

Call for Expression of Interest Promoting the Energy Efficiency Transition of EU firms

European Commission – Directorate General for Regional and Urban Policy
World Bank – Finance, Competitiveness, and Innovation Global Practice

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Background

The European Commission's Directorate General for Regional and Urban policy (DG REGIO) and World Bank Group's Finance, Competitiveness and Innovation Global Practice (World Bank) are collaborating on a project aiming to develop an evidence-based toolbox that enables EU Member States (MS) to better target reforms and investments, at national and subnational levels, to reduce emissions through improving firms' energy efficiency. The project will enhance the understanding of the effectiveness of different policy interventions, which is a vital input in the design of an effective public policy mix (including legislation, regulations, and financing programs) that can be successful in promoting the energy efficiency of firms.

Improving energy efficiency is a pressing short-term priority in Europe given the significant negative effects of the recent energy price shock and the urgent need to reduce Greenhouse Gas (GHG) emissions. On the one hand, reduced energy demand is both good for the environment and good for businesses since improving industrial energy efficiency can boost competitiveness and resilience in the context of negative price shocks. On the other, it can play a pivotal role in reducing overall GHG emissions since these are largely driven by energy consumption, with energy in business activities representing the most important part of global carbon emissions. Policymakers so far have been overwhelmingly focusing on buildings and transportation and less so on industry. Thus, this project addresses this policy gap by focusing on businesses.

In this context, DG REGIO and the World Bank are launching a pilot initiative that will help deepen the understanding of firm-level drivers of energy consumption and emissions in the private sector, and identify policy actions aimed at aligning firm competitiveness with the climate agenda, including through the grants and financial instruments of the EU Cohesion funds. The pilot will be launched in two countries, producing outputs specific to the countries while also testing the tools, surveys, approaches, and methodologies that would eventually become fully replicable across any EU Member States and subnational regions (see *Annex I: Overall Project Description* for a detailed description of the project).

Purpose of the Call

DG REGIO and the World Bank are looking for public authorities/agencies from up to 2 EU Member States (MS) interested in collaborating in the understanding of the firm-level drivers of energy consumption and emissions, the binding constraints to energy transition of firms, the sectors and types of firms that should be priority targets to accelerate decarbonization, the subnational regions where policy actions would deliver highest returns in terms of energy efficiency, the barriers that distort markets and prevent gains in energy performance at firm or sectoral level, the institutional gaps in support mechanisms, and the programs with the highest potential to support the energy transition of firms. This strategic engagement also enables knowledge sharing, fulfilling important objectives of generating knowledge spillovers within and beyond the EU.

Interested public authorities/agencies managing and/or implementing national-level support instruments from eligible EU Member States can submit their expression of interest (EoI) by submitting an **application form by the deadline on March 7, 2024, 1800 CET**. The call is open from February 8, 2024.

During the call, 2 informational webinars for potential applicants will be organized:

- *February 21 2024, 1200 CET*: To register and participate use this [link](#).
- *February 22 2024, 1200 CET*: To register and participate use this [link](#).

Representatives of interested public authorities/agencies could register for the webinars at the links above or could request further information by contacting ReEnergizeEU@worldbank.org.

Eligibility criteria

To meet the eligibility criteria, the applicants must:

1- Belong to the following list of EU Member States: Bulgaria, Croatia, Czechia, Estonia, Greece, Italy, Latvia, Lithuania, Poland, Romania, Slovakia, and Slovenia;

2- Be willing and able to **provide access to panel micro data at the level of the firm** covering the entire economy (manufacturing, construction, wholesale and retail, and services) for at least 5 to 7 years until most recent years (ideally 2023) on energy costs and energy quantities consumed (broken down by types of fuels – electricity, gas, others); greenhouse gas (GHG) emissions due to fuel combustion (scope 1 emissions); year of starting operations; revenues, value-added, employment; investments, assets/machineries, R&D expenditures, and exporting activity; sector of operations and location. Additional variables such as the legal status of the firm and type of ownership (e.g. domestic, foreign, state, etc.), intermediate goods and services purchased for production, value of imported inputs and materials, access to credit or access to public support and subsidies received would be highly valued. As a general consideration, it is important to stress that even though within each MS information may proceed from different data sources, firm-level data must be matchable across datasets by unique identification variables. Table 1 details the necessary variables that need to be provided by the MS with the associated level of detail plus complementary firm characteristics.

Only national public authorities/agencies engaged in management and/or implementation of nation-wide support instruments are invited to participate. In case of multiple applications by public authorities/agencies from a single country, the World Bank team will contact applicants to determine the best fit and discuss possible coordination arrangements.



Table 1. Required type of data and variables

Type of data	Variables
Energy	<i>Energy consumption disaggregated by:</i>
	<ul style="list-style-type: none"> · Source of energy (purchased externally, generated internally) · Type of fuel (e.g., coal, gas, solar, wind) · Natural units (e.g., MWh, GJ, tones, cubic meters)
	<i>Energy cost disaggregated by:</i>
	<ul style="list-style-type: none"> · Source of energy · Type of fuel
	<i>Energy / fuel subsidies:</i>
	<ul style="list-style-type: none"> · Type of subsidy (e.g., direct transfer, fuel subsidy) · Value of subsidy · Action mechanism (structural vs conjunctural subsidies)
Emission	<i>Emission and energy certificate trading, including:</i>
	<ul style="list-style-type: none"> · EU-ETS system · Guarantees of Origin (GOs) · Voluntary offsets
Performance	<i>Financial performance:</i>
	<ul style="list-style-type: none"> · Revenue · Value added · Employment
Competitiveness	<i>Innovation outlays:</i>
	<ul style="list-style-type: none"> · R&D expenditure · Investments
	<i>Participation in international markets:</i>
	<ul style="list-style-type: none"> · Foreign ownership · Exporting activity
Firm characteristics	<i>Basic attributes of the firm:</i>
	<ul style="list-style-type: none"> · Identification number · Sector of operations (at least 4-digit level) · Location (at least NUTS3 level)
Additional firm characteristics	<i>Additional attributes of the firm:</i>
	<ul style="list-style-type: none"> · Legal status and ownership (e.g., private domestic- or foreign-owned, state-owned) · Date of registration and closure (if applies) · Stock of total assets · Stock of fixed assets · Intermediate consumption of goods and services purchased for production · Access to credit

Award criteria

The World Bank is responsible for the selection of two (2) MS as partners for participation in the project according to the following award criteria:

- 1- Size of emissions (0-30 points) – data source: Global Carbon Project
 - a. Member State’s total GHG emissions in 2021. (0-15 points; higher scores for higher values)
 - b. Member State’s per capita GHG emissions in 2021. (0-15 points; higher scores for higher values)
- 2- Level of GDP per capita: GDP per capita at current prices adjusted by purchasing power standards as of 2022. (0-30 points; higher scores for lower values) – data source: Eurostat
- 3- In-country regional disparities: the ratio of the average GDP per capita between the top- and bottom NUTS3 regions within the MS as of 2020. (0-30 points; higher ratios receive higher scores) – data source: Eurostat
- 4- Strategic priority of Energy Efficiency: applicants should define the strategic priority of energy efficiency according to national strategies and/or National Determined Contributions (0-10 points) – data source: Application form

Once all Expressions of Interest have been received, the Promoting the Energy Efficiency Transition of EU firms project team will score the submissions. Members of the Promoting the Energy Efficiency Transition of EU firms Project team may contact applicants if clarifications are needed to judge the quality of application.

Further Background Information and Project Description

Background information and description details of the overall project are attached separately in the *Annex I: Overall Project Description* document.