

EU funding for sustainable energy



Encouraging more rational, efficient and intelligent use of energy requires the correct methods of financing and there are a number of mechanisms in place at an EU-level.

The EU's dedicated support for encouraging sustainable energy is done through its **Intelligent Energy-Europe Programme (IEE)**, with a total budget of €730 million allocated over the 2007-13 period. It aims to increase the use of renewable energy and reduce energy consumption by supporting non-technological actions to encourage energy efficiency, new and renewable energy sources, as well as measures to support cuts in greenhouse gas emissions from transport.

However, energy projects are also a major priority in other EU programmes such as its regional funding instruments (the 'structural' and 'cohesion' funds), which account for a

significant proportion of the overall EU budget. After all, introducing more sustainable energy use is a significant way to increase the overall sustainability of local communities, and can help to increase their competitiveness – two of the EU's overriding objectives in its regional interventions.

Funding available for small and medium-sized businesses can be used to help them improve their competitiveness by adopting energy-efficiency measures.

Energy efficiency and renewable energies require the development of new technologies and support to get them to the market. Funding is available to do this through the EU's research and technology support mechanisms (**the Seventh Framework Programme FP7**).

More information: Intelligent Energy Europe:

http://ec.europa.eu/energy/intelligent/index_en.html

:: Environment and energy

LIFE+ (2007-13)

LIFE is the EU's financial instrument supporting environmental and nature-conservation projects in the EU. Since 1992, it has co-financed some 2,750 projects and contributed around €1.35 billion to environmental protection.

The LIFE programme has funded a wide range of projects in the field of energy in the past, covering areas such as energy production and distribution; industry and commerce; buildings and households; transport and horizontal management approaches. The new generation of the programme for 2007-13 (**LIFE+**), will continue to co-finance sustainable energy projects.

More information:

<http://ec.europa.eu/environment/life/index.htm>

Innovation and sustainable energy

With small and medium-sized enterprises (SMEs) as its main target, the EU's **Competitiveness and Innovation Framework Programme (CIP)** aims to encourage the competitiveness of European enterprises by supporting innovation projects and start-up businesses, including in the field of eco-innovation.. Eco-innovation is defined as: any form of innovation aiming at significant and demonstrable progress towards the goal of sustainable development, through reducing impacts on the environment or achieving a more efficient and responsible use of resources, including energy.

:: Good practice

Energy Check in Small and Medium Craft Enterprises (funded by IEE)

This project developed a standardised energy check tool for SMEs, enabling them to make substantial and easy energy savings. It involved five different businesses in five countries: Bulgarian carpenters, German bakers, Greek bricklayers/glass producers/paint producers, Irish small food producers and Spanish meat producers.

It trained small businessmen to qualify as 'energy checkers' who could then go on to audit other small businesses.

http://ec.europa.eu/energy/intelligent/projects/doc/factsheets/e_check_in_craft_sme.pdf

The CIP will support the take-up of innovative environmental technologies in general and, particularly through the **Intelligent Energy Europe** pillar, the increase in use of renewable energies and energy efficiency.

More Information: http://ec.europa.eu/cip/index_en.htm

CIP eco-innovation user guide:

http://ec.europa.eu/environment/etap/pdfs/guidelines_for_cip_eco_innovation.pdf





:: Sustainable regions

Sustainable energy is one of the key priorities of EU cohesion policy and is, in particular, supported by two of the three funds that support regional development – the **European Regional Development Fund (ERDF)** and the **Cohesion Fund**.

The three funds aim to strengthen economic and social cohesion in the EU by investing in order to reduce disparities between regions. There are three overarching objectives: **convergence** (boosting the economies of the least prosperous regions); **regional competitiveness and employment**, which has a particular focus on promoting clean urban transport; and European **territorial cooperation** (joint initiatives across borders).

For more information on regional policies and funding, see: http://ec.europa.eu/regional_policy/funds/feder/index_en.htm
http://ec.europa.eu/regional_policy/funds/cf/index_en.htm

In the country

Rural development can contribute to targets to cut greenhouse gas emissions under the international agreement, the Kyoto Protocol. Sustainable energy is a cross-cutting area qualifying for funding within the new **European Agricultural Fund for Rural Development (EAFRD 2007-2013)**.

Agriculture and forestry are at the forefront of the development of renewable energy, as they provide many of the raw materials needed for bio-energy. Agricultural and forestry practices can also contribute to reductions in greenhouse gas emissions. In addition, the development of renewable energy can also provide a way to diversify rural economies.

http://eur-lex.europa.eu/LexUriServ/site/en/oj/2006/l_055/l_05520060225en00200029.pdf

:: Good practice

Wood to heat a school, Germany
(funded by the ERDF)

When the Bavarian municipality of Walsdorf, near Bamberg, proposed the building of a new kindergarten in 1993, it was decided to install an environmentally-friendly biomass heating system fuelled by wood chips.

The heating system has since expanded to cover neighbouring houses and a residential home for the elderly nearby. A second plant is now being planned to heat a new building development.

Local farmers, businesses and the local authority have together set up a company to operate the plant and supply wood chips. The system means money stays in the region and provides extra income for farmers. It uses around 650 tonnes of locally-grown wood chips – at a cost of around €150,000 – and substitutes the use of around 170,000 litres of fuel oil.

Reductions in carbon dioxide emissions are around 400 tonnes per year, and sulphur dioxide and nitrogen oxide emissions are cut by 750kg.

More information: http://ec.europa.eu/regional_policy/projects/stories/index_en.cfm

:: Research and development and Investment sources

The European Union's **Seventh Framework Programme for Research and Development (FP7)** funds projects in the field of energy efficiency, saving and renewables. Examples of the type of projects eligible for grants are: hydrogen and fuel cells, renewable electricity generation and renewable fuel production.

More information: http://ec.europa.eu/research/future/index_en.cfm

Sustainable development is a priority for the two European banks – the **European Investment Bank** and the **European Bank for Reconstruction and Development**. Both organisations provide financing for renewable energy and efficiency projects through a number of mechanisms:

JASPERS (Joint Assistance to Support Projects in European Regions) is a joint initiative of the European Commission (Regional Policy Directorate-General – DG Regio), the European Investment Bank, and the European Bank for Reconstruction and Development (EBRD) to support infrastructure projects.

Through a team of experts, JASPERS principally assists new Member States and EU accession countries in their preparation of major infrastructure projects that will be assisted by the EU Structural and Cohesion Funds over the budgetary planning period 2007-13. All assistance is offered free of charge.

Environmental projects, including energy efficiency and renewable energy, are one of the key areas covered by JASPERS. More information: <http://jaspers.europa.eu/>

The European Commission (DG REGIO), in cooperation with the European Investment Fund, has created the **JEREMIE** initiative with the aim of improving access to finance for micro business and SMEs at a regional level. A special focus is given

to the support of the European Commission's 'growth and jobs' agenda, by emphasising technology transfer, start-ups, technology and innovation funds and micro credit.

JESSICA is a joint initiative of the European Commission supported by the European Investment bank (EIB). It aims to help authorities in EU Member States to exploit mechanisms supporting investment in sustainable urban development in the context of cohesion policy and to provide new opportunities.

Management authorities in the Member States are encouraged to use some of their Structural Fund allocations for repayable forms of assistance – principally those supported by the European Regional Development Fund (ERDF). In addition, where appropriate, the European Social Fund (ESF) can be used to invest in Urban Development Funds (UDFs) to accelerate investment in urban areas.

More information: http://ec.europa.eu/regional_policy/funds/2007/jjj/jessica_en.htm

In addition, the **Risk Sharing Finance Facility (RSFF)** is the latest in a series of joint EIB-European Commission initiatives. It aims to provide strong additional support to research, development and innovation projects in Europe. The first RSFF financing operations focus on renewable energy technologies, a priority lending objective for the Bank in 2007.

More information: http://ec.europa.eu/regional_policy/funds/2007/jjj/jeremie_en.htm

More information: the European Investment Bank: <http://www.eib.europa.eu/>

The European Bank for Reconstruction and Development: <http://www.ebrd.com/about/index.htm>

:: What is ManagEnergy?

ManagEnergy is an initiative of the European Commission Directorate-General for Energy and Transport, financed by the Intelligent Energy Europe programme. It aims to support local and regional actions on energy efficiency and renewable energies through training workshops and on-line events. In addition, information is provided on case studies, good practice, and European legislation and programmes.

ManagEnergy is also a European network of local and regional energy agencies (LEAs). These agencies promote the introduction of good energy management practices, support sustainability, provide information and guidance, and offer other services depending on local needs. www.managenergy.net

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