



## **Canada-EU Exchange**

### **Webinar 1: Investing in a climate-neutral recovery**

**9 March 2021**

*Financing mechanisms and overarching plans supporting recovery and building renovation in the EU and Canada*

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#### Background

In March 2020, Canada and the EU affirmed their determination to put into action energy efficient solutions in buildings at all levels of governance to address the climate challenge at a joint workshop organized by the European Commission and [Natural Resources Canada \(NRCAN\)](#), within the framework of the Specific Partnerships for the Implementation of the Paris Agreement (SPIPA). Hosted by [BPIE, the Buildings Performance Institute Europe](#), the Canada-EU Exchange will continue in 2021 as a series of five webinars, running monthly from March until July. The webinars will cover selected building policies and programmes, their implementation, best practices, and innovative policies across Canada and EU Member States.

The first webinar, hosted on March 9<sup>th</sup>, 2021, will focus on **Investing in a climate-neutral recovery** - the Recovery Plan for Europe (Next Generation EU) and financing mechanisms supporting building renovation in the EU multi-annual financial framework 2021-2027 and Canada's overarching plans and investment strategies to boost energy efficient renovations in buildings. The target audience for the webinar include representatives from national, provincial and territorial governments, local governments, NGOs, universities, research Institutions, and private sector participants.

#### I. [Canada's plan and financing mechanisms to boost energy efficient building retrofits](#)

Energy Efficiency is a key pillar of Canada's climate plan and energy transition, through the **Pan-Canadian Framework on Clean Growth and Climate Change** (2016) and the **new Strengthened Climate Plan** (2020). Canada recently made major investments to boost energy efficiency retrofits in buildings and housing to support economic recovery efforts and advance toward **net-zero by 2050**, notably through the **Canada Infrastructure Bank Growth Plan**.

##### *Pan-Canadian Framework on Clean Growth and Climate Change*

The Pan-Canadian Framework on Clean Growth and Climate Change is Canada's plan – developed with the provinces and territories and in consultation with Indigenous peoples – to meet our emissions reduction targets, grow the economy, and build resilience to a changing climate. The plan includes an approach to pricing carbon pollution and measures to achieve reductions across all sectors of the



economy. Under the Pan-Canadian Framework, energy efficiency measures account for over one third of planned emission reductions.<sup>1</sup>

#### *Strengthened Climate Plan for a Healthy Environment and a Healthy Economy*

*A Healthy Environment and a Healthy Economy* is the federal plan to build a better future with a healthier economy and environment. Released in December 2020, this plan builds on the Pan-Canadian Framework with 64 new measures supported by an initial \$15 billion in investments to ensure that Canada meets, and exceeds, its 2030 commitments. Energy efficiency is a key part of this plan. Examples of measures include: a \$2.6 billion investment over 7 years in home energy efficiency through grants of up to \$5000 for homeowners to make efficiency improvements to their homes, supported by home energy assessments, and support to recruit energy assessors – in an inclusive manner, mindful of diversity.<sup>2</sup>

#### *The Canada Investment Bank Growth Plan*

The new Canada Infrastructure Bank is a tool to provide funding via the Investing in Canada Plan. Over the next 3 years, the Bank will create a Canadian \$10 billion Growth Plan (CIB Growth Plan), to invest in five major initiatives: clean power to support renewable energy, connectivity initiatives, large-scale building retrofits, agricultural irrigation projects and the adaptation of zero-emissions busses and charging infrastructure. This includes \$2 billion to invest in large-scale building retrofits to increase energy efficiency and help make communities more sustainable.<sup>3</sup>

## II. Financing mechanisms and initiatives supporting recovery and building renovation in the EU

The EU has recently established several dedicated resources and initiatives to economic recovery, which highlight the importance of funding building renovation to create jobs as well as meet climate targets. At the EU level, two initiatives of focus for such efforts are **Next Generation EU and the Multiannual Financial Framework**. These two programmes fund several key building renovation initiatives, such as **InvestEU and Horizon Europe**, which ultimately support the Renovation Wave and the European Green Deal.

#### NextGenerationEU

With a budget of €750 billion, NextGenerationEU (NGEU) is a part of the EU recovery package dedicated to providing immediate funds to address the economic and social impacts of Covid-19. The key programmes of NGEU are the Recovery and Resilience Facility (RRF), ReactEU, Horizon Europe, InvestEU, Rural Development, Just Transition Fund, and RescEU. Of these, the primary programmes for building renovation include InvestEU, Horizon Europe and the Just Transition Fund.

#### *EU Recovery and Resilience Facility*

The Recovery and Resilience Facility (RRF) is the centrepiece of NextGenerationEU, with €672.5 billion in loans and grants available to support reforms and investments undertaken by EU countries. This facility can support climate targets while promoting economic recovery. The aim is to mitigate the

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<sup>2</sup> <https://www.canada.ca/en/services/environment/weather/climatechange/climate-plan/climate-plan-overview/healthy-environment-healthy-economy.html>

<sup>3</sup> <https://www.infrastructure.gc.ca/CIB-BIC/index-eng.html>



economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient, and better prepared for the challenges and opportunities of the green and digital transitions.

#### Multiannual Financial Framework

The Multiannual Financial Framework (MFF) (2021-2027) is the EU's long-term budget, and in conjunction with NGEU is providing unprecedented funding to address the current crisis. The total budget of the MFF is €1,074.3 billion. The MFF supports several key policy areas including the Cohesion Policy, the Common Agricultural Policy and several other smaller initiatives, such as Horizon Europe, Invest EU and the Just Transition Fund.

#### *InvestEU*

The InvestEU programme is funded by both the MFF and NGEU. It is the primary European investment programme to bolster the European economy given the current crisis. The current budget of InvestEU (as of February 2021) is €33 billion. InvestEU's main objectives (in line with EU priorities) is to fund sustainable infrastructure projects, innovation, and digitization research, increase access of finance for SMEs, and increase availability of microfinance.<sup>4</sup>

#### *Just Transition Fund*

The Just Transition Fund, with an overall budget of €17.5 billion is also financed by both the MFF and NGEU, as a part of the Just Transition Mechanism. The primary focus of the Fund is to address the economic costs associated with the clean energy transition.

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<sup>4</sup> [https://eur-lex.europa.eu/resource.html?uri=cellar:191b4df3-a18a-11ea-9d2d-01aa75ed71a1.0001.02/DOC\\_1&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:191b4df3-a18a-11ea-9d2d-01aa75ed71a1.0001.02/DOC_1&format=PDF)

<sup>2</sup> <https://www.canada.ca/en/services/environment/weather/climatechange/pan-canadian-framework.html>