

CASE STUDY

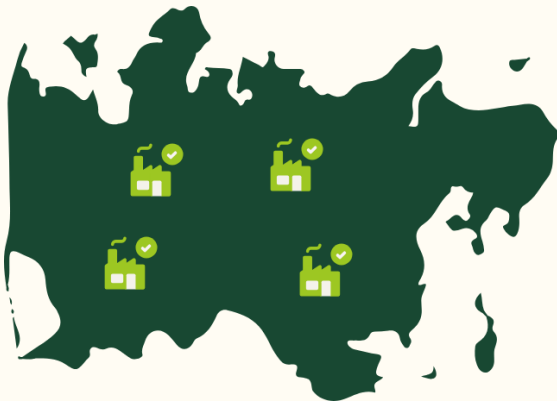
ECSMV PROJECT DENMARK



SUMMARY

The ECSMV project has documented that the SMEs in the Central Denmark Region has a huge potential for green transition. With a little push to identify opportunities and the right support along the project journey, the way is paved for them to quickly take their first green steps and at the same time prepare for the approaching future market with rapid steps. A market where CO2 carbon footprint and value chain responsibility are already becoming the new reality.

The ECSMV project has over the past four years managed to build a community around the green transition, which only became stronger the more stakeholders took an active part in the project, including municipalities, SMEs and advisors.



CONTEXT

Roundtables during Sustainable Energy Investment Forums have suggested and promoted cross-municipal / regional collaborations as advantageous structures to assist SMEs in connection with planning and implementation of energy efficiency and circular economy. Ideally, these can function as “one-stop-shops” that guide the SMEs through the entire value chain from screening to commissioning and monitoring.

The ECSMV project – Energy efficiency and CO2 savings in companies in Central Denmark Region is a concrete example of an organized cross-municipal collaboration around the promotion of energy efficiency in SMEs.

WHAT DID ECSMV DO?

The ECSMV project has assisted SMEs to develop green business plans suggesting measures to reduce CO2 emissions, energy consumption and use of materials, and at the same time resulting in a greater financial profit.

The project includes 18 of 19 municipalities in the region and is led by Ringkøbing-Skjern (project manager), Skive and Aarhus Municipalities. Each municipality participates with a local contact person and one or more performing screening agents. The consultancy work is carried out by 10 pre-qualified consulting companies.

Concrete benefits are an effective mobilization of companies, including the very important local 1:1 dialogue with the companies, and building up shared knowledge and experience via network cooperation.

The project's screening concept, which is based on key actors with knowledge of the local business community having a dialogue with the companies, has proven to give more companies an increased potential to develop green business models than expected.

The project has been in focus through two national and two regional RoundBaltic roundtables aiming at showcasing the project as a best practice example and at the same time developing recommendations towards development of the concept, including partnering up with national and local financial players.

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RESULTS

The project has resulted in green business models for 179 SMEs that allocate 30 MEUR private investments.

Implementation of these investments will result in

- **57,000 tons of CO2 reductions,**
- **340,000 GJ of energy savings,**
- **28,000 tons of material savings.**

The collaboration has been effective in terms of motivating the SMEs and realizing their potential for energy savings. At the same time, such cooperation is associated with cost efficiency via saved transaction. An external evaluation states that the project's organization and the practical implementation of the collaboration are mentioned as worthy of emphasis, and as a good example of successful implementation of decentralized business promotion projects at local level.

The project's success is based, among other things, on the strong dialogue that has been established over the life of the project between all involved partners. Furthermore, the evaluation recommends, and in line with the conclusions from RoundBaltic roundtables, that the green business model is used actively for a dialogue with the banks.

LESSONS LEARNED

RoundBaltic, together with the ECSMV project, has proven the added value of setting up a regional focal point, ideally functioning as a one stop shop, that can support the SMEs on their project journey on developing and implementing green business models.

In general, there will be a need for further development of competences among advisers, banks, and municipalities in relation to assisting companies in relation to a holistic approach that, in addition to energy savings, also envisages circularity and side benefits from energy savings (including business drivers).

In this connection, there is a need for the involvement of a wide circle of actors around the projects, both in terms of advice and guidance, but also with respect to knowledge gathering, exchange of experiences, etc. which, overall, can help the SMEs through the project processes in the most appropriate way.

Furthermore, the roundtables have made it clear that there is a need for national coordination regarding prerequisites, methods and competence building and which forms the framework for concrete actions and initiatives at the regional / cross-municipal level.

In relation to the expansion of the circle of stakeholders it is important to clarify the role between municipal initiatives and the new regional business centers established under the new Danish business promotion reform, including creating a win-win situation for all parties.

In general, more continuity should be created in relation to current and previous initiatives, partly by supporting and continuing what works and partly through a more effective harvesting of knowledge and experience.

“ There has been exemplary cooperation, and there has been a great community of interests. It is also during this period that the municipalities have started the development of climate action plans in DK2020.

This means that there are probably slightly different starting points and slightly different capacities around the municipalities, but it is the great common interest that has bound the partners together and ensured an excellent collaboration.

In addition to the concrete savings on energy, materials and CO2 identified in the project, the biggest difference in my opinion is that the project has given the green transition "boots on the ground". Capacity has been created in the business promotion system for the hand-held trust-based effort, which in my opinion is a bit of a 'missing link' as the system is set up today. ”

***Henrik Westerby, Project Manager,
Ringkoebing-Skjern Municipality***

INVOLVING THE FINANCIAL SECTOR

The financing sector has actively taken part in the RoundBaltic Roundtables, and as part of their internal capacity building programme. The representatives of the participating local and national banks have unanimously concluded the traditional credit rating as the most crucial factor when SMEs apply for energy efficiency loans. However, the credit rating will be seen in the context of the proposed project, including the project's impact on the company's cash flow.

Furthermore, the financial sector is aware that the general requirements for green conversion will increasingly influence the banks' lending policy in connection with the financing of sustainable measures (including energy efficiency) in SMEs. It is important that companies generally have well-developed strategy plans, which also consider sustainability, including circularity. It is important that the green business model is used actively in the dialogue with the banks to secure access to financing. The EU taxonomy and the associated classification system should be included in the business models to the extent relevant. It could be relevant for SMEs to adapt to the taxonomy if they are

relevant for SMEs to adapt to the taxonomy if they are part of the value chain for other larger companies covered by the scheme. Furthermore, a "green" profile can be an asset in relation to their general competitive situation and financing of green investments, which lead to CO2 savings and energy savings.

In relation to SMEs that do not immediately have the opportunity to take up loans due to low credit ratings, consideration have been given to establishing a guarantee scheme under for example Denmark's Investment Fund. Alternatively, the European Investment Fund can be used, as done by for example the Danish cooperative bank "Merkur Andelskasse" which in 2023 has signed an increased allocation of its existing EGF guarantee with the European Investment Fund (EIF) to channel new financing to Danish companies.

Green business models can perhaps be standardized to some extent, and this can make it easier for banks to see the sense in a possible investment. It could be in the form of a checklist as suggested by RoundBaltic.

Overall various financing sources are available, but important to ensure access to these through well-documented and bankable projects.



NEXT STEPS

Within the region the roundtable process has been used to initiate new initiatives building further on the success of ECSMV and the support from RoundBaltic. Several municipalities are committed in a new project focusing on taxonomy and partnerships with local banks. Other initiatives are considered, including enhancing the OSS structure in relation to attracting private capital.

A new project on “Circular Economy” was initiated in

August 2023 (EU Regional Funds)

In the further actions it is important to coordinate local and national efforts and especially in relation to the new Act on Business Promotion, which has established regional business centres as part of the regional business promotion system. One of the business centres' core tasks is to offer specialized and targeted 1:1 guidance to all types of companies and entrepreneurs. It is to be clarified how this can play together with inter-municipal initiatives such as ECSMV.

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[YOUTUBE VIDEO](#) – *in Danish.*

www.roundbaltic.eu

Disclaimer

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This Case Study was elaborated as part of the RoundBaltic project bringing together representatives of the financial and energy efficiency sectors at regional and national roundtables to discuss and find solutions to the challenge of energy efficiency finance in the three target countries Poland, Latvia and Denmark.

Key focus areas have been to ensure an investment friendly framework along designing of financing instruments in accordance with the EU financial pillars more effective use of public funds, aggregation and project development assistance and de-risking.



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