

Report on financing sources for EER and integrated urban development measures

Part 1: Paper on financing sources on national
level

Part 2: Description and analysis of existing
financing schemes and programmes like
structural funds and EU initiatives

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Introduction of WP 5

The project partners jointly analyze existing approaches in the countries and present applicable integrated urban development strategies within three work packages (WPs) - “Urban Development”, “Energy” and “Financial Instruments”.

The three WPs are interrelated. For the target areas the partners elaborate and partly implement concrete urban development concepts, to be transferred as standardized transnational outputs to other urban quarters in the Baltic Sea Region (BSR). The urban strategies and concepts include the preparation of complex energy efficient refurbishment (EER) measures for buildings and the energy supply infrastructure.

WP 5 - Improved Affordability of Investments

The overall aim of this WP 5 is to improve mechanisms for providing financial means for integrated urban rehabilitation measures. Based on the analysis of the existing funding possibilities, appropriate funding instruments will be developed that lead to an improved affordability of investments in EER of residential buildings and integrated urban development measures. Special attention will be paid to EU Structural Funds and the setting up of revolving funds.

The project partners being assigned for the WP-coordination team of WP5 are the Ministry of Science, Economics and Transport Schleswig-Holstein and the Estonian Credit and Export Guarantee Fund KredEx.

Update of BEEN-Results

Urb.Energy is a follow up project of BEEN (Baltic Energy Efficiency Network for the Building Stock 2005 - 2007). The BEEN Project had the overall goal of developing strategies and instruments that promote and enable the energy efficient refurbishment of the prefabricated multi-storey building stock in the Baltic Sea Region.

One goal of the project was to elaborate financing strategies and instruments that are crucial for the implementation of energy efficient renovation of the building stock.

Based on the results from the BEEN project the progress on this field in the target areas was requested and summarized. The Urb.Energy project covers a broader scale of subjects than BEEN. The additional data concerning the existing support programs have been requested and integrated into this report as well.

Part 1: Paper on financing sources on national level

Riga / Latvia

Update of BEEN-Results

In Latvia the *Energy-saving pilot program* existed which was a loan program with reduced interest rates and supported exclusively energy saving measures. It was implemented in 2003 and ended in 2005. Its financial volume was 1.6M € and provided support for 466 flats.

Since 2001 there is still a program that issues state guarantees as a bank security for loans. In that period of time approximately 2.000 flats have been supported with 1.6M €.

Latvia is using 29,9M € from the EU funds (ERDF) in the time from 2007 to 2013, which is 1.3 %. The possible maximum percentage would be 3.0 %.

Additional Support Programs

There are some more programs that are relevant for the aims of the project:

- In the budget of Riga city for 2009 there are 2.8M lats (4M €) provided for the renovation of educational institutions (schools, kindergartens).
- From 2009 the *Climate Changes Financial Instrument* which follows from the law *On participation of the Republic of Latvia in the Flexible Mechanisms of the Kyoto Protocol* (from greenhouse gas emission quotas trading, which are at state disposal) is available. The total financial volume for 2009 was 17.57M lats (25.1M €). The grant rate was 85 %. The available amount for the municipality of Riga was 4M lats (5.7M €) for renovations of schools.
- From 2009 the EU Structural Funds support is available for renovation of residential buildings. The total amount for 2009 was 16M lats (22.9M €). Riga has submitted 6 multi-apartment buildings for the renovation. The grant rate was 50 %.

From 2009 the EU Structural Funds support is available for CHP (*combined heat and power unit*) efficiency increase. The total amount of the support will be about 40M lats (57.2M €). The requested sum of the first call in 2009 was 16M lats (22.9M €). The grant rate is from 40 to 50 % of the investment. Riga has submitted an application for the replacement of the existing heating grid.

From 2009 the EU Structural Funds support is available for the development of cogeneration systems. The total sum of this program is about 17M lats (24.3M €). The grant rate amounts up to 50 % of the investment. Riga has submitted an application for one project (approx. 4M lats ≈ 5.7M €).

The Cabinet of Ministers issued a regulation on mandatory power procurement for electricity networks from combined heat and power stations (No.221 from 10 March, 2009) which controls the power feed from CHP.

Concerning the support of urban development or house building the municipality of Riga manages constructions of new residential rental houses among others by using bank loans (Municipal Ltd. "Rīgas pilsēt būvnieks" takes loans).

In the field of social housing the municipality of Riga regularly finances the development of residential constructions for citizens with low income. 13 social houses have already been supported by this program.

The EU Structural Funds support is available for the renovation of social houses since 2009. The amount for the first call was approximately 7M lats (10M €). The grant rate is up to 75 %. Riga participates in this subsidy program.

Vilnius / Lithuania

Update of BEEN-Results

Lithuania develops a new support program for energy saving refurbishment measures. It will be a subsidy program equipped with financial means of the JESSICA initiative (*Joint European Support for Sustainable Investment in City Areas*). It will be possible to get 15 to 50 % of the investment costs as a grant. The actual high of the support will depend on the rate of energy savings realized by the refurbishment measures. The budget of this program will consist of 137.5M € from Structural Funds and 65M € from state budget.

The *Energy Efficiency Pilot Project* (started in 1996) already ended in 2004. Therefore the *Modernization of Multifamily Houses Program* was implemented in 2004. It will expire in 2020. In 2009 and 2010 a total investment sum stimulated by that program of about 49M € is expected. That means an average refurbishment investment of 8,600 € and an average support (value of support) of 4,300 € per flat.

Supplementary there are urban support programs with a financial volume of about 26M €. The period of those programs was between 2005 and 2009 and 16,230 flats were supported. This means a total number of 309 fully implemented projects.

Additional Support Programs

Concerning the regulations for the power feed of CHP (conventional or renewable energy sources) the *law on heating economy* is the main legislation. In general it is regulated by the second legislation and contains rules on provisions of heating

There are no financial instruments for central urban development in Vilnius/Lithuania. The local municipalities are responsible for developing urban development concepts. They are in charge for the preparation of general and detailed plans which are funded by EU Structural Funds.

Low income single persons and families are supported by the *law on social support*. According to this law heating and hot water expenses are covered for those households. This program likewise offers funding for residents of multi-family buildings which participate in the *Modernization Program of Multi-family buildings*. The initial financial contribution covers loan, interest rates and insurance fees of the loan.

Piaseczno / Poland

Update of BEEN-Results

In Piaseczno still exists the *Thermo Refurbishment Program* which supports energy efficiency measures. There are two ways to benefit from that program:

- Realization of energy-saving measures providing at least 25 % energy savings based on energy-audit or
- Implementation of pure refurbishment measures in multifamily buildings that are used before July 14th, 1961 with at least 10 % energy savings calculated in refurbishment audit.

The *Thermo Refurbishment Program* was implemented in 1998. The conditions for that program are: 25 % reduction of the capital of the loan for at least 20 % of the equity capital and a minimum of 25 % in energy savings.

On March 19th, 2009 the program was extended to buildings used before July 14th, 1961. In the case of thermal refurbishment it is possible to get 20 % reduction of the loan capital limited to 16 % of the investment costs and not more than 2-years heat cost savings. In case of pure refurbishment measures with at least 10 % energy savings one gets 20 % reduction of the loan capital but not more than 15 % of the actual investment costs.

In the period 1999 to June 2009 the capital volume of the program was about 177M € and supported measures for 398,000 flats in 13,500 buildings. The average funding per flat amounts to 445 € that means an investment of about 2,000 €. The total investment sum of all measures amounts to 796M €.

In the period from 2007 Poland has used approximately 243.1M € from EU Structural Funds (ERDF), which means 1.47 % of a possible maximum percentage of 3.0 %.

There is a subsidy program for low income households that supports up to 50 % of the housing costs depending on the income of the offeree.

Additional Support Programs

Beside the abovementioned support options there are loans with subsidized interest rates available (at least 3.5 % per annum), which are provided by the *Voievodeship Funds of Environment Protection*. These loans can be used for financing EER measures including implementation of RES. There are also subsidies available from ERDF via *Regional Operational Programs* for the period 2007 to 2013, where the EER measures in residential buildings are eligible, but under implementation of the "local development plans" elaborated by municipalities only.

In addition to this, there are loans available that contain subsidized interest rates (at least 3.5 % per annum), which are provided by the *Masovian Voievodeship Fund of Environment Protection*. These loans can be used for financing EER measures including implementation of RES and the modernization of heating devices as well as district heating systems. The loan can be extended for up to 90 % of the investment costs for 15 years with 18 month grace period. The ERDF funds in the *Masovian Voievodeship* are available for RES and measures concerning the revitalization of city areas.

Considering the regulations for the CHP market one can say that there exists a certificate system in Poland. The CHP producers sell the power to the grid based on market prices and have the right to issue the certificates for power produced by CHP (red certificate) or by RES (green certificate). These certificates are subject to the trade among different utilities (power distribution companies), which are obliged by the law to purchase annual quantities of power from RES and from cogeneration.

Poland did not set up financing instruments to support urban developments (besides of ERDF funds available via Regional Operational Programs mentioned above). There are only financing instruments for the support of house building as a grant to the interest of the loan (interest rates should be less than 5 % per annum). This can be extended to up to 70 % of the investment costs concerning long credit terms. The beneficiaries can be communes, housing co-operatives and TBS (social housing societies).

Beside those programs there are different options for the funding of low income households. The social housing in narrow terms (dwellings for low-income families only) is defined in the *law on security of tenants, municipal housing stock* from 2001. It occupies with dwellings which belong to communes in which rents can not exceed 50 % of rents related to the municipal housing stock. For social flats eligible are persons who are in poverty, have no income, which allows to pay the bills of the occupied flat, or persons who have got the court decision on eviction. The size of the flat should be at least about 5m² per person or 10 m² per family. The financing instrument for low income families was introduced in 1994 by the *law on ownership of dwellings and dwelling cost allowances*. The law was upgraded in 2001. The applicants for the allowance should fulfil commonly the three following conditions:

- The possession of legal right to the dwelling (all types of ownership are eligible),
- Their monthly income is less than 175 % of the lowest pension for a one-person household and 125 % of the lowest pension for multi-person households and
- The dwelling area should not exceed 30 - 50 % of the normative area.

The normative area is set as follows: one person 35 m², two persons 40 m², three persons 45 m², four persons 55 m², five persons 65 m² and six persons 75 m², if the sum of area of all rooms and the kitchen of the flat don't exceed 60 % of the total usable area of the dwelling. The value of the allowance can not exceed 70 % of the expenditures falling to a normative dwelling area. The allowance is paid by the commune's social care centre.

This is the difference between expenditures recalculated to the normative dwelling area and the limit of the part of the income (20 % for a one-person household, 15 % for a two to four-person household and 12 % for five and more persons-households) which can be spent for the actual dwelling costs. The subsistence allowance system was introduced in 1990 and is now regulated by the *law on social aid* from 2004. Eligible expenditures are: rents, maintenance and refurbishment costs of cooperative housing, down payments for the management of condominiums (up to the level of communal rents), costs for heating, water/sewerage and waste disposal for all types of ownership. Eligible are persons who are in difficult life situations and with low income. Low income means for a one person household 119 €/month and 87 €/person per month for more person households.

As an example here is a calculation for a two person household cooperative dwelling: area 35.86 m², equipped with central heating (gas), the income is 215 €, that means 107.5 €/person. Expenditures: maintenance, heating, water/sewerage, waste disposal is 56 €, hot water 4 €, the sum is 60 €.

Allowance = 60 € - 25 € = 35 €/month per dwelling

There also is the subsistence allowance system that was introduced in 1990 which is now regulated by the *law on social aid* from 2004. Persons in difficult life situations and with low income (for a one-person household 119 €/month and 87 €/person per month for more-person household) are eligible. The subsistence allowance is calculated from the difference between the eligible income and real income.

Grodno / Belarus

Support Programs

In Belarus there are only support programs for new buildings. It's possible to get an interest subsidized loan for investment in new houses, but not for refurbishment measures. For those projects one need to get loans on the capital market. The conditions for these credits are so unfavourable that it is hardly possible to demonstrate efficiency of the renovation.

Most of the flats of multi-family buildings in Belarus are owned by private proprietor. The building envelope and approximately 30 % of the flats are owned by the state. The capital for refurbishing all buildings concerned is not available. The residents saved reserves for the building maintenance, but this is only a drop in the ocean.

Tallinn / Estonia

Update of BEEN-Results

Since 2009 a *Renovation Program* financed by a revolving funds scheme is available. Energy efficient refurbishment measures are supported with low interest loans. The whole funds capital is about 49M € and supports approximately 68,000 residential flats.

Additional Support Programs

There are instruments in support of urban development or house building available in Estonia. Those financial sources are managed by the Ministry of Environment.

Since 2003 the development of long-distance heat and renewable energy supply in municipalities was supported with 50 % of new construction costs. The funds ended in 2008.

In addition to that there is a smaller support offer from the municipalities if the funds do not cover the housing costs.

Brandenburg / Germany

Support Programs

There are several support programs for EER and RES measures available on federal level. Among others there are programs for energy consulting, environmental protection, energy efficient refurbishment measures, heat pumps and solar technology. Those programs are supported differently either by grants, low interest loans or by subsidized payments (for RES).

Furthermore there is the investment pact program on federal level which supports refurbishment measures in municipal buildings of social infrastructure. It is a grant and aims at the sanitation at least up to new building standard (defined by a regulation for saving energy) and reduction of costs of primary energy demand for fossil fuel (incl. use of renewable energy). The conditions are quite moderate. The grant rate is up to 85 % allowance of the relevant costs, the equity ratio of municipality totals at least 15 %.

In the state of Brandenburg the *ILB-Municipality-Loan* drafted by the KfW (German development Bank) is available. It supports energetic building sanitation and its aim is the funding of energetic measures in urban redevelopment cities resp. the regional development centres (RWK) in schools and day nurseries in Brandenburg. The improvement of the program compared to the customarily found *Municipality-Loan* of the KfW is the reduction of the interest rate at 0.1 % for a maximum of ten years.

Furthermore there is an additional variation of the *KfW-ILB-Municipality-Loan* available in Brandenburg. It is a loan as well as the other, but its aim additionally is saving energy and the changeover to environment-friendly energy sources. The conditions are comparable with the abovementioned loan.

In the field of urban development there are different support programs on federal level e.g. for social housing projects and modernization of living area, but also for the development of rural areas.

In Brandenburg energy efficiency and the use of renewable energy sources (REN program / EDRF support) are funded. This support is issued as a grant. Its aim is the improvement of energy efficiency, to increase the rate of use of renewable energy sources, innovative technologies etc. The conditions of the support depend on the kind of measures that are implemented. The equity ratio at least has to 25 % and the total of all grants can at maximum reach 50 %.

Furthermore there is the Brandenburg-loan for rural areas. The aim of the loan is to fund long term financing of investments among others in the subject of renewable energy and renewable resources. The support consists in the reduction of interest rates at maximum 0.2 % of the total investment sum.

The federal law for the conservation, the modernization and the upgrading of power-heat coupling (KWKG) regulates the commission of power feed produced from CHP with conventional or renewable energy. The latest change was in January 2009. The commission is an extra charge for the power-heat coupling energy that is fed into the public power grid. The amount of the charge for power-heat coupling energy per kWh conforms to the system category that has been determined in an approval procedure.

Concerning the financing instruments in support of the development of long-distance heat and renewable energy supply in Brandenburg there is the house building support which is already known from the "BEEN results".

Secondly there is the urban development support which supports the spatial concentration of urban development and house building resources in city centres as well as special fields of activities. In general the production of sustainable urban structures is important.

In the field of urban development support in the framework of the energy and climate policy among others the preservation of quality of life in the cities by energy saving and environmentally aware measures in the building sector is an important topic. Therefore several programs are available:

- Federal and state programs: e.g. urban remediation and development measures, urban reconstruction - east, investment pact (see above)
- EDRF-Programs: e.g. sustainable urban development. The aim of the program is an integrated and sustainable urban development for the removal of urban and ecological faults by modification, strengthening and adjustment of infrastructure. In this context sustainability generally means that the measures are bracing for the economy and self-supporting, ecologically acceptable and socially positively effective for long terms.

In the framework of social support there is a housing subsidy available as a rental and debt grant. The program is a legal claim to a subsidy for low income citizens up on the accommodation costs. The conditions of that fund depend on the number of members of household, the total income and the acceptable rental/debt.

Schleswig-Holstein / Germany

Update of BEEN-Results

The main support programs on federal level that were covered in the BEEN project are already mentioned above. Those programs mainly are set up from German Development Bank (KfW) and the Federal Office of Economics and Export Control (BAFA).

Additional Support Programs

There are subsidy programs in Schleswig-Holstein for supporting e. g. innovative nutrients. In Schleswig-Holstein there also are subsidy programs for municipal building measures (e.g. schools and kindergartens). There are special initiatives of the German Energy Agency in cooperation with the KfW that support high efficient refurbishment measures in increasing the subsidy asset ceiling. Additionally there are subsidy programs offered by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) for the development of EE concepts, the employment of energy controller in municipalities and for the implementation of energy efficient electric devices.

There are programs that are fed by ELER financial recourses that support e.g. the installation of bio mass CHP devices in rural areas. The subsidy asset ceiling depends on the innovative approach of the plant. There are support programs from the BAFA for private households for example for heat pumps, thermo solar systems and energy efficient circulation pumps.

Concerning the regulations for the power feed from CHP with conventional or renewable energy in Germany there is a legal definition of what is conventional or renewable energy. Based on that, different payment levels and financing schemes are determined for different energy sources like mentioned above.

There are different programs for supporting e.g. urban refurbishment and development measures. For this example the support of the development of long-distance heat and renewable energy supply consists is a grant that offers approximately one third of the investment costs.

There are some social programs mainly provided by the KfW. Those programs generally are low interest loans. One program for example is attuned to young families with lower income and at least one child. It funds the purchase of an immovable property or the building of a new house.

Part 2: Description and analysis of existing financing schemes and programmes like structural funds and EU initiatives

EIB - European Investment Bank

The European Investment Bank was created by the Treaty of Rome in 1958 as the long-term lending bank of the European Union. The task of the Bank is to donate towards the integration, balanced development and economic and social cohesion of the EU Member States.

The EIB raises considerable volumes of funds on the capital markets which it lends on favourable terms to projects furthering EU policy objectives. The EIB continuously adapts its activity to developments in EU policies. Besides supporting projects in the Member States, its main lending priorities include financing investments in future Member States of the EU and EU Partner countries. The EIB operates on a non-profit maximizing basis and lends at close to the cost of borrowing.

The EIB promotes projects on the public and private sector. Such a project promoted by the public or private client must be in line with the lending objectives of the EIB and be economically, financially, technically and environmentally sound.

The EIB finances a lot of different projects in many sectors of the economy. Projects must hold on to at least one of the EIB lending objectives.

As a rule, the Bank lends up to 50% of the investment costs of a project.

The EIB has two main financing facilities:

- Individual loans that are provided to viable and sound projects and programs costing more than 25M € which are in line with EIB lending objectives.
- Intermediated loans which are credit lines to banks and financial institutions to help them to provide finance to small and medium-sized enterprises with eligible investment programs or projects costing less than 25M €. Microfinance has also been provided by the EIB in some countries.

Support of Small and Medium-Sized Enterprises - SMEs

One of the EIB Group's aims is the funding of investments of small and medium-sized enterprises (SMEs). Well before the crisis erupted, the EIB undertook a wide-ranging consultation of the SME market enabling it to develop a new financing program, dubbed EIB loans for SMEs. Available since October 2008 and given out by banks from the capital market, these new loans are simpler, more flexible and transparent, making it possible to reach a larger number of European SMEs.

Guarantees

Within the EU the financial institute may provide guarantees for senior and subordinated debt. The guarantee is either a standard guarantee or debt service guarantee similar to that offered by a monoline insurer.

In some cases an EIB guarantee may be more attractive than an EIB loan. This depends on the funding structure of the operation. It can provide:

- higher value-added or
- lower capital charges - under Basel II, EIB guarantees provide a zero risk weighting to the guaranteed obligation

In addition, the Loan Guarantee Instrument for TEN Transport (LGTT) is designed to guarantee revenue risks during a limited period following construction of TENs projects, notably under a PPP structure.

Guarantees are also provided under the Investment Facility for financing African, Caribbean and Pacific (ACP) countries.

Technical Assistance

In addition to financial support the EIB offers some technical assistance. The form of this assistance varies according to geographical conditions. To facilitate project appraisal and provision of Technical Assistance, the EIB Projects Directorate employs specialized economists and engineers who assess and advise on individual projects.

Within the EU, the EIB performs detailed due diligence prior to investment. All projects must follow the environmental and procurement directives of the EU.

Different forms of technical assistance are available:

- Studies in the areas of legislation, regulatory reform and the award of concessions
- Feasibility studies
- Project management units to avoid delays and cost overruns

European Local ENergy Assistance (ELENA)

The European Commission and the European Investment Bank have established the ELENA technical assistance facility to support regional and local authorities in accelerating their investment programmes in the fields of energy efficiency and renewable energy sources. ELENA focuses on contributing to the *20-20-20 initiative* of the EU. The grand support is financed within the framework of the Intelligent Energy Europe (IEE) programme.

Types of technical support financed by ELENA

ELENA support covers a share of the cost for technical support that is necessary to prepare, implement and finance the investment programme. The technical support could be for instance: feasibility and market studies, structuring of programmes, business plans, energy audits, preparation for tendering procedures and contractual arrangements and project implementation units. In short, everything necessary to prepare cities' and regions'

sustainable energy projects for EIB funding. But notice: costs for measurement equipments, computers or office space are excluded.

Investment programmes supported by ELENA

Many EU cities and regions have recently started to prepare or are initiating large energy efficiency and renewable energy proposals to tackle energy and climate change challenges. However, most of them are still in the planning phase and their implementation is proving difficult because many regions and cities, particularly medium to small ones, often do not have the technical capacity to develop large programmes on this field. ELENA helps public entities to solve such problems by offering specific support for the implementation of investment programmes.

Before applying for ELENA any public entity must have identified an investment programme aiming at contributing to achieving the European energy and climate objectives (*20-20-20 initiative*).

Areas of investment programmes that can be supported by the ELENA technical assistance:

- Public and private buildings, including social housing - e.g. energy efficient refurbishment (EER) measures aimed at decreasing the energy consumed
- Traffic and streets lighting - e.g. exchange of lighting aimed at decreasing the electric energy consumed
- Promotion of renewable energy sources - e.g. solar photovoltaic (PV), solar thermal collectors, biomass, wind energy
- Renovating, extending and building of district heating/cooling infrastructures, including a change in the heat/cooling generation
- Promotion of decentralised combined heat and power (CHP) systems
- Improvement of urban transport - e.g. electric cars, more energy-efficient concepts to improve freight logistics
- Local infrastructure - e.g. smart grids, refuelling infrastructure for alternative fuel cars

Selection criteria for ELENA by the EIB

- Applicants from all EU Member States, Norway, Iceland, Liechtenstein, Croatia
- Applicants have to be able to implement and complete the investment programme financially and technically
- Normally the minimum volume of an investment programme is 50M €. Smaller projects can be put together as a larger programme so they can be supported by ELENA.

- A leverage factor of 25 has to be achieved. This means the costs of the investment to be supported must be at least 25 times higher than the ELENA support. Else the beneficiary has to reimburse the amounts received in parts or in full.
- The support by ELENA is limited to three years.
- EU added value of the investment programme
- Verification that no other programme of the EU (e.g. Structural Funds) supports the investment programme better compared to ELENA
- No other EU support granted to the same applicant for the same investment programme

Joint European Support for Sustainable Investment in City Areas (JESSICA)

The main objectives of JESSICA are to help the authorities in the Member States of the European Union develop financial engineering mechanisms to support investment in sustainable urban development in the context of cohesion policy and to provide new opportunities to Managing Authorities responsible for the next generation of cohesion policy. JESSICA is a policy initiative of the European Commission supported by the European Investment Bank (EIB).

The Managing Authorities (MAs) in the Member States can use some of their Structural Fund allocations to invest in Urban Development Funds (UDFs) to accelerate investment in urban areas. These are mainly those supported by the European Regional Development Fund (ERDF) but also, where appropriate, the European Social Fund (ESF). JESSICA responds to the request by several Member States and the European Parliament to give special attention to the need for renewal and/or regeneration of certain urban areas.

The MAs can effect interim payments from structural funds to invest in UDFs through recyclable and recoverable financial mechanisms, essentially equity, guarantees and subordinated loans. Recovered funds can be reinvested through UDFs or returned to the MA to support other urban projects, including through conventional subsidies.

JESSICA offers an opportunity for the use of structural funds for the integrated development of urban areas. It gives a permanent availability of funds for revenue generating components of urban renewal and development programs.

Types of projects supported by JESSICA

Applying for JESSICA takes account of the same rules as those on the use of Structural Funds including any specific national characteristics. Types of projects supported by JESSICA could be:

- Urban infrastructure - e.g. transport, water/sewage, energy
- Heritage and cultural sites - e.g. for tourism
- Redevelopment of brownfield sites including site clearance and decontamination

- Office spaces - e.g. for SMEs, IT sector, R&D sector
- University buildings including specialized facilities - e.g. biotech, medical
- Energy efficiency improvements

Benefits of using JESSICA

- Recycling of funds: returns/receipts generated from earlier investments evolved from expired funds can be either retained by those or returned to MAs for reinvestment in new urban regeneration projects. For Member States having a reduced EU grant funding in the next programming period, JESSICA offers the chance of creating a lasting legacy for the current funds.
- Leverage: JESSICA implies the potential ability of engaging the private sector which could lead in further investments and a different, perhaps more critically, competence in project implementation and management.
- Flexibility: JESSICA provides a flexible approach in terms of broader eligibility of expenditures and in using JESSICA funds by way of either equity, debt or guarantee investment.
- Expertise and Creativity: JESSICA could benefit Member States, MAs, cities and towns by providing expertise from the banking and private sector and it could catalyse the development of the investment market in urban areas.

Joint Assistance to Support Projects in European Regions (JASPERS)

The main objective of the Joint Assistance to Support Projects in European Regions (JASPERS) is to provide the Member States which joined the European Union in 2004 and 2007 with technical assistance to make use more effectively of the grant finance made available by the EU for the implementation of EU cohesion policy during the period 2007 - 2013. The support provided by JASPERS is comprehensive and covers all stages of the project cycle from the initial identification of a project through to the grant application to the Commission.

JASPERS operates on the basis of country action plans prepared annually for each Member State in cooperation with the beneficiary Member State concerned. A Managing Authority acts as a central coordinator for each country and it can request assistance from JASPERS. During the process of preparing the annual country action plans, JASPERS works in close cooperation with the Commission and the Member States to assist the latter in producing mature project proposals that are capable of meeting EU requirements, as well as to identify potential projects for assistance.

Types of projects supported by JASPERS

Jaspers aims to improve the quality of technical advice available to project promoters and enhance economic growth and job creation. Support by JASPERS is provided in the fields of:

- Trans-European networks (TENs)

- Transport sector outside of TENs - e.g. road, rail, river, air and sea transport
- Clean urban and public transport
- Environmental remediation
- Waster management
- Renewable energy
- Water and sanitation services, water risk management

Types of support by JASPERS

JASPERS provides technical assistance on critical path for project development and to submit high quality applications for EU grants. There is also assistance to projects provided which are co-financed by the EU, enabling timely acquisition of available funds. These are some examples what JASPERS could do:

- Advice on certain aspects of project preparation - e.g. financial analysis, economic analysis, the environmental assessment, market planning, technical evaluation
- Examination of documents - e.g. feasibility studies, environmental impact evaluations, technical design and tender dossiers
- Advice on conceptual development and mounting of projects - e.g. structuring of projects concerning only one country or joint projects by a number of countries
- Advice relating to compliance with the law - e.g. EU competition rules
- Advice relating to compliance with the EU's technical and legislative policy and standards
- Assistance in examining and preparing applications and filling out application forms

Attachments

Update of BEEN results

Overview of existing support Programms (from the BEEN project results)							
	Latvia	Poland	Lithuania	Estonia	Germany Brandenburg	Germany Schleswig Holstein	Belarus
Main support programs (Prog 1) Supplementary support programs (Prog 2)	Loan Program	Thermo-refurbishment program	Refurbishment program	Renovation program	KfW program	KfW program	
	Energy-saving pilot program		The new program (JESSICA instrument)	Supplementary grant scheme for audits, awareness raising	house building subsidy (actually no "energetic programms", but possible in addition to energetic subsidies): a) modernization / restoration of flats (Generationsgerecht ModInstR) b) condominiums in city centres - used by owner (Wohngebietum-InnenstadtR) c) condominiums in city centres - start-up funding (Wohngebietum-InnenstadtR)	supplementary state support	
Measures funded	All measures (Prog 2: only energy-saving measures)	A) Energy-saving measures providing at least 25% energy savings based on energy-audit. B) Starting 19.3.2009 also pure refurbishment measures in multifamily buildings used before 14 July 1961 with at least 10% energy savings calculated in refurbishment aud	Energy-saving measures	Energy efficiency measures	a) additional subsidy for special expenditures in connection with heat insulation that exceeds the legal minimum requirements or that cause the reduction of consumption, CO ₂ emissions and energy saving under special conditions b) + c) additional subsidies for proved costs for special energy saving measures in housing stock (if the binding requirements of the EEWaermeG [renewable energy heat law] for new buildings are fulfilled) and for new buildings (if the binding rate of renewable energy that is required by §5 EEWaermeG is exceeded by at least 50%)	All necessary measures; focus from 2000: energy-saving measures	
Start of programs	Since 2001 (Prog 2: 2003 to 2005)	A) 1998 B) 19.3.2009	Energy Efficiency Pilot Project (1996-2004) Modernization of multifamily buildings program (2004-2020)	Since 2003 grants/ 2009 loan scheme	a) - c) 2009	Since 1993 (Prog 2 in Berlin: till 2001)	
Type of support Prog 1	State guarantees as bank security for loans	A) 25% reduction of the capital of the loan by at least 20% of own equity and at least 25% energy savings B) in case of thermal refurbishment: 20% reduction of the capital of the loan, no more than 16% of investment cost and no more than 2-ye	15 to 50% subsidy of investment costs (depending on scale of heating cost saving)	10% subsidy and required guarantees for loan / low interest loan		Reduced-rate interest on loans (10 years 2% interest reduction)	
Type of support Prog 2	Loans with reduced interest (interest 1st year 4.3% to 9.1% in 11th year)		The new program (JESSICA instrument) is under preparation (it is planned to be loans with reduced interest rate to 3% and state support to 15% if energy saving is achieved. As well 50% support for technical documetation preparation costs and additional sup	50% support to energy audits, technical inspection and design projects	a) interest reduced loans (15 years interest free / repayment 4 % yearly, after 15 years interest and repayment at least 1%) b) grant (basic subsidy €12.000 plus €5.000 bonus (e.g. for energy saving measures) if necessary c) loan (for measures in building stock: max. 500€/m ² plus bonus max. 100€/m ² e.g. for energetic measures, for new buildings max. 350€/m ² plus bonus max. 100€/m ² e.g. for energetic measures if necessary	Additional interest subsidies for large-scale refurbishment Guarantees for loans	

Support program volumes and resulting refurbishment investments								
	Latvia	Poland	Lithuania	Estonia	Germany Brandenburg	Germany Schleswig Holstein	Belarus	
Main support programs (Prog 1) Supplementary support programs (Prog 2)	Loan program	Thermo-refurbishment program	Refurbishment program	Renovation program	KfW program	KfW program		
	Energy-saving pilot program		Supplementary urban programs	Supplementary grant scheme for audits, awareness raising	a) modernization / restoration of flats (Generationsgerecht/ModInStR) b) condominiums in city centres - used by owner (Wohneigentum-InnenstadtR) c) condominiums in city centres - start-up funding (Wohneigentum-InnenstadtR)	Supplementary state support		
	Loan	Prog 1: €1,6 m				abovementioned programs are new and actually no energetic programs, but just additional support for energetic measures (whereas not applicable separately), only the temporary total planned numbers for the house building support can be scheduled: €26,3m (2009), €28,0m (2010), €29,9m (2011), €30,3m (2012)		
	Loan with interest rate reductions	Prog 2: €1,6 m			€49 m		Prog 1: €20.000m	
	Construction costs subsidies			€26 mln				
	interest reduction subsidies		€177 m (as reduction of the capital of the loan)				Prog 2 (Berlin): €500 m	
Time span for program indicated volumes	Since 2001 (Prog 2: 2002 to 2005)	1999 to 30.06.2009	end 2005-till 2009 (beginning)	2003 to 2007 (grants) from 2009 loan	since 2009	1993 to 2001		
Number of residential flats supported	Prog 1: 2.000 flats; Prog 2: 466 flats	A)13 500 buildings with around 398 000 flats B) not yet	16.230 (309 fully implemented projects)	68.000	not yet public, because program start is 2009	Prog 1: 1.350.000 flats; Prog 2 (Berlin): 60.000		

Refurbishment investment achieved							
Prog 1	€1,6 m	€796 m	For 2009-2010 €49m	€64m (grantscheme)	no numbers, because new programs which actually are no energetic programs but just additional subsidies for energetic measures; those additional subsidies are at present evaluable separately	€19.000m	
	€1,6 m	-	€137,5 mln from Structural funds; €65 mln State budget			€1.740m	
Prog 2							
Average refurbishment investment per flat							
Prog 1	€ 800	€ 2.000	€ 8.600	€ 1.235		€ 14.500	
Prog 2	€ 3.435	-	-	-		€ 29.000	
Average support (value of support) per flat							
Prog 1	-	€ 445	€ 4.300	€ 123,00		€ 2.900	
Prog 2	€ 1.120	-	-	-		€ 8.300	

Possible co-financing by using EU structural funds			
Country	Using the EU funds (ERDF) in the period 2007 - 2013		possible maximum percentage at the ERDF
	%	€	
Estonia	0,5	€7,2m	3,00%
Lithuania	2,22%	€58,9m (for problematic territories) + €137,5 mln (for JESSICA instrument)	3,00%
Latvia	1,13%	€29,9m	3,00%
Poland	1,47%	€243,1m	3,00%
Belarus			

Assistance through living-expense allowance for low-income households (<30% on Average)							
	Latvia	Poland	Lithuania	Estonia	Germany Brandenburg	Germany Schleswig Holstein	Belarus
Can housing costs (including operation costs) be reimbursed in full as part of assistance for living expenses?	yes	yes	yes	yes	yes	yes	
Are refurbishment appointments reimbursed?	yes	yes	yes	yes	yes	yes	
Does the entitlement also apply to condominium owners?	yes	yes	yes	yes	yes	yes	
Does a calculable legal claim exist?	No, payments depend on budget of municipal authority				yes	yes	

Housing costs allowance (percentage subsidies) on refurbishment apportionments for low-income households (<90% on average)							
	Latvia	Poland	Lithuania	Estonia	Germany Brandenburg	Germany Schleswig Holstein	Belarus
Do income-based subsidies (for housing costs) exist for households with low incomes?	no	yes	yes	no	yes	yes	
Are percentage-based subsidies (housing costs) also paid for operation costs (heating, hot water)?	-	yes	yes	-	Yes	no	
Are percentage-based subsidies (for housing costs) also paid for refurbishment apportionments?	-	yes	no	-	yes, but the rent or debt can only be subsidised up to a defined limit	yes	
Does the entitlement also apply to condominium owners?	-	yes	yes	-	yes	yes	
Does the legal claim exist, which is calculable from the outset?	-	yes	no, depends on budget	-	yes	yes	
Are there upper limits for housing costs?	-	yes	yes	-	yes	yes	
Measuring principle for housing costs allowances	-	income-dependndent up to 50% of housing costs	-	-	the housing subsidy is oriented towards the number of members of the relevant household, the total income and the acceptable rental or dept; it is calculated with this formula (also see§19 WoGG): *(1) the unrounded monthly housing subsidy for up to 12 relevant members of household is $1,08 \cdot (M - (a + b \cdot M + c \cdot Y) \cdot Y) \text{€}$ "M" is the rounded relevant monthly rental or debt [€], "Y" is the rounded total income [€], "a", "b" and "c" are values that are oriented towards the number of members of the relevant household (2) the relevant steps for the calculation and the rounding of the housing subsidy is discribed in an attachement (3) if there are more than 12 members of a Household, the housing subsidy for the following	income-dependndent up to 90% of housing costs	

Summary

This is a report on financing sources for energy efficient refurbishment (EER) and integrated urban development measures. It consists of two parts.

Part one is about financing sources on national level. Information is given about Latvia (Riga), Lithuania (Vilnius), Poland (Piaseczno), Belarus (Grodno), Estonia (Tallinn) and Germany (Brandenburg, Schleswig-Holstein).

Part two is a description and analyses of existing financing schemes and programmes on European level. Information is given about the European Investment Bank (EIB), the European Local Energy Assistance (ELENA), the Joint European Support for Sustainable Investment in City Areas (JESSICA) and the Joint European Assistance to Support Projects in European Regions (JASPER).

Imprint

Dipl.-Ing. (FH) Andreas Dördelmann

Energieagentur
Investitionsbank Schleswig-Holstein

Fleethörn 32
24103 Kiel
Germany

Fon +49 (0)431-9905 3105
Fax +49 (0)431-9905 63105

<http://www.ib-sh.de>
<http://www.urbenergy.eu>



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