



EU FINANCING FOR THE TRANSITION: overview of EU funding sources to build climate neutral economies

BRIEFING PAPER

Climate Action Network (CAN) Europe is Europe's leading NGO coalition fighting dangerous climate change. With over 160 member organisations from 35 European countries, representing over 1.500 NGOs and more than 40 million citizens, CAN Europe promotes sustainable climate, energy and development policies throughout Europe.

The transition to a climate-neutral economy means learning new skills, innovating and implementing new technologies, renewing our infrastructure and cutting dependence on fossil fuels. It requires not only more investments, but better, transformational investments, and great attention to issues of governance, namely the creation of an enabling regulatory and institutional environment. It will require additional investments in all sectors and areas of society.

Public expenditure and private capital must be brought together to fund the profound restructuring of energy, transport, industry, housing, resource use in production and consumption, and food and farming. Importantly, there is a need for new and zero-emissions infrastructure, accompanied by measures for society to keep up with rapid the changes required.

This briefing gives an overview of those EU funding sources with a potential to catalyse the transition to climate-neutral economies: it displays the various financing and funding instruments which are sourced and legally based at the EU level. Further on it highlights various opportunities for financing soft-measures, technical assistance and capacity building, needed to create a favourable investment environment.

CONCLUSIONS

The decarbonisation of our current, industrialised economy requires its near-complete overhaul in an unprecedented short time frame. This overhaul requires technological improvements and significant investment. Apart from actual investments, addressing Europe's infrastructure gaps has to focus on long-term needs and developments, strong institutions and legislation, favorable investment conditions and technical capacity to implement the transition. This is needed at all levels of government, including at the EU level, national and sub-national level. Addressing current investment gaps requires a financing (and policy) mix of public investments, lending instruments, well-tailored blending of loans and grants and technical assistance and capacity building, based on the need to develop an appropriate project-pipeline.

At the EU level there are ample sources for providing financing adequate for the relevant different sectors and beneficiaries, both public and private. The below chart 'Potential annual financing amounts from EU sources for climate action' (figure 1) displays various EU funds, EU banks and financing schemes in their relative size, annual amounts in EUR billions, with the EU long-term budget, the Multiannual Financial Framework (MFF) and the European Investment Bank (EIB) having the greatest shares.¹

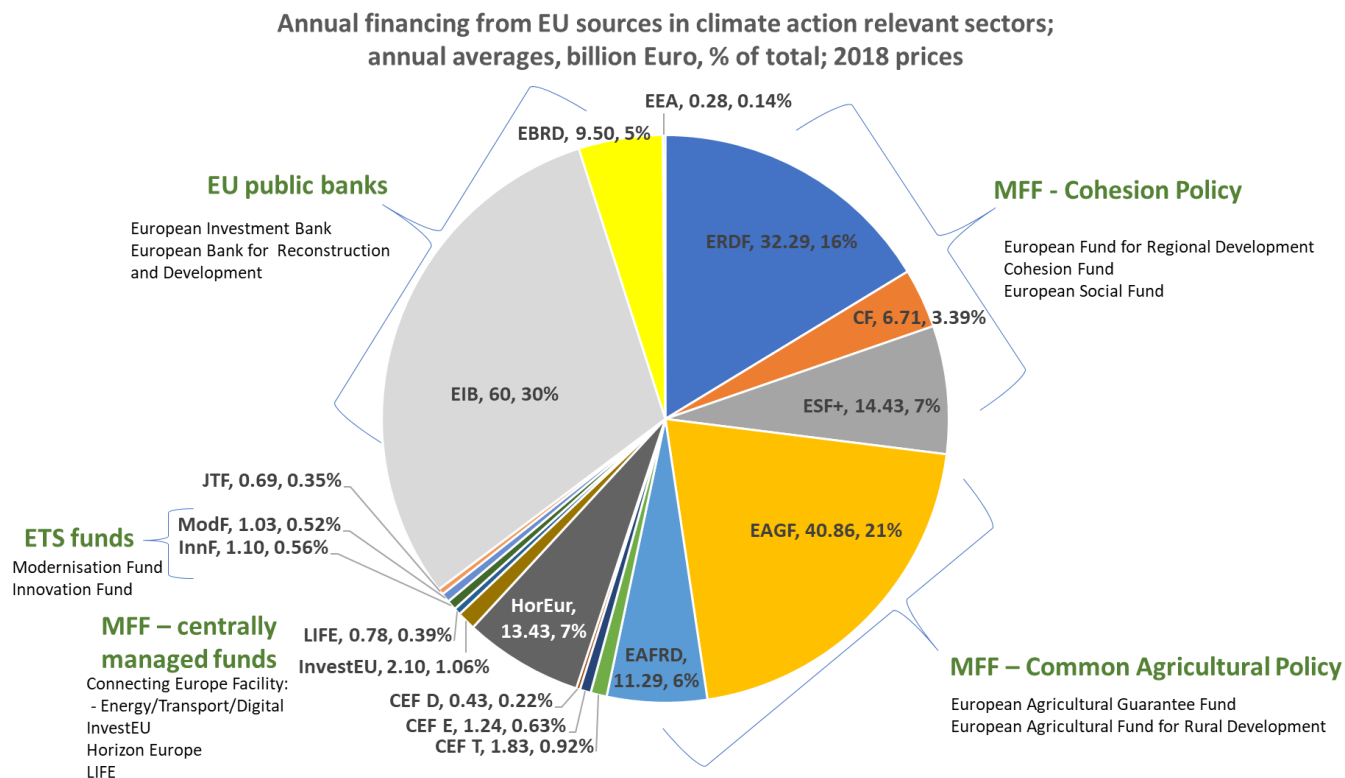


Figure 1: Average annual financing from EU sources, potential for climate action; CAN Europe

All EU funding and financing sources put together can constitute an 'ideal type' financing mix for transformational and supportive investments covering all sectors, leveraging private investments and other public financing, see figure 2,' Eligibility and 'ideal type' financing mix'.

¹ For information on scope, amounts, prices and assumptions see below tables with detailed descriptions of the different financing sources.

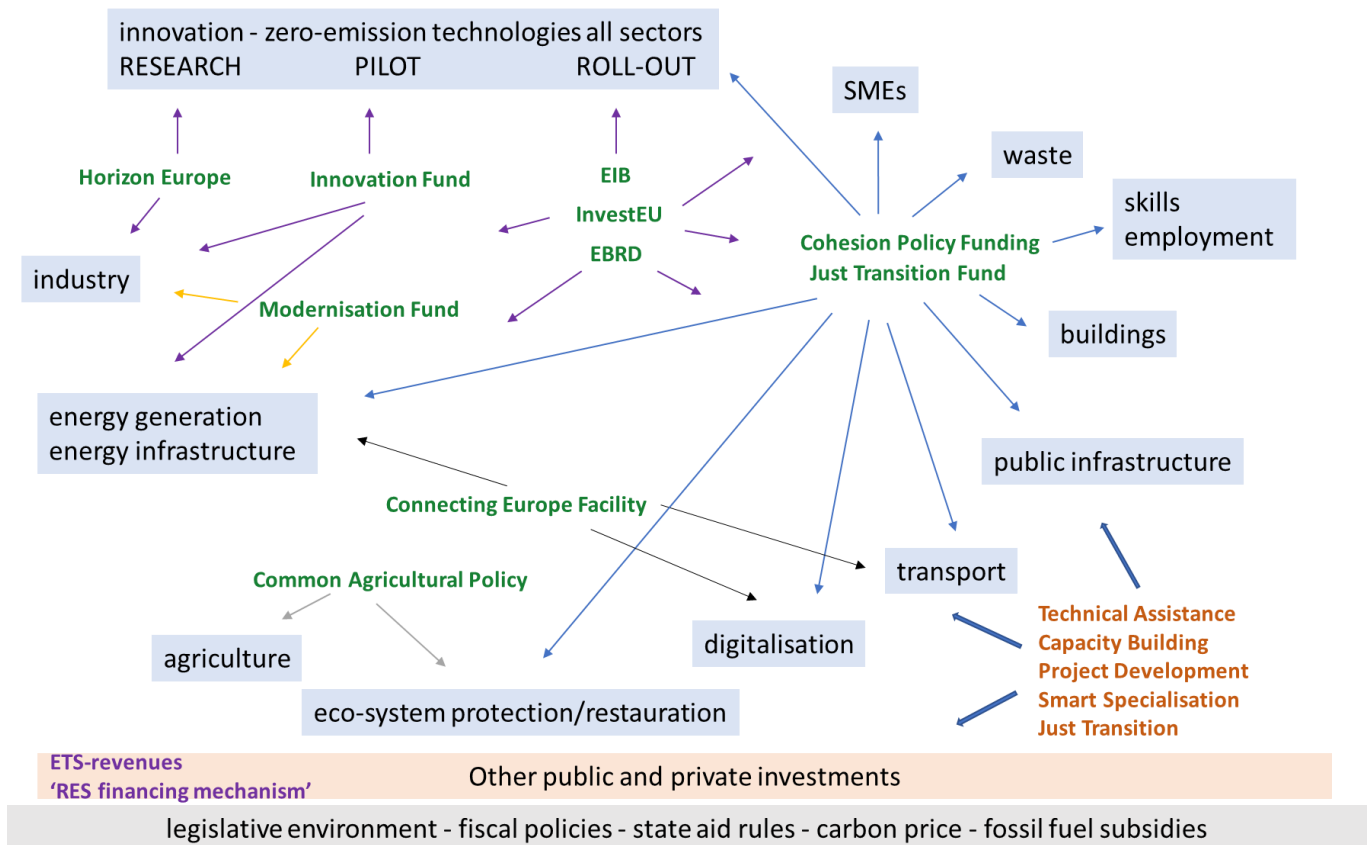


Figure 2: Eligibility and 'ideal type' financing mix; CAN Europe

Whereas public funding alone might not be sufficient, nor desirable, to stem all investment needs, the transformational, market creation, leveraging and steering potentials of the EU financing sources are significant.²

In order to tap into the full climate change mitigation potential of EU financing, a holistic and integrated approach in regulation and planning investments, spurring innovation and setting incentives is needed:

- Long-term planning needs to enable coordinated action across areas and sectors. A better infrastructure governance, including investment planning embracing a long-term climate neutrality target, has to lead to a different project selection process. From this point of view, an investment is deemed 'climate proof' when the underlying investment plan, strategy or project list aims at the rebuild of the concerned sector or region, aiming at climate neutrality.

² The above listed funding sources sum up to an annual ~ EUR 200 billion financing potential. Estimations on additional financing of ~EUR 180 billion triggered are based on the assumption that the EIB loan rate sits at 50% annually, InvestEU leverages EUR 650 billion over 2021-2027 and Cohesion Policy requires national co-financing and attracts private investments as well.

- The adopted national or regional ‘financing mix’ of lending instruments and grant support should be complemented by advisory services that help steering an integrated approach by ensuring sufficient capacities of implementation bodies, helping to develop project pipelines, promoting energy audits, assessing synergies and local RES potentials, and developing smart specialisation strategies as well as Just Transition pathways.
- The right price signals are needed to promote investment in climate change mitigation, including the immediate removal of fossil fuel subsidies, a higher carbon price under the EU Emissions Trading System (EU ETS) and more consistent and effective carbon pricing in the non-ETS sectors, and the alignment of market design with the low carbon transition objective and infrastructure needs for a 100% renewable energy economy.
- Innovation and implementation of new technologies require support at all levels.
- There is a need for concerted efforts, using the EU financing instruments to increase the impact of Member States’ own policy efforts and budgetary resources. Those should be more targeted at addressing the long-term challenges of the transition at the national and regional level.
- In particular the EU budget and the European Investment Bank (EIB) need to be effectively used and leveraged by Member States to enhance and increase investment in zero-carbon assets, climate change adaptation and mitigation infrastructure, innovation and skills, while addressing the social challenges that such transformation might imply.

Overview EU funding sources for sectoral transformation in the EU:

- I. EU budget (MFF - Multiannual Financial Framework) 2021 -2027
- II. EU ETS funds: Innovation Fund + Modernisation Fund
- III. Just Transition Fund
- IV. EU public banks
- V. Other
- VI. Technical Assistance
- VI. EU financing in the light of investment challenges

Overview EU funding sources for sectoral transformation in the EU

I. EU budget (MFF - Multiannual Financial Framework) 2021 -2027*

*based on European Commission legislative proposals from May 2018; neither financial amounts nor scope and eligibility are finally adopted by legislators (October 2019); the following funds, though potentially relevant for sectoral transformation are not included: European Maritime and Fisheries Fund (EMFF) (EUR 6 bn); European Globalisation Adjustment Fund (EUR 1.6bn); External Action and pre-accession assistance (EUR 123 bn); amounts in 2018 prices, totals for 2021-2027.

Funding Source	Beneficiary	Financing	Sector	Amount	Implementation
Cohesion Policy: European Regional Development Fund (ERDF)	All regions of all Member States	90% grants; 10% financial instruments; national co-financing of 15%-50% required; general eligibility rule: no grants for profit seeking private entities acting on mature markets; ETS-Annex I activities not eligible	<ul style="list-style-type: none"> SMEs, RDI; public infrastructure: RES, electricity, energy efficiency (housing, public buildings), biodiversity, waste, water, transport all modes, resource efficiency/circular economy; bottom-up local development strategies 	EUR 226 billion; distributed via 'national Cohesion envelopes', see tables I and II	Based on 7-years spending plans: <ul style="list-style-type: none"> Partnership Agreement – overall EU funds spending strategy, including all funds and all sectors and regions Regional or sectoral Operational Programmes which in detail describe objectives, measures and according financial allocations 'earmarking' (up to 30%) for 'a greener, low-carbon Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management' 'Programming', i.e. development of regional and sectoral spending plans started, until end of 2020 Linked to Energy Union Governance/ National Energy and Climate Plans (NECPs) and European Semester Programming and implementation (call for projects, project selection) is in the responsibility of ministries and managing authorities

Funding Source	Beneficiary	Financing	Sector	Amount	Implementation
Cohesion Policy: Cohesion Fund (CF)	Member States with GNI/head < 90% of EU 27 average: CEE, Portugal, Greece, Cyprus, Malta	Same as ERDF	<ul style="list-style-type: none"> • Environment (waste, water), including investments related to sustainable development and energy presenting environmental benefits; • TEN-T 	EUR 47 billion; distributed via 'national Cohesion envelopes', see tables I and II	Same process/programming as ERDF
Cohesion Policy: European Social Fund (ESF+)	All regions of all Member States	Same as ERDF	<ul style="list-style-type: none"> • European Pillar of Social Rights • quality employment • education • skills, vocational training • social inclusion • access to healthcare 	EUR 101 billion; distributed via 'national Cohesion envelopes', see tables I and II	Same process/programming as ERDF
Common Agricultural Policy (CAP): European Agricultural Guarantee Fund (EAGF)	All Member States	Direct payment to farmers	<ul style="list-style-type: none"> • agriculture 	EUR 286 billion	'CAP Strategic Plans', developed and implemented on national level
Common Agricultural Policy (CAP): European Agricultural Fund for Rural Development (EAFRD)	All Member States	Farmers and rural communities	<ul style="list-style-type: none"> • agriculture • development of rural areas 	EUR 79 billion	'CAP Strategic Plans', developed and implemented on national level

Funding Source	Beneficiary	Financing	Sector	Amount	Implementation
TEN-T, TEN-E: Connecting Europe Facility (CEF)	Project based, upon application, all Member States	grants and procurement, financial instruments within blending operations	cross border infrastructure for transport, energy, digitalization: electricity and gas interconnections; motorway, ports and rail; smart grids, energy storage, e-mobility, charging infrastructure, and alternative fuels and its infrastructure; cross- border RES	CEF Transport: EUR 12.8 billion CEF Energy: EUR 8.7 billion CEF Digital: EUR 3 billion	<ul style="list-style-type: none"> • Call for proposals and project selection by EC; • Projects of Common Interest (PCI), MS application.
EU's research & innovation programme: Horizon Europe	Project based, upon application, all Member States	grants (up to 100%)	research and innovation in the areas of e.g. Digital, Industry and space; Climate, Energy and Mobility, Food, bioeconomy, natural resources, agriculture and environment	EUR 94 billion	<p>EC develops: Strategic Plan -> Work Programme -> call for proposals</p> <p>Organised via various pillars, flagship programmes, partnerships and 'missions'</p>
InvestEU Fund	Project based, upon application, all Member States	EU guarantee for extended lending of EIB and other promotional banks	four 'policy windows': <ul style="list-style-type: none"> • sustainable infrastructure; • research, innovation and digitalisation; • SMEs; • social investment and skills 	EUR 14.7 billion, objective to leverage a further EUR 650bn in additional investments	<p>regular banking approach, i.e. development of bankable project by project promoter, including other financing sources; project assessment by EIB according to EIB standards, subsequent financing decision;</p> <p>30% of projects financed must contribute to the Union's climate objectives</p>

Funding Source	Beneficiary	Financing	Sector	Amount	Implementation
LIFE Programme for the Environment and Climate Action: shift towards a clean, circular, energy-efficient, low-carbon and climate-resilient economy, the transition to clean energy, to the protection and improvement of the quality of the environment and to halting and reversing biodiversity loss, contributing to sustainable development	Project based, upon application, all Member States / any legal entity under Union law	Grants, requiring different shares of co-financing	<ul style="list-style-type: none"> • facilitating the development and exchange of best practice and knowledge; • building up the capacities and speeding up the implementation of environmental and climate legislation and policies and facilitating the clean energy transition; • helping stakeholders to test small-scale technologies and solutions, and • mobilising funding from other sources. 	<p>EUR 5.45 billion, out of which:</p> <p>EUR 3.5 billion for the field Environment;</p> <p>EUR 1.95 billion for the field of climate action</p>	<p>Centrally managed and implemented by the Commission in support of the preparation, implementation and mainstreaming of Union environmental, climate or relevant clean energy transition legislation and policies; calls for proposals:</p> <ul style="list-style-type: none"> • information and communication, including awareness raising campaigns; • studies, surveys, modelling and scenario building; • preparation, implementation, monitoring, checking and evaluation of projects not funded by the Programme, policies, programmes and legislation; • workshops, conferences and meetings; • networking and best-practice platforms; • other activities.

II. EU ETS funds: Innovation Fund + Modernisation Fund

Funding Source	Beneficiary	Financing	Sector	Amount	Implementation																				
Innovation Fund 2020 - 2030	Project based, upon application, all Member States	risk-sharing; grants cover up to 60% of the additional capital and operational costs; different procedures for small-scale projects with total capital costs under EUR 7.5 million	Demonstration of innovative technologies, big flagship projects resulting in significant emission reductions: <ul style="list-style-type: none"> energy intensive industries renewable energy energy storage CCS and CCU 	EUR 10 billion (at current prices); (EUR 6 billion (at carbon price of EUR15/tCO ₂) to EUR 11 billion (at a price of EUR 25/tCO ₂); sourced from EU Emissions Trading System (EU ETS) revenues auctioning of 450 million allowances from 2020 to 2030	European Commission -> first call for proposals in 2020 -> regular calls until 2030; Disbursement upon achievement of milestones																				
Modernisation Fund 2021 - 2030	10 Member States in CEE: <table border="1" data-bbox="451 706 640 1063"> <tr><td>BG</td><td>5.84%</td></tr> <tr><td>CZ</td><td>15.59%</td></tr> <tr><td>EE</td><td>2.78%</td></tr> <tr><td>HR</td><td>3.14%</td></tr> <tr><td>LV</td><td>1.44%</td></tr> <tr><td>LT</td><td>2.57%</td></tr> <tr><td>HU</td><td>7.12%</td></tr> <tr><td>PL</td><td>43.41%</td></tr> <tr><td>RO</td><td>11.98%</td></tr> <tr><td>SK</td><td>6.16%</td></tr> </table>	BG	5.84%	CZ	15.59%	EE	2.78%	HR	3.14%	LV	1.44%	LT	2.57%	HU	7.12%	PL	43.41%	RO	11.98%	SK	6.16%	projects can be financed up to 100%	modernisation of energy systems: <ul style="list-style-type: none"> No solid fossil fuels, except district heating in BG & RO; electricity, heating and cooling from RES, Energy efficiency of buildings Energy storages Modernisation, digitalisation and interconnections of grids Electric mobility Just transition (incl. redeployment, re-skilling and up-skilling of workers, education, job-seeking initiatives and start-ups) 	2% of total allowances 2021 to 2030; approx. 310 million allowances (current size of ETS cap); Total of EUR 6.2 billion (EUR 20/EUA) to EUR 9.3 billion (EUR 30/EUA) (source: CEPS); See table III for estimates of national breakdowns; Potential for increasing its size by transferring allocated allowances from Article 10c derogation and/or Solidarity Fund (Article 10(2)(b) of the ETS Directive).	MS proposes project -> EIB: assessment of projects; -> Investment Committee votes -> Disbursement decision by European Commission;-> EIB (member of the Investment Committee): monetisation, execution of payments; -> implementation by beneficiary MS. Auctioning on common platform and in equal shares for each year.
BG	5.84%																								
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III. Just Transition Fund

Funding Source	Beneficiary	Financing	Sector	Amount	Implementation
<p>Just Transition Fund</p> <p>Features in the European Parliaments position on the MFF 2021 - 2027</p> <p>Currently no legal base proposal published ; proposal expected in November 2019</p>	<p>Potentially linked to participants of the 'coal regions in transition platform'</p>	<p>No official information publicly available</p>	<p>EP position on MFF post 2020: 'Introduce a specific allocation (EUR 4.8 billion) for a new Just Energy Transition Fund to address societal, socio-economic and environmental impacts on workers and communities adversely affected by the transition from coal and carbon dependence.'</p>	<p>EUR 4.8 billion;</p> <p>It is said that it's not 'fresh money', but a reshuffling from existing EU budget lines (post-2020).</p>	<p>No official information publicly available; DG REGIO responsible.</p>

IV. EU public banks

Funding Source	Beneficiary	Financing	Sector	Amount	Implementation
European Investment Bank (EIB)	Generally project based, upon application, all Member States; Public and private; around 90% of its lending within the EU	Investment loans: Direct loan for a specific investment project or programme, usually >EUR100m project cost, minimum 50m. Intermediated loan: Facility for financing smaller regions/municipalities, relies on an intermediary (e. g. public or commercial bank). Framework Loans (FL): Loan to a region/city, programme cost >EUR 100m, finances a 3-5 year investment programme, Multi-sector investments (usually small projects). Structural programme loan(SPL): Framework loan, co-financing EU Structural and Investment Funds, pre-fund national contribution. Equity funds: Investment e. g. into a regional/urban development, infrastructure fund or brownfield fund.	Environment, energy and transport infrastructure, innovation, SMEs, urban schemes and mobility, energy efficiency, healthcare and education infrastructure, cultural heritage, broadband infrastructure Draft Energy Lending Policy post-2020: 1. unlocking energy efficiency, 2. decarbonising energy supply, 3. supporting innovative technologies and new types of energy infrastructure and 4. securing the enabling infrastructure. - new European Initiative for Building Renovation (EIB-R) to support new ways to attract finance for building rehabilitation; - Energy Transition Package to provide extra support to those Member States or regions with a more challenging transition level of national energy systems.	EUR 79 billion in 2009, EUR 55.63 billion in 2018. EUR 10 – 12 billion energy lending annually	'demand driven', i.e. development and proposal of bankable project by project promoter, including other financing sources; project assessment by EIB according to EIB standards, subsequent financing decision; Different process for Framework loans and Structural programme loans 25% climate action target New Energy Lending Policy under negotiations

Funding Source	Beneficiary	Financing	Sector	Amount	Implementation
European Bank for Reconstruction and Development (EBRD)	Mostly private sector (70%); project based, upon application; CEE, Western Balkans, Central Asia, parts of MENA	Debt: corporate loans, project loans; Equity: minority stake, direct or structured; Guarantees: trade finance	Transport, energy, municipal & environmental infrastructure, natural resources, agribusiness, financial sector, telecom, tourism, manufacturing, services	EUR 9.5 billion p.a.	capex for expansion/modernization, including resource efficiency improvements; acquisition, consolidation, privatization; PPPs Various 'Green Financing Instruments' Co-financing of Structural Funds' Investments 40% 'green financing' by 2020

V. Other

Funding Source	Beneficiary	Financing	Sector	Amount	Implementation
EEA (Iceland, Liechtenstein) and Norway Grants 2014-21	15 EU Member States: CEE, Greece, Portugal, Malty, Cyprus	Grants	Innovation and Research, Culture, Civil Society, Good Governance, Environment and Energy, Social Inclusion, Justice and Home Affairs, Regional Funds	EUR 2.8 billion since 2014	Grants; financing of different levels of technology readiness: research, demonstration, roll-out/market ready Implementing period 2014 -2024

Table I: Cohesion Policy 'national envelopes', EC proposal May 2018; comparison with 2014 -20202 allocations; EC; 2018 and current prices

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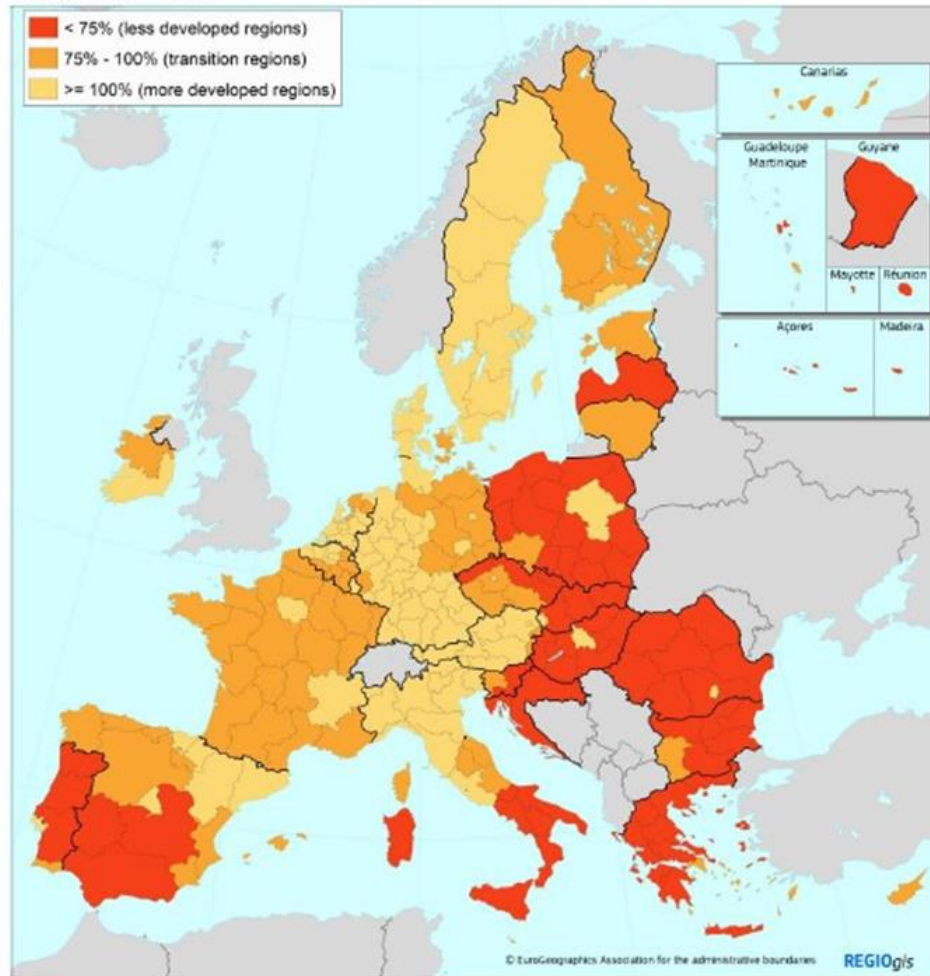
Country	2021-2027	2014-2020	Absolute change (euro billions)	Relative change (%)
POLAND	64.4	83.9	-19.5	-23.3
HUNGARY	17.9	23.6	-5.7	-24
CZECH	17.8	23.5	-5.6	-24
GERMANY	15.7	19.8	-4.1	-20.6
SLOVAKIA	11.8	15.1	-3.3	-21.7
LITHUANIA	5.6	7.4	-1.8	-24
PORTUGAL	21.2	22.8	-1.6	-7
ESTONIA	2.9	3.8	-0.9	-24
FRANCE	16	16.9	-0.9	-5.4
LATVIA	4.3	4.9	-0.6	-13
CROATIA	8.8	9.3	-0.5	-5.5
SLOVENIA	3.1	3.4	-0.3	-9.2
MALTA	0.6	0.8	-0.2	-24
IRELAND	1.1	1.2	-0.2	-12.6
SWEDEN	2.1	2.1	0	0
NETHERLANDS	1.4	1.4	0	0
AUSTRIA	1.3	1.3	0	0
DENMARK	0.6	0.6	0	0
LUXEMBOURG	0.1	0.1	0	0
CYPRUS	0.9	0.9	0	1.8
BELGIUM	2.4	2.4	0.1	0
FINLAND	1.6	1.5	0.1	5.1
BULGARIA	8.9	8.3	0.7	8
GREECE	19.2	17.8	1.4	8
SPAIN	34	32.4	1.6	5
ROMANIA	27.2	25.2	2	8
ITALY	38.6	36.2	2.3	6.4

	2018 prices	Current prices
BE	2 443 732 247	2 754 198 305
BG	8 929 511 492	10 081 635 710
CZ	17 848 116 938	20 115 646 252
DK	573 517 899	646 380 972
DE	15 688 212 843	17 681 335 291
EE	2 914 906 456	3 285 233 245
IE	1 087 980 532	1 226 203 951
EL	19 239 335 692	21 696 841 512
ES	34 004 950 482	38 325 138 562
FR	16 022 440 880	18 058 025 615
HR	8 767 737 011	9 888 093 817
IT	38 564 071 866	43 463 477 430
CY	877 368 784	988 834 854
LV	4 262 268 627	4 812 229 539
LT	5 642 442 504	6 359 291 448
LU	64 879 682	73 122 377
HU	17 933 628 471	20 247 570 927
MT	596 961 418	672 802 893
NL	1 441 843 260	1 625 023 473
AT	1 279 708 248	1 442 289 880
PL	64 396 905 118	72 724 130 923
PT	21 171 877 482	23 861 676 803
RO	27 203 590 880	30 765 592 532
SI	3 073 103 392	3 463 528 447
SK	11 779 580 537	13 304 565 383
FI	1 604 638 379	1 808 501 037
SE	2 141 077 508	2 413 092 535

Table II: European Regional Development Fund and Cohesion Fund; eligibility; EC proposal May 2018:

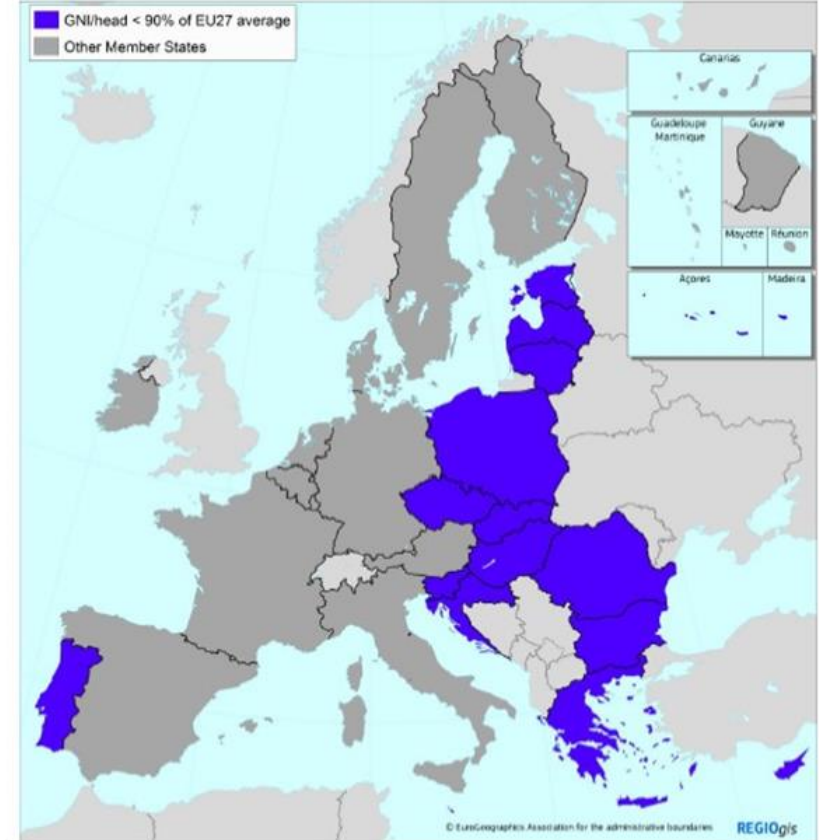
GDP/head (PPS) by NUTS2 region, average 2014-15-16

Index, EU-27 = 100



Cohesion Fund eligibility 2021-2027

Category



	LD	TR	MD
Allocation (EUR bns 2018 prices)	198.6	45.9	34.8
Population (MM inhab)	123.6	112.5	208.4

	LD
Allocation (EUR bns 2018 prices)	41.3
Population (MM inhab)	126.2

Table III: Estimation of Modernisation Fund available for each member state for the 2021-2030 period

	Share of Modernisation Fund (% of the 2% allocated) ¹⁰	Share of Modernisation Fund (million EUA) ¹¹	Value of funds available at €25/EUA (million €) ¹²	Electricity sector GHG emissions (MtCO _{2e})
Bulgaria	5.84	18.10	452.60	16.02
Czech Republic	15.59	48.33	1208.23	9.65
Estonia	2.78	8.62	215.45	11.38
Croatia	3.14	9.73	243.35	2.76
Latvia	1.44	4.46	111.60	0.88
Lithuania	2.57	7.97	199.18	0.38
Hungary	7.12	22.07	551.80	8.41
Poland	43.41	134.57	3364.28	114.34
Romania	11.98	37.14	928.45	19.08
Slovakia	6.13	19.00	475.08	3.12
TOTAL	100	310	7750	220.67

Source: Directive (EU) 2018/410; Own calculations.¹³

Source: CEPS - https://www.ceps.eu/wp-content/uploads/2019/06/PI2019_09_Modernisation_Fund_Paper.pdf

VI. Technical Assistance

Funding Source	Beneficiary	Scope	Sector	Amount	Implementation
Cohesion Policy (respectively all funds covered by the Common Provisions Regulation, ERDF, CF, ESF+, fisheries, territorial cooperation, visa instrument and border management, asylum and migration, internal security)	All EU Member States	Technical Assistance Grants	<p>Actions, which may concern previous and subsequent programming periods, necessary for the effective administration and use of those Funds:</p> <ul style="list-style-type: none"> • Information and communication • Preparation, implementation, monitoring and control • Evaluation and studies, data collection • Reinforcement of the capacity of Member State authorities, beneficiaries and relevant partners 	<p>'flat-rate' per fund and country.</p> <p>Overall amounts 2021 2027:</p> <p>ERDF, CF: 2.5% = EUR 6.8 billion;</p> <p>ESF+: 4-5% = EUR 4.5 billion</p> <p>EMFF, AMIF, ISF, BMVI: 6%</p>	Part of 'Programming' ERDF, CF and ESF+

Funding Source	Beneficiary	Scope	Sector	Amount	Implementation
European Investment Advisory Hub (EIAH) Jointly by EIB group and European Commission	Public sector – for free; Private sector - pricing determined during internal approval process.	Technical assistance, project development support and advice. Hub does not provide financing of any sort.	<ul style="list-style-type: none"> - Research, development and innovation - Use or supply of renewable energy - Energy efficiency and energy savings (i.e. refurbishment of buildings) - Energy infrastructure (smart grid, energy storage, etc.) - Development of transport infrastructures, equipment and innovative technologies for transport (TEN-T, CEF, mart and sustainable urban mobility projects - Financial support for SMEs and small mid-cap companies - Development and deployment of information and communication technologies - Environmental and resource efficiency 	N.A.	<p>Project promoter, public authority or private company submit request for support, potentially ‘forwarded’ to other (national) bodies:</p> <ul style="list-style-type: none"> - Project development support throughout the stages of the project as well as upstream - Policy advice: market studies, sector strategies - Tendering process, cost benefit analysis, preliminary project assessment, project screening - Financial advice to enhance access adequate sources of financing - Strategic investment planning - Programming and use of EU funds

Funding Source	Beneficiary	Scope	Sector	Amount	Implementation
<p>JASPERS Joint Assistance to Support Projects in European Regions</p> <p>Financed by EC, hosted by EIB</p> <p>----- other EC/EIB initiatives, e.g. ELENA – Horizon 2020 financed - European Local Energy Assistance – Energy efficiency and sustainable transport</p>	<p>Member States and pre- accession countries,</p> <p>free of charge for local authorities and promoters.</p>	<p>Technical assistance and project development advice (e.g. Major Projects, PCIs)</p> <p>assists Member States and beneficiaries in ‘translating EU policies into consistent national implementation strategies and implementation plans, including the consideration of legal, economic and environmental frameworks’; identifying and developing a compliant project pipeline, developing and preparing projects for EU grants and loan financing; capacity building, training and sharing of EU best practices, removing of implementation and absorption bottlenecks.</p>	<p>speed up the absorption of EUR 350 billion of ESIF Funds, Connecting Europe Facility (CEF) and the Instrument for Pre- Accession Assistance (IPA)</p>	<p>N.A.</p>	<ul style="list-style-type: none"> - advise authorities on strategic planning - support promoters in preparing EU funded projects - improve the capacity of administrations and promoters (project preparation, environmental issues, EU legislation) - by carrying out an independent quality review which prepares the ground for the European Commission’s decision

Funding Source	Beneficiary	Scope	Sector	Amount	Implementation
EIB	(potential) clients	Overlapping with EIAH Technical and financial advice at upstream, preparation and implementation, including fund structuring		N.A.	<ul style="list-style-type: none"> - Advisory and technical assistance to prepare and implement projects - Build up the capacity of national or regional partners (e.g. managing authorities or national promotional institution) - Support to improve access to finance
EBRD	(potential) clients	Technical Assistance 'engagement and policy development support' to 'put in place long-term strategies for low-emission and climate resilient development', in line with SDGs		N.A.	<ul style="list-style-type: none"> - 'Resource efficiency audits - Capacity building for local financial institutions (staff training, marketing, green retail lending products) - Climate vulnerability assessment - Project structuring support (e.g. tendering, investment guidelines) - Support to adopt operational or CSR-type standards (energy management, buildings certification, reporting).

Funding Source	Beneficiary	Scope	Sector	Amount	Implementation
Structural Reform Support Service (SRSS) (European Commission Service Department)	EU MS	Structural Reform Support Service (SRSS) 'helps EU countries to design and carry out structural reforms as part of their efforts to support job creation and sustainable growth.' It coordinates and provides tailor-made technical support to EU countries, in cooperation with the relevant Commission services. Implementing the Structural Reform Support Programme (SRSP) – projects in 25 EU countries	<ul style="list-style-type: none"> - governance and public administration - revenue administration and public financial management - rule of law, anti-corruption, anti-money-laundering and anti-fraud activities - investment climate - public assets - energy union and climate issues - education - sectoral policies - health care - labour market issues - financing and access to finance, capital markets union (CMU) - migration and border control 	EUR 25 billion for 2021 - 2027	Support for implementing European Semester / Country Specific Recommendations Subordinated implementation bodies (e.g. EBRD, GIZ)

Funding Source	Beneficiary	Scope	Sector	Amount	Implementation
<p>Multi-Stakeholder Platform on Coal and Carbon-Intensive Regions – non-legislative initiative by EC in the frame work of the ‘clean energy for all’-package</p> <p>DG ENER DG REGIO DG EMPL DG RTD</p>	<p>At present, 18 coal regions are actively participating</p>	<p>Supports the economic diversification and technology transition in coal and carbon-intensive regions across the EU</p> <p>It facilitates the development of long-term strategies, formulation of projects and best practice sharing, in particular to help regions attract the necessary investment.</p>	<p>Focus on coal mining regions where coal mining activities are still on-going</p> <p>Extension of the scope of the initiative to all carbon-intensive regions in the second step.</p>	<p>N.A.</p>	<p>Enable multi-stakeholder dialogue on policy frameworks and financing.</p> <p>Facilitate the development of strategies and projects in coal regions notably through peer learning and exchange of best practices.</p> <p>Development of advanced coal technologies, as well as eco-innovative sectors.</p>

VI. EU funding sources in the light of investment challenges

Putting a precise price tag on the development of the infrastructure needed for a climate neutral economy in the long term poses several challenges: the scale and speed of the roll out of green technologies and innovation are hardly predictable, resulting in uncertainties over markets' developments in the decades to come. And potential changes in the political and legislative environment will influence future public and private investments decisions.

On the other hand, every economy is replacing its productive capital stock and infrastructure following an inherent investment cycle. Investments into an update and modernisation of the economies' productive capacities and existing build infrastructure, machinery and (digital) equipment has to happen anyway, no matter the overarching greenhouse gas emission reduction target put on the economy.

In this context the European Commission is speaking about 'additional' investments: in order to achieve the EU's current 2030 climate and energy targets the European Commission estimates³ the needs of yearly additional investment at around EUR 260 billion, with the highest shares of additional investments needed in the residential and tertiary sector.

Against this background, the EU financing sources described in this paper can play a crucial role in bringing in these additional investments. Shifting the EUR 200 billion annually from the MFF, the EIB, and others (and with it roughly the same amount of public and private investments leveraged) entirely towards climate neutrality would clearly help closing the investment gap, in particular in sectors and regions which are more dependent on EU financial support.

The transition to climate neutral and environmentally sustainable economies will require a holistic and integrated approach in regulation and investments, innovation and incentives. Coordinated action across areas and sectors of agriculture, energy, trade, urban living, transport, resource use, production and consumption is needed. The EU offers ample financing sources and opportunities to enable higher climate ambition and catalyse the transition away from fossil fuels towards 100% renewables and energy efficient economies.

ENDS

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³ European Commission, United in delivering the Energy Union and Climate Action - Setting the foundations for a successful clean energy transition, 18.6.2019 COM(2019) 285 final; Figure derived from the EUCO32-32.5 scenario (in line with key technology assumptions of the EUCO family scenarios, see <https://ec.europa.eu/energy/en/data-analysis/energy-modelling/euco-scenarios>)