

# FINANCING AND INVESTMENTS

One of the main obstacles to the energy transition is the financing associated with the establishment and development of renewable projects. Indeed, if the EU wishes to reach its objective of becoming climate neutral by 2050, substantial investments must be made from both the EU and the national/public sector, as well as the private sector. According to the European Commission's prediction, additional investments of €260 billion per year by 2030 would be needed to meet the present climate and energy commitments.

Various tools have been developed to support sustainable investments. These include the European Green Deal Investment Plan, which aims to raise at least €1 trillion over the next ten years while providing the practical support needed to carry out sustainable projects. Although all Member States, regions, and industries must contribute to the transition, the challenge's extent varies. Some areas will be significantly impacted and witness a substantial economic and social transformation. To overcome this issue, the Commission developed the Just Transition Mechanism, which will offer tailored monetary and practical assistance to help with the required investments to achieve a fair transition. This scheme consists of three different sources of financing: the Just Transition Fund, a dedicated transition scheme under InvestEU, and the facilitation of loans with the European Investment Bank. There are also other types of financing more closely linked to the industrial sector or to specific innovative projects, such as the Innovation Fund or Horizon Europe. As for the Innovation Fund, it promotes carbon neutrality by providing around €10 billion during the 2020–2030 period for the commercial demonstration of new low-carbon technology, whereas Horizon Europe has a wider spectrum and budget (around €95,5 billion).



Although there are several funding opportunities at the European level which represent an asset for political stakeholders, the number and diversity of funding mechanisms can be more of an obstacle for market stakeholders, especially for smaller structures. Indeed, it sometimes becomes difficult for some to find their way through all these mechanisms, to know which ones they can benefit from, the amounts available, what they need to provide, etc. A simplification of the administrative procedures related to obtaining European funding would be favourable in order to encourage the uptake of renewables and the industrial transition.

In addition to public funding, private contributions will be needed to achieve the short- and long-term objectives. However, in order to attract private funding, it is necessary to minimise the investment risks, of which the most relevant one is the stability of the political framework. It is indeed essential to keep a stable regulatory context to make long-term investments feasible and less risky, while keep pushing for higher ambition.

## ENERGY INTENSIVE INDUSTRIES

**Financing is a key issue when considering such an important transition as the decarbonisation of industries. However, it is complicated to navigate all the funding schemes in Europe, especially for smaller structures.**

## POLICY MAKERS

**Access to finance and investment is facilitated by a stable political environment, as this reduces risk. To maximise the financing opportunities, you need a clear understanding and stable environment in the regulation.**