

# EIB's technical and financial services for local energy efficiency projects

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*European Committee of the Regions  
ENVE Commission  
Brussels  
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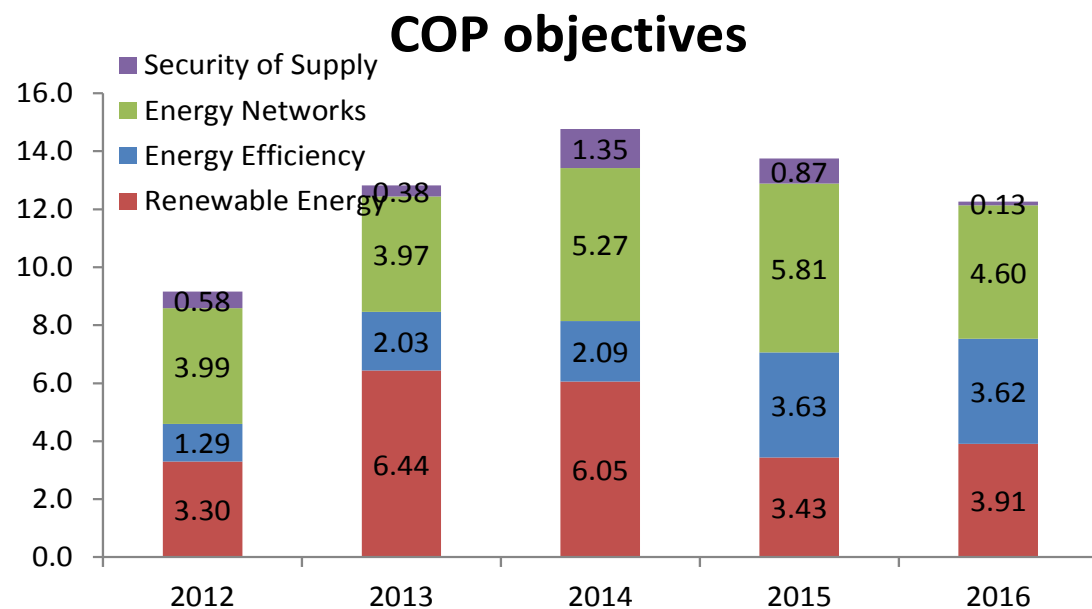
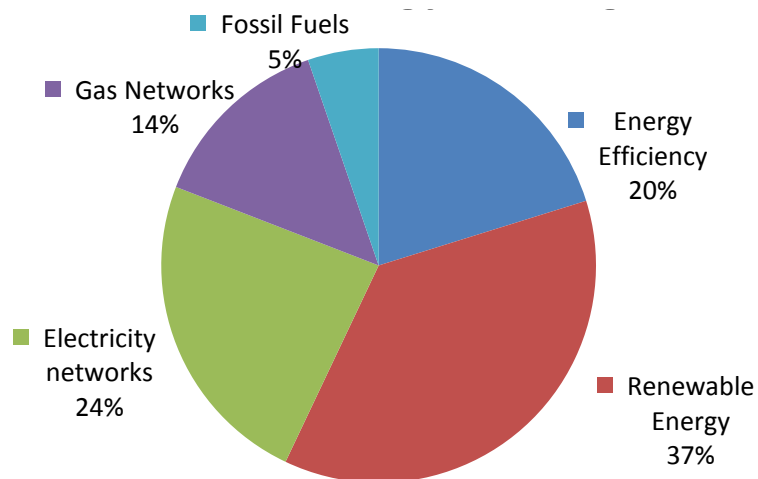
# The EIB - the EU bank



- Natural financing partner for the EU institutions since 1958
- Around 90% of lending is within the EU
- Shareholders: 28 EU Member States
- Lending volume 2016: signed EUR 74.5 bn

Investing in Europe's growth

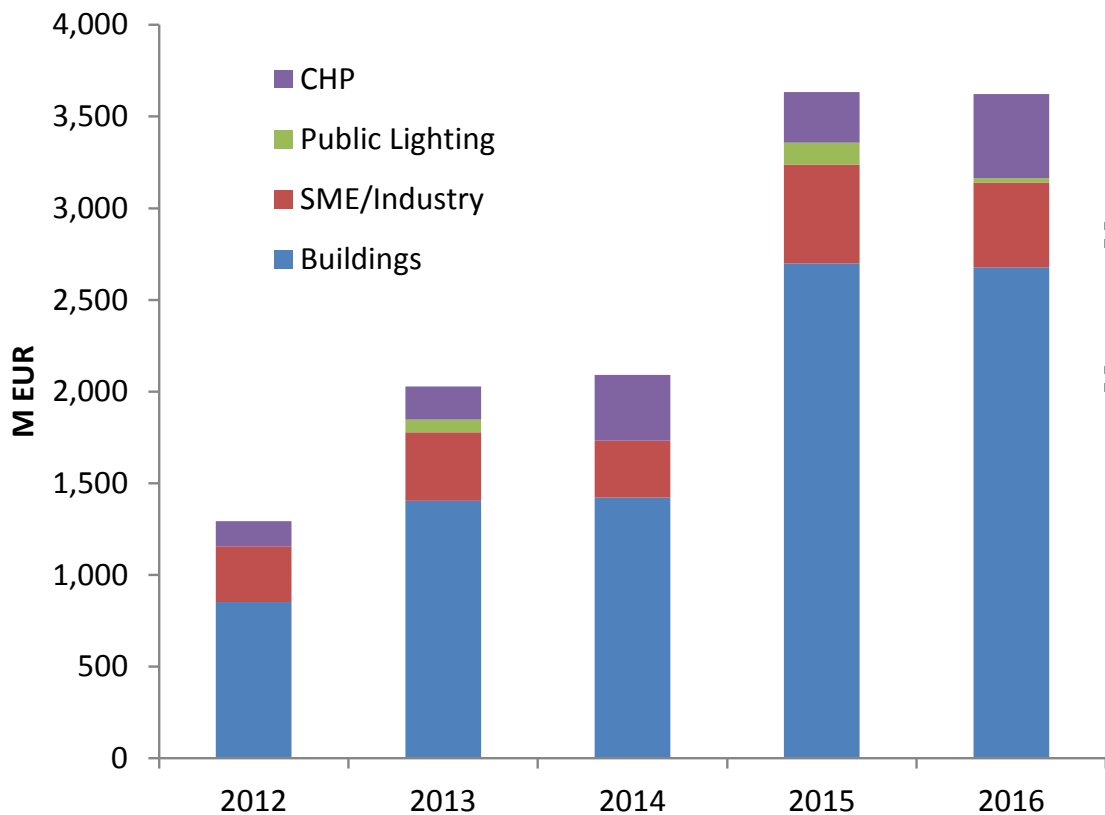
# EIB Energy Lending 2012-2016



- Signatures 2012-2016: EUR 62.7 bn
- In Renewable Energy, Energy Networks, Security of Supply and Energy Efficiency

# EIB EE Lending 2012-2016

## EE Lending Breakdown per year



- Overall EE-lending increased by 3x since 2012
- 75% of EE-lending volume to Buildings

# Needs and challenges of EE investments

- Poor **information**
- High transaction costs: **fragmentation** EE projects are combinations of multiple small size sub-projects
- **Split incentives** (e.g. tenants gain from lower bills while landlords pay for investment)
- **Subsidised** tariffs, reducing incentives to invest.
- Poor incentives for local banks to expand into a relatively new area of lending (**capital constraints**)
- Public authorities lack of **technical capacity**, incentives and frequently balance sheet to implement EE programmes

# EIB products available

LENDING	BLENDING	ADVISING
<ul style="list-style-type: none"> <li>▪ Long term debt</li> <li>▪ Subordinated loans</li> <li>▪ Project finance</li> <li>▪ Equity type</li> <li>▪ Guarantee</li> <li>▪ Securitisation</li> <li>▪ Venture capital</li> <li>▪ Growth finance</li> </ul> <p><b>Specific tools:</b></p> <ul style="list-style-type: none"> <li>▪ EFSI</li> <li>▪ PF4EE</li> <li>▪ SFSB</li> </ul>	<ul style="list-style-type: none"> <li>➤ Combining EIB finance with EU budget</li> <li>➤ (Project Bond Initiative)</li> <li>➤ Higher risk projects for innovation (InnovFin)</li> </ul>	<ul style="list-style-type: none"> <li>✓ EIAH (European Investment Advisory Hub)</li> <li>✓ ELENA (European Local Energy Assistance)</li> <li>✓ JASPERS (Structural Funds assistance)</li> <li>✓ fi-compass (support for managing authorities)</li> </ul>

Attracting FUNDING for long-term growth

# Example of Investment Loan

## Energy Efficiency in Bucharest Residential Buildings (Romania)

Sector	Number of buildings	Total cost (MEUR)	EIB loan (MEUR)	Status
<b>Sector 1</b>	<b>399</b>	<b>190</b>	<b>125</b>	<b>Completed</b>
Sector 1 II	376	182	136.5	On-going
<b>Sector 2</b>	<b>246</b>	<b>80</b>	<b>60</b>	<b>On-going</b>
Sector 2 II	95	29.5	22	On-going
<b>Sector 4</b>	<b>116</b>	<b>36</b>	<b>27</b>	<b>Completed</b>
Sector 4 II	140	56	42	On-going
<b>Sector 6</b>	<b>256</b>	<b>147</b>	<b>70</b>	<b>Completed</b>
Sector 6 II	112	54.5	40	On-going
	<b>1740</b>	<b>775</b>	<b>522.5</b>	

# Example Intermediated Loan: EE Walloon Social Housing

- EE refurbishment and upgrade of 12,000 - 14,000 flats in social housing in Wallonia BE, including also RE where appropriate Total investment: EUR 400m (EIB co-financing: EUR 200m)
- Partner: regional social housing company supporting local social housing companies
- EE refurbishment level: low energy consumption





# Example : Equity Fund – EFSI project

## Impax Property Fund

**Barrier:** Split incentives



**Solution:** Aggregation



- Infrastructure fund targeting the refurbishment of UK commercial buildings
- Renovation of 8 to 12 properties, increasing EPC ratings in at least 2 levels (30-50% energy reduction)
- Total project cost (renovation) GBP 150m
- EIB investment 25m, under EFSI

# EIB's technical and financial support for project development

# What is the Advisory Hub (EIAH)?



A **joint initiative**

A tool to strengthen Europe's investment environment and improve the **quality** of investment projects



A **single access point** to a comprehensive offer of advisory and technical assistance services



An instrument to assess and **address** unmet **needs** for advisory support



A **cooperation platform** to leverage and exchange expertise (National Points of Information, Managing Authorities for structural funds)

# Advisory Hub support available for (e.g.):

- Upstream project identification
  - Providing guidance in technical feasibility and bankability of future investments, business plans etc.
- Project preparation
  - Support to promoter on structuring and preparing bankable projects and designing investment platforms for aggregating projects
- Project implementation
  - Support Project Implementation Units through consultants etc.

# ELENA in short

## European Local Energy Assistance

- EC-EIB cooperation to support public authorities and private entities to reach 20-20-20 targets
- Technical Assistance facility: managed by EIB; funded by EU budget (H2020 Programme)
- Project development support for energy efficiency; building integrated renewables; clean urban transport
- Market replication focus (min. investment EUR 30 m)
- Investment leverage required (ratio 20 for sustainable energy; 10 for clean urban transport; claw back possibility)
- 90% funding rate (grant)
- Budget allocation: still available; average EUR 15m per year
- First come, first served rule

# European Local Energy Assistance - ELENA

*ELENA*

*Technical Assistance*

Support for  
Local, regional or national  
entities for :

- **Additional personnel**
- **Technical studies**
- **Preparation of calls for tender**
- **Financial structuring**

## **INVESTMENT PROGRAMME EE and RE**

in public and private buildings;  
public lighting and traffic light network;  
photovoltaics,  
heating/cooling systems;

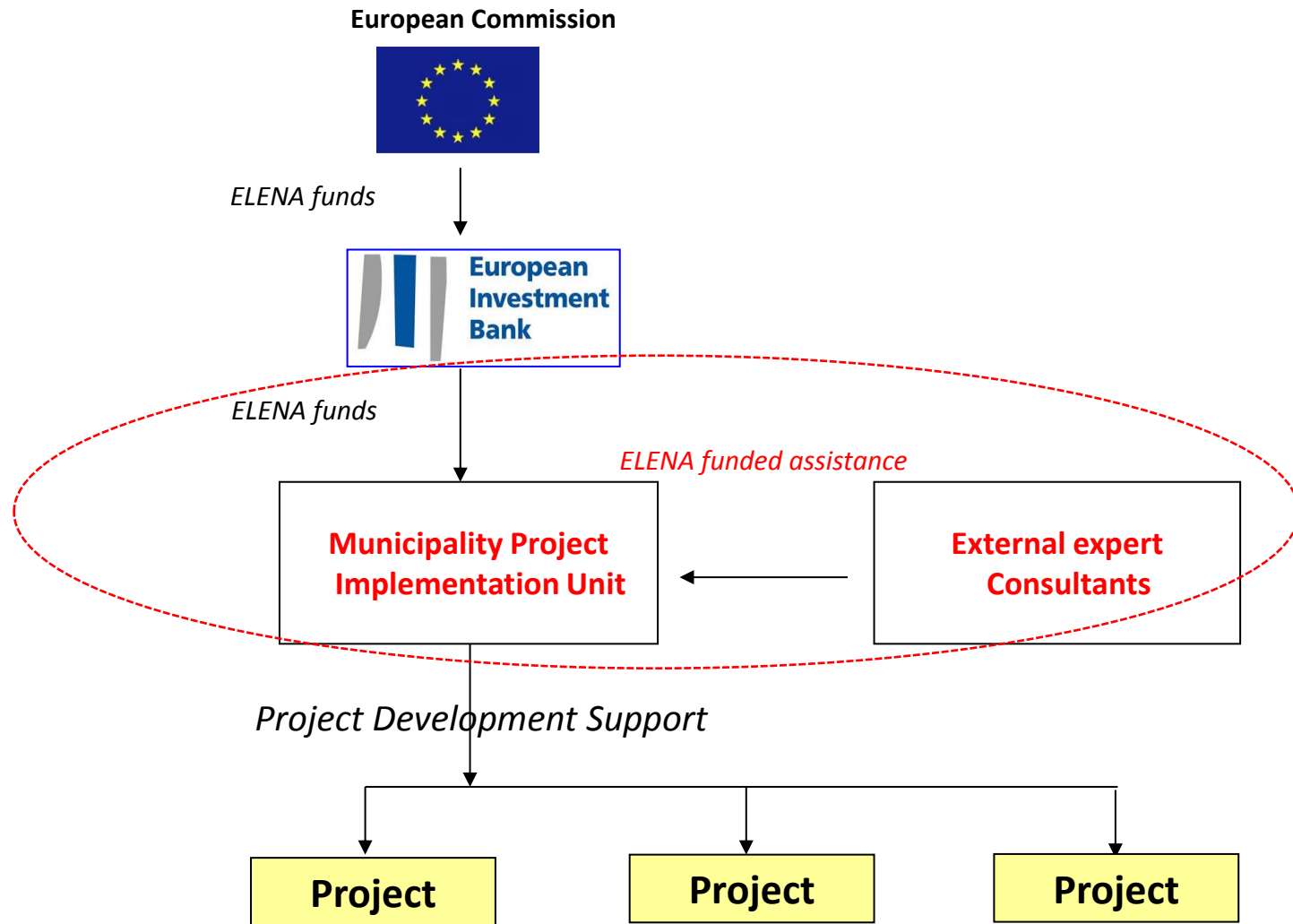
## **Efficient urban transport**

clean and energy-efficient road transport vehicles,  
trams, trolleybuses, metros, and trains;  
investments to improve public transport;

## **Local energy facilities** that support EE/RE

smart grids;  
infrastructure for recharging electrically  
powered vehicles;  
information and communications technologies.

# ELENA Project Example



*EE and PV in public buildings, EE in public lighting*

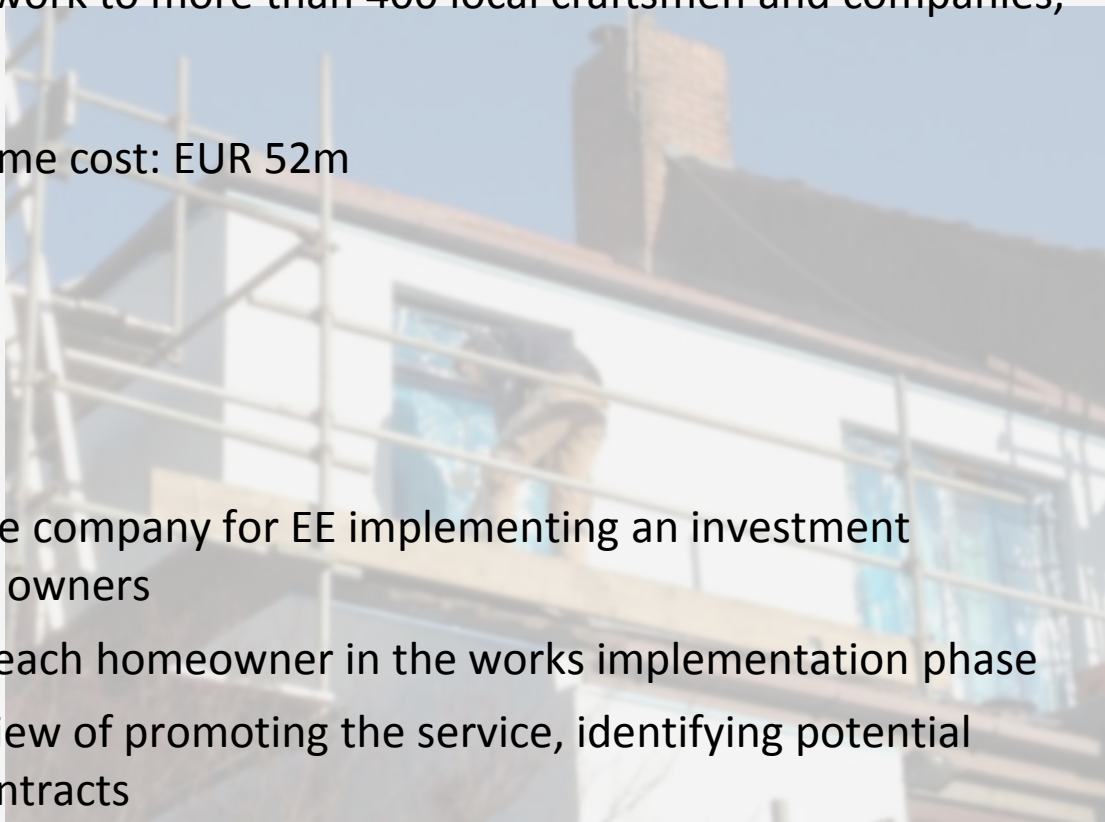
# Case study: Picardie Pass Renovation

## EFSI plus ELENA

- ▶ Beneficiary: Regional Public Service Company for Energy Efficiency in Picardie, France
- ▶ Objective: energy efficiency renovations of private houses (as of December 2016, 290 ongoing building sites provide work to more than 400 local craftsmen and companies, at a cost of EUR 26.3m)
- ▶ Estimated investment programme cost: EUR 52m
- ▶ ELENA grant budget: EUR 1.8m
- ▶ EIB loan: EUR 23.5m

### ELENA support requested:

- ✓ Development of a public service company for EE implementing an investment programme with private home owners
- ✓ External assistance to support each homeowner in the works implementation phase
- ✓ Cooperation with partners in view of promoting the service, identifying potential homeowners and preparing contracts



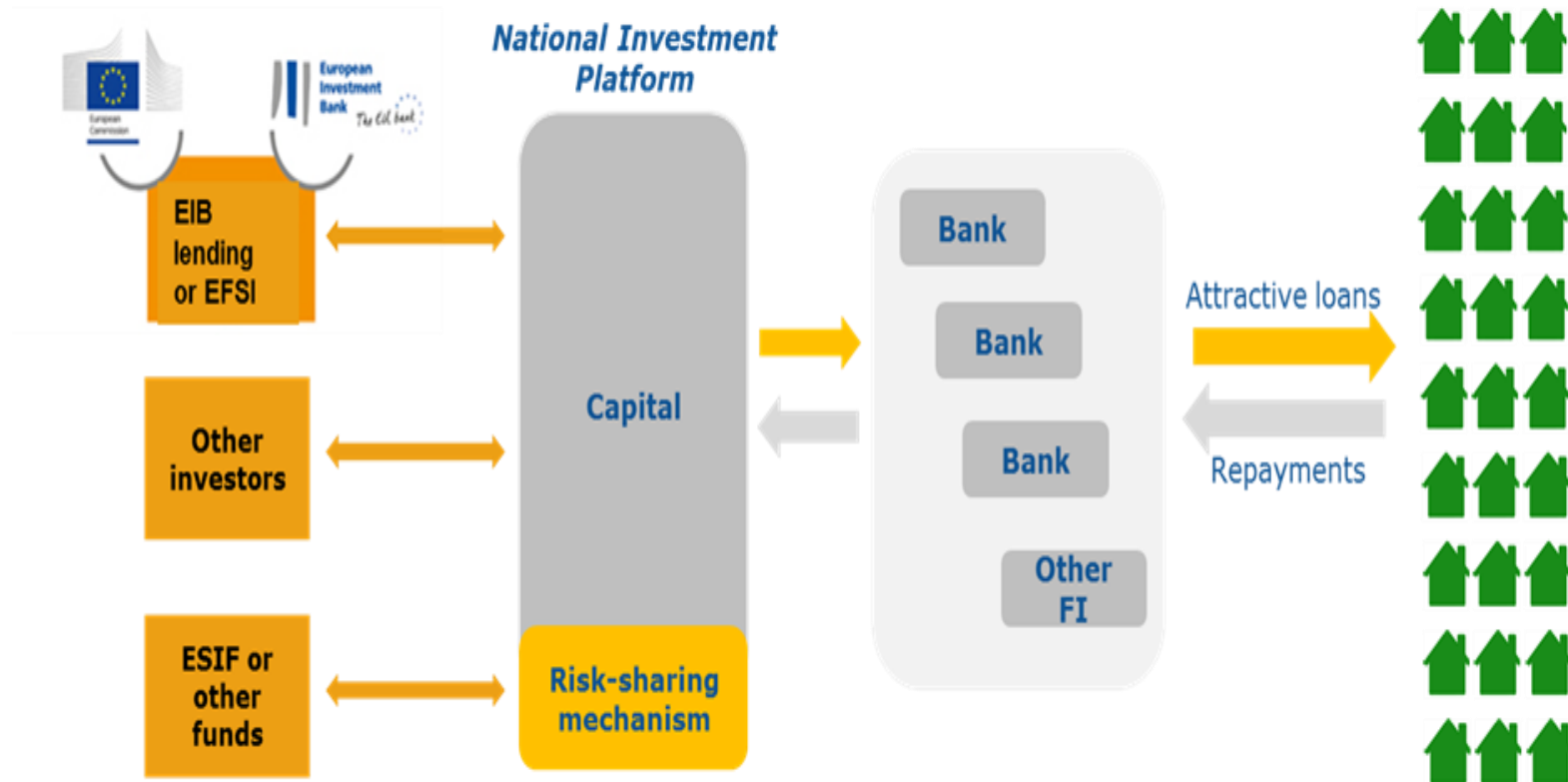


**Supporting Energy Efficiency  
investments with Guarantee  
Instruments:  
‘Smart Finance for Smart Buildings’  
initiative  
SFSB**

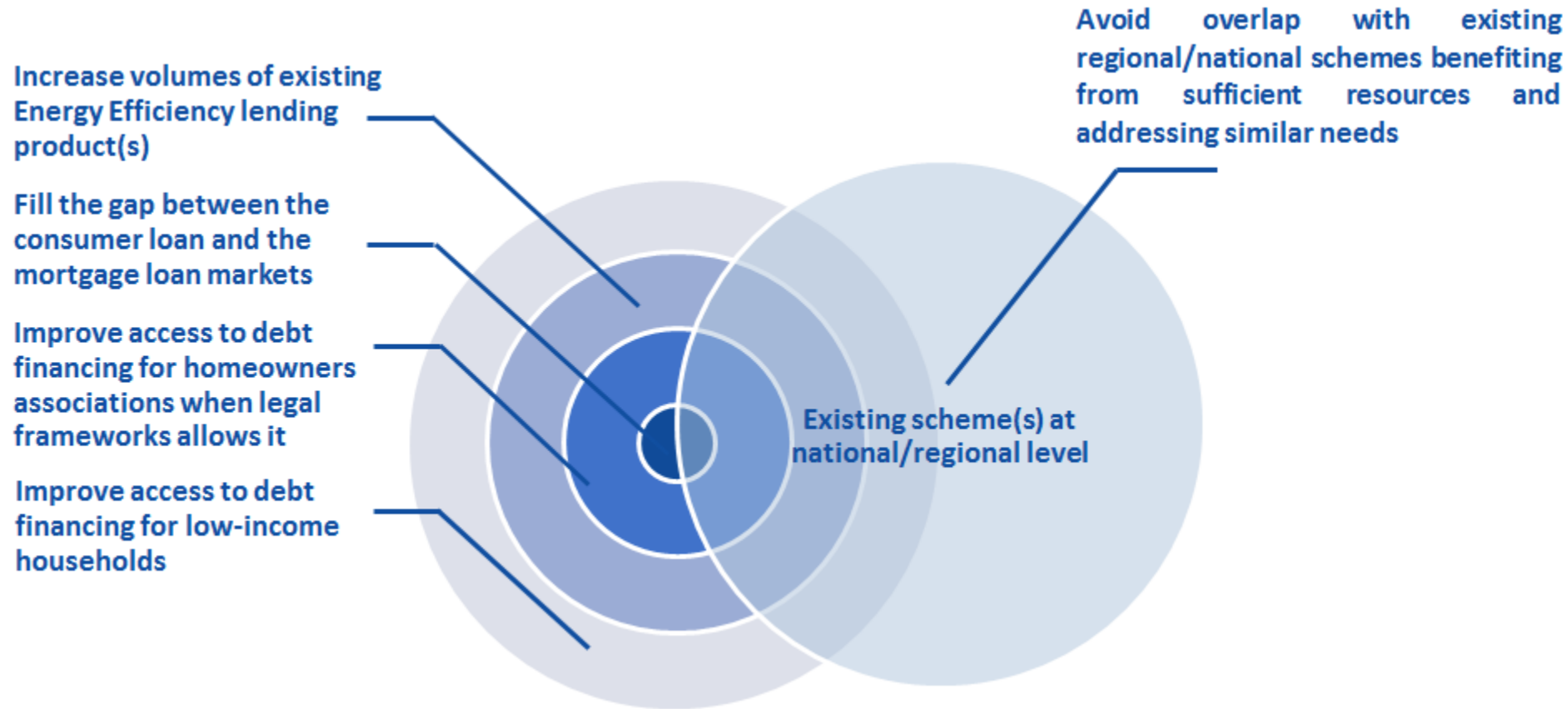
# SFSB initiative : background information

- Launched on **Nov. 30<sup>th</sup>, 2016** by the **European Commission**;
- Developed in **cooperation with EIB Group** (EIB/EIF);
- Part of the “**Clean Energy for all Europeans**” package”;
- Aims to unlock **EUR 10bn of public and private funds by 2020** for energy efficiency (“EE”) in buildings for households and housing associations;
- Consists mainly in an **unfunded credit risk protection** fronted by **EIB Group** (European Investment Fund);
- Relies heavily on **MS Contribution to the First Loss Piece** (most likely ESIF – ERDF);
- Contains reasonable **eligibility criteria** to ensure consistency with **policy objectives**
- May be combined with an EIB Global Loan

# Preferred set up of SFSB financial instrument

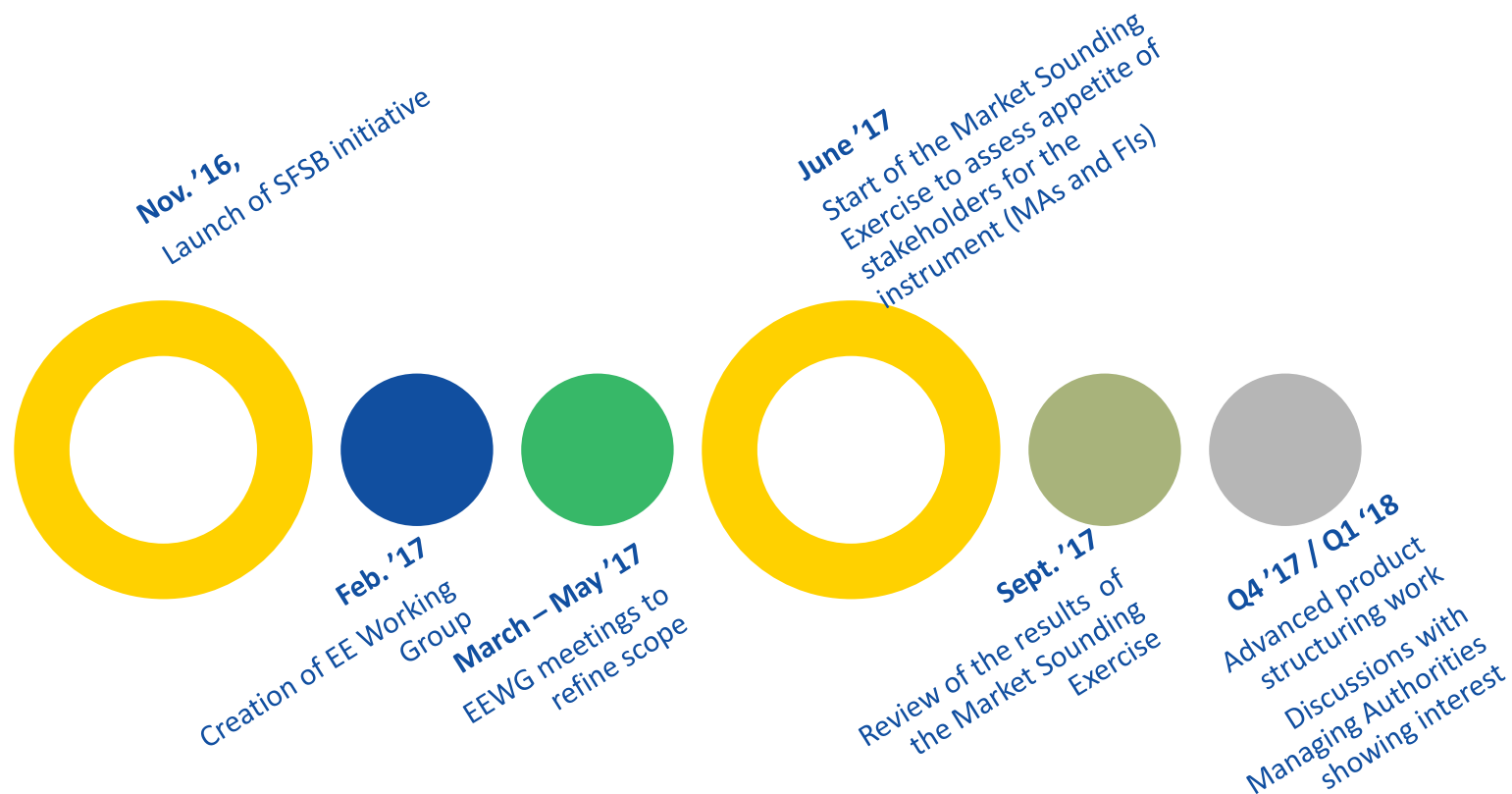


# Finding the right sweet spot for SFSB initiative



**Adequate product positioning to fill existing market gap**  
**Technical assistance foreseen to support product design and demand**

# Current status of the SFSB initiative



# Summary

- Energy efficiency investments are a priority for EIB
- Technical Assistance is still available to develop large scale EE programmes (e.g. ELENA and European Investment Advisory Hub)
- EIB financing is available for larger and smaller projects
- Further targeted financial products are under development (see EFSI and investment platforms and SFSB)
- Significant non-technical barriers still exist
  - Standardisation including “deep refurbishment”
  - Financial performance of EE investments
  - Recognising “negative money flows” = cost savings
  - Investment decision path paved with “obstacles”

# Thank you for your attention

## Further information

EIB [www.eib.org](http://www.eib.org)

Advisory Hub [www.eib.org/eiah](http://www.eib.org/eiah)

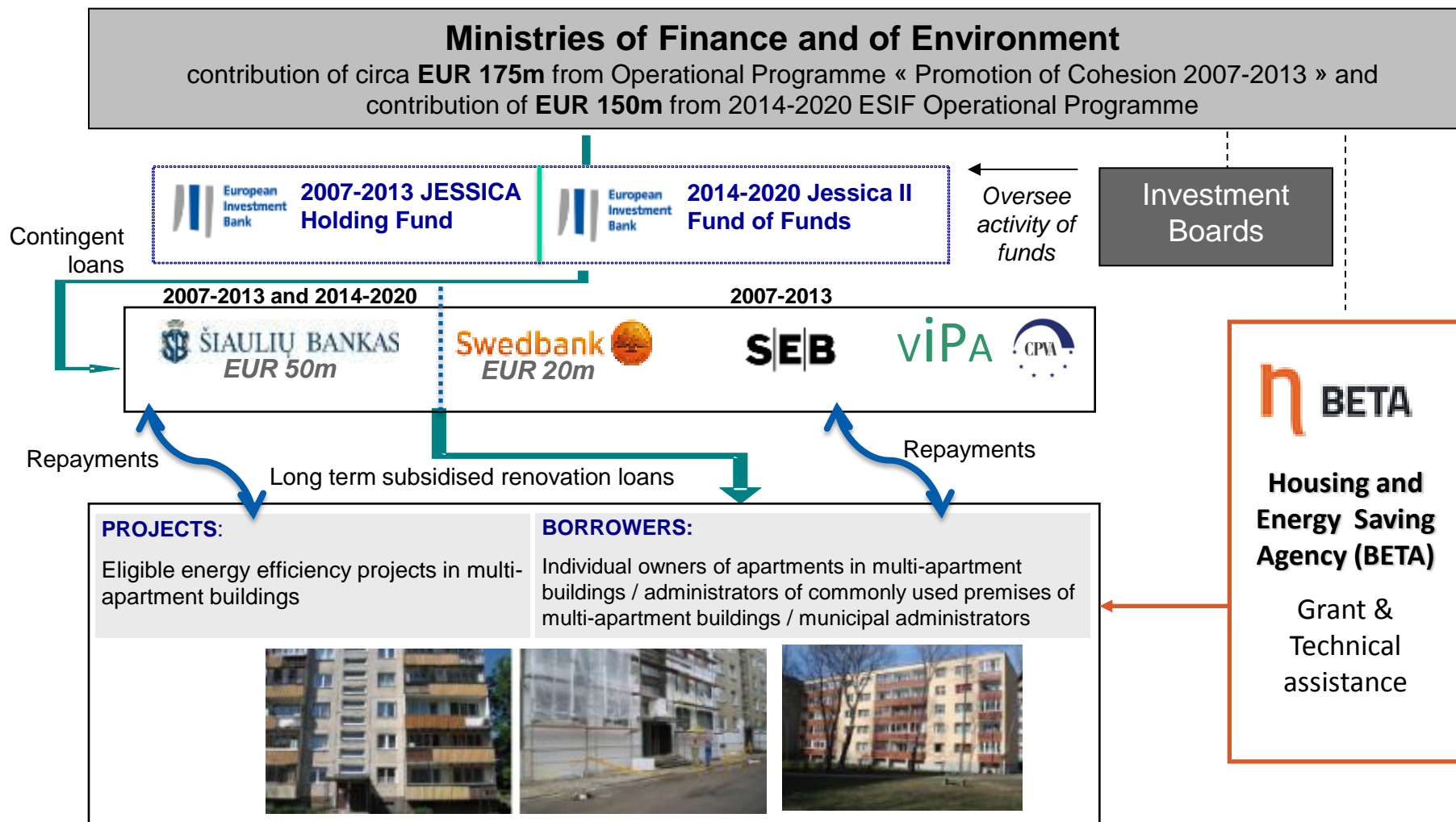
ELENA facility [www.eib.org/elena](http://www.eib.org/elena)

# What is fi – compass?

- fi-compass unique platform for advisory services:
  - financial instruments under the European Structural and Investment funds (ESIF) and
  - microfinance under the Programme for Employment and Social Innovation (EaSI)
- fi-compass is designed to support
  - ESIF managing authorities,
  - EaSI microfinance providers and other interested parties
- fi-compass provides
  - practical know-how
  - learning tools on financial instruments
  - “how-to” manuals, factsheets for quick reference, e-learning modules, face-to-face training seminars and networking events
- fi-compass is provided by the European Commission in partnership with the European Investment Bank
- <https://www.fi-compass.eu/>



# ESIF – EFSI project: Lithuanian case study



# Example of Investment Loan

## Energy Efficiency Private Housing (France)



**Barrier:** Fragmentation



**Solution:** Aggregation

- Refurbishment of residential buildings to reduce energy consumption by up to 75%
- One-stop shop, technical assistance, implementation and monitoring. Financial assistance provided directly by the promoters (tiers-financement) or through financial intermediaries
- Total project cost of EUR 800m. Average investment of EUR 20,000

# Preferred set up of SFSB financial instrument

