

## Position paper

Related to the European Commission's public consultation on the IEE III programme in Horizon 2020  
- The Framework Programme for Research and Innovation (2014-2020)  
September 2012

# A strong support to innovative non-technological solutions is crucial for Europe's energy transition



# Energy Cities' requirements for the IEE III programme

1. Turning innovation from Research & Development -beyond demonstration projects- into replication and thus penetrating the mass market is always a big challenge. Technical and non-technical barriers hinder the deployment of energy efficiency and renewable energy technologies as well as of sustainable mobility measures. Horizon 2020 mainly focuses on R&D although it also aims to tackle societal challenges in a practical way. Therefore IEE III has to remain the main tool of Horizon 2020 allowing to **bridge this gap between R&D and mass market introduction**.
2. Local authorities are at the most suitable level for the implementation of sustainable energy policies and thus the main actors to be addressed by the IEE III programme. The **Covenant of Mayors initiative creates** – for local authorities and for the achievement of the EU objectives - **a very encouraging context**. It is a powerful initiative to complete top-down legislation that usually takes a long time to transpose and implement. IEE III adopts a more flexible bottom-up process to mobilise and encourage the initiatives of local authorities to commit to and deliver on the European energy and climate objectives.
3. **A strong support is given to innovative non-technological solutions** as these are indispensable for the successful uptake of sustainable technological solutions and investments. In the spirit of the IEE programme, **actions empowering local authorities, stakeholders and citizens to drive Europe's energy transition are essential, especially those building and strengthening human capacities**:
  - Visioning: setting up long-term energy & climate local strategies and targets, a vision based on an integrated territorial approach, etc.
  - Implementation of innovative technologies: new skills & qualified experts for the implementation of sustainable energy action plans, uptake of sustainable energy technologies in buildings & facilities, transport, local energy production & consumption, etc.
  - Financial innovation: implementation of innovative financial schemes, setting up new business models appropriate for sustainable energy projects, etc.
  - Social innovation: inventing and implementing new local governance, participatory processes, communication, ways of mobilising local actors & citizens, changing behaviours, etc.
  - Networking: new ways of exchanging knowledge & innovative practices, undertaking multi-level actions, etc.
4. **Flexible handling of the work programme**, adaptation to the evolution of society, to new demands and needs, and management of the programme by DG ENER through EACI who has proved its competence and capacity to manage this programme in such a way.
5. Innovative non-technological solutions created and tested within the IEE III budget are **used to trigger and orient massive investments** financed through the Cohesion policy funds, national, regional, local, private funding and other financing mechanisms.
6. **Member States uptake innovative non-technological solutions** identified at the EU level (e.g. ELENA and MLEI technical assistance) and replicate them at national / regional level.
7. **The budget allocated to the future IEE programme reaches at least €1.2bn**, which would be a leap in respect of the IEE programme 2007-2013 (worth €730 million).

# Energy Cities' position paper

## 1. Context

### IEE III in the Horizon Programme

The European Commission published a proposal for a regulation establishing **Horizon 2020 - The Framework Programme for Research and Innovation** for the years 2014-2020. A **€6.5bn** budget is earmarked for Specific Objective 3 entitled **"Secure, clean and efficient energy"** including 'market uptake of energy innovations'.

Energy Cities:

- Welcomes that this framework lays the foundations for a successor to the Intelligent Energy-Europe programme (IEE II)
- Strongly hopes that this new Intelligent Energy-Europe Programme (hereafter IEE III) will become even more successful than its predecessors.

As already stated in its position paper published in May 2012<sup>1</sup>, Energy Cities warns that the achievement of Europe's energy and climate targets might be endangered if innovative non-technological solutions are neglected.

In order to implement innovative technologies and action from Research & Development going beyond some demonstration projects, a lot of non-technical barriers need to be overcome. Indeed, non-technological actions empowering local authorities, stakeholders and citizens are essential for Europe's success. They:

- Facilitate the implementation of the EU's energy and climate policy at local level, prepare the ground for a successful uptake of sustainable technological solutions and investments, and favour the acceptance of society and the increasing desire for such innovations by the general public;
- Help overcome market failures, financial and regulatory barriers as identified by the European Commission in the Consultation Paper "Financial support for energy efficiency in buildings"<sup>2</sup>.

In the past years, **IEE** has supported such measures. For instance, without it, the **Covenant of Mayors** ([www.eumayors.eu](http://www.eumayors.eu)), gathering more than 4,000 local and regional authorities voluntarily committed to meet and exceed the EU 20% CO<sub>2</sub> reduction target, would not have seen the light. IEE also gave birth to innovative technical assistance schemes such as the ELENA components and Mobilising Local Energy Investments (MLEI). Without IEE neither the European Sustainable Energy Week nor ManagEnergy would have existed. Finally, hundreds of innovative actions developed in the framework of IEE projects would be missing.

### The key role of local authorities

The role of local authorities in the energy field is becoming even more important after the recent disappointing outcomes of the multilateral negotiations (Climate change, Rio+20) with consequences on the enthusiasm and commitment of national governments, especially within the current context of crisis. Local authorities are nowadays mentioned in the conclusion of all these international conferences as the key player for change.

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<sup>1</sup> Energy Cities' Position Paper on the proposal for Horizon 2020 – the Framework Programme for research and innovation – May 2012

[http://www.energy-cities.eu/IMG/pdf/Horizon\\_2020\\_Energy\\_Cities\\_position\\_paper\\_final.pdf](http://www.energy-cities.eu/IMG/pdf/Horizon_2020_Energy_Cities_position_paper_final.pdf)

<sup>2</sup> European Commission DG ENER. Consultation Paper "Financial support for energy efficiency in buildings":

[http://ec.europa.eu/energy/efficiency/consultations/doc/2012\\_05\\_18\\_eeb/2012\\_eeb\\_consultation\\_paper.pdf](http://ec.europa.eu/energy/efficiency/consultations/doc/2012_05_18_eeb/2012_eeb_consultation_paper.pdf)

In such a context, the EU is the most advanced region in the world to lead the way for a sustainable energy future. Indeed, the main examples of actions and policies of local authorities are provided by European cities, with the involvement of local stakeholders and citizens to boost the market and help the implementation of the EU legislation. The Covenant of Mayors appears as the key initiative to boost changes in ENPI countries and in other regions in the world such as China.

According to the **Energy Roadmap 2050**<sup>3</sup>, the implementation of any “transition scenario” suggested by the European Commission will need the involvement of all actors at all levels. This is not yet the case but it is indispensable if we want to change our trajectory. A lot of local authorities are already on the forefront and are willing to do more but they need to be encouraged to act.

**This is why IEE III must become one of the pillars of the EU support programmes directed at local authorities, allowing them to implement innovative sustainable energy strategies and actions.**

## 2. IEE, a very much appreciated programme

The contribution of the IEE programme to the European energy and climate goals over the past years is undisputed:

- Supporting different **relevant EU initiatives** like the **Covenant of Mayors** that proved to be an exceptional model of multi-level governance, the ManagEnergy or the European Sustainable Energy Campaigns;
- **Creation of innovative financial instruments** such as the ELENA-EIB technical assistance which leveraged a €35 million EU contribution to trigger a potential €1.6 billion amount in private and public investments and which is now being replicated (ELENA-KfW, ELENA-CEB, the “Mobilising Local Energy Investments” technical assistance).
- Supporting the **creation of hundreds of local and regional energy agencies** that are now indispensable instruments for local authorities to connect with society;
- **Co-financing** of hundreds of **innovative projects**, often focused on local issues (testing of innovative schemes, pilot and demonstration projects replicated at European level notably through networking and exchange of experiences, fostering behavioural change, awareness raising and re-skilling of qualified workforce);

The appreciation of the IEE II programme is unanimously positive as expressed:

- in the final evaluation of IEE II by Deloitte, 2011 (see [http://ec.europa.eu/cip/files/docs/2011\\_iee2\\_programme\\_en.pdf](http://ec.europa.eu/cip/files/docs/2011_iee2_programme_en.pdf).) concluding that *‘the programme is relevant and useful as it replies to the evolving needs, problems and barriers related to sustainable energy issues that Europe is facing’*;
- or by the calls for such a programme from the Member States Programme Committee, more than 20 MEPs across the political spectrum, the national energy agencies of all Member States, large industry associations, Energy Cities and other European networks of local authorities, NGOs and other important players over the last six months.

One of the most important assets of the IEE programme lies in its flexibility in programme and project management. Indeed, the situation changes a lot over seven years of a financial EU period. IEE II work programmes being regularly amended and reoriented to include new needs or opportunities, they allow to launch successful initiatives such as the Covenant of Mayors or ELENA.

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<sup>3</sup> COM(2011)885/2: Energy Roadmap 2050: [http://ec.europa.eu/energy/energy2020/roadmap/doc/com\\_2011\\_8852\\_en.pdf](http://ec.europa.eu/energy/energy2020/roadmap/doc/com_2011_8852_en.pdf)

### 3. IEE III – a strategic vision

#### The need for a support programme dedicated to innovative non-technological solutions

Horizon 2020 mainly focuses on R&D while also tackling societal challenges in a practical way. IEE III will be the main tool of Horizon 2020 allowing to bridge the gap between research and innovation and mass market replication.

During the last decade, the EU has introduced **several important “top-down” legislative measures** to foster energy services and energy efficiency at national level<sup>4</sup>, promoting energy efficiency in buildings<sup>5</sup>, renewable energies<sup>6</sup>, co-generation<sup>7</sup>, sustainable transport and mobility<sup>8</sup>, ETS<sup>9</sup> among others. Due to the “3x20” objectives, all these pieces of legislation are currently boosted and up-dated.

If such legislative processes give signals to the market actors and are effective in some domains, **their impact is often lower than expected** when the necessary changes in society require strong behavioural change at all levels, as well as a social acceptance and the involvement of citizens (e.g. Display® Campaign)<sup>10</sup>. For instance, a directive can give a legal framework for calculation or standards of near zero energy houses. But if designers, architects, planners, developers, constructors, plumbers, roofers, etc., and users do not share the same interest and enthusiasm to change, little happens.

Moreover, the **development of the market** in the field of sustainable energy policies is mainly based on **an integrated combination of various instruments**: technologies, methods and ideas. Indeed, any particular context is complex and usually requires more than one tool. For instance, the construction of a highly-efficient building, even equipped with solar and PV collectors, will never provide the best results if it is located far away from anything else: work places, schools, shops, services, public transport networks, etc.

Inventing a **new energy paradigm**, based on energy efficiency and savings, the use of endogenous renewable energy sources, low GHG emissions, sustainable transport, etc., requires legislation, innovation, large dissemination and integration of already proven solutions and methods. Last but not least, it requires an active engagement of all actors of the society at all levels.

Therefore “top down” processes must be accompanied and helped by “bottom up” approaches, and integrated actions need to be encouraged to increase the chances of success and in many cases to ensure success. The expected added-value of the IEE III programme is to support innovative non-technological solutions on this path.

#### Programme philosophy and objectives

Innovation also means **flexibility and adaptation** to seize any new opportunity that may occur during the implementation of a programme or its related projects. One should also note that relatively low-budget programmes (such as IEE) require the maximisation of their leverage effect and that of all projects that are supported.

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<sup>4</sup> Energy Efficiency Directive (legislative process still ongoing)

<sup>5</sup> [Directive 2010/31/EU](#) on Energy Performance in Buildings (recast)

<sup>6</sup> [Directive 2001/77/EC](#) on electricity production from RES and proposal [COM\(2008\) 19 final](#) on the promotion of the use of energy from RES

<sup>7</sup> As part of the EED

<sup>8</sup> Action Plan on Urban Mobility [[COM\(2009\) 490/5](#)]

<sup>9</sup> [Directive 2003/87/EC](#) establishing a system for greenhouse gas emission allowance trading and further

<sup>10</sup> [www.display-campaign.org](http://www.display-campaign.org)

The **Covenant of Mayors initiative creates** – for local authorities and for the achievement of the EU objectives - a **very encouraging context**. It is a powerful initiative to complete top-down legislation that usually takes a long time to transpose and implement, with a more flexible bottom-up process to mobilise and encourage the initiatives of local authorities to commit to and deliver on the European energy and climate objectives. It also puts pressure on Member States to fulfil their own commitments.

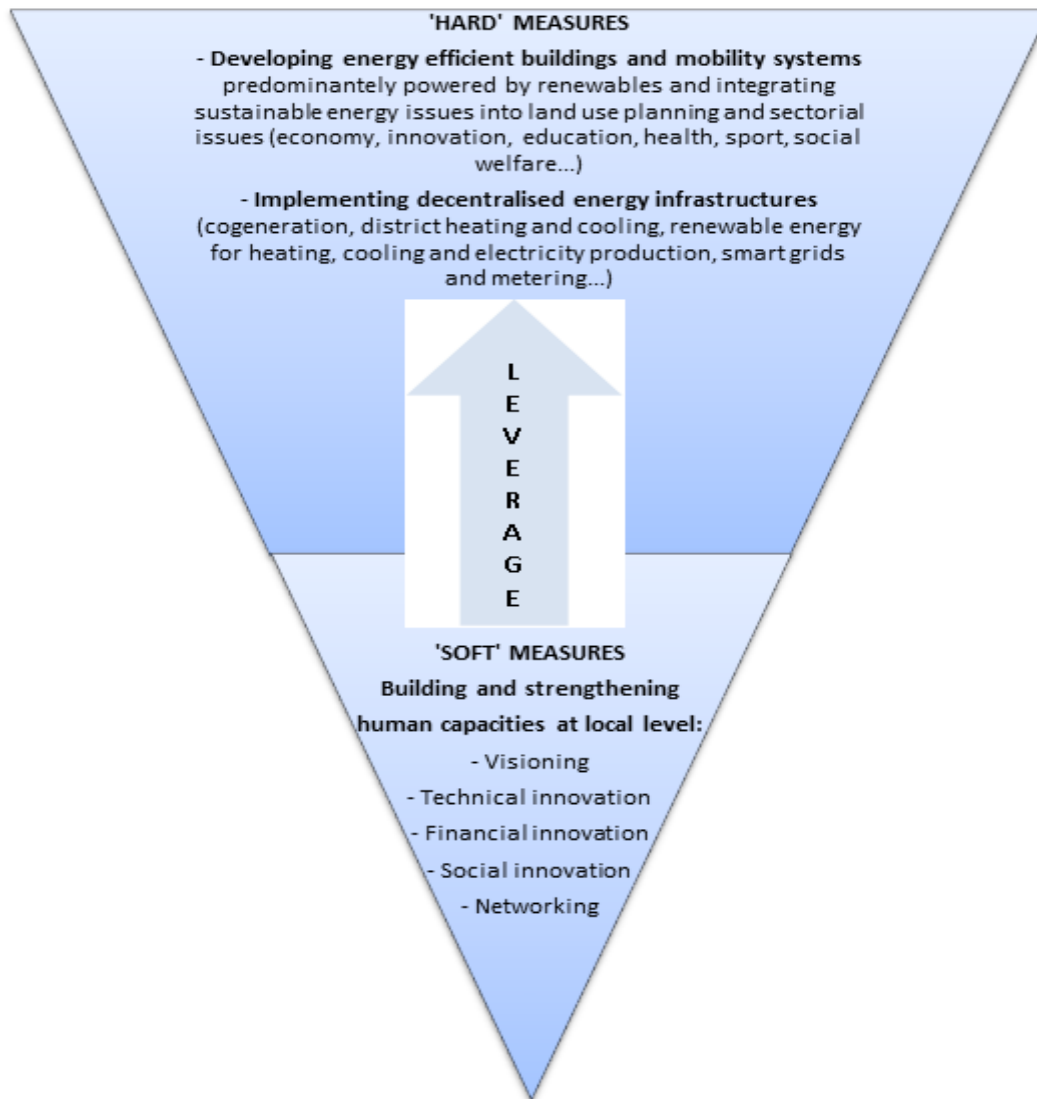
In such a context, Energy Cities considers that IEE III programme should pursue – for local authorities - the following three main objectives:

- **Give birth to new and innovative concepts, approaches, processes, initiatives, practices and demonstrate their relevance through practical implementation** (-> pilot projects that should involve a group of local authorities);
- **Communicate, promote and facilitate networking and the exchange of experience** on these new and innovative concepts, approaches, processes, initiatives, practices and make them widely known (-> communication and networking projects);
- **Replicate at large scale / facilitate the market uptake of actions and initiatives** which showed high added-value and which have been successful (-> market replication projects).

Therefore, a part of IEE III should be seen as a tool to widespread the implementation of high added-value and successful innovative concepts, approaches, processes, initiatives and practices, to **stimulate the movement** as regards the replication at EU scale by creating snowball effects, and to facilitate the emergence of local markets. The ultimate goal is to develop local energy sustainable investments for achieving EU goals. The available money must be allocated to projects that **maximise the leverage effect** of this public EU policy. A large scale initiative such as the Covenant of Mayors is a good example to trigger billions of euros of investments as well as to mobilise thousands of actors at local level. Support to “innovative” concepts to be experienced on the ground is another example.

IEE may act as a practical “laboratory” to experiment new ways and **prepare the ground for a larger dissemination**, for instance through the **cohesion policy**.

The following graph illustrates our philosophy on how ‘**hard**’ and ‘**soft**’ measures would significantly accelerate the transition towards a low carbon and low energy economy and why IEE should be dedicated to supporting innovative non-technological solutions (‘soft’ measures).



## 4. Shaping the IEE III Programme: Energy Cities' suggestions

### 4.1 – Targeting local authorities

**IEE III should focus on local authorities as the main target group and on the public sector as a key one.**

The Covenant of Mayors is the landmark EU initiative successfully delivering on the community's climate and energy objectives at the local level. The approach upon which it is based is unprecedented, and its success undisputed. The number of local authorities joining the ranks of the Covenant Signatories is growing day by day.

Local authorities are at the most suitable level for the implementation of sustainable energy policies. As they are close to the citizens, as they are in a good position to gather the energy actors/stakeholders (public, private and associative) around the same table, as they can work closely with them and act as catalysts in a territory, local authorities should be the main actors addressed by the IEE III programme.

## 4.2 – Priorities: strengthening human capacities

### a) Capacity building as the core area of the work programme

Indeed, increasingly dynamic and complex developments in the fields of legislation, technology, ICT, finance, communication and participatory processes require strong professional skills to keep up with the changes and seek innovative solutions.

Today the **demand is growing** for:

- Financial engineers and lawyers able to set up innovative financial schemes and public-private partnerships
- Experts in communication, networking, participative processes, behavioural change, etc.
- Skills in visioning to develop long term visions and strategies
- Energy and climate managers and local energy and climate agencies,

Energy Cities sees **Capacity building, addressing public acceptance, knowledge transfer and skills improvement** as a central part of the IEE III programme and therefore would like to specify this issue in more detail. **Vocational training** and **creation of new organisational structures** are necessary within:

- **In-house staff of local and regional authorities:** enable them in setting up a vision based on integrated territorial approach, policy making, adopting a budget, developing sustainable energy action plans, embedding energy issues into sectorial policies, preparing tenders (green public procurement), negotiating energy performance contracts, etc.
- **Local and regional energy, climate & development agencies and publicly-owned local companies:** providing policy makers and energy managers with professional assistance, preparing, developing and implementing sustainable energy action plans.

### b) Networking, exchange of knowledge and know-how, replication and visioning to be added to the work programme

As the second most important area we see “**Social innovation, networking and exchange of knowledge**”. Amongst all the means that can be used to facilitate the transition, the power of “**networking**” has been largely underestimated. Basically, “net-working” is a mode of working which is based on direct and horizontal relations between people involved in similar activities.

The success of **social networking** in our society demonstrates that such methods need to be further exploited in the sustainable energy field in order to speed up the above-mentioned transition.

Networking aims to provide and get know-how and ideas, create something together and enhance the capacities of people on the ground to carry out innovative activities. It is a new way of thinking and working which fosters participatory methods. It opens the door to new forms of governance that are needed at European, national, regional and local levels.

- **European networking** is very powerful to enlarge the field of vision of practitioners to various experiences and to benchmark working methods, as well as to develop large-scale initiatives such as the Covenant of Mayors. City networks who play a big role to raise a European consciousness should receive support for their activities that are very cost-effective. The IEE III programme should contain a key action aimed at **replicating at large scale / facilitating the market uptake of innovative concepts**, approaches, processes, initiatives, practices which showed high added-value and which have been successful (market replication projects-MRP key action).
- **National and regional networking** is absolutely essential as it is the most adapted to enter into details, discuss in depth with colleagues using the same language as well as referring to the same actual legal, administrative, fiscal, etc. frameworks at national and regional level. Support should be given to these kind of activities by encouraging exchanges between several countries (ex. NET-COM)<sup>11</sup>

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<sup>11</sup> NET-COM: Networking for the Covenant of Mayors ([www.networkingcovenantofmayors.eu](http://www.networkingcovenantofmayors.eu))



- At **local level, public authorities should facilitate networking** – oversee and coordinate energy and climate actions taking place within the municipality, facilitate communication between municipalities, local stakeholders and citizens (e.g. ENGAGE)<sup>12</sup>, promote the European and local objectives, organise events (e.g. local forums) to encourage exchange of opinions and experiences, develop and implement sustainable energy action plans, boosting the market and revitalising local economy and jobs. The way in which local authorities play this role is decisive for the success of energy and climate actions at local level. For instance, **visioning** low-carbon /low-energy consumption cities to prepare long-term strategies at territorial level (Covenant 2050 / Local energy roadmaps 2050) has to be strongly encouraged. There is a need for **Foresight engineering**. It is crucial to pay more attention to radical initiatives, anticipated visions of the future because it is the only way to implement indispensable measures faster and more intensively in the short term.

### 4.3 – EU policies: a strong link with the Cohesion policy

Mainstreaming energy and climate policies is a key element of the EU Strategy. Basically, actions undertaken within the IEE III framework can feed all other sectorial policies with a special emphasis on Cohesion policy.

The proposals of the European Commission in the MFF are very clear. So are the first votes of the Parliament: energy efficiency and renewables will be a huge priority of the Cohesion policy, especially through Structural and Cohesion Funds.

So, whilst IEE III will continue to investigate innovative ways, for instance in financial, societal and foresight engineering, the Structural Funds will be able to replicate both “soft” (technical assistance) and “hard” already experienced measures (investments) at a large scale.

For instance,

- An action such as ELENA (and all actions related to “technical assistance”) will necessarily remain limited to a small number of projects. Its role is to find and invent new ways in financial engineering whilst Structural Funds – and national programmes - will be able to replicate the financial schemes at a large scale.
- The mayors engaged in the Covenant of Mayors are expecting political and financial signals that would help catalyse national, regional and local funds from public and private actors. Financial means for technical assistance (finance, foresight, visioning, and networking) are needed.

Thus, there would be a big potential of synergies and large replication effect if the Structural Funds (operational programme) gave specific support to local authorities at various stage of SEAP implementation whereas the IEE III programme should support the SEAP preparation and evaluation process, basically via networking projects.

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<sup>12</sup> ENGAGE : [www.citiesengage.eu](http://www.citiesengage.eu)

#### 4.4 – Management: flexibility is required

IEE III will be a part of the Horizon programme. On the one hand, this is a guarantee for it to be financed. On the other hand, it will be the *only one* that aims at this kind of actions, just like an island in the ocean. As a result, there is a true risk that the IEE programme be managed like the R&D projects, usually much bigger. It runs the risk of being incapable of being regularly adapted to emerging demands through annual work programmes due to the rigidity of the decision-making process which requires the agreement of several Directorates-General.

Flexibility in the overall work programme and simplified application procedures will increase IEE III relevance/impact.

Therefore, Energy Cities suggests that the IEE III programme:

- be delegated to DG ENER/EACI, as its content complies with the responsibilities of this DG;
- keep its flexibility under the form of annual work programmes. Priorities have to take into account the progress achieved in the different sectors and reoriented towards those objectives where progress remains not sufficient;
- continue to simplify its procedures, application forms, etc., so that smaller and less experienced proposers can have access to EU support (see annex “**Monitoring the improvements**”).

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[www.energy-cities.eu](http://www.energy-cities.eu)

The European Association of local authorities inventing their energy future.  
The Association created in 1990 represents more than 1,000 cities and towns in 30 countries.

Energy Cities leads the Covenant of Mayors' Office ([www.eumayors.eu](http://www.eumayors.eu)).

**Other related Energy Cities' position papers and documents:**

- Energy Cities Position paper Horizon 2020 (May 2012)  
[www.energy-cities.eu/IMG/pdf/Horizon\\_2020\\_Energy\\_Cities\\_position\\_paper\\_final.pdf](http://www.energy-cities.eu/IMG/pdf/Horizon_2020_Energy_Cities_position_paper_final.pdf)
- Energy Cities: Covenant of Mayors - Best Value for EU money (August 2012)
- Energy Cities' Position Paper on the European Commission's proposal for the Multi-annual Financial Framework 2014-2020 - August 2011  
[www.energy-cities.eu/IMG/pdf/FUTURE\\_EU\\_BUDGET\\_Energy\\_Cities\\_FINAL-2.pdf](http://www.energy-cities.eu/IMG/pdf/FUTURE_EU_BUDGET_Energy_Cities_FINAL-2.pdf)
- Energy Cities' press release "Intelligent Energy-Europe Programme must be maintained", 22 July 2011  
[www.energy-cities.eu/IMG/pdf/2011-07-22\\_IEE\\_must\\_be\\_maintained\\_en.pdf](http://www.energy-cities.eu/IMG/pdf/2011-07-22_IEE_must_be_maintained_en.pdf)
- Energy Cities: Low-energy cities with a high quality of life for all  
<http://fr.calameo.com/books/0001260423b56a6f28003>
- Energy Cities: Monitoring the improvements made at administrative and financial levels by the EACI in charge of the IEE programme management (summary table 2006, update 2012)

## Covenant of Mayors – Best value for EU money

EU 'investments'	Leverage	Results (Estimated)
<p><b>Covenant of Mayors Office</b></p> <ul style="list-style-type: none"> <li>▪ <b>€1.4M annual investment</b> over 3 years</li> </ul>	<p>➔</p> <p><b>x32</b> [€45M<sup>1</sup> of investments by Signatories / CTC in SEAPs]</p> <p><b>x 914</b> [€1,28bn<sup>2</sup> worth of CO2 mitigation potential]</p>	<ul style="list-style-type: none"> <li>▪ <b>4229<sup>3</sup> cities and towns democratically committed</b> to deliver on EU energy &amp; climate objectives</li> <li>▪ <b>166 Million citizens mobilised</b></li> <li>▪ <b>180 regions, provinces and networks</b> providing technical and financial support</li> <li>▪ <b>1718 SEAPs (41% of signatories)</b> submitted</li> <li>▪ <b>160M tons of CO2 mitigation potential</b></li> <li>▪ High international leverage (EU-China, Rio+20 etc)</li> <li>▪ The 'soil' to grow other initiatives (Smart Cities, Green Digital Charter, Civitas, Urbact etc)</li> <li>▪ Unique example of <i>subsidiarity and multi-level governance</i> that works</li> </ul>
<p><b>Sustainable Energy Action Plans (SEAPs) submitted</b></p>	<p>➔</p>	<ul style="list-style-type: none"> <li>▪ <b>Over €40bn investments</b> in EE / RES set out in 800 action plans examined</li> <li>▪ <b>80 000<sup>4</sup> jobs</b> can be created / maintained over 7 years by 2020</li> </ul>
<p><b>IEE / Covenant related calls</b></p> <ul style="list-style-type: none"> <li>▪ <b>€30M support for projects</b> Under Sustainable Energy Communities and European Networking for Local Actions (2007 &amp; 2009 calls) Local Energy Leadership (2010 &amp; 2011 calls)</li> </ul>	<p>➔</p>	<ul style="list-style-type: none"> <li>▪ <b>522 SEAPs</b> developed and 63 SEAPs revised</li> <li>▪ <b>563 SEAPs</b> actions implemented</li> <li>▪ <b>107</b> Covenant Coordinators &amp; Supporters benefited from IEE funding</li> <li>▪ <b>1415</b> new signatories triggered</li> </ul>
<p><b>IEE / MLEI</b></p> <ul style="list-style-type: none"> <li>▪ <b>€7M support</b> for 25 proposals in 2011</li> </ul>	<p>➔</p> <p><b>x32</b> leverage factor</p>	<ul style="list-style-type: none"> <li>▪ <b>€800M</b> expected investments in EE / RES &gt;&gt;&gt; <b>ca. 10 000 jobs</b> created / maintained in EE</li> </ul>
<p><b>IEE / ELENA EIB</b></p> <ul style="list-style-type: none"> <li>▪ <b>€28M</b> IEE technical assistance for 16 signed and approved projects</li> <li>▪ <b>+ €34M</b> for 18 further ELENA projects in the pipeline</li> </ul>	<p>➔</p> <p><b>x54</b> leverage factor</p>	<ul style="list-style-type: none"> <li>▪ <b>€100M investments committed</b>, setting out further <b>€1.5 billion worth of investment</b> &gt;&gt;&gt; <b>28 500 jobs<sup>4</sup></b> to be maintained / created</li> <li>▪ + Further <b>EUR 2.2 billion</b> worth of investment projects in the pipeline &gt;&gt;&gt; <b>30 800 jobs<sup>4</sup></b> could be maintained / created</li> </ul>

<sup>1</sup> Assuming that average cost of BEI and SEAP preparations are €30k / municipality

<sup>2</sup> At EUA price of €8/ton CO2

<sup>3</sup> Figure as of 13<sup>th</sup> September 2012 – and number is growing

<sup>4</sup> Based on KfW study: each million Euro invested in EE in buildings can create/maintain 14 jobs over the investment period

**Monitoring the improvements made at administrative and financial levels** by the EACI in charge of the IEE programme management  
(Summary table)

	Within IEE I 2003-2006	Within IEE II 2007-2013	Still pending / to be considered <i>August 2012</i>
<b>Administrative issues</b>			
Availability and quality of information on call for proposals	Satisfactory	Improved	
EACI information about potential obstacles and constraints to avoid disillusion of potential applicants when coming back from IEE information as: i) the number of possible supported projects and ii) the expected size of the projects within each call for proposals	No	Not when started	In the meantime this is currently done
Efficiency of the application process	Satisfactory	Improved, especially in 2008 with the electronic proposal submission service - EPSS	Excellent prepared guidelines, however only in English language
Assistance from EACI during the application process/phase is available & helpful	Not sufficiently	Improved, also thanks to the "pre-proposal check" procedure	
The administrative burden generally deters local authorities and energy agencies to apply	Yes	Still the case	Simplified administrative rules and procedures during the project preparation and negotiation (CPFs) implemented. Public bodies should in general be exempted from submitting annex 2-7 of application form A
The most important documents (global work programme, annual work programme, guide for applicants, etc.) are available in languages other than English	No	No	Still to be considered
Duration between project proposal submission and start of the action			Too long (almost 1 year), especially the time needed for project proposal evaluation. The whole procedure should be reduced to 6 months
Dates for signing the grant agreements are respected	Not sufficiently	Improved	Still quite often delayed, but not always in the hands of EACI
The documents and forms during the whole process i.e. from the preparation, negotiation and as far as possible the implementation phases are harmonised	No	Improved but not fully satisfactory	

Setting up of performance indicators / indicators to measure success in the application form	Yes	Yes	<p>Certain indicators are simply irrelevant and should not be requested anymore e.g.:</p> <ul style="list-style-type: none"> <li>- Number of local / regional jobs created/maintained in the sustainable energy sector,</li> <li>- Increase in local / regional GDP / local business activity, as a result of implementation of SEAPs,</li> <li>- Tons of CO2 equivalent reductions, energy savings reached and renewable energy</li> <li>- Capacity installed, during the project's duration and results expected after SEAP implementation.</li> </ul>
Time/cost spent on reporting is too much	Yes	Improved with a reduced number of reports to be submitted	
Project management			<p>As bigger as the number of consortium members is as more time consuming is the management (including higher risks for project amendments) Time for management issues needs to better recognised.</p>
Adaptation of the project work programme and of the project expenses during the course of the project is easy	No	<p>Not sufficiently as changes generally need a grant agreement amendment or a budget transfer request which are rather bureaucratic and time consuming.</p> <p>-</p>	<p>Improved since 2008 as budget shifts (BS) do not require an amendment to the grant agreement provided that:</p> <ul style="list-style-type: none"> <li>- BS do not affect implementation of the action,</li> <li>- BS between cost categories does not exceed 20% of the total eligible costs of the beneficiary concerned</li> </ul> <p>BS between beneficiaries does not exceed 20% of the total eligible costs of the receiving beneficiary</p>

<b>Financial issues</b>			
Increase the 50% ceiling for financial support, especially for activities of general interest and for projects with special focus on NMS-CC and/or involving NMS-CC co-beneficiaries	No	Yes to 75% even for all applicants	
The payment arrangements mentioned in the grant agreement are respected	Not sufficiently	Improved but not fully satisfactory yet	Satisfactory
Financial/bank guarantee requested before the first pre-financing can be paid	Yes	Yes, based on the amount of the first pre-financing paid: <ul style="list-style-type: none"> <li>- always if the first pre-financing for the considered partner is above 100,000€</li> <li>- otherwise conditional on risk assessment (based on the financial information submitted)</li> </ul>	Satisfactory
External audit report (audit of project expenses / audit certificate)	Yes	Yes for the beneficiaries whose total funding from the IEE programme exceeds 150,000€. Since 2008, only for organisations that are private bodies with EU contribution above 225,000€.	Satisfactory
Cross invoicing between beneficiaries allowed	No	No	To be considered (e.g. in case partners jointly organise an event)
Different cost basis applicable	Yes, full costs or 7% flat rate, overhead to be justified	Simplification since 2008 with the 60% Flat Rate model: <ul style="list-style-type: none"> <li>- no need to be substantiated by accounting documents,</li> <li>- automatically computed</li> </ul>	Satisfactory; however to be considered if the rate should be increased to 75%
An official statement from the national tax authorities ascertaining that the VAT cannot be recovered is requested  Eligibility of VAT during the project implementation	Yes	Yes	Non sense for public bodies as they cannot recover the VAT  Equal treatment of all applicants: VAT costs should be fully reimbursable to each partner who cannot recover these expenses under the relevant national VAT regime
Eligibility of staff costs for the preparation of the final reports (TIR & FS)	No	Yes since 2008	Eligibility of staff costs for negotiating the project proposal should be considered