



## **Effective Utilisation of the Public Funds for Energy Efficiency and Small Scale Renewables**

### **Software**

#### **(Blending of Market-based Financial Instruments with Grants)**

**(for Buildings, SMEs, Street Lighting)**

Energy Efficiency Project - (EEP)

#### **Effective utilization of public funds Concept:**

Grants to be treated as a financial instrument and to be allocated only to economically and financially not enough feasible projects, i.e., as an actual lever for attracting private finance.

#### **Software:**

The software evaluates the bankability of energy efficiency and RES projects on the base of the energy audit parameters. It determines effectively, transparently, and at low transaction costs the right amount of public funds necessary to be allocated for improvement of each project bankability only. Thus the project becomes attractive for lending by banks.

#### **Why:**

Private financial institutions finance only projects with an acceptable risk-return profile. They will also be interested in the part of the projects in Group 2, with a wide range of financing schemes, if they are covered with stable risk-sharing facilities.

Based on our experience in structuring financing for energy efficiency & RES projects, we defined four main groups of EEPs, assuming that all of them are technically effective and needed. Depending on the group, each project should seek **different project implementation and scheme for financing, see table:**

1. Projects with excellent cost-efficiency and low risks profile
2. Projects with good cost-efficiency and medium risk profile
3. Projects with lower cost-efficiency and high risks profile
4. Projects without cost-efficiency profile



Table 1

Group	Type of EEP for deep renovation	Economic Viability of the project based on a number of criteria*	Risk Profile	Private Financing (PF)	Risk-sharing facilities	Grant / Subsidies
Group 1	Projects with high financial viability and low risks	High	Low	100 % private financing	No	No
Group 2	Projects with good Cost-Benefit parameters and medium risk profile	Good	Medium	100 % private finance	Possible, but not imperative	No
Group 3	Projects with low financial viability and high risks	Average/Low	High	Partial private finance	Yes	Partial Grant
Group 4	Projects with very poor financial viability	Very Low	Very High	No	No	100 % Grant

*\*The basic criteria are determined with software for fast calculations.*

Public funds to be allocated only to less attractive (Group 3), or unattractive and high - risk EE projects (Group 4) with significant social effects.