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Public funded project as driver for a new economy and a fairer society

Introduction

The European Union has established very ambitious goals for the next medium and long-term period. It aims to cut in half the amount of CO2 production by 2030 and to become completely carbon neutral by 2050. In addition to these already extremely bold objectives, the EU would like to boost the efficient use of resources by moving to a clean, circular economy and stop climate change, revert biodiversity loss and cut pollution[1]. The roadmap is the European Green Deal, a plan to transform these global challenges into opportunities across all policy areas and making the transition just and inclusive for all.

The Green Deal aims to achieve 100 billion euros in investments in the following 7 years to face global challenges. This money is granted to Consortia of organizations that commit themselves to contribute to solve the problems thanks to their knowledge and expertise establishing detailed plans to achieve their objectives. These plans are carefully evaluated and then, one or more are selected for funding. PEDAL Consulting is one of the many organizations that are operating in this business and that is working on these challenges every day.

In the framework of the GreenTecLab project this article is showcasing two European Projects where PEDAL is either coordinating or being part of project consortia, linked to the Horizon2020 funding scheme (the one recently substituted by Horizon Europe) as an example on how public funded projects are driver of a new economy and a fairer society and they can contribute to building an ecosystem where innovation and sustainable development can bloom.

SEIFA project

The Sustainable Energy Investing and Financing Activation (SEIFA) project creates incentives for private investors to finance modernization of industrial companies, energy supply facilities, and energy service companies. The project's main objective is to establish a Fund that will invest with a focus on industrial companies. The Fund aims to create a Net-zero carbon emission and a fully Environmental, Social and Governance (ESG) compliant portfolio.

One of the most innovative and interesting part of the project is its Regional Focus. It mainly focuses upon the region of the Central and Eastern Europe (CEE region), including twelve Member States of the EU: Bulgaria, Croatia, Czech Republic, Estonia, Germany, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia. SEIFA also involves neighboring countries of the participating countries (EU Associated).

The reason why SEIFA is targeting these countries lies in the fact that the CEE region economy is relying almost completely on a bank-based financial system, therefore represents a limitation to growth. The capital stock in CEE is less than 50% of the EU average and the investment gap is particularly present in the private sector. In some CEE countries such as Slovakia, almost 75% of the overall investments comes from the public sector that cannot support the increasing need for funding. Consequently, a stronger diversification of the financial sector is necessary[2].

In the CEE region there is a shortage of investments that is unlikely to be sustainable in the long term without negative implication for growth. Moreover, several factors suggest the persistence of this gap in the future:

- The capital endowment of CEE countries remains well below the EU average and the level of investments is still inferior to what was experienced in countries that have successfully graduated from medium to high income. Catching up will require a long period of higher investments.
- Investments are still below the pre-crisis level in a number of CEE countries. It is yet unknown whether that is a permanent or temporary factor, but the crisis has led to an increase in risk premia and Western European countries being more careful.
- The progress in reforms has slowed down or is even being reversed in many CEE countries.
- The current geopolitical situation is amplifying these problems, making it even more necessary to achieve energy security and overcome the need for fossil fuels from foreign countries.

The SEIFA project is aware of these challenges that could be summarized in a combination of low profitability, low attractiveness of bank loans and limited private resources. As a result, companies are largely unwilling to shift to renewable energy in their production processes. SEIFA turns these enormous problems into development challenges.

Another important reason related to the regional focus is that most of the built environment (industrial plants and energy facilities) in the CEE region has reached the end of the cycle, it needs to be renewed to be competitive and sustainable in the future. Therefore, the implementation of renewable energy in industrial processes is an area with large potential for improvement in the CEE region. To ensure the effectiveness of the work, SEIFA is focusing on developing strong local teams in the target countries, with good and extensive connections and substantial capacities on the ground. These entities have demonstrated that they can help an equity instrument, like the SEIF Fund, to have a powerful impact and to achieve its goals, especially in a long-term perspective[3].

[1] *https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en*
[2] *Deutsche Borse Group. Trading venues. Retrieved at 1/08/2020 from: https://www.deutsche-boerse.com/dbg-en/regulation/regulatory-dossiers/mifid-mifir/mifid-mifir-virtual/mifid-i-to-mifid-ii/market-structure/trading-venues*
[3] *European Investment Bank (2018), Slovenia Overview. https://www.eib.org/attachments/efs/eibis_2018_slovenia_en.pdf*

The SEIFA project, thus, makes a strong emphasis on building capacity for and supporting regional and national project aggregators as well as establishing new operational financial mechanism specifically for sustainable energy projects in the CEE region.

W4RES project

The uptake of Renewable energy is not only related to the industrial sector, but there is also a compelling need for an increase in the adoption of Renewable Heating and Cooling solutions in households. The topic is relatively new, the urgency of adopting RES started at the beginning of the century and it is still quite unclear (because of the lack of data) its acceptancy from the society, the boundaries in the market and the inclusivity of the RES domain.

W4RES, the Horizon 2020 project on Women for Market Uptake of Renewable Heating and Cooling (RHC), has produced reports with a focus on 8 diverse yet representative markets within the heating and cooling sector: Belgium, Bulgaria, Denmark, Germany, Greece, Italy, Norway, and Slovakia. The reports highlight the current European conditions hindering or favoring the uptakes of RES in heating and cooling; challenges and recommendations for the beforementioned countries; and, on how women can tackle market uptake barriers and drive the deployment of RHC solutions.

Unlike the SEIFA project, W4RES could not rely on available data to establish concrete actions from the beginning. To take informed decisions, the project started with surveys and research on 8 representative countries, then the report helped the consortium to design the right path for each country. Moreover, the collection of data highlighted different development degree in the uptake of RHC and the inclusion of the market for women. W4RES aims to learn from the differences and apply what has worked in the past in countries such as Denmark and Norway (which have higher levels of RHC and gender equality) in countries that still have some difficulties like Slovakia, Italy, Bulgaria, and Greece.

The W4RES project has established the W4RES Observatory that is a global online hub showcasing national RHC networking initiatives, findings, good practices, and co-creation activities to define new measures to boost the RHC market uptake. Concurrently Regional Hubs will be established to engage regional stakeholders and, to facilitate the delivery of RHC market uptake support measures.

W4RES will select 50 European RHC projects led by women who will benefit from the W4RES's hands-on market update support services adapted to their challenges, for instance technical assistance and consultancies to help women to set-up and deploy gender responsive RHC solutions together with business and innovation support.

The consortium is quite widespread in Europe, and it aims to exploit its "size" to organize national campaigns oriented towards Civil Society, Market Actors, Academia, Authorities and Policy Makers to raise awareness about the challenges discovered in each region.

The final output of the project is an exclusive guide to show how policy makers can replicate W4RES's support measures, including actionable recommendations for more informed and gender responsive RHC policy, market support and financial frameworks.

Conclusions

During the implementation of the GreenTecLab project in the three targeted countries (Greece, Spain and Slovakia) an issue turned out to be pivotal. The innovative and green startups that GTL is supporting can only be successful if they are surrounded by a well-functioning ecosystem. SEIFA and W4RES are contributing to building this ecosystem sowing the seeds of sustainability and gender equality, highlighting and ripping out the dangerous weed of the market's inefficiencies as and make the green transition bloom. Moreover, both projects are in line with the European Commission approach on the economic, social, and environmental challenges that are upon us. On one hand, SEIFA is leveraging well-known problems and boundaries of the CEE region (old built environment, lack of private investment and shortage of knowledge and incentives in the private sector) to drive the development of a new sustainable and fairer industrial sector. Increase investment sources and facilitate the access to them is a key to develop an innovative and dynamic ecosystem. On the other hand, W4RES has collected fundamental data on RHC market and, more importantly on the sector' boundaries for women. The W4RES project is aiming to increase awareness and provide guidelines for both helping the transition to a net-zero carbon heating and cooling system and developing a more inclusive market where women and men could cooperate to achieve this goal. Gender equality is a social and cultural constraint preventing the full potential of the energy market (and beyond), W4RES aims to break down the barriers building a fairer and just ecosystem where innovators can thrive.

Both projects are determined to tackle climate change and turn it into an opportunity for their targeted countries. They are aware that not every region has the same starting point and that some regions and sectors will face more difficulties to adapt. W4RES and SEIFA are also aware that EU is a frontrunner in climate action and that their actions will be taken as model from other countries like China and India. The European projects are helping us to make a step forward and prove that change is possible, and that a new economy will be beneficial for the people and for the planet.