



Aradippou explores innovative financing solutions in energy efficiency

Aradippou, Cyprus

IN A NUTSHELL

In order to encourage investments by citizens in energy efficiency and photovoltaic solar panels, Aradippou has created an innovative strategy based on the combination of private and public funds to develop incentives.

Context

Located on the outskirts of Larnaca, Aradippou stand as the second largest city in terms of area in Cyprus. Cyprus is still recovering from the latest financial crisis which seriously affected salaries, employment, and the construction industry as a whole. The economic situation has deeply impacted Cypriots, who are thus reluctant to invest in retrofitting buildings with insulation and energy efficient measures.

Consequently, the city of Aradippou took the initiative to conduct a partnership approach in order to create incentives for the retrofit of private housing. The municipality has launched a couple of innovative actions to support its inhabitants investing in energy efficiency.

Financing of photovoltaics for homes

This pioneering effort of Aradippou started in 2014. This first step of Aradippou's strategy aimed to facilitate installation of photovoltaics on private dwellings at large scale for the whole town .

In cooperation with the Cooperative Central Bank and the Larnaka Chamber of Commerce and Industry, Aradippou has prepared a pilot programme aiming to provide loans with more favourable terms for the installation of photovoltaic systems on homes. This pilot programme has secured €1 million for soft loans for photovoltaics on 100 homes. Soft loans are loans with a below-market rate of interest.

While the development of the soft loan has encouraged many citizens to install photovoltaics, it did not scale up due to delays incurred by extended negotiations between the municipality and the bank for even lower interest rates. The event of the acquisition of the Cooperative Central Bank by another bank put the programme on hold and pushed the municipality to seek alternative innovative ways that would implement its clean energy/energy efficiency smart city



Intangible Cultural Heritage, National Catalogue, Cyprus National Commission for UNESCO, for its annual Fair
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ARADIPPOU



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Population:

19,228

Area

174 km²

Signatory to the Covenant of Mayors since:

29/05/2014

CO₂ emission reduction target:

28%

programme without depending on specific banks or time consuming negotiations.

This opportunity was given to Aradippou when it became a learning partner in the Horizon 2020 INNOVATE project, coordinated by Energy Cities.

Aradippou's financing solutions for energy efficiency actions

In Cyprus, including in Aradippou, 91% of the housing stock was constructed without any legal obligation whatsoever for thermal insulation or other minimal efficiency standards.

Based on its early experience in developing a soft loan for photovoltaics, the city of Aradippou strengthened its strategy to incentivise homeowners to invest in their dwellings and improve the thermal insulation of buildings.

Through the Horizon 2020 INNOVATE project, Aradippou has developed an innovative financing scheme in order to encourage larger investments by owners. The municipality has extended its previous strategy by creating an innovative financial tool which blends a municipal grant with a bank loan.

The grant is split into a part which rewards citizens for taking energy efficiency actions and a part which reduces the interest burden for citizens in case they decide to take up a loan. This means that the grant for each household is increased when a loan is received, encouraging larger investments in energy efficiency. By creating this structure, Aradippou aims to encourage citizens to increase the level of investments in energy efficiency. Any homeowners can apply to use this financial tool. Applications are evaluated based on the level of the positive impact their projects will have on the environment.

One-stop-shop

Having identified that the energy refurbishment process is unclear for homeowners, Aradippou is also working with various public and commercial partners to set up a comprehensive 'one-stop-shop' service. This means having a single location where the city can accompany citizens throughout every step of their energy efficiency renovation process. Thus, in a dedicated space inside the city hall, inhabitants have the opportunity to find any information related to clean energy including rewards for citizens by the municipality for energy saved and clean energy produced.

Moreover, encouraging investment in energy efficiency measures and making different companies from the construction sector collaborate around the project of a one-stop-shop is also an opportunity to help the local economy recover from the recent economic crisis.

The one-stop-shop currently performs pilot actions targeting a small number of houses (approximately 50 houses within the first six months). The plans for the next 5-10 years are to scale up the efforts, installing photovoltaics on more than 3,000 homes (approximately 50% of the housing stock of the town) within an investment programme that will exceed €30 million.

USEFUL LINKS

- ▶ <http://www.aradippou.org.cy/>
- ▶ <https://bit.ly/2kuVkJG>
- ▶ <https://bit.ly/2m4gQ5w>



KEY FIGURES

Initially **€1 million** secured for the soft loan for the installation of photovoltaics on **100 homes** (the programme was interrupted due to the acquisition of the partnering bank).

Continuation of the programme through three EU projects, the first being INNOVATE. The aim of the project is to benefit **50 houses** in the next six months while the project will be scaled up to **3,000 houses** within the next 5-10 years.

FINANCING THE PROJECT

- + **Financing source(s):**
The INNOVATE model distributes responsibilities between the municipality and the market, bringing the bank and the chamber of commerce together with the municipality and private homeowners.
- + **Total amount:**
INNOVATE project will represent a total of €30 million investment.



CONTACT

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