

MOBILISING FINANCING FOR CLEAN ENERGY ON ISLANDS WITH EU SUPPORT

Examples from ELENA and JESSICA funds

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SINLOC – SISTEMA INIZIATIVE LOCALI SpA

Sinloc is a consulting and investment company operating throughout Italy, promoting the development of local public infrastructure through its advisory services, feasibility studies and direct investments in Public-Private Partnerships and facilitating the access to EU funds

- **Impact company**, participated by ten Italian Banking Foundations
- **12 years experience** in the infrastructure and local development market space
- **Over € 1 billion** mobilized through **direct investment & fund management** activities
- **Over € 1 billion** mobilized through **technical assistance** to Public sector, companies, financial institutions
- **35** professionals
- Strong inclination for **partnership** with qualified market player
- **Extensive track record** in deploying energy transition strategies and solutions

FINANCING ENERGY EFFICIENCY PROJECTS

Financing energy transition is still a challenging and complex process which can benefit from a smart, focused and mixed use of the different sources of finance, which can only be achieved thank to effective technical assistance

PUBLIC FINANCIAL INSTRUMENTS

Mitigate risks and accelerate the energy transition process, even where market finance is not available (ESIF and EFSI Funds ...)

PRIVATE FUNDING

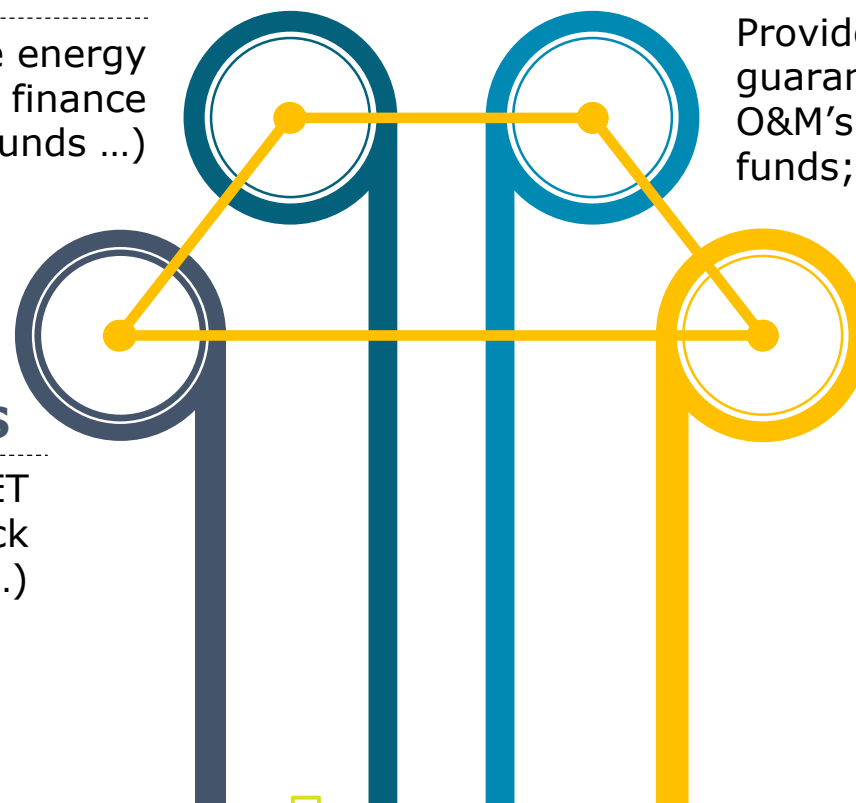
Provide additionality on public resources and guarantee effective risk transfer (EPC and O&M's equity; infrastructural equity/debt funds; bank's lending; crowdfunding ...)

GRANT SCHEMES

Develop, scale up innovative ET projects and/or shorten payback periods (ERDF, CEF, H2020 ...)

TECHNICAL ASSISTANCE

Create the conditions to overcome barriers, difficulties in the project set-up and implementation phase ensuring the right mix of resources and procedures is in place



CASE STUDY: JESSICA SICILY

Since 2011, Sinloc has managed the ESIF Platform JESSICA Urban Development Fund (UDF) in Sicily with ICCREA Banca Impresa and BIT SpA, allocating subsidized debt for Energy Efficiency and Renewable projects

€ 45 M of public rotative finance

€ 20 M of co-financing resource (TPF, private and public) +30% on total investment

€ 65 M Investments activated

17 Projects financed

Financed initiatives are mainly related to:

- Energy efficiency in health care structures
- Energy efficiency of public lighting systems
- Energy upgrading and generation from solar sources

Among the **beneficiaries**:

- Local Municipalities
- Health care structures
- Private companies in a PPP schemes

CRITICALITIES ENCOUNTERED AND SHORTFALLS

In managing JESSICA Funds in Sicily, but also in other similar projects, has highlighted a series of common critical points that have slowed down the development of the projects

Critical Aspects

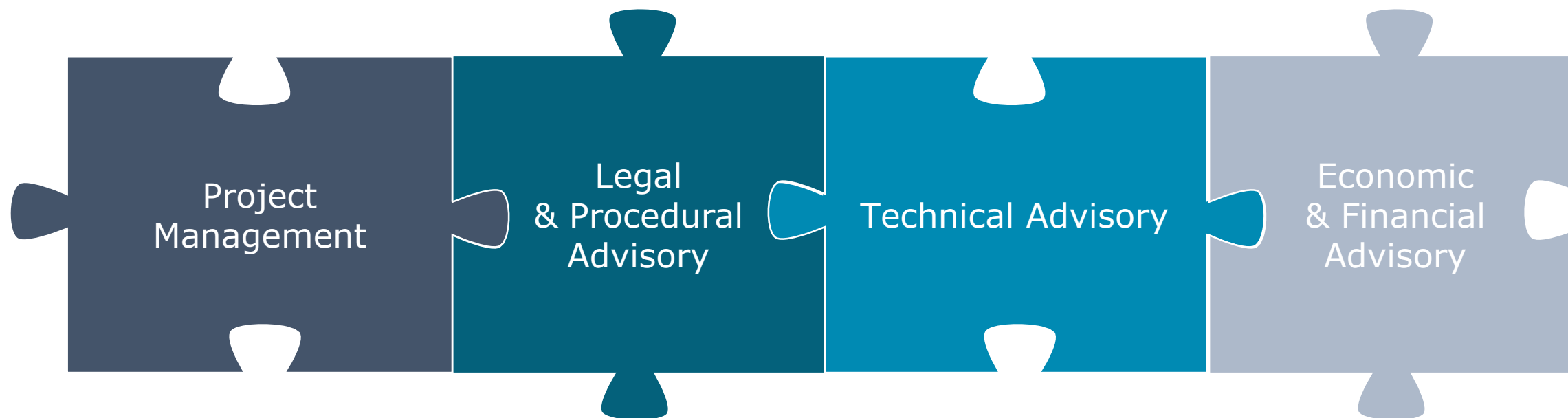
- a. **Project fragmentation** and lack of adequate aggregative measures to reach a critical mass
- b. **Lack of knowledge of funding opportunities** coherent with LAs' needs
- c. **Lack of coordination** among LAs and absence of synergies for a common management of projects
- d. **Criticalities in staffing** Las' human resources, in order to evaluate, activate and consequently, manage and coordinate complex projects
- e. **Lack of technical skills** among LAs' staff or lack of resources necessary to improve competences
- f. **Missed use of best practice** already developed in similar contexts
- g. **Governance instability**, high variation in the project contact person and/or absence of a political and managerial leadership
- h. **Regulatory and legal constrains**

Impacts

- Creation of slow pipelines
- High mortality rate in identified projects
- Suboptimal asset allocation and fund-matching

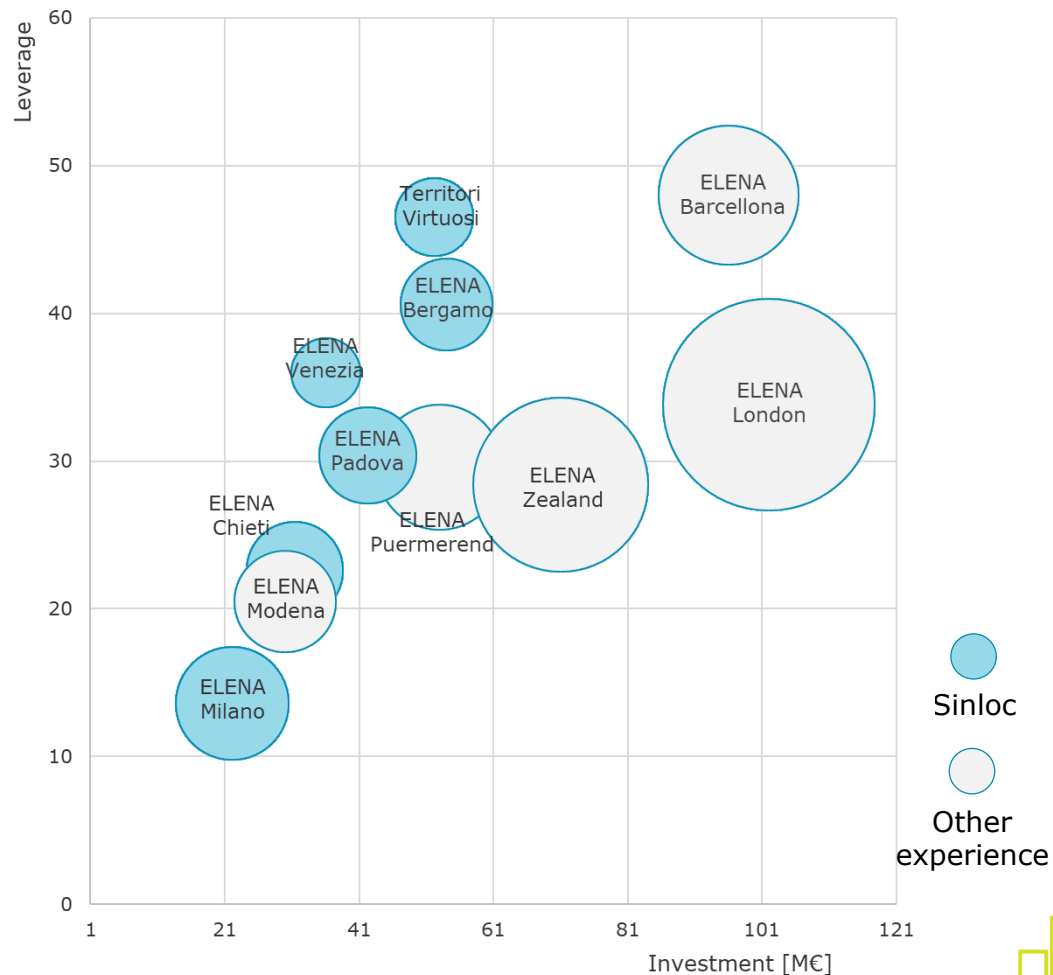
TECHNICAL ASSISTANCE

Technical Assistance represents a valuable tool to face the mentioned criticalities, enabling projects to match public and private resources, grant schemes, and market finance



TECHNICAL ASSISTANCE: ADDED VALUE

Criticalities arose in the Sicilian experience, could have been totally mitigated through technical assistance as occurred in similar fragmented context, also achieving leverage factors equal or greater than those of large and developed urban areas

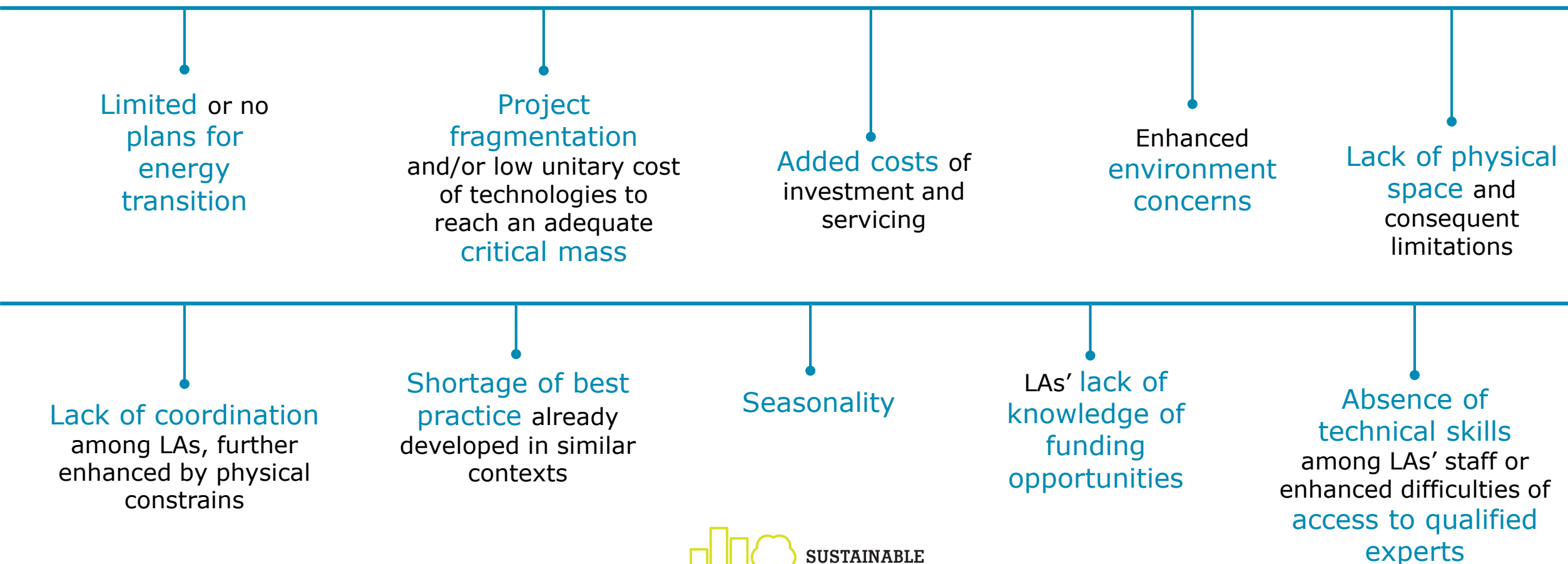


Sinloc has meaningful experience in ET projects:

350+ Municipality involved	1.200+ buildings	€ 260 M investments
	158.000+ light sources	>30 Leverage Factor

CRITIALITIES ON ISLANDS

Islands are peculiar context in which the number of factor that can hinder the successful activation of potential solutions, both consolidated and innovative, are even more evident



CONCLUSIONS

- **Efficient fund matching** is one of the most important challenges to achieve relevant impacts
- **Qualified Technical Assistance** is a key tool to support valuable projects in their implementation
- Islands are fragile contexts requiring **state of the art project structuring practices**
- Islands, especially medium/small ones, being a circumscribed community/energy infrastructural system provide the **ideal test-bed for a systemic ET approach**



Thanks for your attention

