



# The EIB: financing energy efficiency projects in Europe

# 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

**Investing in  
Europe's growth**

# We deliver **impact** where it is needed



## **JOBS**

3.9m jobs in small businesses



## **HEALTH**

45.7m people with access to improved health services



## **EDUCATION**

1.1m students benefiting from EIB projects



## **WATER**

23m people benefiting from safer drinking water



## **TRANSPORT**

735m additional passengers



## **ENERGY**

10.4m households powered by EIB projects



## **URBAN**

572 000 households in social and affordable housing



## **DIGITAL**

7.44m people with new or upgraded connections

# Our priorities

## Environment



EUR



16.7bn

## Infrastructure



EUR



18bn

## Innovation



EUR



13.8bn

## SMEs



EUR

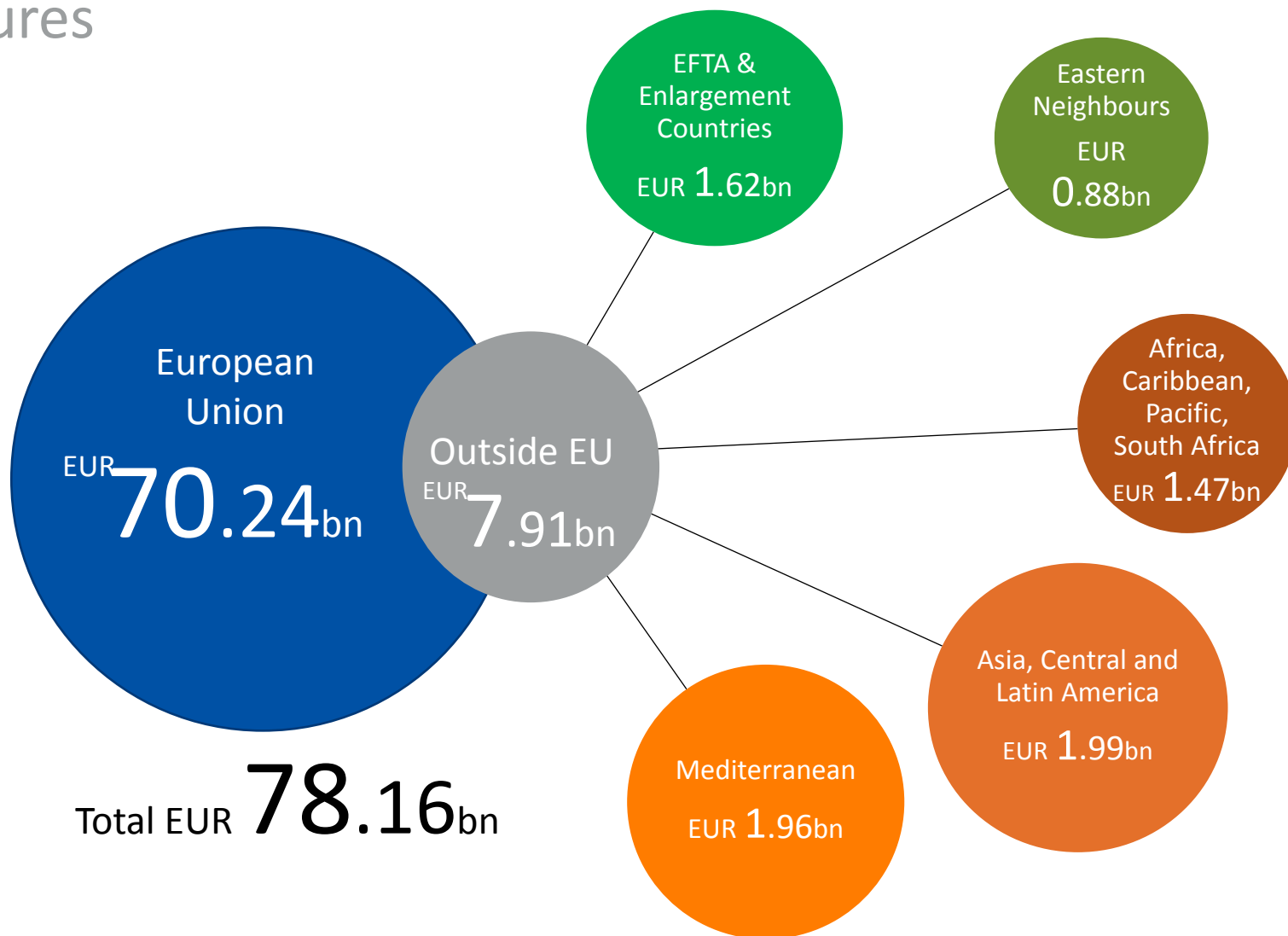


29.6bn

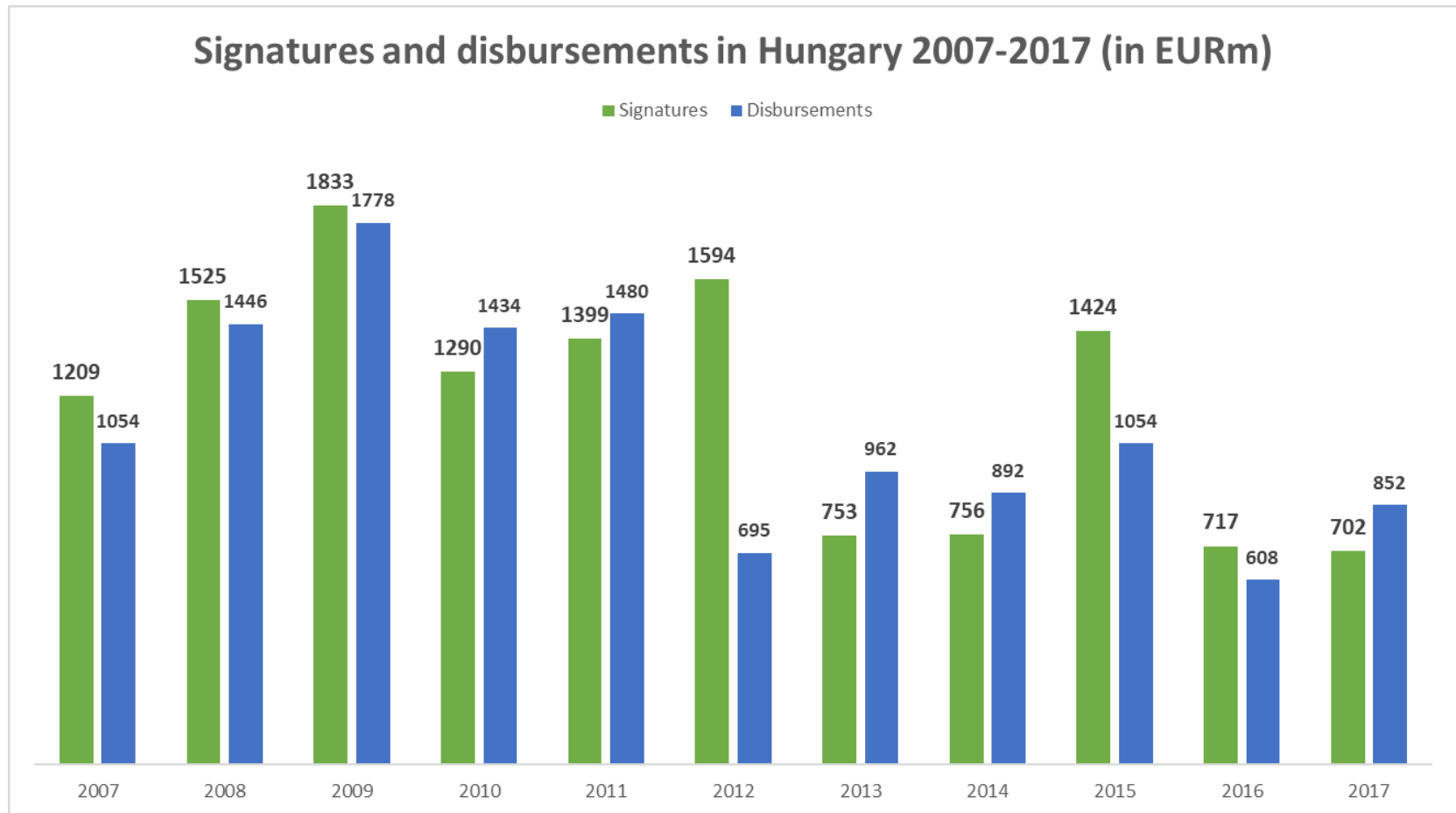


# EIB Group financing in 2017: EUR 78.16bn

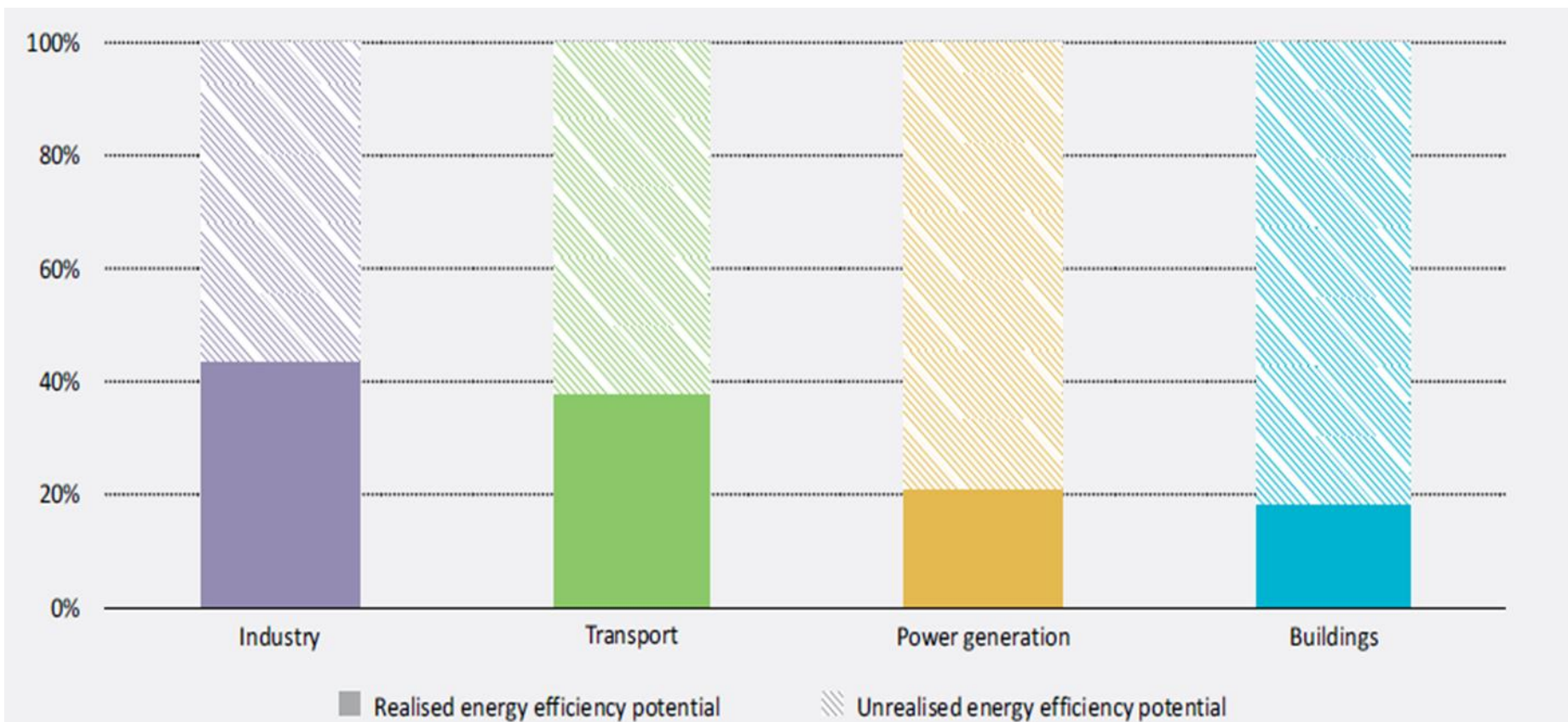
## Signatures



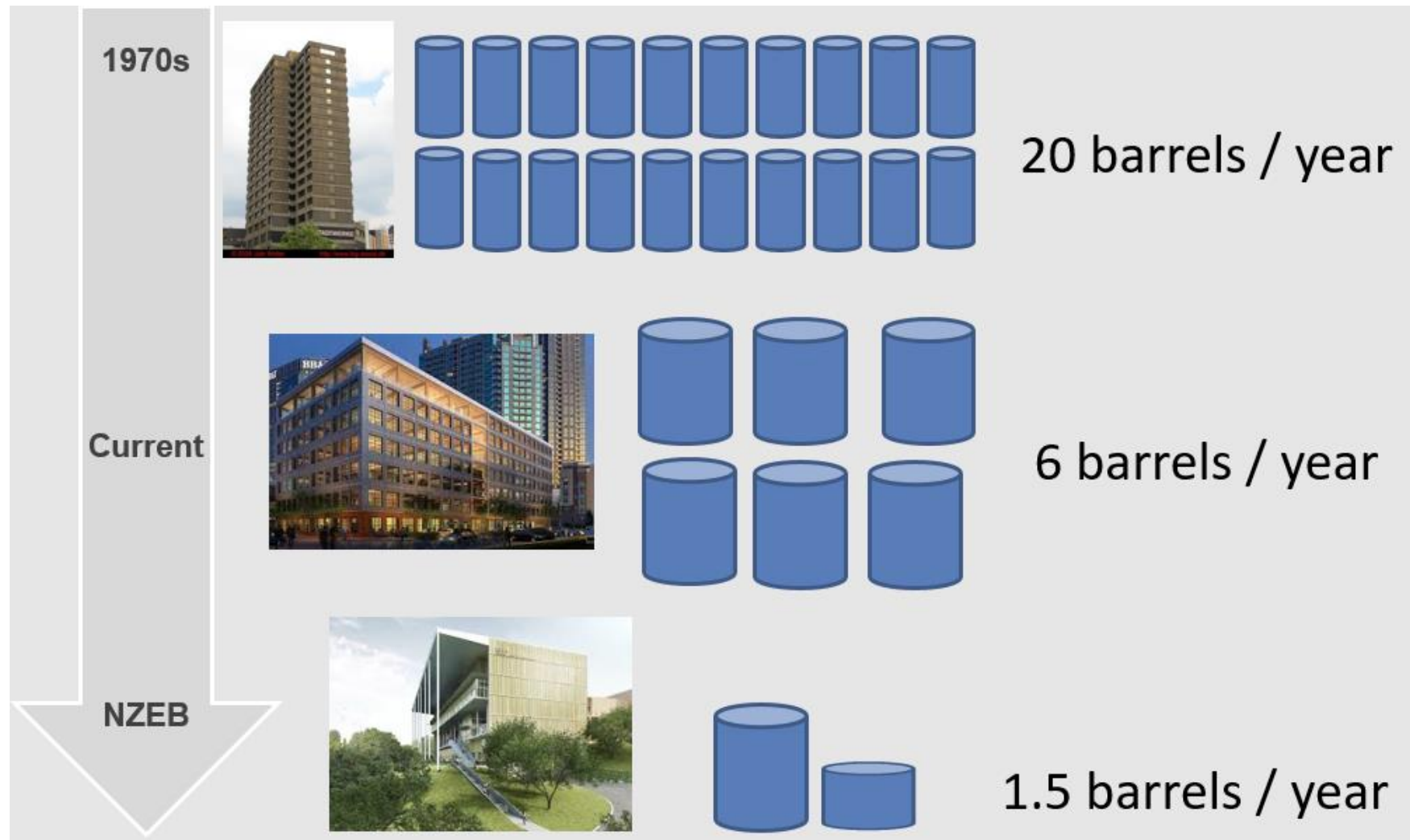
# EIB activity in Hungary



# Investments in EE measures are crucial in EU decarbonisation scenarios



# Building energy performance standards: what has changed?





# Potential EE measures

## Buildings

### Investments related to the building envelope

- Insulation
- Windows and doors

### Investments related to the building system

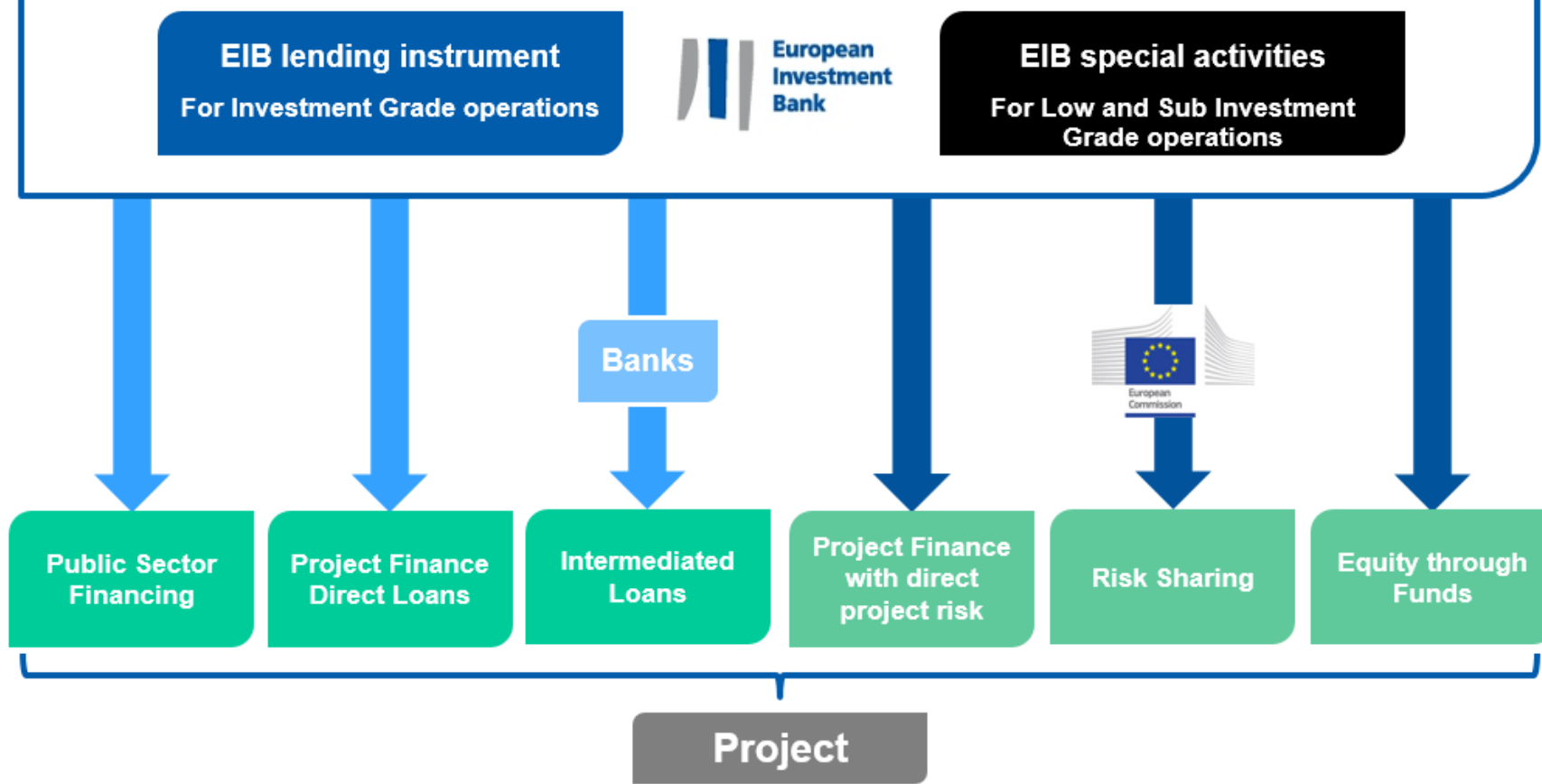
- Space heating
- Domestic hot water
- Ventilation systems
- Cooling
- Lighting
- Building automation and control
- Connection to energy supplies
- Decentralized renewable energy production

*“Regardless of how efficient our policies will be, public funds will not be enough! Thus, our goal is to use our own resources in the best possible way to boost private energy efficiency investments.”*

Maroš Šefčovič, Vice-President of the European Commission. Leading the Project Team „Energy Union“

# Typical EIB products for EE projects

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.



# EE Opportunities for Commercial Banks

- EE investment is a **growing market**
- Energy savings may increase the value of the underlying assets that serve as collateral, reducing banks' risk exposure & capital requirements
- EE investments contribute to **lending portfolio diversification** which in turn contributes to a reduction in regulatory capital requirements
- EE market fits into **sustainability strategies**, good for marketing/ image

# Financial instruments

- ✓ co-funded by the European Structural Investment Funds (ESIF)
- ✓ a sustainable and efficient way to invest in growth and development
- ✓ can support a broad range of development objectives to the benefit of a wide range of final recipients (FRs)



## Revolving effect

Additional flows of money - generated through repayments or cost savings as well as realisation of investments, - that can be reused for further investments



## Leverage effect

Capacity to attract additional public and private resources. It is “the sum of ESIF funding and additional public and private resources raised divided by the nominal amount of the ESI Funds contribution”

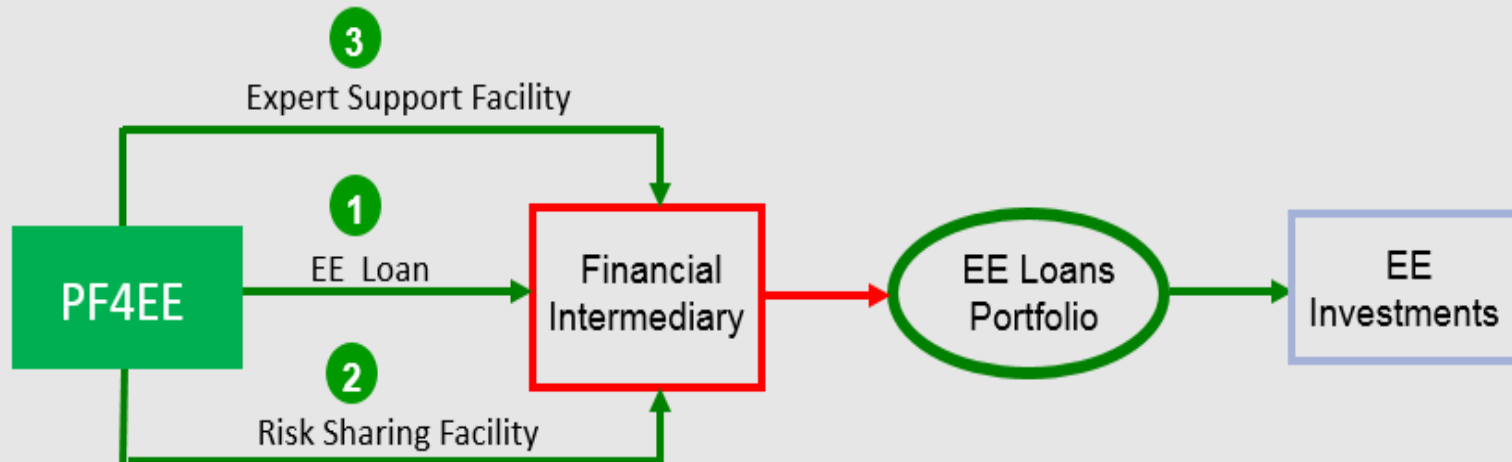
**State aid:** FIs must be implemented in accordance with State aid rules



# Private Finance for EE (PF4EE)

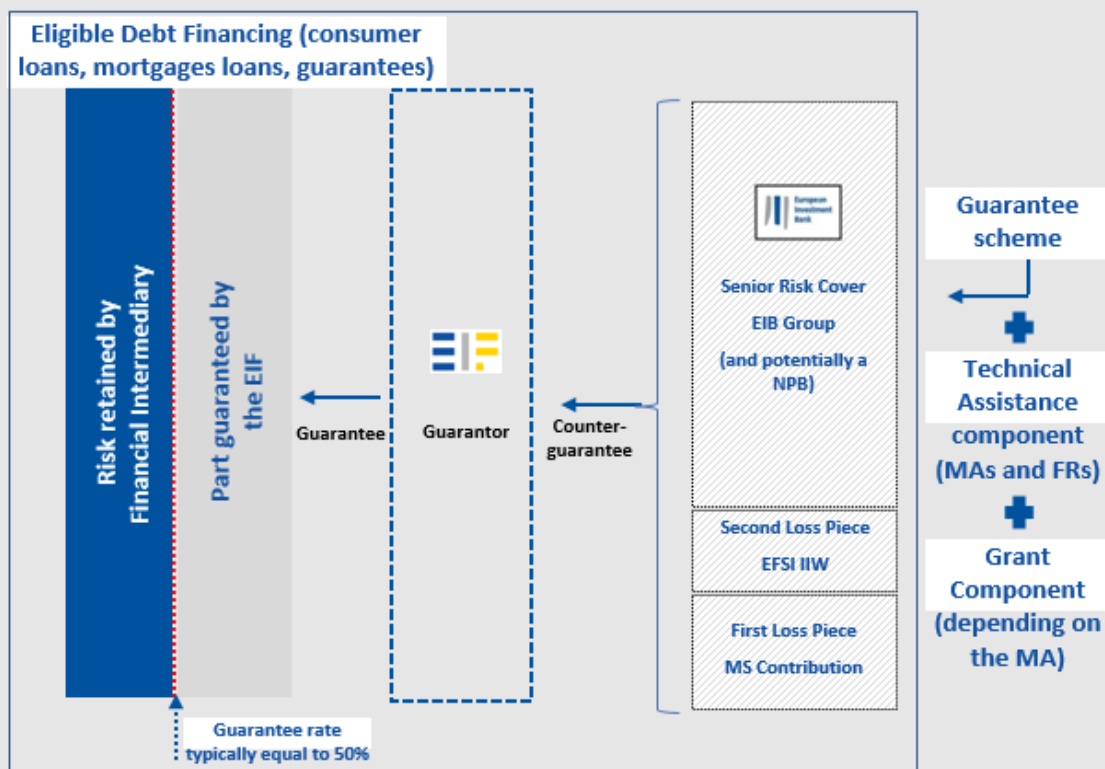
**PF4EE**  
comprises  
three  
components

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



# The 'Smart Finance for Smart Buildings' initiative

## A single financial instrument combining up to 3 components



## 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 ;
- Consists mainly in an **unfunded credit risk protection** fronted by **EIB Group (EIF)**;
- 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

A comprehensive financial instrument providing SFSB stakeholders with a holistic solution

# ELENA: TA required to deliver investment needs

## ELENA

### ELENA Technical Assistance

Support for  
Project developers (public or  
private) for e.g.:

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

### INVESTMENT PROGRAMME

**Energy efficiency and distributed renewable energy**  
in public and private buildings,  
public lighting and traffic light network  
roof top photovoltaics,  
heating/cooling systems (e.g. biomass);

### Efficient urban transport and mobility

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, district heating and cooling  
infrastructure for recharging electrically powered vehicles,  
information and communications technologies,

# Unlocking EE investments in buildings

## Challenges and EIB's response

**Fragmentation**  
(small projects  
and high  
transaction costs)

**Aggregation**  
(FIs, Funds, IT  
tools)

**Lack of  
technical  
expertise**

**Blending**  
(provision of TA  
and first loss  
funding)

**Horizontal  
role (industry,  
SMEs, social  
housing)**

**Strategic  
decision and  
bottom-up (EE  
first)**

**Financial and  
capital  
constraints**

**Linking EE  
assets and  
liabilities**  
(EEMAP and  
green  
bonds)

# EE Framework Loan – Public sector

## Case study

- **SPEE in Picardie (France)**
- Framework loan – signed 2015

## Promoter

- Regional Division of the Environment and Energy Efficiency Agency (ADEME) and the Picardie Region

## Investments

- Objective: EE renovations of private houses (as of mid 2017, 1 480 ongoing, investment cost of EUR 31.5m) to generate 50-75% energy savings

## Final Recipients

- Natural persons, home-owner associations,

## EE Loans

- Estimated investment programme cost: EUR 52m
- EIB loan: EUR 43.5m

## Elena

- Development of a one-stop shop
- ELENA grant budget. EUR 1.8m (Set up of the SPEE operational team, external assistance to support each homeowner in the implementation phase, marketing )



# Investment Loan – EFSI project

## Navarra – NZEB social housing (Spain)

**Objective:** Promote new building standards (EPBD)



- 524 units with consumption of 20 Kwh/m2, (EPC of A, Passive House)
- Expected energy savings of 2,298.3 MWh/y (75% reduction versus the baseline), corresponding to 748.8 ton/y CO2 savings
- Levelised cost of the final energy saved (LCOE) by the NZEB buildings is between 64 and 128 €/MWh

# Investment Loan – EFSI project

## ▸ SATO Energy Efficient Buildings Finland



- Financing of new near zero energy buildings and renovation investments to improve energy efficiency of the existing buildings in the Helsinki metropolitan area
- SATO is residential and real estate investment and development company in Finland with 23,600 rental homes. SATO is rated Baa3 by Moody's.
- EUR 150m senior unsecured loan benefitting of upstream corporate guarantees from SATO's fully owned operating subsidiaries.
- Total project investment cost EUR 322m consists from portfolio of 24 new NZEB buildings and two larger energy efficiency improving renovation projects. Implementation period for the investments is 2016-2018.
- Expected energy savings are estimated at 2,461 MWh/y of primary energy, corresponding to 460.5 ton/y CO2 savings once the project is completed.

# Thank you!

More information at: [www.eib.org](http://www.eib.org)