



Capacity Building implementation plan

August 2021



This project has received funding from the European Union's Horizon 2020 Research and Innovation Programme under grant agreement No 893924.

DELIVERABLE 5.1	Capacity building implementation plan
Related Work Package	WP5: Capacity building and training
Deliverable Lead	CRES
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Grant Agreement Number / Funding body	893924 / Horizon 2020 Research and Innovation Programme
Date of Last Update	31 st August 2021
Project Website	www.leap4sme.eu

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Executive Summary

The Capacity Building implementation Plan, prepared in the frame of Horizon 2020 LEAP4SME Work Package 5, is an important reference to guide the offer of capacity building actions addressed to policy makers and relevant stakeholders at European, National and Regional level.

After identifying the set of main needs to overcome the key barriers that prevent small and medium sized enterprises across Europe in carrying out energy audits and implementing the recommended energy efficiency improvements or renewable energy installations, a detailed capacity building plan was prepared to cover the needs of the SMEs in Energy Audits and Energy Efficiency.

The objective of the report is to prepare:

- i. for policy makers and implementing bodies (energy agencies and/or regulators): the structure for a customised capacity building activity, engagement and training plan, including the detailed agendas of the training programmes (per country);
- ii. for non-policy makers such as trade associations, financial institutions, ESCOs' and professionals' associations: a detailed engagement plan.

More specifically, the **training programme** for policy makers and implementing bodies on subnational and/or state level, will be provided in the form of a policy-oriented workshop and each participant Agency will organize at least one of them in its country. In order to optimise the allocated resources and to get the chance to catch the largest possible number of relevant stakeholders, it can be organised in combination with other initiatives (e.g. observatories, other planned Conferences, etc.).

As regards to the **training and webinars**, a set of training activities, by means of in-person workshops or online courses, will be tailored on the findings of tasks 2.3 and 3.1. Such webinars will be planned and implemented in each participant local language in order to inform relevant stakeholders, including SMEs, on the support to the enterprises in the fields of energy audits, energy efficiency and related issues.



The **peer learning international workshops** will be meetings aimed to a peer knowledge exchange with other Agencies, EU funded projects, Research Institutions, NGOs, etc. on the topic of Energy Efficiency and energy audits in SMEs. On one side, the participants will be informed on the project intermediate results and, on the other side, it will be a chance for LEAP4SME to get useful insights in order to fine tune, if in line with the project concept, possible further activities. At least two peer learning workshops will be planned and they should ideally take place between Month 14 (in order to have relevant results to be shared) and Month 25 (in order to make the most from the workshop results in approaching the final project conclusions).

Furthermore, in the frame of the project, support is going to be provided to European and National Observatories.

The capacity building, engagement and training plan is based on the key pillars that support each other and generate synergies for a greater capacity-building impact:

- Raising awareness of decision-makers and officials whose support is critical to the success of the capacity building programme, as well as other relevant stakeholders.
- Building knowledge and skills through a better integration of development knowledge tools into capacity building work.

Finally, a greater use of the training tools developed during the pandemic will offer a more agile approach.

1 Introduction

1.1 Objectives of the LEAP4SME project

LEAP4SME aims to improve the national and local policies in place to encourage SMEs to undertake energy audits and implement the recommended energy-saving measures. As a first stage, the existing policies and programmes have been mapped and their strengths and weaknesses identified. The project aims to overcome the barriers to SMEs in taking up energy audits and will offer a series of replicable recommendations applicable to SMEs across the partner Agencies' countries and the EU more widely.

Throughout the project, interaction with a range of stakeholders by means of workshops, questionnaires, and meetings, is a key focus of the work. Through these outward engagements project partners will look to build the capacity of, and disseminate project findings to, policymakers and relevant stakeholders at the European, national, and regional levels.

1.2 Importance of capacity building in the project

The objective of Work Package 5 of the LEAP4SME project is to develop a structured training and capacity building activity (workshops, training courses, guidelines) aimed mainly to support:

- Policy makers to develop an effective policy framework to stimulate energy audits in SMEs;
- Consortium members, primary policy makers, researchers and associations with peer-learning activities;
- Private sector stakeholders (trade associations, auditors, technology providers and, more in general, the energy services market to help SMEs) on the benefits underlying energy audits and further implementation of recommended energy- saving measures.

Building capacity enables the required people and structures to use them to their maximum potential in order to fulfil the objectives of the project. More specifically, it helps them to:



- Define specific capacity requirements. This due to the fact that new skills may be required (and therefore training is needed), new staff may need to be hired, or new partnerships may be sought. In addition, new processes may need to be implemented, different systems to be used or working relationships to be developed.
- Develop a robust plan. For a robust plan based on realistic assumptions and expectations, it is necessary to know what capacity is available (across all actors involved) and what additional capacity will be required. The timescales, funding and activities required to establish and maintain capacity need to be built into the project plans.
- Secure the promised/required resources. In the early stages of a project, a relatively small group of individuals comes together to agree the plan and commit their organisations, teams or groups to support delivery. Those individuals then need to foster support and leverage resources within their own organisations or teams, e.g. dedicated time and availability from specific people or allocation of funds to capacity building actions. A clear analysis of capacity needs usually makes it much easier to get the resources.
- Assess implications for support functions. As well as needing staff to support the direct delivery of activities, a project is likely to place an additional workload on the support functions within each partner organisation. The partners need to prepare for this.

A bridge between external and internal events, the capacity building and training events organised within WP5 are imperative for exploiting outcomes of LEAP4SME and the developed materials will serve as resources for the targeted stakeholders.

Also to this aim a Capacity Building and Dissemination Board was established. It will be integral to see the synergies between CRES, REVOLVE, and ENEA in coordinating these events to ensure that stakeholders are effectively engaged.

The Capacity Building and Dissemination Board:

- harmonises the capacity building actions with the dissemination, exploitation and communication activities;
- perfects the next actions basing the decisions on the analysis of intermediate results;



- maximises the impact of LEAP4SME progresses and final results.

The board meets (not necessarily in person, but also by video-conferences) at least once every six months. Previous board meetings took place in November 2020 and March 2021. The next meeting is taking place in September 2021.

1.3 The capacity building implementation plan of the project

The Capacity Building Implementation Plan is going to contribute to cater to the needs of SMEs in Energy Audits and Energy Efficiency.

It was deemed necessary to base the work on prior information gathering, which helped to identify needs/priorities and to allocate resources appropriately. With that purpose, after correctly analysing, in a national level and overall, all the key stakeholders inputs collected through the outputs of Work Packages 2 and 3 (task 3.1 and first outputs from task 3.2) [1], [2], [3] and with the active support of the Capacity Building and Dissemination Board (CBDB), the Capacity Building Implementation Plan was produced.

Every EU Member State (MS) has implemented policies to promote energy audits, energy efficiency or the use of renewable energy in small and medium sized enterprises (SMEs). These policies may be specifically targeted at SMEs, or they may be policies targeting businesses of all sizes. They may focus support on businesses in specific sectors or regions or apply to all sectors on a national scale. The policy objective may be only to achieve energy or carbon savings, or there may be wider policy objectives such as capacity building for SMEs.

In a previous LEAP4SME report [1], the findings of research by the project partners into the policy instruments available in their countries (Austria, Croatia, Greece, Italy, Malta, Poland, Portugal, Slovakia, and United Kingdom) and across EU MSs were presented. This report builds also on that work to present an analysis of the energy audits market across Europe, its players, and the main barriers to auditing SMEs.



Energy and non-energy barriers have been investigated through published reports and insights contributed from all partner agencies, representing a good sample of nine countries. From these barriers, specific needs were analysed in order to be covered by the capacity building plan.



2 Stakeholders' needs

The first step of the Implementation Plan was the analysis of the stakeholders' real needs for an effective engagement and knowledge transfer. The starting point was the analysis of the relevant literature [4], [5], [6], the key stakeholders' inputs (collected through the activities of WP2 and WP3), and the interviews with the senior members of the involved nine National Agencies [7].

The results of the analysis of the information, despite the variation of the origination, could get summarized in three main categories: economical, technical and motivation/knowledge.

Firstly, most SMEs do not have the financial means to support Energy Efficiency (EE) audits and measures implementation. Secondly, SMEs do not have technical support (personnel, time, other means) to invest in energy related issues. Thirdly, SMEs tend not to have a specific knowledge on EE measures, their importance, the benefits or the cost of the implementation of such measures, or even more, there is no motivation of taking such initiative, since in most cases the current energy costs are insignificant in comparison to the investment costs or benefits from the savings from EE measures.

These factors have been grouped and summarized in the following table, where in the first column the barrier is presented and in the other, the respective action for overcoming it. Then, the barriers and the suggestions have been presented in more detail, gathering all the respective information analyzed from the research and proposing specific themes to be addressed.

	Barrier/need	Capacity building action
1	Lack of knowledge about energy efficiency and its benefits	Informing on the options for raising efficiency, and the cost and benefit of those

		<p>Guidance on how to access the external parties that have EE skills and expertise</p> <p>Information on EU – MS measures that enhance EE implementation</p> <p>Ensuring that EE measures do not disrupt the production process or lead to revenue losses or product quality</p>
2	Difficulty accessing the capital to finance energy efficiency improvements /Restricted financial capacity	Information on the funding opportunities or other schemes
3	Relevance of energy demand/ technical and organizational difficulties	Information on other benefits occurring from implementing EE measures

1. Lack of knowledge about energy efficiency and its benefits: SMEs are often unaware of their options for raising efficiency, and the costs and benefits of those options. Where information may be available, it may not be readily accessible, and SME managers may lack the time and motivation to obtain, process and act on it. Some SME owners are unable to access data showing how much energy they consume. SMEs typically focus their resources on their daily business, leaving little time to develop expertise beyond the essentials, so they often bypass profitable efficiency opportunities. Some SMEs lack of personnel which could dedicate time or have the knowledge to focus on energy efficiency (EE) issues. The EC Observatory of European SMEs found that fewer than 30% of SMEs in Europe had implemented any measures for conserving energy and resources, and only

4% had a comprehensive approach to energy efficiency. Lack of experience could also rise to concerns that EE measures may disrupt the production process and lead to revenue losses or affect product quality. Such concerns can act as a strong deterrent. When SMEs do decide to pursue EE projects, they may have to rely on external parties for financial and technical guidance. Where appropriate skills are not offered in the wider marketplace – by consultants, or equipment suppliers, for example – this barrier is further reinforced.

⇒ **Informing on the options for raising efficiency, and the cost and benefit of those.**

Collaboration with energy consultants or energy experts which can demonstrate the benefits of the implementation of EE measures can provide the SMEs managers with the respective information. SMEs should get informed on how to find a qualified expert to support them in carrying out an energy audit and to raise their awareness about energy, and how to apply for audit financial incentives. If possible, SMEs could designate an Energy Manager that could be responsible for these issues, in parallel with other tasks. SMEs should know how the Energy Manager can get properly informed on the procedures, or get trained. Since in many cases the manager or owner would not have time, motivation or economic resources to approach a consultant, Chambers of Commerce or trade associations can effectively facilitate the exchange of information. Furthermore, it could be useful to inform on the MS approaches to support the implementation of energy audits and energy management systems. These include regulatory instruments, information-based instruments, financial instruments and voluntary agreements. This kind of information may convince the SMEs managers for the benefits of energy audits and implementation of EE measures, underlying parallel benefits in a social way, like indirect advertising.

- 2. Difficulty accessing the capital to finance energy efficiency improvements/ Restricted financial capacity:** while significant EE potential can be realised by measures with little or no cost, SMEs need capital to implement more far-reaching efficiency improvements. SMEs typically face higher hurdles to acquiring capital than do large



enterprises. Financiers may point to a SMEs lack of collateral and less rigorous record-keeping, and may consider smaller enterprises more vulnerable to market changes. The resulting lack of finance can thwart EE projects, including those that offer a strong financial return and a range of other business benefits. Banks may also lack financial products or capacity to deal with SME energy efficiency.

⇒ **Information on the funding opportunities or other schemes**

The interested parties should get informed on the support schemes especially for SMEs that many MSs are providing. Support schemes that are in place address partial funding of energy audits or financial support for implementing energy-efficient technologies; they also include low-cost loans for companies. With regard to audit costs, both the covered share of the audit costs as well as the upper absolute ceiling vary and may be up to 80% of the audit costs. A representative of the respective national Fund could make a presentation of the national available schemes. Again, as in barrier 1, Chambers of Commerce and Associations could be the intermediate body for the transfer of the information.

- 3. Relevance of energy demand:** In general, the energy demand of an SME is lower than the demand of a large company with similar products. Even though the energy costs might be important for the overall expenditure of the SME, the absolute level of energy costs is generally lower than in the larger companies. Due to this comparatively low value, the energy saving potentials both in terms of energy and money saved tend to be less important for SMEs. In turn, the attractiveness of decreasing energy demand is lower. Furthermore, economies of scale for dealing with energy efficiency are smaller as compared to large companies. For instance, a large company might need a certain level of effort to acquire knowledge on how to improve ten of its furnaces, while the SME will need much the same effort to improve its single furnace. In addition, in many cases SMEs do not own the facilities in which the business is performed (renting of the building). The particular challenge in SMEs is thus to convince individual decision-makers of the benefits of improving energy efficiency with credible information.



⇒ **Information on other benefits occurring from EE measures**

SMEs owners and/or managers should be enhanced to recognize or quantify the benefits of conducting an energy audit, or implementing EE measures beyond the financial perspective, like environmental, improvement of the working environment and their social responsibility. This could create an added value to the social profile of the company resulting more costumers, a benefit that is usually underestimated. MSs should support such parallel benefits, when the energy savings alone do not encourage the implementation of EE measures. In some cases, activities like organizing information joint events (e.g. conferences, seminars, presentations and workshops) or energy related matters, awards, help lines or desks, printed and online resources, the provision of local contacts/offices discussion platforms, websites and portals could broaden the horizon.



3 Agendas

3.1 Policy makers and implementing bodies

A training programme for policy makers on subnational/state level, subordinate authorities and regulators, regional or local administrations and Energy or climate related agencies is to be organised. The event could be organised in combination with other initiatives (e.g. observatories, other planned Conferences, etc.) in order to maximize the effect and the stakeholders that would reach to the given information.

The project has gained the interest of relevant public bodies (Annex I), which is proven by the letters of support gathered from its beginning. Members of Ministries, Chambers of Commerce, Agencies, Institutes, etc. will be properly informed on the results, conclusions and propositions of the project, in order to broaden their knowledge on the issue, gain the state-of-the-art information and, if possible, integrate the conclusions to possible solutions/policies.

In order to actively involve these public sector stakeholders, the relevance of the agenda to the current energy policy of the EU should be underlined. Directives for the prevention of climate change and the EE goals for 2050 are evolving and MSs are taking actions. Recent news from the European Commission¹ (14 July 2021) mention that the Energy Efficiency Directive (EED) will be modified and such initiatives prove the necessity of the proper preparation of national public bodies to address EE policies, and enhance SMEs, in this case, for the timeliness adaptation to the energy trends.

Agenda:

- Introduction from LEAP4SME member (15')
- Presentation of LEAP4SME pertinent results (15')
- Presentation of technical issues that SMEs are confronting when dealing with EE issues (business association/energy consultant/ESCO representative) (60')

¹ https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3541



- Presentation of national funding schemes and support mechanisms for SMEs and EE (expert from respective National Body) (30')
- Presentation on other supporting schemes (awards, energy labelling, energy promotion activities, etc.) – EU case studies (15')
- Presentation of informative approaches to increase energy knowledge and to provide extra benefits (15')
- Round table, feedback, Q&A etc.

Given the information provided, it could be useful to set a specific target for discussion to the round table, e.g. how the respective public bodies could overcome one of the presented barriers, is there a way that new policies could be developed or existing ones to be improved, etc.

3.2 Non-policy makers

A second kind of event is to be organised, addressing information to non-policy makers that have an interest to the content, results and conclusion of the project. In this workshop, barriers, hints, needs in extract from D2.3 [2] LEAP4SME can be presented.

Agenda:

- Introduction from LEAP4SME member (15')
- Presentation of LEAP4SME pertinent results (15')
- SMEs energy consumption, importance of energy audits and EE measures (30')
- Speaker(s) from stakeholders' business associations, energy auditors, ESCOs on barriers and needs (30')
- LEAP4SME mapping of national policies (15')
- Case studies (15')
- Round table, feedback, Q&A

In this round table, given the information provided, a discussion could be structured addressing some of the difficulties of implementing EE policies and measures into reality, having to



confront everyday issues like lack of time, knowledge, finance or motivation. For example, the discussion could be addressed towards what kind of motivation could overcome the difficulty to change and convince for the necessity of EE and, by extension, climate change prevention measures, etc.

Note: modifications to the agendas could be made in case of changes in the European or Member States policy scenarios regarding the Energy Efficiency Directive and the SMEs related policies. As well as the agendas can be slightly customized according to the partner Countries specific interests at the moment the trainings/workshops will be implemented.



ANNEX I

Supporters of the project

Organisation and Country
Federal Ministry for Sustainability and Tourism (AT)
OekoBusiness Wien (AT)
Ökomanagement Niederösterreich (AT)
Provincial Government of Carinthia, Department 8 - Environment, Energy and Nature Protection (AT)
Styrian Provincial Government (AT)
Forschung Burgenland (AT)
Sustainable Energy development Agency (BG)
Hellenic Ministry for Environment and Energy (GR)
German-Hellenic Chamber of Industry and Commerce (GR)
Federation of Industries of Greece (GR)
Athens Chamber of Commerce and Industry (GR)
Small Enterprises Institute - IME GSEVEE (GR)
Federation of Hellenic Food Industries (GR)
Hungarian Energy and Public Utility Regulatory Authority (HU)
The Chambers of Commerce of Ireland (IE)
Ministero dello Sviluppo Economico (IT)
Confartigianato Imprese (IT)
Association of Certified Energy Experts (IT)
Confindustria (IT)
Ministry of Entrepreneurship and Technology (PL)
Business Centre Club Employers Association (PL)



Polish Agency for Enterprise Development (PL)
Employers of Poland (PL)
Polish Confederation Lewiatan (PL)
Directorate-General of Energy & Geology (PT)
Ministry for the Environment and Climate Action (PT)
Portuguese Agency for Competitiveness and Innovation (PT)
Portuguese Environment Agency (PT)
Ministry of Economy of Slovak (SK)
Instituto para la Diversificación y Ahorro de la Energía (ES)
Ministry for Economy, Trade, Industry and the Business Environment (RO)
Department for Business, Energy & Industrial Strategy (UK)
Green Growth Platform, University of Brighton (UK)
Low Carbon SMEs, Aston University (UK)
European Energy Network
MEDENER

List of relevant policy makers and policy implementers to be involved/kept informed within the project capacity building actions

The following list of Policy makers/implementers at national level has been collected by the LEAP4SME participant Agencies with the purpose of inviting them in capacity building actions when related to high-level policy activities. Due to their specific role in EED article 8 implementation and/or in industry and enterprises policies they have been assessed to be among the most influencing and interested stakeholders in the project results [3]. The invitations will be sent to their pertinent Offices in charge of developing/implementing energy policies in SMEs.

Organisation and Country
Ministry of Physical Planning, Construction and State Assets (HR)
Ministry of Economy and Sustainable Development (HR)
Ministry for Energy, Enterprise and Sustainable Development, Malta
Ministry of Economy of Slovakia (SK)
Department for Business, Energy and Industrial Strategy (UK)
Ministry of Development and Investments & Ministry of Development and Investments (GR)
Ministry of Ecological Transition (IT)
Ministry of Environment and Climate Action and General Directorate for Energy and Geology (PT)
Federal Minister for Climate Action, Environment, Energy, Mobility, Innovation and Technology (AT)
Ministry of Climate and Environment (PL)
National Fund for Environmental Protection and Water (PL)

References

- [1] LEAP4SME deliverable D2.2 *Existing support measures for energy audits and energy efficiency in SMEs*
- [2] LEAP4SME deliverable D2.3 *Report on energy audits market and main barriers in auditing SMEs*
- [3] LEAP4SME deliverable D3.1 *Guideline document on SMEs selection criteria and stakeholders Engagement*
- [4] IEA (2015), *Accelerating Energy Efficiency in Small and Medium-sized Enterprises*, IEA/OECD, Paris
- [5] European Commission (2016), *A Study on Energy Efficiency in Enterprises: Energy Audits and Energy Management Systems*
- [6] CEPS (2021), *Technical assistance on assessing the effectiveness of the implementation of the definition of small and medium-sized enterprises for the purposes of Article 8(4) of the Energy Efficiency Directive*
- [7] Interviews with senior members of the 9 National Agencies in LEAP4SME. Particularly in questions 1, 2, 3 are described barriers, interests and they should be translated from needs to solutions