



International non-public sources and mechanisms for financing investments

EFFECT4buildings Toolbox:
Funding; Annex 5



The project “Effective Financing Tools for implementing Energy Efficiency in Buildings” (EFFECT4buildings) develops in collaboration with public building managers a comprehensive decision-making support toolbox with a set of financial instruments: **Financial calculation tools; Bundling; Funding; Convincing decision makers; Energy Performance Contract; Multi Service Contract; Green Lease Contract; Prosumerism**. The tools and instruments chosen by the project has the biggest potential to help building managers to overcome financial barriers, based on nearly 40 interviews with the target group. The project improves these tools through different real cases.

To make sure building managers invest in the best available solutions, more knowledge on different possibilities is needed as well as confirmation from colleagues that the solutions performs well. EFFECT4buildings mapped **technological solutions** for energy efficiency in buildings with the aim to share knowledge and experiences of energy efficiency solutions among building managers in the Baltic Sea Region.

This document includes analysis of the international non-public sources and mechanisms for financing investment projects in the field of energy efficiency in publicly used buildings.

Partners



EFFECT4buildings project is implemented with the support from the EU funding Programme Interreg Baltic Sea Region (European Regional Development Fund) and Norwegian national funding. The aim of the project is to improve the capacity of public building managers in the Baltic Sea Region by providing them a comprehensive decision-making support toolbox with a set of financial instruments to unlock the investments and lower the risks of implementing energy efficiency measures in buildings owned by public stakeholders. More information: <http://www.effect4buildings.se/>



ALTERNATIVE – In addition to the sources of financing available for the projects aimed at improving energy efficiency performance which have been named in the report, there are also funds available from the following financial institutions:

- European Investment Bank,
- European Bank for Reconstruction and Development (EBRD)
- The Nordic Environment Finance Corporation (NEFCO)
- NIB.

Not all of the above investments finance investment projects in the field of energy efficiency in public use buildings owned by public administration (territorial self-government entities or other institutions/entities that belong in the public domain, including government administration).

The European Bank for Reconstruction and Development (EBRD), the Nordic Environment Finance Corporation (NEFCO) dedicate their offers only for the implementation of investment projects in the private sector.

However, investment projects in the field of energy efficiency in public use buildings owned by public administration (territorial self-government entities or other institutions/entities that belong in the public domain, including government administration) may be financed through the European Investment Bank (EIB) and NIB (Nordic Investment Bank) funding.

the European Investment Bank (EIB)

EIB grants its funding to projects that will contribute to the attainment of EU objectives both within the EU and outside the EU.

EIB **raises funds** on capital markets and **grants loans** on preferential terms to projects that support EU objectives. Approx. **90 %** of loans **are granted within the territory of EU**. The bank does not use any monies from the EU budget.

All the EU Member States are EIB's shareholders.

EIB's main products and services include:

- **Lending** – loans are approx. 90% of total financial commitment. Loans may be applied for by both businesses and public sector entities. To apply for a loan an entity needs to contact EIB via email, through the dedicated online form, or in person at an EIB's office, and submit information that can be used by the Bank to assess their business plans, and see whether the projects satisfy EIB's lending purpose criteria.
- **Combined financing** – makes it possible for clients to combine financing granted by EIB with other sources of financing
- **Counselling** and technical assistance – supplement EIB's financing mechanisms.

EIB financing not only grants a lower price, but it also offers:

- payment deferral until the investment project is completed and revenue generated,



- long term of financing tailored to the specific features of particular investment projects,
- high amounts of loan.

Credits **above EUR 25 million** are granted directly. For **lower credits**, EIB opens **lines of credit** for financial institutions that offer further lending to borrowers.

EIB makes its decisions in respect of granting and drawing credits on the basis of project quality on one hand, and opportunities offered by financial markets on the other. EIB has detailed priorities in respect of financing activities within the EU.

One of these priorities pertains to **climate and environment measures**.

EIB, as an EU bank, has made climate-related measures one of its paramount priorities, and it is now the biggest institution that offers financing for climate-related initiatives all over the world.

Financing granted to applicants in order for them to implement initiatives aimed at **climate change adaptation and mitigation** accounts for over 25% of the bank's total financing.

In 2018, the Bank financed **EUR 15,15 billion in natural and human environment projects**, including for **biodiversity, clean air, pure water, sustainable transportation, renewable sources of energy, and energy effectiveness**.

As regards environmental initiatives, the Bank supports projects that focus on:

A) Reducing pollution

As an EU Bank, EIB finances projects focused on the removal of contaminants, which projects support noise reduction, **clean air** and pure water.

The Bank promotes integrated approach to preventing and monitoring **emissions to air**, water and soil, in order to protect the environment as a whole.

B) Clean and efficient production and use of energy

Promoting sustainable, competitive, and safe sources of energy is an important sector for EIB's financing. The Bank focuses on supporting the following types of projects:

- **Renewable energy:** Supporting the development, and project development in the field of renewable Energy in Europe and outside Europe: e.g. onshore and offshore wind farms, solar, water, geothermal and solid biomass energy projects
- **Energy effectiveness:** The projects supported by EIB usually involve the modernization and extension of existing infrastructures, as well as social and municipal services,

Advice in respect of sustainable energy projects

Many EU cities and regions lack the necessary technical knowledge and organisational capacities to implement large projects in the field of energy efficiency and renewable sources of energy. In order to change the situation, a program called **ELENA (European Local Energy Assistance)** has been established. It offers up to 90% of technical support costs as are necessary to develop, implement and



finance investment programs. The Program is operated by EIB, and it is financed by the European Commission.

NIB (Nordic Investment Bank)

The Bank is an international financing institution of Nordic and Baltic countries, seated in Helsinki, Finland. Its lending is aimed at supporting e.g. environment protection within the region.

The Bank was established by five Scandinavian countries in 1975 in order to overcome investment barriers, and to attract commercial loans. In 2005, three Baltic countries joined NIB as its equal members.

NIB was established on 4 December 1975 by an intergovernmental treaty among Denmark, Finland, Iceland, Norway, and Sweden. On 1 January 2005, Estonia, Latvia and Lithuania became the Bank's members.

The Bank offers sustainable, long term financing to clients both in the private and in public sectors, on competitive market terms. The Bank's offer includes credits, corporate and state loans, loans for communes and municipalities, lending programs, investment in green bonds, financing projects and structures, and lending outside its member states.

When considering credit applications, the Bank expects that investment projects concerned will ensure benefits for the natural environment (financing projects that will contribute to the reduction of pollution, maintenance of flexible infrastructures, improved effectiveness of resource use, development of clean technologies, and climate change mitigation). The Bank grants credits for investment in upgrading Energy effectiveness in existing buildings.

In order to qualify for financing from NIB in the field of infrastructure, transportation, and telecommunications, projects should contribute to the improvement of public infrastructures (schools, hospitals, universities, airports).

The situation concerned (i.e. limited availability of sources and mechanisms of financing for the public sector) may be subject to a significant change once the projects financed from European funds are implemented within the new, i.e. 2021-2027 financing framework.

