



Task 4.2 / D4.4 - WP4: Business Model and Standard Procedures Soft Loan Schemes



Parma

Innovative Financing for Local Sustainable Energy Solutions
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Business Model

1) Criteria

a) Eligible measures

The Fund is intended for residential buildings, and in particular for condominiums. All the possible measures (on the building shell and on plants) are eligible and financed: these measures should follow the Rules established by the Municipality, and allow high standard quality, also in the working process.

The loan covers the costs of the technologies and materials as well as the installation costs - labour costs.

b) Households concerned

Criteria to be a beneficiary of the Fund:

- Must be Parma inhabitants;
- Condominiums (8 - 16 units), and preferably built between 1961 and 1980;
- Be homeowner, landowner or tenant (in agreement with the landowner);
- Eventually, other conditions could be evaluated (e.g. limited income, family unit, age, etc.).

c) Type of house

The Fund is for condominiums. Eventually, also projects on other kind of buildings will be considered.

d) Specific area

The Fund is available for all inhabitants of Parma, but in particular for houses located in the suburban area.

2) Financial Model for the Loan

a) Amount (min-max)

The minimum amount for the loan is 1.000 € and maximum 20.000 €.

b) Maturity

Term of reimbursement in agreement with the energy saving achieved (EPC concept).

c) Interest Rate

The aim is to create a financial product with a fixed interest rate, that should be, however, under 3%.

d) Guarantee

The Bank could not provide the guarantee fund, because it is also the financier. **Our Municipality is going to meet Cariparma foundation.**

- e) Beneficiary's own contribution

As mentioned before, the beneficiary's own contribution varies according to the energy efficiency achieved.

- f) Incentives (e.g. Ambitious increase? → Rate decrease)

Eventually, the interest rate could vary depending on how deep is the measure undertaken: the deeper is the intervention (the more increases the energy efficiency), the lower is the interest rate.

In general, all the measures undertaken have to be on a high standard level, and they have to be proved through specific technical reports and periodical inspections on the building site.

To receive the incentives, are eligible all the interventions related to the integrated design of building systems, that allow to achieve energy savings. In any case in order to receive loans, proper reports should be evaluated by the technical advisor (e.g. energy reports, business plan, etc.).

3) Financial Resources

- a) Allocated budget

The budget for the Fund derives from the Bank partner of the project.

- i) Budgetary envelope

Initial budget from 2 to 5 mln €.

- ii) Granted rate

50% Municipality e 50% banking foundation?

- b) Operational costs (management - communication,...)

Still to define

Municipality, Energy Agency and Bank meet every six months and prepare an interim report 2 times a year.

- c) Risks

In order to avoid every possible risk, a double check is operated: a technical one, to evaluate the proposal from a technical and economic point of view; moreover, a financial check of the proposer is done by the Bank.

- d) Destination of revolved money

This is not properly a Revolving Fund. The Fund has a preliminary ceiling to finance the redevelopment of residential buildings.

4) Organisational Model

a) Front Office

Parma Energy Agency is the front office for our Fund: they inform citizens about the opportunity in energy savings, and about the financial products. Moreover, the Agency evaluates the project from a technical point of view.

b) Role of the Municipality

It brings together stakeholders (facilitator) and guarantees the highest quality for the “customers”, in order to achieve high quality standard and high energy efficiency levels.

c) Role of the Bank

The bank establishes the amount of the fund, in order to give loans: anyway, they evaluate creditworthiness.

The bank's choice will be made by publication of an expression of interest by the municipality.

Annexes:

Annex 1: Workflow and standard procedures

- All steps and application of the procedure to get a loan
- Graphic + text

Annex 2: Contract template between the bank and the beneficiary

Annex 3: Application form for the beneficiary

Annex 4: Partnership agreement between the municipality and the Bank