

<u>Title</u>
Innovative financing schemes for sustainable energy investments
<u>Funding Instrument</u>
LIFE PROGRAMME
<u>Code</u>
LIFE-2021-CET-INNOFIN
<u>General information</u>
Objectives The topic aims to set up innovative financing schemes for sustainable energy investments. In view of the ambitious EU climate and energy policy, including dedicated targets for the years 2030 and 2050, significantly enhanced investments will be needed. This is also clearly reflected in the European Green Deal Investment Plan, which aims at mobilising at least €1 trillion of sustainable investments over the course of 10 years for Europe to become the first climate-neutral continent by 2050. This requires significant investment from both the public and the private sector. Public finance needs to lead the way, private actors need to provide the scale. In this context, also the level of sustainable energy and, in particular, energy efficiency investments needs to be ramped up significantly. This requires the mobilisation of both public and private funding sources, with a specific emphasis on progressively maximising the leverage ratio of private to public finance. This is in line with the Smart Finance for Smart Buildings initiative, which aims at using public funds more effectively, and the “Renovation Wave”, which is envisaged by the European Green Deal to address the particular need to substantially enhance building energy efficiency. In order to create the conditions for adequate supply of private finance for sustainable energy investments and enhanced engagement of private investors, there is a need to set up and roll out innovative financing schemes at regional or national level, which can be expanded and/or replicated at scale. These schemes have to be adapted to the specificities of sustainable energy investments and, in particular, to the particularities of energy efficiency investment profiles, and aligned with or go beyond the relevant EU Sustainable Finance policy and legislation⁴⁵ and specifically the related EU Taxonomy Scope Proposals should address the set-up of innovative financing schemes leveraging private finance for sustainable energy investments, with a dedicated focus on energy efficiency. The financial solution should be operational by the end of the action, whereas the related investments may be implemented after project completion. Therefore, proposals should foresee necessary testing and exploitation activities during the action. The financing schemes can involve various types of organisations and ownership structures, as well as diverse financing structures, including, but not limited to:

- Models applying different financing instruments such as tailored grants, equity, debt, mezzanine financing, refinancing mechanisms, guarantees or other derisking instruments
- Specific finance models for the energy retrofit of buildings in line with the “Renovation Wave”, addressing property or rental markets and, in particular, deep energy renovation
- Specialised securitization vehicles and green bond schemes
- Local investment structures, including citizen financing (e.g. crowdfunding) for energy efficiency and other forms focusing on the role of prosumers or applying complementary local “currencies” at community scale to reinforce short circuits and local supply chains, including smart contracts
- Tailored financing solutions integrating existing market-based instruments relevant for energy efficiency (e.g. tradable certificate schemes, carbon finance instruments, including those under the European Emissions Trading System, CO2/energy taxes, energy efficiency obligations e.g. under Art. 7 of EED or energy service/performance contracts); or
- Dedicated schemes based on aggregators or clearing houses (at regional or national level), which facilitate blending of different public and/or private funding sources, matching of demand and supply of energy efficiency finance and/or project development.

Proposals should take into account all the following elements, namely:

- Address the establishment of innovative, operational financing schemes for sustainable energy investments. In this context, they can draw on and/or upscale other innovative financing schemes for sustainable energy investments which have demonstrated to be effective
- Address the provision of finance as well as the structuring of demand, in particular at regional and national level
- Define the target region(s) and sector(s) (e.g. buildings, energy-intensive industries, insurance sector etc.)
- Clarify how the proposed scheme is tailored and innovative for the targeted region(s) and market segment(s)
- Justify how the proposed scheme complements and is additional to already available funding
- Clearly demonstrate the market potential, as well as business case and financial viability of the proposed scheme (including e.g. investment sizes targeted, expected energy/cost savings, transaction and management costs, expected returns etc.); and
- Ensure and explain alignment with the relevant EU Sustainable Finance policy and legislation and, in particular, the related EU Taxonomy, or clarify how they go beyond.

Objectives

Proposals are expected to demonstrate the impacts listed below, using quantified indicators and targets wherever possible:

- Delivery of adequately tailored innovative financing schemes that are operational and ready to finance sustainable energy and, in particular, energy efficiency investments
- Investments in sustainable energy triggered by the project (cumulative, in million Euro)

- Contribution to wide-spread implementation of the relevant EU Sustainable Finance policy and legislation and, in particular, the related EU Taxonomy, and the achievement of the underlying objectives
- Primary energy savings/renewable energy generation triggered by the project (in GWh/year)
- Reduction of greenhouse gases emissions (in tCO₂-eq/year) and, if applicable, air pollutants (in kg/year)

[Link with CMA Goals](#)

Goal II: A competitive, innovative and sustainable blue economy for the Black Sea / **Priority 1:** Foster innovative business models, stimulate research and innovation, and sustainable growth and up-to-date jobs

Deadline for submission

12 January 2022

Project duration

18 months

Financial allocation

Topic budget: 5.5 million EUR

Funding rate, Other Actions (Coordination and Support Actions) — 95%

The Commission considers that proposals requesting a contribution from the EU of up to EUR 1.75 million would allow the specific objectives to be addressed appropriately. Nonetheless, this does not preclude submission and selection of proposals requesting other amounts.

Partnership

Romania, Bulgaria, Turkey, Ukraine

Eligible partners/key conditions

Conditions

1. Admissibility conditions: described in section 5 of the call document

Proposal page limits and layout: described in Part B of the Application Form available in the Submission System

2. Eligible countries: described in section 6 of the call document

3. Other eligibility conditions: described in section 6 of the call document

4. Financial and operational capacity and exclusion: described in section 7 of the call document

5. Evaluation and award:

- **Award criteria, scoring and thresholds:** described in section 9 of the call document
- **Submission and evaluation processes:** described section 8 of the call document and the [Online Manual](#)
- **Indicative timeline for evaluation and grant agreement:** described in section 4 of the call document

6. Legal and financial set-up of the grants: described in section 10 of the call document

Documents

Call documents:

[Call document](#)

[Standard application form](#) — *call-specific application form is available in the Submission System*

[Detailed budget table](#)

[Participant information](#)

[LIFE General MGA v1.0](#)

[LIFE Work Programme 2021-2024](#)

[LIFE Regulation 2021/783](#)

[EU Financial Regulation 2018/1046](#)

[Info session recordings and presentations](#)

Sector of activity

Energy efficiency; Sustainable finance

Further Info

[Call for tender's page](#)