

# How to use ELENA and EFSI for EE investments

Reinhard Six  
Energy Efficiency Division  
European Investment Bank

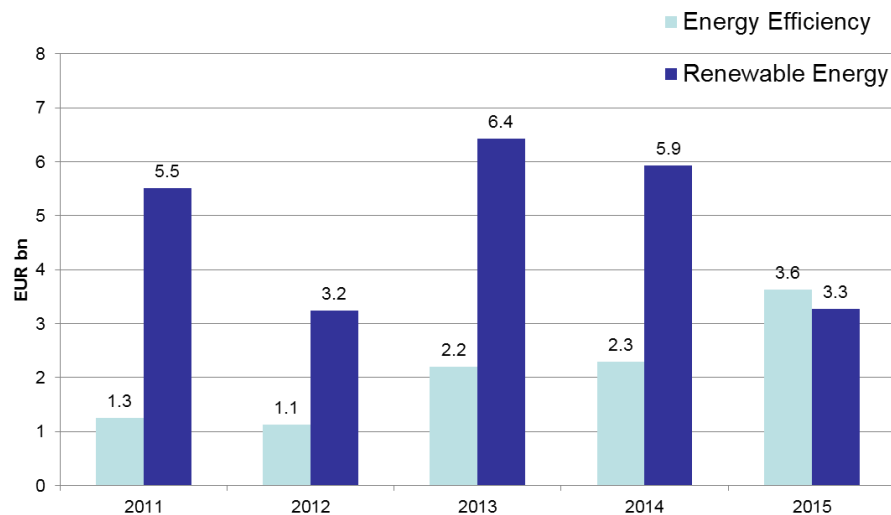
*Energy Efficiency Finance Market Place  
Brussels  
18 January 2017*

# The European Investment Bank (EIB)

Long-term finance promoting European objectives

- European Union's long-term lending bank set up in 1958 by the Treaty of Rome.
- Shareholders: 28 EU Member States
- Lending volume in 2016 : EUR 74.5 billion
- Around 90% inside EU
- One of its main Priority Objectives is Environment and Climate covering sustainable energy investments (EE & RE)

# EIB provides significant financing for Sustainable Energy (EE&RE)



- EIB contribution to promote EE goes beyond lending: EE is mainstreamed in all projects it finances
- The Bank seeks to support all the RE technologies, while ensuring that the supported projects are economically sound
- Support to promoters & intermediaries to develop EE projects:
  - Technical Assistance and developing financial instruments
  - On its own behalf or in cooperation with EC or other entities

# Sustainable Energy support activities at the EIB

## Lending

- Investment loans (direct) – plus possible blending
- Framework loans (intermediated) – to promote aggregation and crowding in of commercial lending
- Investment funds (equity) – to catalyse private investors

### Specific tools:

- Private Finance for Energy Efficiency (PF4EE)
- European Fund for Strategic Investment (EFSI)

## Advising

- EIAH – European Investment Advisory Hub
- ELENA (European Local Energy Assistance)
- JASPERS (Joint Assistance to Support Projects in European Regions linked to structural funds)

# Investment Plan for Europe

## Investment Plan for Europe

**Mobilise EUR 315bn of additional financing**

...through the European Fund for Strategic Investments (EFSI)

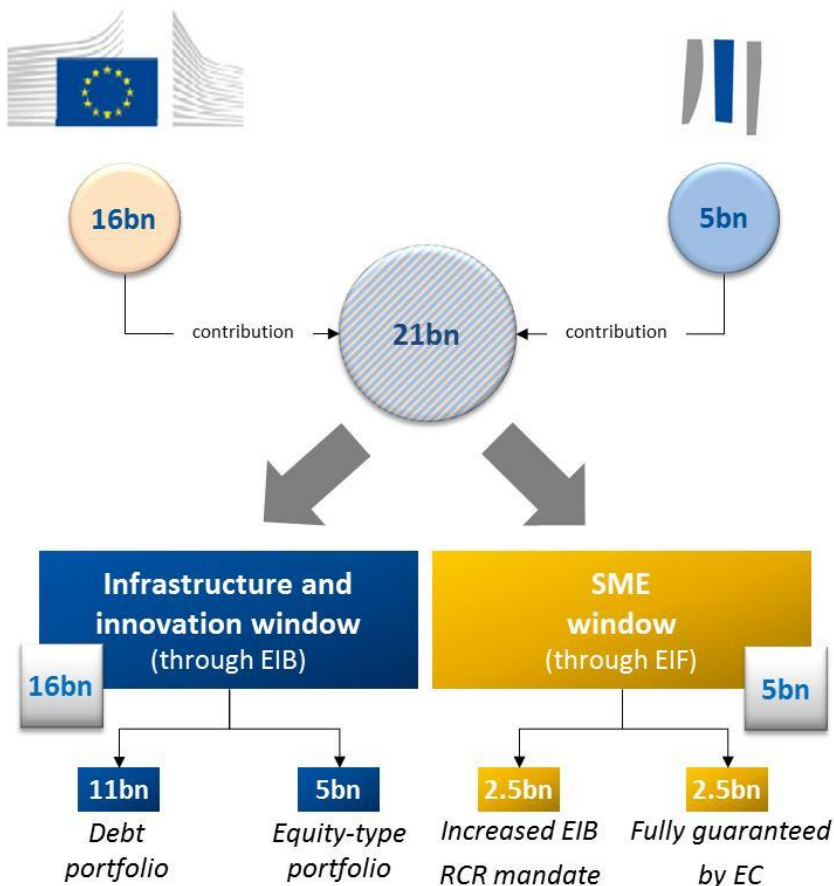
**Support investment in the real economy**

...through the **European Investment Advisory Hub** and the European Investment Project Portal

**Create an investment friendly environment**

...through improvements of the European regulatory environment

# European Fund for Strategic Investments (EFSI)



- ❑ EFSI is NOT a fund or a separate legal entity!
- ❑ It is a contractual arrangement between EC & EIB Group.
- ❑ EFSI consists of:
  - EUR 16bn EC guarantee in favour of EIB
  - EUR 5bn capital contribution by EIB
  - **Target of generating EUR 315bn investment in 3 y**
- ❑ All operations are EIB Group operations.

# What are « EFSI products »?

- ❑ Risk range: **below (or near) investment grade**
- ❑ **Debt-type products**
  - ❑ PPP/PF loans
  - ❑ Other riskier (senior) debt finance
- ❑ **Equity-type products**
  - ❑ Quasi-equity (mezzanine/subordinated loans)
  - ❑ Infrastructure funds
- ❑ **Guarantee products on risky corporate portfolios of intermediaries, including National Promotional Institutions**
- ❑ Some EFSI “**plus factors**” (aside of risk) include:
  - ❑ Innovation, Convergence areas, longer-term lending, project acceleration, crowding-in private capital, ...

# 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)



# Purpose of Advisory Hub

**Support for projects  
and investments**

Advisory and technical support in identification, prioritisation, preparation, structuring and implementation of investment projects

**Enhance use of EU  
funds**

Advisory and capacity building support in the implementation of ESIF financial instruments

**Improve access to  
finance**

Enhancing financing conditions and creating bankable propositions

# 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 or regional 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.

# Eligible promoters/Final Beneficiaries/Costs

- **Final beneficiaries of project development services:**
  - Local, regional, national public authority
  - Other public body or groupings of such bodies
  - Private entities
- **Implementation of Investment Programme:**
  - Public and private bodies (not necessarily ELENA beneficiary)
- **Eligible costs:**
  - Additional staff hired for ELENA TA by beneficiary
  - External experts and services

# Project maturity

- Preparatory studies carried out and main decisions taken before ELENA support request
- Set up of dedicated project implementation vehicles can be risky
- Leverage performance measured after 3 years (for urban transport 4 y)
- In case leverage of 20 (or 10 for urban transport) not achieved : grant may be clawed back
- ELENA proposal should demonstrate high implementation probability

## Project example: EFSI and ELENA PICARDIE REGION “Picardie Pass Rénovation”

- Picardie Region received a loan of EUR 25 million and also has an ongoing ELENA technical assistance programme
- The works mainly consist of improving the insulation of the private housing - renovation of the buildings' heat generation and distribution system, including ventilation systems, small scale wood-fired boilers or solar thermal collectors
- ELENA supports dedicated service to assist homeowners in the implementation of EE measures with initial advice, energy audit, defining the optimal set of EE measures and setting up of financing through the service (one stop shop)
- As of December 2016 290 ongoing building sites provide work to more than 400 local craftsmen and companies with EUR 26.3m.
- Elena grant budget: EUR 1.8m for additional staff and external expertise and support



[http://www.eib.org/attachments/documents/picardie\\_pass\\_renovation\\_factsheet\\_en.pdf](http://www.eib.org/attachments/documents/picardie_pass_renovation_factsheet_en.pdf)

# Project Example: ELENA

## *Electrobus in Barcelona*

- **Beneficiary:** Public transport company Barcelona TMB
- **Objective:** retrofit and replace inefficient busses
- **Preparatory activities:** detailed studies for retrofit, for purchasing new hybrid buses, improving bus line network

*ELENA support requested:*  
 ✓ *Additional analyses: retrofit strategy, operational risks for hybrid buses, bus network optimisation*

✓ *Selection of investment implementation procedure & financing*

✓ *Preparation of calls for tender and negotiations with bidders*



# Summary

- Energy efficiency investments are a priority for EIB
- Technical Assistance is still available to develop large scale EE programmes (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)
- 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)

# EFSI : State of Progress

Of which  
**EUR 17 bn**  
signed

## EIB Group figures

As of 16/12/2016

Approved EFSI financing\*

**EUR 30.6bn**

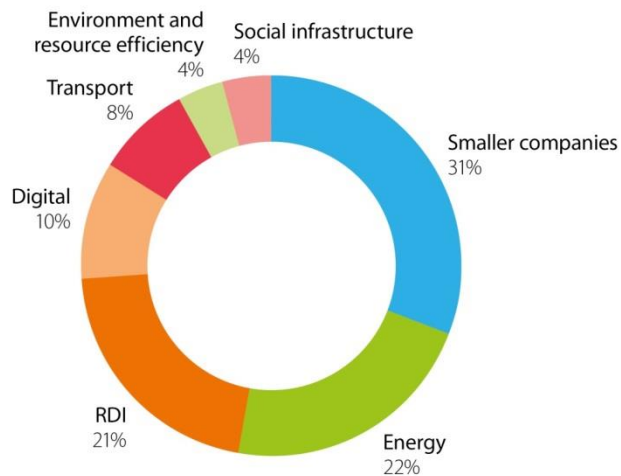
\* EIB-approved: EUR 22.4bn  
EIF-approved: EUR 8.1bn

Total investment related to EFSI approvals

**EUR 163.9bn**



### EFSI investment by sector\*\*



### EFSI investment relative to GDP\*\*

Darker colours signify higher investment

