FINANCING ENERGY EFFICIENCY

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The EIB: the EU bank

- Shareholders: 28 EU Member States
- EIB Group: EIB + EIF
- EIB Group financing in 2017: EUR 78.2 bn, supporting total investments of EUR 250 bn
- Around 90% of lending is within the EU

Investing in Europe’s growth
The EIB and climate action I/II

• The EIB is the largest multilateral provider of climate finance worldwide

• The EIB commits at least 25% of its investments to climate change mitigation and adaptation, supporting low-carbon and climate-resilient growth.

• The EIB Climate Strategy defines the Bank’s mission: to play a leading role in mobilising the finance needed to achieve the worldwide commitment to keep global warming below 2°C.
The EIB and climate action II/II

In 2017 the EIB financed EUR 19.4 bn of climate action:

- Lower carbon and climate friendly transport EUR 7.1 bn
- Energy efficiency EUR 4.8 bn
- Renewable energy EUR 4.4 bn
- Adaptation to climate change EUR 0.8 bn
- Mitigation in afforestation, waste and waste water EUR 0.5 bn
- Mitigation in other sectors EUR 0.7 bn

That’s over 28% of all financing.
The EIB and energy efficiency lending

- Overall EE lending volumes increased by nearly 4 times since 2012
- 70% of EE lending volume is used for buildings
Barriers to delivering energy efficiency

- Fragmentation of projects
- Capacity of beneficiaries to define and implement projects
- High transaction costs
- New area of lending for banks
- Split incentives
# The products of the EIB

<table>
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<tr>
<th>LENDING</th>
<th>BLENDING</th>
<th>ADVISING</th>
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<tbody>
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<tr>
<td>• investment loans</td>
<td>Combining EIB finance with EU budget</td>
<td>Prepare, evaluate and support the implementation of projects (e.g. ELENA)</td>
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<td>• intermediated loans (e.g. PF4EE)</td>
<td>Investing EU funds as financial instruments (e.g. SFSB)</td>
<td>Support for public/private partnerships</td>
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<td>Guarantees</td>
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<td>Equity participation</td>
<td>Higher risk projects for innovation (i.e. through EU InnovFin initiative)</td>
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Attracting funding for long-term growth
Financial instruments (FIs) are an innovative way of efficiently and effectively employing EU and other public funds in a rotating manner; the use of “non-grant” instruments also creates strong incentives for successful project implementation.

Under the JESSICA initiative, the EIB has established a highly successful financial instrument on behalf of the Region of Sardinia, generating almost EUR 200m of investments in EE/RE and sustainable urban development.

**A JESSICA loan for energy efficient transport in Cagliari**

- **Purchase of 12 modern trolley buses by CTM, the local transport company of Cagliari (Sardinia)**
- **Project cost**: EUR 8.7m
- **JESSICA loan**: EUR 6.8m
- **Expected benefits**: Replacement of obsolete and inefficient vehicles with a modern fleet of last generation trolley buses.
A joint EC-EIB initiative based on 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")

So far nine operations signed, e.g. with BPER (Italy), Santander (Spain), BPI (Portugal), Belfius (Belgium), Zagrebačka Banka (Croatia), Crédit Coopératif (France), Piraeus Bank and Hellenic Bank (Greece), Komerční Banka (Czech Republic).
Example – guarantees under the Smart Finance for Smart Buildings initiative (“SFSB”)

- The SFSB instrument targets EE/RE investments in buildings
- It is a guarantee instrument on a regional or national level that is based on contributions from EU funds or other public funds in the form of a first loss coverage (first loss piece).
- The instrument can be combined with technical assistance measures and grants.
- The EIB Group, through ELENA resources allocated by EC, supports the guarantee instrument with targeted technical assistance interventions.
Example – Technical Assistance through the European Local Energy Assistance (“ELENA”) 

- ELENA is an EC-EIB cooperation to support public and private bodies in preparing their energy saving investment programmes with an objective of achieving EU 2020 and 2030 energy saving targets.

- ELENA can fund dedicated existing staff plus new external experts.

- Allocated on a first come, first served basis. No calls or competitions.

- ELENA portfolio to date: more than 60 contracts totalling over EUR 110m and supporting projects in over 20 countries. Associated investments on the ground are estimated to be in excess of EUR 4bn.

- ELENA will fund up to 90% of the project preparation costs (with 10% provided by the applicant).
### Example – ELENA

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<th>Savings Identification</th>
<th>Energy Savings &amp; Reduced CO₂ Emissions</th>
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<td><strong>Technical Assistance Support</strong></td>
<td><strong>Eligible Investment Programmes</strong></td>
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<td>Eligible Costs (up to 90%)</td>
<td>Expertise</td>
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<td>• Feasibility &amp; market studies</td>
<td>• Recruit additional staff</td>
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<tr>
<td>• Programme structuring</td>
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<td>• Business plans</td>
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<tr>
<td>• Energy audits</td>
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<td>• Financial structuring</td>
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<td>• Tendering procedure</td>
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<td>• Contractual arrangements</td>
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| € | 🥾 | 🏡 | 🚌 |

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**Note:**
- The table outlines various aspects of energy savings and reduced CO₂ emissions, focusing on technical assistance support and eligible investment programmes.
- It includes eligible costs (up to 90%), expertise in energy efficiency and renewable energy, and urban transport and mobility programs.
Thank you!