



*La banque de l'UE*

## EIB SUPPORT TO ENERGY EFFICIENCY

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*An overview of (some) solutions for the financing of thermal renovation of buildings*

## The EU bank

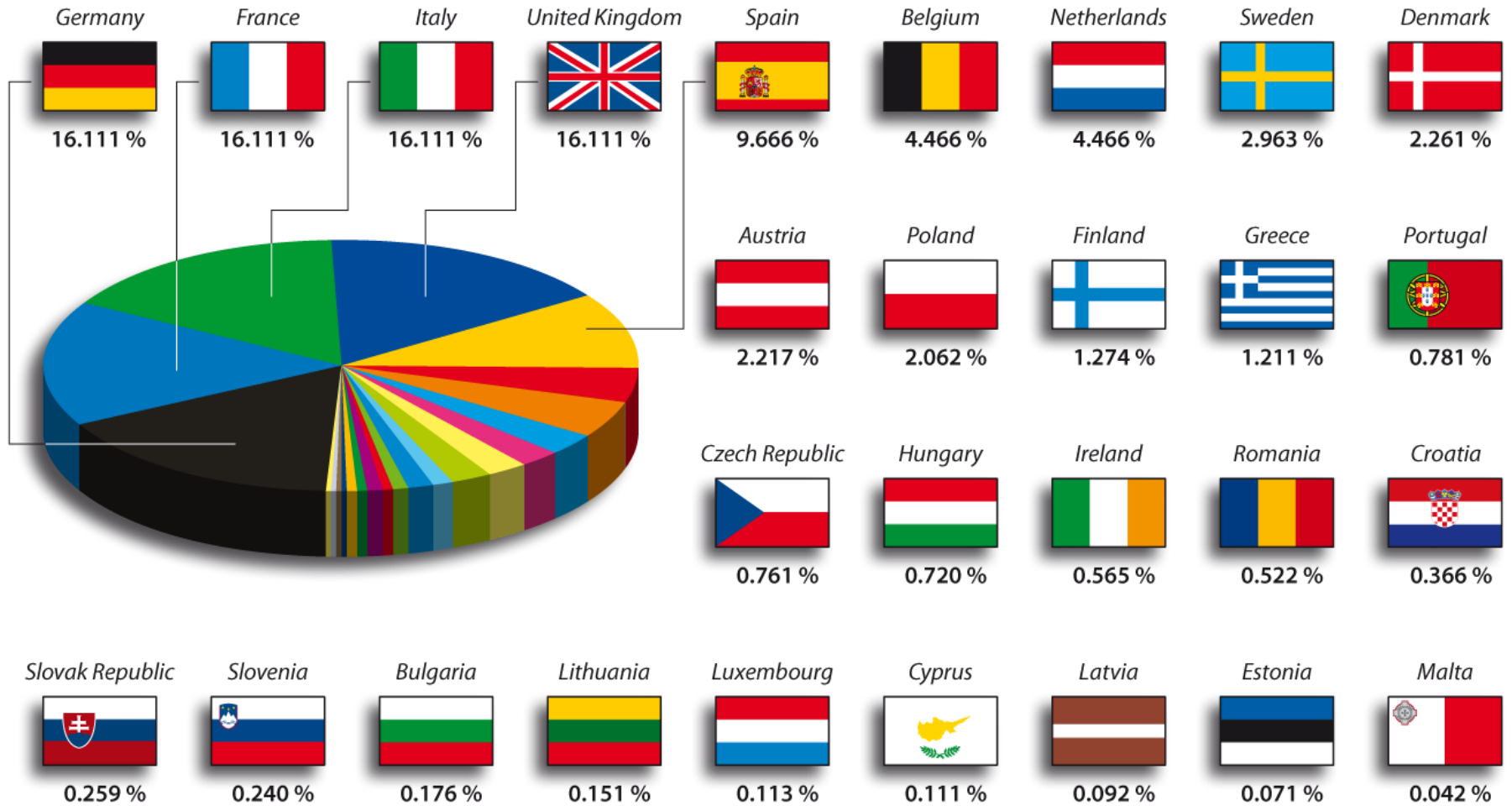


- Natural financing partner for the EU institutions since 1958
- Around 90% of lending is within the EU
- Shareholders: 28 EU Member States

Investing in Europe's growth



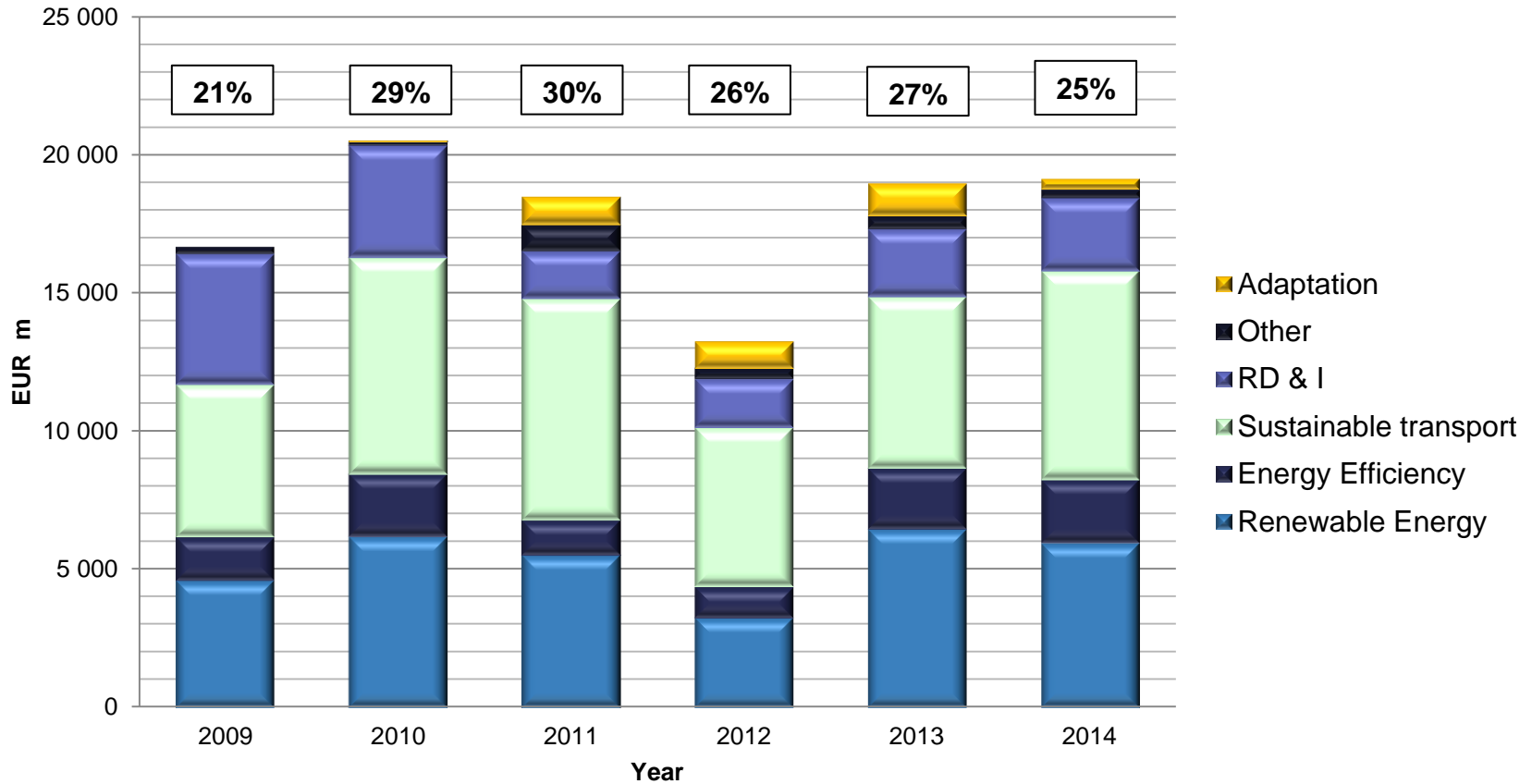
# The EIB: capital breakdown





# EIB Climate Action 2009-2014

**EIB climate action loan signatures**  
(in EUR m and percentage of total annual loan signatures)



**Total signed for climate action in 2009-2014: EUR 107 bn**



## Energy Efficiency: a priority for EIB

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- EU directive for Energy Efficiency (2012)
- EIB Energy Lending Criteria (2013)
- EU 2030 Energy and Climate objectives (2014)
- EIB Climate Strategy (September 2015)
- Mainstreamed across sectors
- ... yet the market remains difficult...

## Market failures (financial)

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- Why aren't commercial banks offering attractive and suitable conditions?
  - Inability to assess the work performance and savings
  - Small loans, same administrative burden
  - Short term tenors and high rates
  
- Limited grant funding available

➤ **Need for long term lending**



## Market failure (technical / demand side)

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- Owner / consumer information
  - Professional quality certification
  - Audits are inconsistent, grants are tricky to get
  - Challenging process → lack of motivation
- **Need for independent Technical Assistance**



## EIB response

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- A wide spectrum of products:
  - Lending
  - Blending
  - Advising
- Need for aggregation

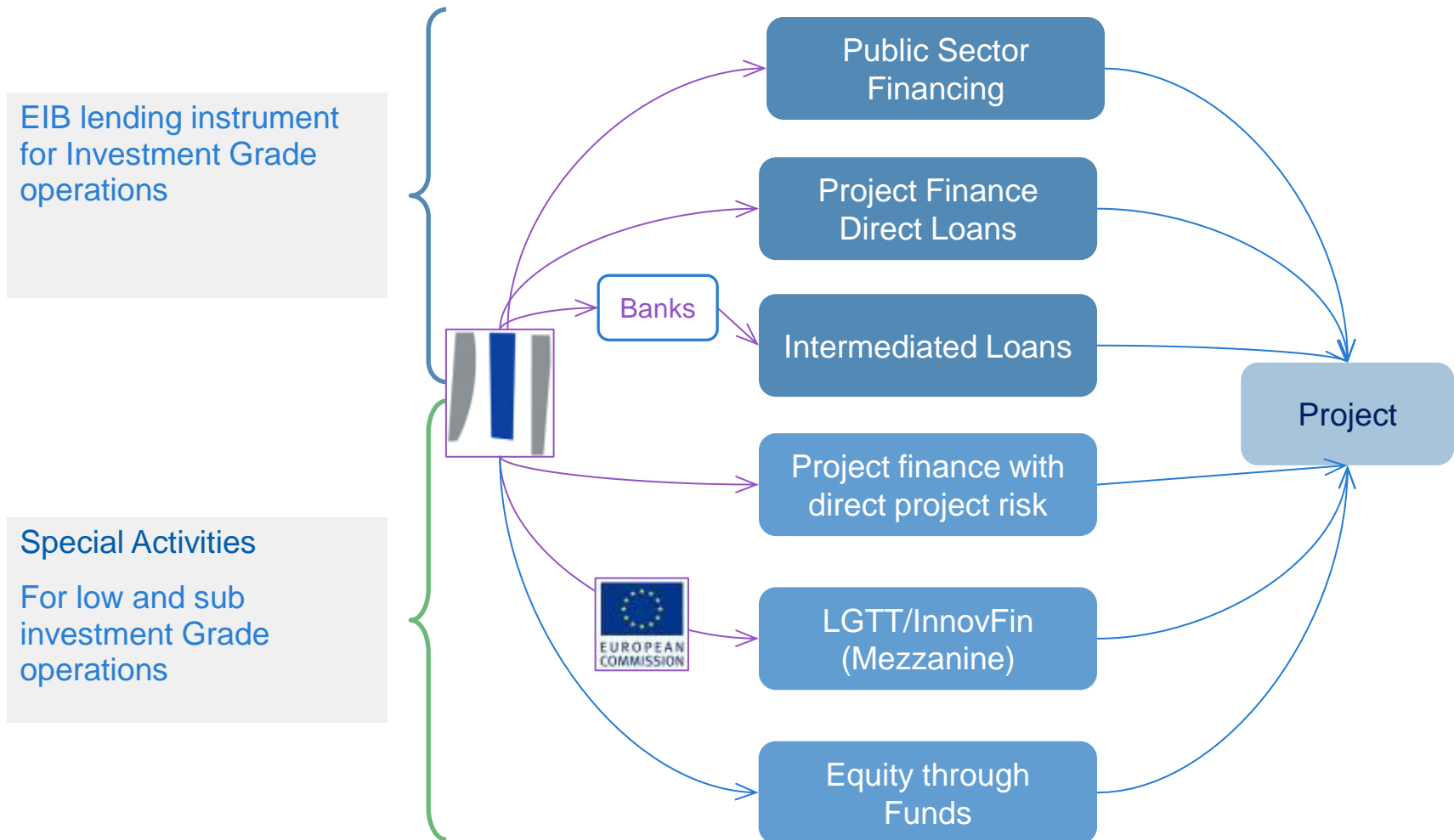
➤ **Fine-tuning the interface**





# EIB Financing Instruments

*The EIB has an extensive range of instruments to finance public and private sectors at investment and sub-investment grades of risk to its disposal*

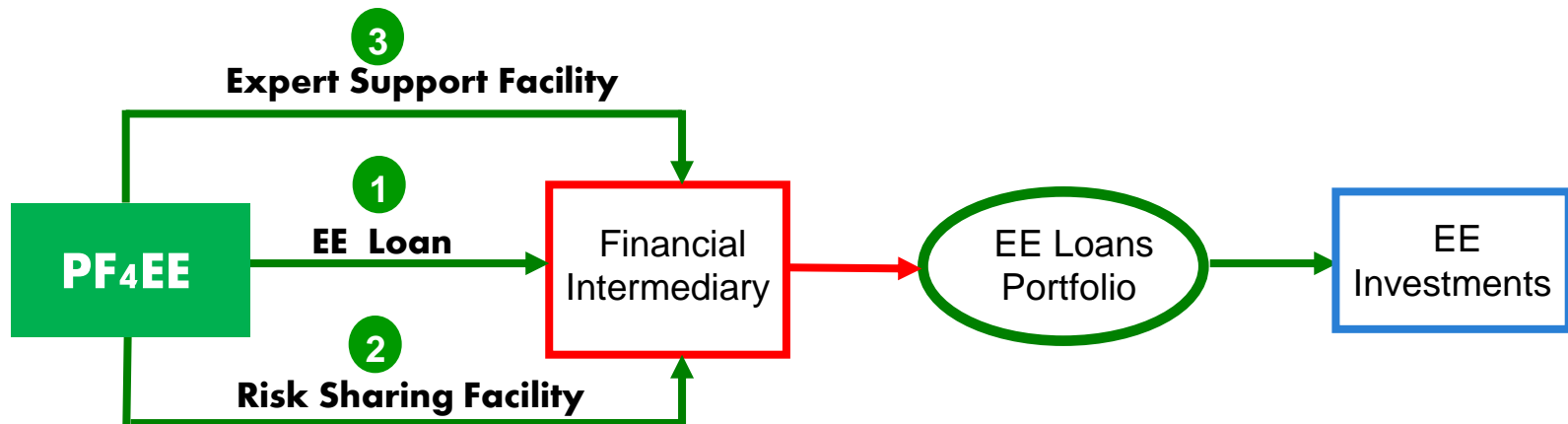




# PF4EE Structure

**PF4EE**  
comprises  
three  
components

- 1 A loan to the financial intermediary to be on-lent for financing of energy efficiency investments (“**EE Loan**”)
- 2 A risk mitigation mechanism, which covers losses incurred in the portfolio of EE loans granted by the financial intermediary to on-lend the EE Loan (“**Risk Sharing Facility**”)
- 3 Consultancy services aiming at supporting the financial intermediary to create the abovementioned EE loans portfolio (“**Expert Support Facility**”)





# PF4EE Eligibility Criteria

## Financial intermediaries

- Private sector financial institutions
- Capacity to reach Financial Recipients in line with EE priorities of the MS
- Sound financial standing and acceptable counterpart to EIB
- One financial intermediary per country on “first-come first-served” basis

## Investments

- Consistent with NEEAP priorities
- Fulfills EIB EE technical and economic criteria
- Compliant with EU directives
- Capital costs not exceeding EUR 10m

## Final Recipients

- Natural persons, home-owner associations, enterprises, public institutions/bodies and any other legal entities undertaking EE Investments

## EE Loans

- Maximum amount EUR 5 million (EUR 1.2m for corporates non-SMEs)
- Tenor between 3 and 20 years
- Dedicated to the financing of an EE investment



# PF4EE First Operation

<b>Financial Intermediary:</b>	Komerční Banka
<b>Country:</b>	Czech Republic
<b>Targeted investments:</b>	<ul style="list-style-type: none"><li>- Modernization and reconstruction of electricity, gas and heat distributions in buildings and energy management in industrial areas</li><li>- Upgrading lighting systems for buildings and industrial sites</li><li>- Reduction of energy intensity / increasing energy efficiency in manufacturing and technological processes</li><li>- Use of waste energy in production processes</li></ul>
<b>Final Recipients:</b>	Corporates (mainly SMEs) and municipalities
<b>EE Programme:</b>	Operational Programme for Enterprises, Innovation and Competitiveness (OPEIC)

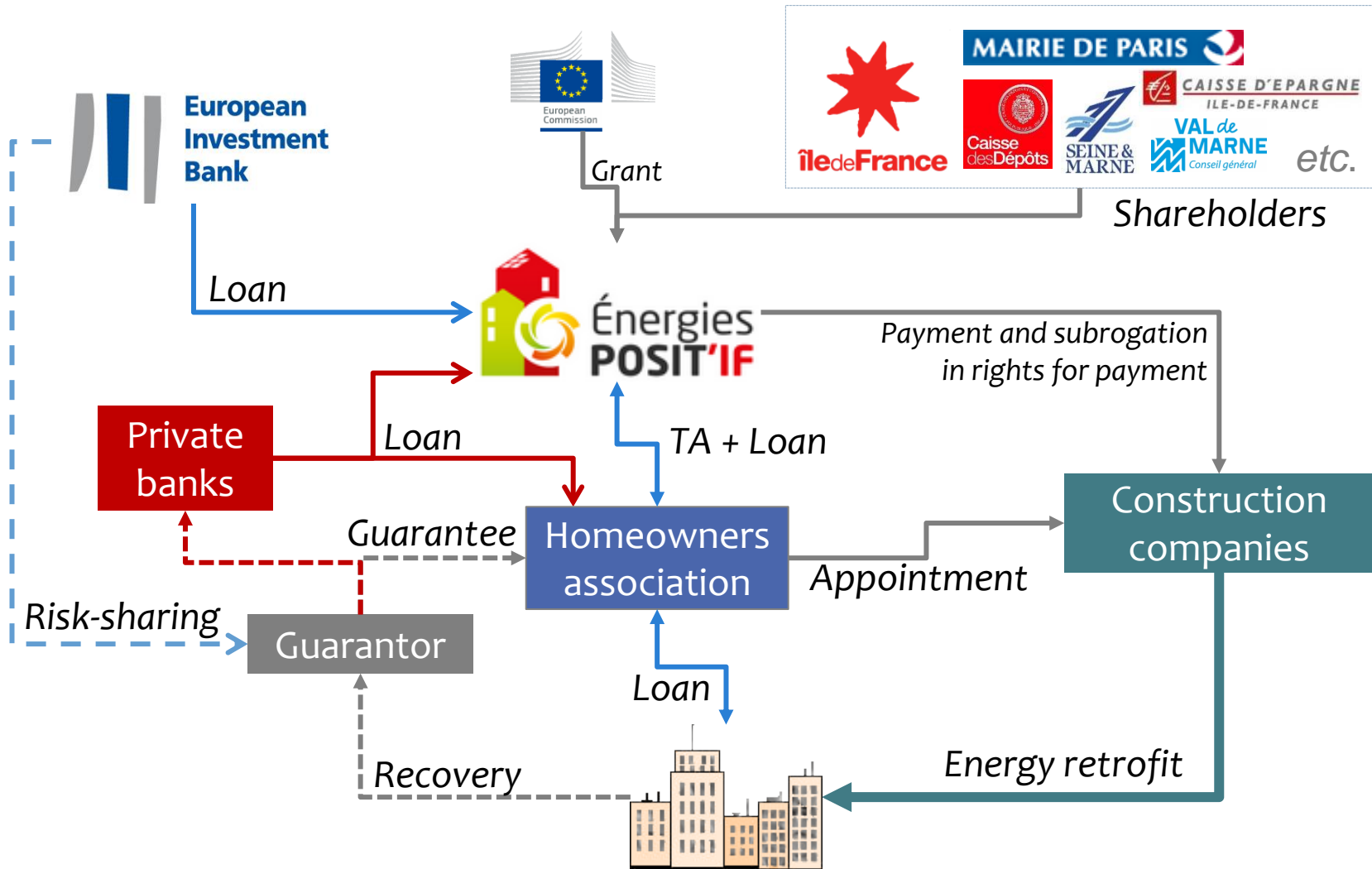
# PROGRAMME EE FRENCH PRIVATE HOUSING

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- A new model: "*Sociétés de tiers financement*"
- Public or public-private entities
  
- Act as a one-stop-shop for EE in buildings:
  - Technical assistance
  - Long term and affordable funding



# Funding (simple) structure #Ile-de-France example



## EIB (direct) value added

	EUR m
■ Investment multiplier : 2	
	EE renovation cost -80
	Non-EE costs -20
■ Private investment crowded-in	
	EIB lending to STF (average) 50
	Private bank lending to FB 20
	Government grants 12
■ High leverage on public funds	
	Homeowners own funds 18
	<i>Total</i> 0
	Private guarantee (for HA) 70
■ Potential ELENA grant for TA	
	Public funds (equity) 5



## EIB (indirect) value added

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- EIB would support the first STFs created
  - Currently no other options available on the market with adequate conditions (long term tenor and low rate)
  - Demonstrate model's viability and sustainability
  - Catalytic effect on private funding supply
  - Develop TA models working alongside banks
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- **More than a EUR 400m loan, a market kick-start**
  - **Multiplier up to 14 to achieve EUR 5.8 billion additional**