

The EIB sustainable finance and energy efficiency

EIB - The bank of European Union

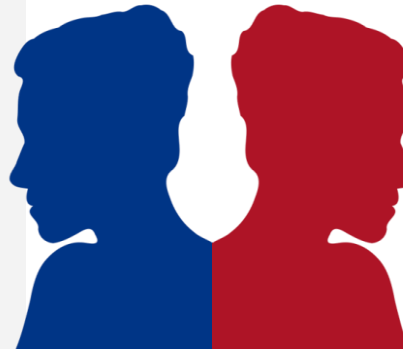
Nova Gorica, 22 January 2020

Francesco Ferrero
Head of EIB Group Office in Slovenia

European Investment Bank – a publicly owned Bank is:

A public institution

- The EU Bank: non-profit institution which cooperates with other EU Institutions.
- Strong collaboration with the European Commission (blending/ advisory/ EFSI)
- Invests into projects that contribute to EU policy objectives



A Bank

- AAA-rated
- Independent in borrowing and lending decisions
- Invests in technically sound and financially viable projects
- We work in the market with other investors (crowding-in)

Our priorities

2018 figures

Innovation



€ **13.5bn**

Environment



€ **15.2bn**

Infrastructure



€ **12.3bn**

SMEs



€ **23.3bn**

Project Requirements

- ▶ EIB-supported projects must:
 - ▶ Meet at least one of the EIB's objectives
 - ▶ Be technically sound and show an acceptable economic return
 - ▶ Be financially solid
 - ▶ Comply with procurement regulations
 - ▶ We appraise and monitor the environmental and social sustainability of all of our investment projects.

USD **100**_{bn}
2016-2020

Climate
change
adaptation

€ 1.2 bn

Renewable
energy

€ 4.1 bn

Research,
development
and
innovation

€ 1.1 bn

Energy
efficiency

€ 2.7 bn

Lower carbon
transport

€ 6.0 bn

Other
climate
change
mitigation

€ 1.1 bn

€ 16.1 billion
Climate action investments

EIB - Plans for the future

- ▶ EIB's increased ambitions:
 - ▶ Increase to **50% target** for annual commitments dedicated to climate & environmental goals **by 2025**.
 - ▶ Grow sustainable finance (investments) to **1 trillion by 2030** - increasing support to climate adaptation and resilience.
 - ▶ Align all EIB financing to principles and goals of the **Paris Agreement by end 2020** (EIB Board discussions ongoing):
 - ▶ Phase out projects depending on fossil fuels
 - ▶ “Just” transition.
- ▶ EIB as an incubator for climate finance and expertise
 - ▶ to mobilize other resources, helping our societies and economies transform to a low carbon future

EIB's Energy Lending Policy - priorities



Unlocking energy efficiency



Decarbonising energy supply



Supporting innovative technologies
and new types of energy infrastructure



Securing the enabling infrastructure

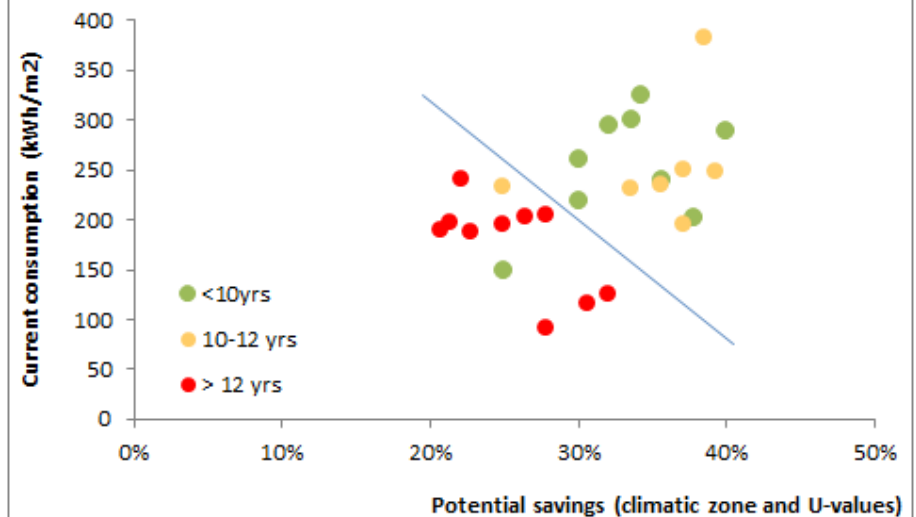
Typical barriers to delivering energy efficiency

Fragmentation
of projects

Capacity of beneficiaries
to define and implement
projects

Long pay-back

Split incentives



EIB Response = Finance + Technical Assistance

- A. Investment loans** – traditional EIB activity
- B. Bank Intermediation** – to promote aggregation of smaller projects and increase volumes of commercial lending
- C. Debt/Equity funds** – together with private investors
- D. ESIF/EFSI structures** – using public grants (as a ‘first loss’ mechanism) combined with lending
- E. Technical assistance** – Tailored and standardized
 - ELENA - European Local Energy Assistance (ELENA)

ELENA: TA required to deliver investment needs

ELENA

ELENA

Technical Assistance

Support for
Project developers (public or
private) for:

- *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,

Huge investment needs and real potential to use energy more efficiently.

But...

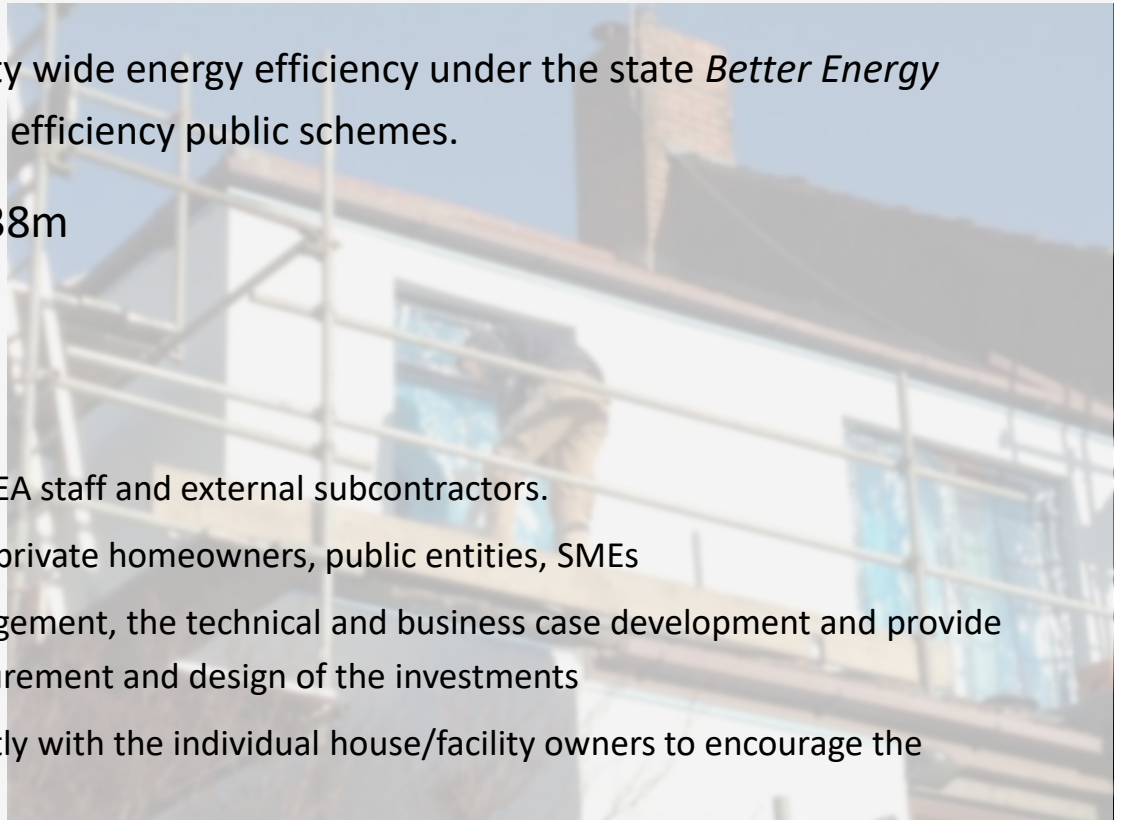
- Fragmentation (small projects and high transaction cost)
- Split incentives (landlords vs tenants)
- Subsidized energy costs
- Capital constraints to expand into new products
- Lack of technical expertise

EIB's response

- Aggregation (intermediated lending, investment Funds, etc.)
- Broad range of instruments: direct and intermediated operations
- Provision of Technical Assistance: ELENA and high-involvement in direct operations
- However, some barriers non-addressable by EIB (e.g. regulatory barriers, ESCO market, public sector limitations)

Case study : Tipperary Energy Agency (Ireland)

- **Beneficiary:** Tipperary Energy Agency (“TEA”)
 - Deep retrofit of single family dwellings under the programme “Superhomes”
 - Public Lighting Replacement Programme
 - Implementation of renewable heating systems, mobilising investment under the *Renewable Heat Incentive* (RHI)
 - Implementation of community wide energy efficiency under the state *Better Energy Community* and other energy efficiency public schemes.
- **Investment programme :** EUR 38m
- **ELENA grant budget:** EUR 1.5m
- **ELENA provide support for:**
 - ✓ ELENA PDS Team composed of TEA staff and external subcontractors.
 - ✓ Offering a tailored assistance to private homeowners, public entities, SMEs
 - ✓ Undertake the stakeholder engagement, the technical and business case development and provide energy audits, prepare the procurement and design of the investments
 - ✓ ELENA PDS Team will liaise directly with the individual house/facility owners to encourage the investment



Case study: NEWLIGHT Street lighting (Croatia)

- ▶ **Beneficiary:** North-West Croatia Regional Energy Agency (REGEA)
- ▶ **Objective:** Public street lighting, EPC
- ▶ **Location:** 57 local authorities in county Zagreb and Krapina-Zagorje
- ▶ **Investment programme:** c. 14.4 MEUR
- ▶ **ELENA grant budget:** 0.6 MEUR

ELENA support requested:

- ✓ Detailed analysis covering 70 thousand luminaries (new GIS database)
- ✓ 57 local Action Plans
- ✓ Detailed market analysis
- ✓ Public tenders for contracts including EPC, standard, D&B, leasing



Thank you!

More information at: www.eib.org
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