



Developing Innovative Financial Solutions for Climate Action in Flanders

With the ambition to further develop and pilot financing solutions and accompanying policy measures in support of local climate action plans in Flanders, the EU funded FALCO project is ramping up and entering a new phase of activity. Three key solutions for individual sectors are being tested and developed through the project. Overall, the FALCO partners are aiming to attract investment of at least €17 Million into the region for climate action.

The solutions being developed are:

- 1) **For public buildings, improving energy efficiency:** The real estate portfolios of the provinces of West-Flanders and Flemish-Brabant are being used to develop and test new building portfolio management approaches, and to identify possible strategies to finance and refund investments that will reduce the emissions from the public buildings with 80 %.
- 2) **For private houses, an improved Energy Renovation loan (ER 2.0):** Around 5,000 “Flemish Energy Loans” have been issued in the past few years by a network of 20 energy advice houses across Flanders. FALCO is developing the concept for an improved energy renovation loan 2.0, which will offer a higher maximum loan amount, a longer maturity and a modular approach to advisory and support services. An overarching Membership Card System is also being explored with renovation equipment suppliers. This will capture part of the economic value accruing to the renovation sector and use this to further increase the pace and ambition in energy renovation investments.
- 3) **For business, greater energy savings through improved contracting** - A first enhanced Energy Performance Contract has been signed by 3E subsidiary Wattson with the nursing home operator Armonea, in which 49 nursing homes were modernised (with around €6 million of investment, yielding a 30 % energy saving, and producing 2,800 MWh year of renewable energy). A second EPC based contract has also been realised by Wattson, together with the Sint-Jozefinstituut in Bokrijk (with €850,000 of investment, giving 35 % energy savings and producing 35 MWh/year of renewable energy). Innovations in these implementations included

improved bankability, together with innovative financing through sales of the future income stream from energy bills through the contract (so-called “sales of receivables”).

One additional solution for social housing, for speeding up deep renovation was also tested, but is not being taken further. This looked at approaches to generate additional income through securitisation, through additional energy demand management services and through equity release schemes. Not all breakthrough projects can be expected to be successful, and in this case, legal barriers to bringing in private financing for renovation of social housing were found to be too high.

Political representative Jurgen Vanlerberghe from the Province of West-Vlaanderen said *“As more than two thirds of the local authorities in Flanders have signed the Covenant of Mayors, solutions that will help us to deliver on our commitments to reduce greenhouse gas emissions are very welcome. The FALCO project is drawing in new investment and will help cut public sector energy spending and reduce emissions and will save residents money and help them play their part in tackling climate change.”*

Andy Deacon, Policy Coordinator of Climate Alliance said *“With new European Commission proposals for long-term emissions reductions and growing pressure from civil society, public authorities have a key role to play in tackling climate change. The innovative solutions being developed and tested through the FALCO project will help to attract additional investment into projects across Flanders, and we look forward to sharing the results of the work across our European network.”*

Filipe Fraga from Tractebel said *“We are proud to lead this project which aims at a substantial contribution to our Climate objectives while researching & demonstrating financially sustainable ways to do so. This illustrates the value of bringing distinctive expertise together and innovating beyond what we already know. In this project, specifically on Climate (and the Energy Transition as a key lever), the associated Economic, Financial & Legal enablers, and obviously our well-known experience in Sustainable Urban Development with and for authorities at local, regional and (inter)national level - in this specific case focussing on Energy Efficiency in Buildings.”*

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Source: <https://www.financinglocalclimateplans.eu/the-solutions/>