



# Financing and Contracting Sustainable Construction - Innovative Approaches

Preliminary Report on

- Funding and finance sources
- Use of energy performance contracting, public-private partnerships and concessions

*March 2011*

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## What is the SCI-Network?

The SCI-Network is a network of European cities and other public authorities working together to find new, innovative and sustainable solutions for their public construction projects.

Together with other expert organisations, the participating public authorities hope to:

- Identify the most sustainable construction solutions for their needs available on the market in Europe
- Make sure their construction procurement practices and procedures are set up to best encourage new, innovative solutions

This report forms part of the first round of outputs from the Working Groups which have been established within the network. Further information on the Working Groups and their outputs is available at:

[www.sci-network.eu](http://www.sci-network.eu)

For further information on the content of this report, or to submit your responses to the questions highlighted, please contact:

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Further discussion of this report and related topics will take place on the online **Forum**:

<http://procurementforum.viadesk.com>



## Introduction

In order to procure sustainable and innovative construction solutions, public authorities must have access to suitable financial and contractual instruments.

The pressure on public finances means that many authorities are examining ways of funding construction projects which draw upon either the private sector or specific European programmes. Approaches such as energy-performance contracting, public-private partnerships and concessions for construction works/services have become mainstream in some Member States, while in others they are less common. The procurement procedures applied to source private sector partners also vary widely.

This report examines a number of innovative approaches to the financing and contracting of public sector construction projects. The areas of focus have been chosen based on the interests expressed by participants in the Working Group, representing a range of local and regional authorities from different parts of Europe. The specific topics covered in this report are:

- **European funding and financing instruments for sustainable retrofitting of public buildings** - what is available, scope of application and eligibility, impact on procurement process and distribution of funds.
- **Energy performance contracting, public-private partnerships and works/services concessions** - which models are in use for sustainable/innovative construction, problems encountered, best practice.

For each topic, initial research findings are presented, drawing upon a range of published sources. **Specific questions** have been highlighted, to which responses are invited from participants in the group and other interested parties.

The purpose of these questions is to stimulate further discussion of the problems and solutions identified, drawing upon the experiences and perspectives of group participants. This will lead to further recommendations and the documentation of successful and unsuccessful approaches in detailed case studies.

In the next phase (starting April 2011) the Working Group will examine **intellectual property rights, insurances/indemnities and environmental performance clauses** - how to develop and apply appropriate contractual terms, examples and sample clauses.

## 1. Financing Sustainable Construction

### 1.1 Costs and Benefits

Sustainable and innovative construction projects often involve higher initial investment costs than conventional alternatives. These higher costs may arise due to:

- More expensive design work, for example incorporating innovative heating, cooling or renewable energy systems;
- Higher material costs, for example to apply a better standard of insulation or include solar installations;
- Costs associated with third-party certification to ensure compliance with an environmental standard;
- Costs associated with minimising the environmental impact of the construction process, for example waste and resource management, noise reduction, minimising impact on flora and fauna;<sup>1</sup>
- Specific contractual provisions relating to intellectual property, insurance and indemnities, working conditions or other factors, which may result in higher costs being passed on by contractors.

On the other hand, investment in buildings with high environmental performance and adaptability is likely to lead to lower whole-life costs. This is especially true when the cost of environmental externalities is included in life-cycle costing, but may also apply due to reduced energy and water consumption during the building's lifetime, and the ability to avoid retrofits to comply with future environmental legislation. More detailed consideration of the life-cycle/whole-life costing process is being undertaken within the SCI-Network.<sup>2</sup>

The particular cost considerations associated with innovative and sustainable construction mean that the model of 100% public financing is not viable for many public authorities across Europe. A number of national initiatives exist which specifically fund sustainable retrofitting and/or new build, and many public authorities have benefitted from these. In addition, there are a range of funding and financing instruments available from European institutions which are directed at the public sector. These instruments form the focus of this section.

#### Questions to be discussed:

- Do the initial investment costs associated with innovative and sustainable construction projects make it more difficult to obtain public funding in your country?
- Is whole-life or life-cycle costing applied in financial assessments of construction projects, and if so at what stage of the project planning/procurement cycle?

<sup>1</sup> In many cases good waste and resource management will in fact reduce the costs of construction.

<sup>2</sup> See [www.sci-network.eu/working-groups/4-whole-life-costing](http://www.sci-network.eu/working-groups/4-whole-life-costing) for further information.



## 1.2 What is available?

The European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD) are major sources of loan financing for sustainable renovation and new-build projects. The European Structural and Cohesion Funds are the primary EU support for sustainable building projects, although funding is also available through other initiatives under the Framework Programmes such as Intelligent Energy Europe.

An indicative list of current European funding and financing instruments which may be applicable to public sector construction projects is given in Annex I of this report. Brief descriptions of the major sources of funding and financing are given below.

### *European Union*

A number of EU financial instruments include the possibility of financing for sustainable construction, in particular to support the EU's energy objectives under the Energy 2020 Strategy.<sup>3</sup> The European Regional Development Fund, Cohesion Fund, Framework Programme for Research and Technological Development (FP7) and Competitiveness and Innovation Framework Programme (CIP) all offer opportunities for the co-financing of specific projects meeting the priorities identified in their operational programmes.

### *European Investment Bank*

The EIB offers long-term finance in support of investment projects. It advises and assists in the application of EU funds through the JASPERS, JESSICA and ELENA initiatives, and also finances individual infrastructure projects through loans, technical assistance, guarantees and venture capital.

### *European Bank for Reconstruction and Development*

The EBRD operates from central Europe to central Asia and invests in projects that could not otherwise attract financing on similar terms. This includes funding for cities to implement sustainable energy and energy efficiency improvements in buildings.

### **Øresund: Applying Regional Funds for Strategic Energy Planning**

The Øresund region covers an area split between Copenhagen and the Swedish city of Malmö. It is rapidly expanding, with impacts on town planning and urban development. A need was identified to carry out strategic energy planning for the region, with cooperation between the two municipal authorities and their energy agencies.

A successful application was made to the Interreg IVC programme (funded under the ERDF Territorial Cooperation Objective).

The funds awarded will be used to reduce dependence on fossil fuels in the region by increased deployment of biofuel, wind, solar and geothermal energy. The focus will be on concrete demonstration projects showing how these sources can be integrated in the existing energy grid.

A regional forum is being created, with the involvement of private companies and research institutes. The forum will assess innovative ideas and the potential for public/private collaboration.

<sup>3</sup> See [http://ec.europa.eu/energy/strategies/2010/2020\\_en.htm](http://ec.europa.eu/energy/strategies/2010/2020_en.htm) for further information on the Energy 2020 Strategy.



Contracting authorities may combine financing from one or more of these sources with existing public financial resources, in order to meet the cost of sustainable construction projects.

**Questions to be discussed:**

- Have you applied for funding or financing from any of the sources listed in Annex 1 or similar sources?
- If you have been successful, how has the application of this financing affected the planning, procurement and contracting of construction projects (or how do you expect it to)?

### 1.3 Putting funds to work

Once the funding or financing model for a construction project has been identified, public authorities must implement project management which respects the conditions for that funding. In some cases, payment of funds may be contingent upon specific environmental performance targets being achieved.

For example, the Latvian Ministry of the Environment funds public sector sustainable construction projects under the Climate Change Financial Instrument (see box). Applicants are required to specify targeted building energy performance levels at the time of applying for the funds, and then build these targets into the procurement process. Compliance with the targets is monitored throughout the project and for five years following completion.<sup>4</sup> Other public authorities who distribute funds may apply similar monitoring techniques.

The use of third-party funds will be accompanied by requirements to respect procurement rules. In some cases, these may correspond to the normal obligations arising under the EU procurement directives,<sup>5</sup> however the relevant thresholds may differ. The EIB<sup>6</sup> and EU<sup>7</sup> both have regulations in place covering the award of contracts under projects financed by them, and applicants should review these prior to

#### Latvia: Awarding funds for green building projects

Revenues raised from the international emissions trading scheme under the Kyoto protocol are reinvested by the Ministry of the Environment in projects to increase energy efficiency in buildings, enable technology conversion from fossil fuels to renewable energy sources, and develop technologies for greenhouse gas reductions.

In awarding funds, the Ministry applies the following criteria:

**Selection:** Experience of the architect in environmental construction; technical capacity of contractor to apply environmental management measures.

**Specifications/Award criteria:** Energy efficiency training for users; Building energy performance monitoring; Planned heat energy consumption (threshold value: 100 kWh/m<sup>2</sup> per year; additional points awarded for lower energy consumption); Planned annual reduction in CO<sub>2</sub> emissions.

A building energy performance audit is a compulsory component of the project application and this informs the level of planned heat energy consumption which goes into the specification.

**Contract performance clauses:** Waste management during construction works –a waste management plan must be drawn up and a contract signed between the contractor and a waste management company.

If the monitoring of the project during the first and second year shows non-conformity of CO<sub>2</sub> emission reductions with the reduction indicated in the project application and contract, the beneficiary submits a plan to correct the non-conformity, and executes the plan from its own resources. If during the third and fourth year of monitoring the non-conformity of project results continues, resources disbursed from the CCFI may be recovered.

<sup>4</sup> For details see [http://ec.europa.eu/environment/gpp/pdf/news\\_alert/Issue6\\_GPP\\_Example14\\_Latvia\\_Green\\_Investments.pdf](http://ec.europa.eu/environment/gpp/pdf/news_alert/Issue6_GPP_Example14_Latvia_Green_Investments.pdf)

<sup>5</sup> Directives 2004/18/EC and 2004/17/EC.

<sup>6</sup> The EIB Guide to Procurement is available at <http://www.eib.org/projects/publications/guide-to-procurement.htm>.

<sup>7</sup> The award of many contracts financed or co-financed by the EU is covered by the Financial Regulation (Council Regulation No. 1605/2002) and/or the Procurement Directives cited above.



applying for funds. Failure to apply correct procurement procedures may lead to funds being withheld and projects cancelled.

In many cases the application put forward for third-party financing or funding will have relied upon preliminary design work or feasibility studies commissioned from architects and engineers. This has particular procurement implications, as there is a need to 'draw a line' between the preparatory work done and the competition to implement the project once funding is secured. There are a number of ways to do this:

- The intellectual property rights in the design may be transferred to the public authority, which can then make them available to all tenderers in the procurement procedure.
- The public authority may decide to hold a new competition for the design of the building(s), incorporating key parameters from the preliminary design/feasibility study where appropriate.
- The preliminary design work may have been carried out under a framework agreement or multi-phase contract which gives the contracting authority the ability to award further work to the same designers.

#### Questions to be discussed:

- Have you had to apply specific procurement procedures in order to use third-party funds?
- If you have acted as a distributor of funds to other public authorities, what monitoring or target-setting systems have proven most effective to achieve sustainability goals?
- Have you encountered any difficulties in separating preliminary phase design work from implementation, using the above-mentioned techniques or other approaches?

## 2. Innovative approaches to contracting and financing

Cities and other public authorities undertaking sustainable construction projects often need to apply new contracting approaches in order to manage the costs and risks associated with these projects. In particular, various means of sharing these costs and risks with the private sector have become common for both retrofitting and new build contracts.

Three of these approaches are given a critical review here:

- Energy performance contracting
- Public-private partnerships
- Concessions for public works or services

Particular attention is paid to the application of these techniques to sustainable construction projects, and the procurement implications of each approach.

### 2.1 Energy performance contracting

Energy performance contracting (EPC) involves a private company undertaking energy efficiency improvements to a building which are paid for by the savings in energy costs over a number of years. The up-front financing for the improvements may come from the company itself, or from a third party such as a bank. The owner or occupier of the building is normally only responsible for interest payments, although in some cases the company implementing the improvements may also levy a service charge. The companies undertaking the improvements are known as Energy Service Companies (ESCOs).

EPC is well established in a number of Member States, including Germany, Austria, the United Kingdom and France. In others, such as Finland and Sweden, large-scale adoption by the public sector has been slowed due to problems associated with the procurement and implementation of energy performance contracts which represent good value for money and meet user requirements. Legal challenges have arisen in some cases.

The choice of contractor appears to be key, in order to ensure the success and acceptability of the measures implemented.<sup>8</sup> However there are some difficulties inherent in awarding contracts to ESCOs, as the contracting authority will typically not be in a position to specify its requirements in a way which ensures full comparability of tenders. For example, the length of the contracting period, scope of works to be completed, user behaviour guidelines and total final energy savings will normally all require the input of the contractor.

For this reason, more flexible procedures such as the competitive dialogue and negotiated procedure appear

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<sup>8</sup> See Kaltenecker and Tisch (2010) at pages 102-103.



to offer some advantages in the process of appointing ESCOs. Applying these procedures allows for dialogue with tenderers and can help refine requirements through successive stages leading to finalised bids. However both procedures require some level of skill and experience in engaging with suppliers if the best results are to be achieved.<sup>9</sup>

A further question which arises in public sector EPC is how to correctly classify and value contracts to determine whether an EU level tender is required. If the contract is treated as a works contract and valued on the basis of the estimated cost of works to be carried out by the contractor, most will fall below the current EU threshold of €4 845 000. This normally means greater flexibility in choice of procedures, although the Treaty principles regarding equal treatment, transparency and non-discrimination still apply as well as the relevant national rules.

If however the contract is treated as one for services, lower thresholds apply. The correct classification will depend upon the relative value of the works being undertaken and the service elements of the contract, which will include interest on loans and any service or management fee paid to the ESCO. It may also depend upon the structure of the contract - for example if no works are specified but only a guaranteed energy saving.

#### Questions to be discussed:

- Do you have any direct experience in procuring and implementing energy performance contracts?
- What procurement procedure did you apply and did the resulting contract achieve value for money?
- If you have encountered any barriers to implementing EPC, what are they?

#### Italy: Integrated Energy Services

In 2006 Consip, the Italian central purchasing body, implemented a contract for energy services across the public sector building stock.

The elements included within the contract (some or all of which may be purchased in individual lots) are:

Supply of fuel  
Ordinary and extraordinary maintenance of facilities  
Management and remote control  
Facility management  
Compliance with technical and legal requirements  
Energy auditing  
Efficiency improvements

The value of expenditure to date is approximately €800 million, covering services to almost 5000 public buildings.

For every €10 million spent under the contract, the supplier must demonstrate energy savings of 5 tons of oil equivalent (toe). These savings are certified by the Electrical Energy and Gas Authority.

<sup>9</sup> The application of the competitive dialogue procedure in construction procurement is one of the topics being examined in the Procuring Innovation Working Group: [www.sci-network.eu/working-groups/3-procuring-innovation-procedures-methods](http://www.sci-network.eu/working-groups/3-procuring-innovation-procedures-methods)

## 2.2 Public private partnerships: sustainable models

Public private partnerships in the construction sector harness private sector involvement in order to achieve defined development objectives. They are typically associated with larger-scale projects carried out over a number of years. The definition applied by the European Parliament is:

*"a long-term, contractually regulated cooperation between public authorities and the private sector to carry out public assignments, in which the requisite resources are placed under joint management and project risks are apportioned appropriately on the basis of the risk management skills of the project partners."*<sup>10</sup>

The emphasis on risk management is considered key from an innovation perspective, as the risks associated with more innovative/sustainable types of construction is one of the factors cited for limited take-up in the EU.<sup>11</sup> However contracting authorities with experience of PPPs in the field of construction may argue that the extent to which they effectively allocate risks between the parties varies widely.

A distinction can be made between Institutionalised Public Private Partnerships (IPPPs), in which a legal entity is established for the purpose of delivering one or more contracts, and other forms of public-private cooperation which do not involve the establishment of a dedicated entity. A 2007 Commission communication<sup>12</sup> clarified the scope of application of the procurement rules to the establishment of IPPPs. In particular, the communication highlighted the fact that there is no need for a 'double-tendering' procedure when setting up and awarding contracts to such entities.

The relevant tendering procedure for selecting a private partner depends upon the nature of the contract(s) which will be awarded to it. For public contracts which are fully covered by the Directives, the open, restricted or competitive dialogue procedures<sup>13</sup> may be used. If however the contracts to be awarded to the entity meet the definition of works or service concessions, or are otherwise not fully covered by

### Germany: School achieves passive house standard via PPP

In response to shifting student enrolments and the poor condition of two existing school buildings, the district of upper Spreewald-Lausitz in Germany identified a need for a new school building.

In 2008 a contract notice was published for the demolition and design, build, financing and operation of the new school building for a period of 30 years. The new building was to reflect energy-saving socio-ecological design, in line with the passive house standard.

The public partners in the project were the district administration and two local municipalities. The private partner selected was BASF Schwarzheide GmbH. The total investment costs amount to €71 million.

In February 2011 the new school opened its doors, with a primary energy consumption below 120 kWh/m<sup>2</sup>.

<sup>10</sup> European Parliament resolution on public-private partnerships and Community law on public procurement and concessions (2006/2043(INI)) 26 October 2006.

<sup>11</sup> See *Risk Management in the Procurement of Innovation: Concepts and empirical evidence in the European Union*, Directorate General for Research, 2010.

<sup>12</sup> COM (2007) 6661 on the application of Community law on Public Procurement and Concessions to Institutionalised Public Private Partnerships.

<sup>13</sup> The competitive dialogue is available for the award of complex contracts in cases where the contracting authority considers that the restricted or open procedures will not allow for the award of the contract. In COM (2007) 6661 the Commission indicated that the legal and financial complexity of IPPPs may make them suitable for award by competitive dialogue.



the Directives, the negotiated procedure may also be used. The scope of contracts which will be awarded to the IPPP must be indicated at the time of establishment, in order to avoid the need for a separate tendering process. In all cases, the Treaty principles of transparency, equal treatment, proportionality and mutual recognition apply.

Assessing value for money in the context of projects carried out by PPP can be challenging.<sup>14</sup> In many cases, public authorities will have entered into such arrangements in the absence of other viable means of financing and contracting construction projects. In some cases, their stake may be limited to the granting of planning permission or the lease or sale of land to the private developer – activities which do not fall within the scope of procurement and so are not generally subject to value analysis against the same criteria. In other cases the public authority may have an active financial stake in the partnership, but the award and assessment of the PPP is carried out by a separate department without direct involvement of procurement staff.

The recent financial crisis saw a decline in the number of PPPs being established in Europe,<sup>15</sup> due to the decreased availability of private capital combined with reduced public sector budgets and asset values. Nevertheless, developing approaches to PPP which enable their effective exploitation for sustainable new-build or renovation projects can be seen as a priority. The question of how environmental and social objectives can be embedded in such arrangements in ways which effectively incentivise and bind all parties deserves closer examination, drawing upon successful examples of PPPs which have contributed to these objectives.

#### Questions to be discussed:

- Does your organisation have any direct experience of PPPs in the field of innovative and/or sustainable construction projects?
- How was value-for-money assessed in setting up the PPP and monitoring its implementation? Were procurement staff involved in this process?
- How was risk assessed and allocated within the PPP, and what specific measures were included to address environmental and/or social issues?

#### PPPs at EU level: Energy-efficient buildings (EeB)

The Energy-efficient Buildings (EeB) PPP will devote €1 billion to boosting the construction sector by researching methods and technologies to slash the energy consumption and CO<sub>2</sub> emissions of new and renovated buildings.

The goal of the EeB programme, financed jointly by industry and the European Commission under FP7, is to introduce green technologies and develop energy-efficient systems and materials across the construction sector at large.

See <http://www.e2b-ei.eu> for further details of the programme and call.

<sup>14</sup> For a discussion of some relevant aspects, see Burger, P. and I. Hawkesworth (forthcoming) *How to Attain Value for Money: Comparing PPP and Traditional Infrastructure Public Procurement* OECD, 2011.

<sup>15</sup> See COM (2009) 615 *Mobilising private and public investment for recovery and long term structural change: developing Public Private Partnerships* at page 3, citing [EPEC](#) research carried out in October 2009. Figures for 2010 show some recovery in the number and value of PPPs being awarded.

## 2.3 Awarding concessions for innovative buildings

Concessions are a form of contract in which the contractor bears the economic risk of the exploitation of the work or service at stake. Works concessions are subject to only limited requirements under Directive 2004/18/EC, and service concessions are excluded from its scope entirely. In both cases the Treaty principles of transparency, equal treatment, proportionality and mutual recognition apply. Case law in recent years<sup>16</sup> has somewhat complicated the picture for contracting authorities wishing to award concessions for construction projects. Following a consultation process, the current rules on concessions are expected to be revised as part of the proposed modernisation of the Procurement Directives.<sup>17</sup>

Concessions may in some cases be paired with a payment from the developer undertaking the work to the public authority which awards the contract. In other cases, the developer or contractor may assume specific environmental or other obligations in return for gaining the right to exploit the development. Because the public authority does not normally act as a 'client' in concession arrangements, the specific means for setting and enforcing such obligations differs from those which might be applied in a public works or services contract.

For example, a local council may own land on which it wishes to develop a public recreation facility while maintaining other areas as a conservation zone. The award of a public works concession would allow it to specify certain conditions for the operator appointed to construct the facility and manage the area. The operator might be entitled to charge entrants a fee and/or develop or sell other parts of the land. The public authority would need to hold a competition to appoint the operator, although this would not be fully covered under Directive 2004/18/EC.

### Questions to be discussed:

- Does your organisation have any direct experience with awarding public works concessions?
- What process was used to appoint the operator, and were environmental or social issues part of the terms of appointment?
- How would you assess value for money when awarding a public works concession?

<sup>16</sup> In particular Case C-451/08 *Helmut Müller GmbH*; Case C-145/08 *Club Loutraki and Others*; Case C-220/05 *Auroux and Others*.

<sup>17</sup> See [http://ec.europa.eu/internal\\_market/consultations/index\\_en.htm](http://ec.europa.eu/internal_market/consultations/index_en.htm) for information on the consultation.

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Annex: Sources of European Finance and Funding for Sustainable Construction

March 2011

*This list is offered as a non-exhaustive indication of financial instruments and funding sources which may be relevant to European public authorities seeking to implement sustainable renovation and/or new build projects. While efforts have been made to verify this information, its accuracy cannot be guaranteed. For further details please refer to the identified contacts/websites directly. Comments or suggestions for this list can be sent to [abby.semple@iclei.org](mailto:abby.semple@iclei.org).*

<b>Source</b>	<b>Financial Instrument/ Funding Programme</b>	<b>Description</b>	<b>Application Requirements</b>	<b>Upcoming Deadlines</b>	<b>Further Information</b>
EU Structural Funds	European Regional Development Fund (ERDF) – Convergence and Regional Competitiveness and Employment Objectives	Up to 4% of national ERDF allocation can go to energy efficiency and renewable energy in housing. This applies throughout EU27 and is no longer limited to urban areas.	Each programme has its own Member State Managing Authority and specific application requirements. General eligibility requirements are set out in Regulation 1828/2006.	Funds cover 2007-2013; Deadlines for Operational Programmes vary; For expenditure to be eligible	<a href="http://ec.europa.eu/regional_policy/funds/feder">http://ec.europa.eu/regional_policy/funds/feder</a>
	ERDF - European Territorial Cooperation Objective (Interreg IV)	A number of Operational Programmes include funding for building costs associated with urban and rural development and addressing climate change.	Each Operational Programme defines its own requirements; a minimum of two Member States must be involved to be eligible for funding under Interreg.	for co-financing it must be incurred before 31	<a href="http://ec.europa.eu/regional_policy/cooperation/">http://ec.europa.eu/regional_policy/cooperation/</a>
	Cohesion Fund	Eligible countries/regions may apply Cohesion Funds to specific sustainable construction projects.	Each eligible MS has its own Managing Authority which sets application requirements.	December 2015.	<a href="http://ec.europa.eu/regional_policy/funds/cf">http://ec.europa.eu/regional_policy/funds/cf</a>

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<b>Source</b>	<b>Financial Instrument/ Funding Programme</b>	<b>Description</b>	<b>Application Requirements</b>	<b>Upcoming Deadlines</b>	<b>Further Information</b>
EU Seventh Framework Programme for Research and Technological Development (FP7)	Energy Efficient Buildings European Initiative (E2B EI)	Part of the FP7 Cooperation Work Package on Energy, the most recent call will distribute €85 million in funds. Emphasis is on research but funding for demonstration projects is also available – for very low energy new buildings.  EU financial contribution up to €50 /m <sup>2</sup> with cap of €6 million per project.	Projects may cover one or more residential/non-residential buildings; must include minimum of 3 independent legal entities from different MS; total annual energy consumption of new buildings must be ≤ 60 kWh/m <sup>2</sup> ; must have high potential for replication contributing to large scale market deployment before 2020.	Most recent call for proposals closed on 2.12.2010.	<a href="http://www.e2b-ei.eu">www.e2b-ei.eu</a>  CORDIS call identifier: FP7-2011-NMP-ENV-ENERGY-ICT-EeB
	PCP proposals addressing any area of public interest	Call 8 will include funding for PCPs to meet public sector needs – which may include integrating renewable energy systems in buildings or other measures to improve environmental and energy performance.	Consortia must include at least three independent public bodies from three different countries. Other eligible bodies may also participate.	Upcoming call – expected 26 July 2011	<a href="http://cordis.europa.eu/fp7/ict/pcp/calls_en.html">http://cordis.europa.eu/fp7/ict/pcp/calls_en.html</a>

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EU Competitiveness and Innovation Framework Programme (CIP)	Intelligent Energy Europe (IEE)	<p>IEE aims to foster energy efficiency and the rational use of energy resources; promote new and renewable energy sources and to support the diversification of energy sources. 2011 priorities include co-financing for:</p> <ul style="list-style-type: none"> <li>- mobilising <b>local energy investments</b>;</li> <li>- implementation of <b>RES</b> in existing buildings and district heating/cooling;</li> <li>- supporting the move towards <b>nearly-zero energy buildings</b> (new build and/or renovation)</li> </ul>	<p>At least three applicants from three different eligible countries (EU 27 + Norway, Iceland, Liechtenstein and Croatia). Other countries participating in IEE may also be eligible. Technical assistance is available for local energy investments with a minimum project value of €6 million, and co-financing must be leveraged by a factor of 15 or more.<sup>18</sup></p>	12 May 2011	<a href="http://ec.europa.eu/energy/intelligent">http://ec.europa.eu/energy/intelligent</a>
	ICT Policy Support Programme	<p>Fifth call includes pilots on “ICT for energy efficiency in public buildings” The objective is to demonstrate under real operational conditions that advanced ICT components and systems (e.g. smart metering, smart lighting, power electronics, energy micro-generation, etc.) can contribute directly to reducing energy losses as well as consumption in European public buildings (e.g. schools, hospitals, administrative offices).</p>	<p>Consortia must include at least four independent legal entities from four different countries.</p> <p>A ‘significant number’ of buildings should be involved in each pilot.</p> <p>A substantive case for achieving energy savings in peak and annual consumption of more than 15% should be presented.</p>	1 June 2011	<a href="http://ec.europa.eu/information_society/activities/ict_psp">http://ec.europa.eu/information_society/activities/ict_psp</a>

<sup>18</sup> “This Key Action will support technical assistance for individual public authorities (municipalities, cities, provinces, regions) or other public bodies or their groupings (preferably representing a combined population of more than 200,000 inhabitants), located in a clearly defined geographical area to work together with local financial institutions and/or fund managers and/or ESCOs to prepare, mobilise financing for and launch investments in sustainable energy projects within their geographical area, provided specific requirements are met (see Section 3.3.2).” (IEE Call for Proposals 2010, page 22; available at [http://ec.europa.eu/energy/intelligent/call\\_for\\_proposals](http://ec.europa.eu/energy/intelligent/call_for_proposals)).

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EU, EIB & EBRD	Joint Assistance to Support Projects in European Regions ( <b>JASPERS</b> )	Provides technical assistance for applications for Structural Funds. Focus has been on large projects in 12 newer MS, with priorities set out in national Action Plans.	Must fall within ERDF scope of operation.	Revolving fund	<a href="http://www.jaspers-europa-info.org">www.jaspers-europa-info.org</a>
EU & EIB	European Local Energy Assistance facility ( <b>ELENA</b> )	Financial and technical assistance for local and regional authorities, including for sustainable retrofits and new build.  Support may cover e.g. feasibility and market studies, structuring of programmes, business plans, energy audits and preparation for tendering procedures to implement sustainable energy projects. ELENA covers a maximum of 90% of costs.	Applicants must have already identified an investment programme and demonstrate that no other EU funding is available for this. A description of the proposed work programme and estimated total costs must be provided.  Focus is on large-scale projects (> EUR 50 million total investment)	Assistance granted on a first-come first-served basis	<a href="http://www.eib.org/elena">www.eib.org/elena</a>  Contact: elena@eib.org
European Investment Bank (EIB)	Range of loans, grants, technical assistance and combined instruments	Various instruments with a strong focus on sustainable building/infrastructure	Requirements specific to instruments	Mainly based on revolving funds	<a href="http://www.eib.org/projects">www.eib.org/projects</a>
EU, EIB & EBRD (European Bank for Reconstruction & Development)	Joint European Support for Sustainable Investment in City Areas ( <b>JESSICA</b> )	Investments in projects forming part of integrated plan for sustainable urban development. Investments may be in the form of equity, loans and/or guarantees.	Must fall within the ERDF scope of operation.	Revolving fund	<a href="http://www.eib.org/products/technical_assistance/jessica/">http://www.eib.org/products/technical_assistance/jessica/</a>

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EIB & national sources	Marguerite 2020 Fund	Pan-European equity fund which aims to act as a catalyst for infrastructure investments implementing key EU policies in the areas of climate change, energy security, and trans-European networks. Fund currently being set up.	Focus is on transport, energy/climate and renewables sectors. Minimum investment size of €10 million, restricted to EU-27.	Full fund details not yet available.	<a href="http://www.margueritefund.eu">www.margueritefund.eu</a>
EU & EBRD	Municipal Finance Facility Initiative	Initiative of the European Commission and the EBRD to develop and stimulate commercial bank lending to small and medium-sized municipalities and their utility companies (SMMs) in newer EU Accession countries. Partner banks make loans up to €5 million with a maturity of 5 - 15 years available to SMMs for investment in infrastructure.	Municipalities should serve a population of under 100,000 people, or for Bulgaria and Romania, under 150,000 people. They should have sound financial management and a good cash flow. Investments can be in infrastructure sectors such as local transport, district heating, water supply, sewerage, solid waste management, public roads and parking	Ongoing facility	<a href="http://www.ebrd.com/pages/sector/financial/municipal.shtml">http://www.ebrd.com/pages/sector/financial/municipal.shtml</a>
European Bank for Reconstruction and Development (EBRD)	Sustainable Energy Initiative Phase 2 (2009-2011)	Both financing and grant funding for technical assistance and investment are available. Areas covered include energy efficiency for buildings and municipal infrastructure.	Limited to countries of operation (central & eastern Europe, central Asia). To be eligible for financing projects must have significant equity contributions in cash or in kind from the project sponsor.	Project specific	<a href="http://www.ebrd.com/sei">www.ebrd.com/sei</a>
	Public Sector Energy Efficiency Programme	Programme launched in 2009 to develop contract structures and tender procedures for cities to	Initial focus on Russia, Ukraine, Bulgaria and Romania. To be eligible	Project specific	<a href="http://www.ebrd.com/sei">www.ebrd.com/sei</a>

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		contract private sector companies to finance and implement energy saving projects (e.g. energy performance contracts)	for financing projects must have significant equity contributions in cash or in kind from the project sponsor.		
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