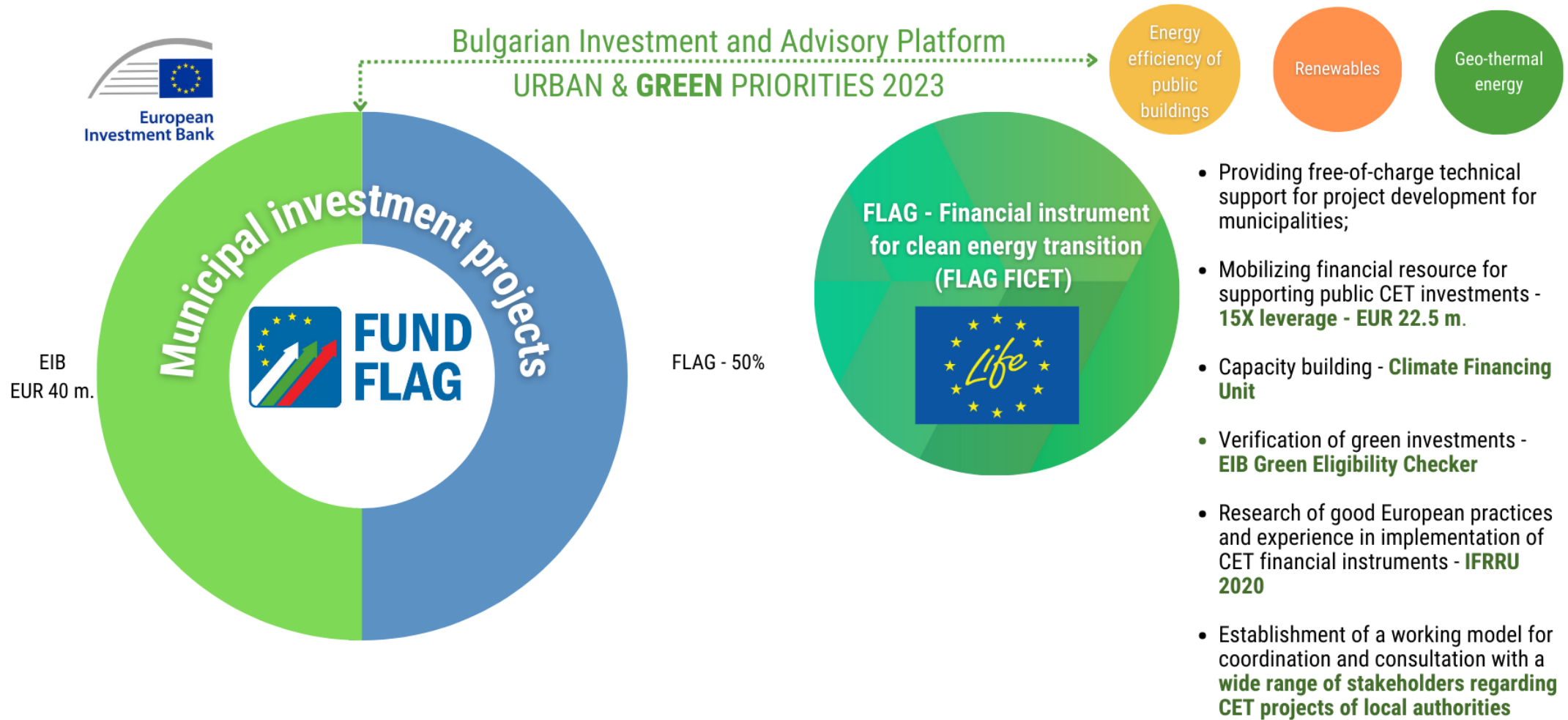
EE measures in student dormitories, Sofia



Renovation of a mineral bath, village of Yagoda

Fund FLAG – Bulgarian Investment and Advisory Platform

Synergies with FLAG-FICET for incentivizing CET investments





Thank you!

**E-mail: petkova@citiesfund.bg
petkova@flag-bg.com**

www.flag-bg.com

www.citiesfund.bg



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Adam Hirny

Director, Energy Transformation Support
Department, BNP Paribas, Poland

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First EE Initiatives at BNPP

Inspirations & lessons learnt from Green Initiative (EIB) and PolSEFF (EBRD).



- PolSEFF (2011-2014) & Green Initiatives (2014–2015) both projects focusing on supporting energy efficiency investments in SMEs Segment
- Supported investments: EE in industry, buildings, renewables
- Both facilities were based on integrated combination of:
 - Credit Line,
 - Technical Assistance (TA),
 - Grant component for SMEs (10%-15%),
- Complex projects (supported by ex-ante energy audit)
- Simple projects based on preapproved green technologies

Results & Lessons learnt:

- More than 800 EE projects financed,
- Integration of TA with grants & friendly procedures is critical for successful rollout of the project
- More than 70% of projects done with preapproved green technologies,
- Size of grant is less important than ease of obtaining the grant,
- Building capacity in commercial Bank is key to success.

Green Initiative & PolSEFF inspired BNPP to create its own integrated One-Stop-Shop.



One Stop Shop for EE in SME&MidCAP Segment

Integration of Technical Assistance with Grants & Funding



- ✓ Internal Team of Energy Experts concentrating on mobilization of investment in the segment of Energy Efficiency & RES in commercial buildings (co-financed from ELENA Initiative under EEFFCB)



- ✓ External team of Energy Auditors responsible for preparation of Energy Audits (technical documentation co-financed from ELENA Initiative)



- ✓ Dedicated green loan products (including leasing) suitable for financing investments,



- ✓ Guarantees & Grants for green investment (under Cooperation with BGK)



- ✓ Close cooperation between regular Sales Forces and internal/external Energy Experts, Risk, BGK and SME/MidCAPs (promotion activities, investments technical preparation, risk analyses, grant applications & contracting),



- ✓ Cooperation with Grants Advisors – preparations of subsidy applications





Results & Observations & Recommendations

Results:

- Over 500 investments covered by OSS under EEFFCB Program
- Over 150 audits ordered
- PLN 160 Mio of completed investments
- PLN 600 Mio of projects in pipeline

Observations:

- There is competition between standard and green investments on the market
- Automation/simplification of qualification procedures for green subsidies
- Green projects are relatively more difficult – need for specialized teams within financial institutions to support EE/RES

Recommendations:

- Development at EIB's level similar products to Green Initiatives which would integrate TA with funding, guarantees and subsidies or capital rebate and which would operate on friendly processes.



Thank you!

adam.hirny@bnpparibas.pl



Thank you!

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