

**Best Practice #8: Addressing Air Pollution through renewable heat appliances:
Clean Air Programme**

Name:	Clean Air Programme
Geography:	Poland
Organization interviewed:	Clean Air Programme
Organization interviewing:	Trinomics
Website:	https://www.czystepowietrze.eu/
Category:	Technology/ Financing
Description:	<p>The goal of the government's Clean Air Program is to reduce emissions of harmful substances into the atmosphere resulting from heating single-family houses using outdated heat sources and low-quality fuel. The program offers co-financing for the replacement of old and ineffective solid fuel heat sources with modern fuels that meet the highest standards, as well as carrying out the accompanying thermal modernization works of the building. The program has been updated in 2020 (?). Key changes/elements are:</p> <ul style="list-style-type: none"> • Grants for three beneficiary groups – up to 20,000 PLN in the basic version and up to 32,000 PLN for people in more difficult financial situation, with an additional 5,000 PLN grant for photovoltaics, • Less red tape thanks to the simplification of the grant application and a switch to declarations, • Shortening the deadlines for awarding grants from 90 to 30 days, • Inclusion of municipalities and the banking sector in the Programme, • Offering the beneficiaries the ability to start their projects 6 months before submitting the grant application
Questions:	
	<p>1. Please briefly describe the Clean Air Program and how it has changed/transformed over time.</p>
	<p>National Fund for Environmental Protection & Water Management has its origins in the 1990s, based on implementing the polluter pays principle. Tasked with collecting and administering fees from polluters and distribution of EU funding – pre and post accession. Currently also administering the EU ETS stream of money. Involved in Green Project Implementation – combining domestic funding with structural funds, to support energy transition.</p> <p>Clean Air Program started in 2018 to address poor air quality. Individual housing heaters were identified as one of the key sources of air pollution due to use of low-quality coal, burning waste for heating, use of low efficiency boilers. The goal of the program is to support 3 million households to quit using polluting equipment and switch to cleaner heating tech. So far, program has received ~1 million applications from Polish households. 2 million to go. Duration of the program is until 2029 (11 years). The program switched from just focusing on replacing heaters to supporting replacement together with comprehensive building refurbishment.</p> <p>Estimated budget is ~ 103 billion PLN or 20-25 billion EUR.</p>

Budget comes from EU and PL funds:

From EU under the 2021- 2027 MFF:

- 3.1 billion EUR Polish Recovery and Resilience Plan (funds frozen but expected to be made available in April 2024)
- 1.8 billion EUR from Structural Funds

Rest of money coming from PL funds. The program is record big when it comes to PL and when it comes to the EU. Implemented with 16 regional funds.

Close collaboration with local governments (Gminas). 86% of Gminas all over Poland engaged with the Program. Support through e.g. setting up One-Stop-Shops. The remaining 14% still need to be engaged.

Program offers different support levels depending on the applicants' needs. To determine this, it ranks beneficiaries based on their income per person.

- Medium need for support: ~ 30 to 50% total costs based on funding. The more ambitious the EE savings, the higher the support.
- High need for support: increased funding up to 70%
- Highest need for support: possibility for up to 100% of the net costs. VAT is not eligible. They need to cover VAT – 7 %. Further up to 50% of costs can be covered up front in this case. In this case, Gminas send a social worker to confirm that the need for support is high. To facilitate logistics, construction company to be the one that tackles all the formalities. To be the one that received the money directly.

Program updates the threshold once a year to adjust for inflation, rising prices, etc.

'Highest need for support' group constitutes about 50% of all recent applications. 'Low hanging fruits' (medium and high support needs) have already mostly been reached.

2. What are some of the key challenges/barriers you've encountered in the program?
E.g. regarding encouraging citizens to apply? Barriers to replacement of inefficient heating sys?

Information and money are key barriers.

With the EU funds from the National Recovery Fund being suspended under the previous PL government the cash flow architecture had to be rearranged. The program gives around 100 million PLN every week to households.

Often, just the replacement of old boilers rather than going for renovation is what people prefer due to it being easier. Renovation involves practical challenges for household associated with noise, need to stay somewhere else for a period, etc. This is particularly challenging for those who qualify for the highest grant bracket because they face organizational challenges in the planning, in finding the time etc. They are often preoccupied with the day-to-day and face lack of predictability

An idea to address this is for Gminas and local NGOs to knock on peoples' doors to advertise the Program. Tell people that they can be helped to reach 100% financing, helped to secure a loan for the 7% VAT, helped with the organization of the renovation.

People working in Gminas are motivated by helping others.

Language matters, it's important not to stigmatise people that are struggling. For example, it has been agreed that people receiving support from the Program will not be forced to put labels on their house with the Program logo because this could stigmatise them.

<p>3. What kind of public awareness campaigns have been carried out by the Clean Air Program (if any)? What has been the response? What has worked particularly well?</p>
<ul style="list-style-type: none"> • Around 50% of the media budget (of NFOSIGW) has been spent on the Clean Air Program: tv, soap operas, posters with info on entry doors of popular super-market chains before Easter and Christmas Holidays, etc. • Making use of Gminas as information contact points. It's hard to measure the direct effectiveness of these actions. Have tried to measure, together with the WB, however, very often the decision on whether to apply for funding is based on many factors. The final decision is not only based on the campaign, but often people also need to hear from a friend, neighbour who has satisfactorily participated in the Program. • Observe a drop of application during summer holidays and an increase during fall. • Product branding in soap operas (e.g. include heating renovation scenario within the soap opera) has been very effective. Women are often the ones responsible for the household budget and concerned with the heat comfort. • Have also tried to engage with constructors, utilities, installers and, entrepreneurs to make them aware of the Program. Institut Ochrony Srodowiska (government subsidiary) – is tasked with maintaining a 'Green Utilities' list that only includes products, materials that have high energy efficiency standards. If on the list, the process of the application assessment is shorter. This promotes higher quality.
<p>4. What has been the experience of working with municipalities?</p>
<p>The gap in the distribution network of the "Clean Air" Programme was bridged thanks to the inclusion of local government units – as of now, 658 contracts with municipalities have been signed to date. This was done because the municipalities know best the needs and requirements of local residents and they know their problems. They also have knowledge of who can benefit from what form of assistance.</p> <p>New tasks for municipalities have been introduced under the new version of the "Clean Air" Programme:</p> <ul style="list-style-type: none"> • issuing certificates confirming the right to increased subsidies; • assisting applicants in submitting their applications; • granting loans to persons entitled to increased co-financing (from the funds made available by the National Fund for Environmental Protection and Water Management); • combining subsidies from municipal programmes with the "Clean Air" Programme grants. <p><u>On data gathering:</u></p> <p>In 2018, based on evaluations it was decided to start gathering energy info and to centralize it. CEEB oversees the central database. Individual households and local households are obliged to disclose info on the energy use. This was launched 3 years ago, but information is still lacking, quality of data is not yet ideal. Idea is for chimney sweepers (a profession still relevant for most PL household) would be tasked to verify whether information is true.</p>
<p>5. Can you list at least 3 key success factors that have made this program successful?</p>
<p>i. Program saw increased interest once it increased level of funding to 100%. However, this coverage can only provide to those who qualify for the highest support bracket. Still, the learning is that the funding should be as high as possible.</p>

ii. Spreading information: In 6 years, the Program has become a **well-known brand**.

6. Can you speak about the reason for including the banking sector as a source of complementary and bridging financing (loans/credits) in the Programme? What has the experience been so far? Any lessons learned/best practices?

Seven commercial banks have joined the program. Part of the grants from the Program are used to support commercial banks to make loans that can be made to clients who otherwise would not qualify for a loan. Still the type of beneficiary of the Program, low-income households, is not attractive to commercial banks. Banks prefer to lend money to big projects (big wind farms, solar PV). Bank Gospodarstwa Krajowego, Polish Development Bank, also involved to encourage commercial banks to increase their risk by supporting with guarantees (?). So far, the number of loans taken has been below the hoped-for results. The World Bank is also working with the Program and providing advice.

With the current boom in construction in PL, commercial banks are more focused on funding new premises rather than lending money for renovations.