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# **Challenges and Benefits in Cities – How to improve funding channels for energy renovation in the next MFF**

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# Non-thematic financing platforms

## **Develop non-thematic financing platforms and solutions to enable cities work at system scale**

The issue – Overly prescriptive eligibility criteria and strictly thematic financing are not beneficial at local level, as they undermine synergies between energy efficiency and improved air quality, mobility and social inclusion. Local authorities need flexibility in available financial products.

Recommendation – Develop financial instruments and financing platforms that are not thematically oriented to overcome barriers to action and allow aggregation of different type of investments in cities.

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# Improved support for local energy renovation programmes

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## **Support better the establishment and implementation of local energy renovation programmes through the Structural Funds**

The issue – Residential buildings are the biggest emitter of CO<sub>2</sub> emissions in city territories. Energy retrofits of these buildings should be a priority, financed through the European Structural and Investment Funds (ESIF).

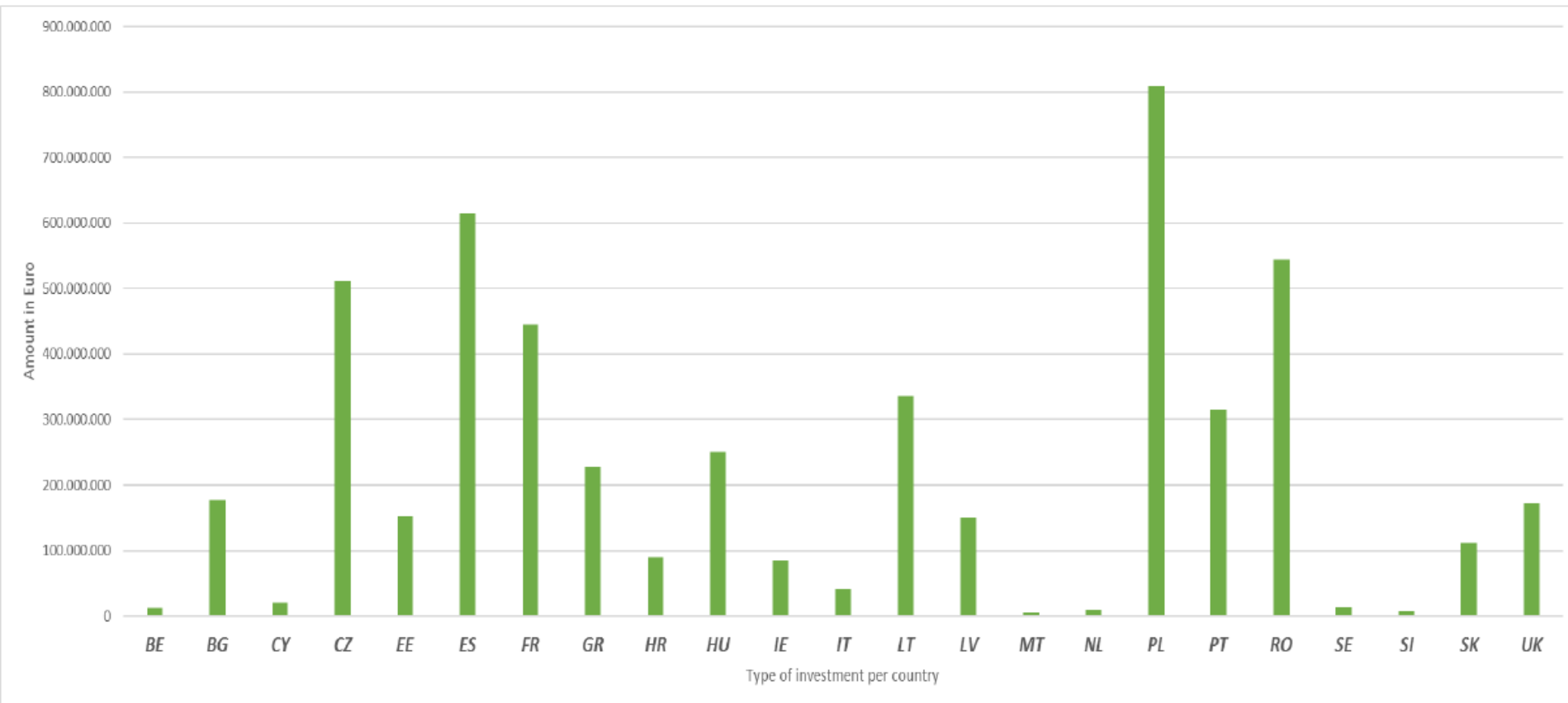
Recommendation – Local authorities should be allocated resources to invest in one-stop-shops that provide integrated energy efficiency service packages to homeowners. Local authorities should be better involved by regional and national governments in the definition of needs and preparation of operational programmes. ESIF should be more flexible, so that unspent funds under current priorities can be re-allocated to cities' sustainable energy and climate projects. ESIF should finance integrated projects, not only energy efficiency investments (e.g. structural works along energy retrofits).

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# ERDF & CF allocations for energy efficiency of the existing housing stock in EUR

**875 000 households** will live in buildings that have been renovated to reduce energy use.



Planned ERDF and CF allocations for the 2014-2020 period, updated 12/2017.

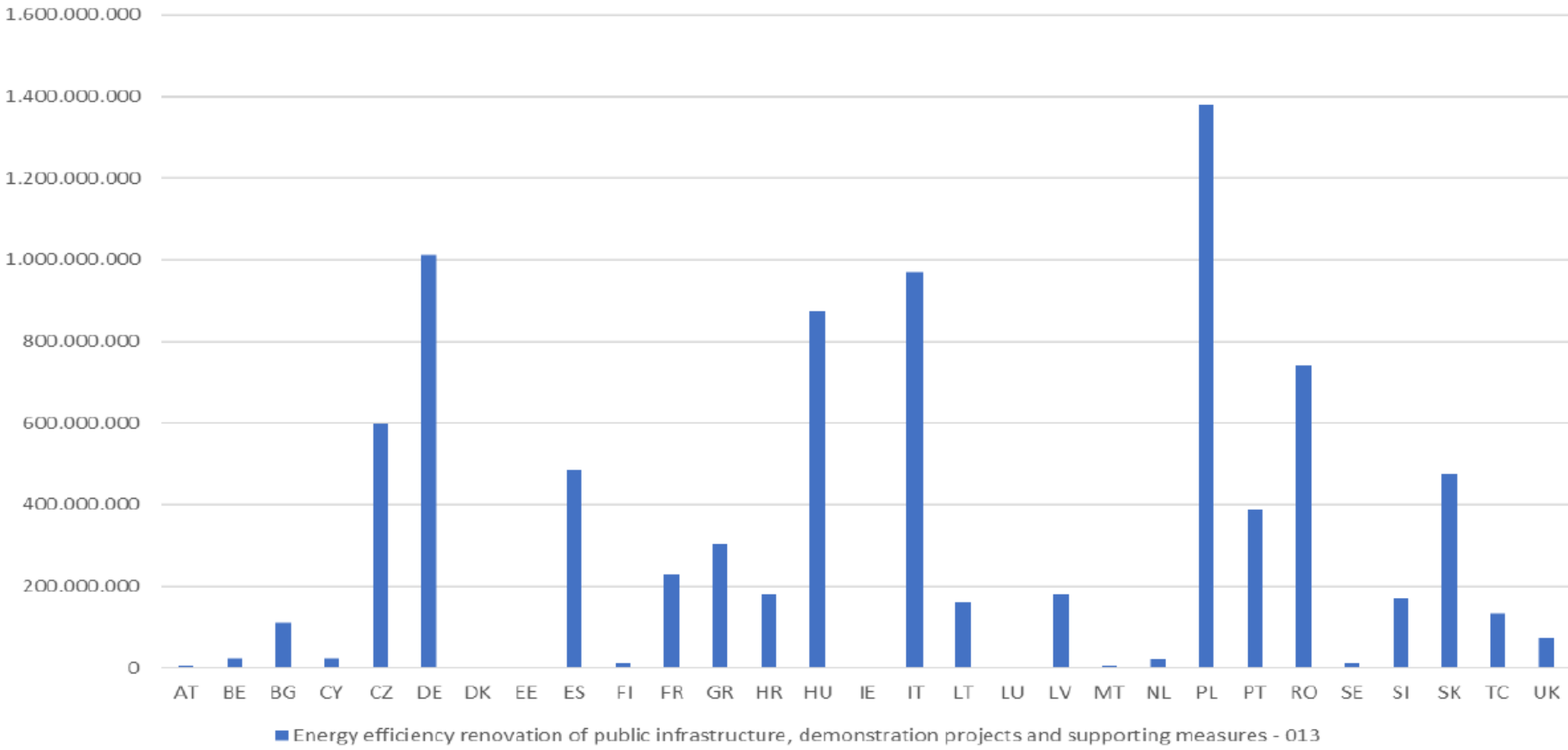


European Commission



Public buildings will use **5.2 TWh/year less energy** than they do now.

# ERDF & CF allocations for energy efficiency in public buildings in EUR



Planned ERDF and CF allocations for the 2014-2020 period, updated 12/2017.





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# Small scale technical assistance

## **Further adapt support schemes to local realities with a small scale technical assistance facility**

The issue –

Firstly, the repayment clause that is required under the Horizon2020 PDA call means that cities are afraid to take on project risk;

Secondly, the high investment volumes required for an ELENA proposal are a challenge for smaller municipalities and for member states where project aggregation is impossible in practice in the absence of a coordinating authority.

Recommendation – The establishment of a small scale technical assistance facility with more balanced risk sharing could help in overcoming these barriers. Such an instrument could be accompanied by a fund that would also support the financing of the projects that received technical assistance support. Build project development capacity of local or regional one-stop shops – this could also be done using this technical assistance facility.

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# REGI Committee Research – Cohesion Policy and Paris Agreement

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Innovation policy and the urban dimension are fertile ground for synergies between climate objectives and the wider economic objectives of cohesion policy.

***Cities should be emphasised as a testing ground for new approaches to achieving radical decarbonisation***

Effectiveness of mainstreaming in the ERDF and CF could be improved by ***linking cohesion policy investments more closely to Member States' overall plans to deliver the 2030 targets***, in the context of a trajectory leading to a longer- term decarbonisation of the EU economy

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# THANK YOU



## Climate Action Principles of Climate Alliance

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