



Luxembourg, June 2015

PF4EE Instrument: Private Financing for Energy Efficiency

Questions and Answers

1. What is the PF4EE?
2. What are the objectives of PF4EE?
3. Who can benefit from PF4EE?
4. What PF4EE components are available?
5. What type of investments can be supported under PF4EE?
6. How much funds are available under PF4EE?
7. How can I apply to the PF4EE?
8. How long does it take to receive approval for PF4EE financing?
9. Do you have examples of Energy Efficient projects supported by EIB?
10. How much is available under PF4EE?
11. Could we utilise the PF4EE Expert Support Facility without the PF4EE Risk Sharing Facility.
12. The deadline for receipt of tenders for the Expert Support Facility only?
13. Could you please provide more details as to the energy efficiency criteria that the financed investments and Final Recipients have to meet?
14. Are only the Final Recipients whose actually receive some kind of support under any of MS EE scheme/programme listed in the NEEAP who can benefit from PF4EE?
15. Are they appraisal fee related to PF4EE?
16. Are Energy Certificates mandatory to comply with PF4EE?
17. Why there must be only one private intermediary in each Member State?
18. What will be the range of the interest rate for this kind of loans?

1. What is PF4EE?

Under the Programme for the Environment and Climate Action (LIFE), the European Commission and the European Investment Bank (EIB) have launched a new financial instrument to support energy efficient investments by making access to banking financing more easily.

Over the period 2014-2017, PF4EE Instrument will offer 3 components designed to increase lending activity, access to finance and better financing conditions for the final recipients, through lower pricing, longer maturities, lower securities.

Final recipients are those targeted by schemes developed by countries of the Union to implement their National Energy Efficiency Action Plans or other programmes in line with EU Directives in relation to energy efficiency.

The 3 components of PF4EE Instrument consist of

- (i) a risk mitigation mechanism (the PF4EE Risk Sharing Facility) for financial intermediaries to partially recover the impairment and losses they may incur in their energy efficiency loan portfolios, combined if applicable with
- (ii) EIB energy efficiency loans to the financial Intermediaries (the PF4EE EIB loan) and/or with
- (iii) Expert Support to those Financial Intermediaries (under the PF4EE Expert Support Facility)

Those components are backed by funds set aside by the EU (under LIFE) and by the EIB (from its own resources).

2. What are the objectives of PF4EE?

PF4EE especially aims:

- (i) to make energy efficiency lending a more sustainable activity across European financial institutions, incentivising private commercial banks and other financial institutions to address the energy efficiency sector as a distinct market segment, and
- (ii) to increase the availability of debt financing to Eligible Energy Efficiency Investments.

3. Who can benefit from PF4EE?

PF4EE Instrument has been developed as a series of integrated and complementary tools, covering the value chain of energy efficient investment. All products are demand-driven instruments, provided across all eligible sectors, countries or regions. Firms, social housing association, public entities and private individuals located in EU Member States are eligible as final beneficiaries.

4. What PF4EE components are available?

PF4EE EIB loan delivers long term loans to financial intermediaries at it advantageous terms to private sector financial institutions committing to on-lend EIB financing to promoters of energy efficiency investments. This PF4EE EIB Long term loan is expected to optimize their cost of funding and liquidity management of the financial intermediary. PF4EE EIB loan proposes tenors which are in accordance with the economic life of the Energy Efficient investments.

PF4EE Risk sharing facility offers a credit risk protection to the financial intermediary on a portfolio basis for the energy efficiency loans granted. This credit risk protection will cover a given percentage of the impairments and losses up to a pre agreed volume in line with the portfolio expected losses. This portfolio estimated losses will be collateralized by means of a cash collateral account provided by the EU and managed by EIB.

PF4EE Expert Support Facility provided to Financial Intermediary a technical support to develop bankable efficiency investments and suitable financial products in line with the European Energy efficiency guidelines.

5. What type of Energy Efficiency investment can be financed under PF4EE?

For PF4EE products the concept of “energy efficient investment” is the key reference for eligibility. An energy efficient investment is considered as eligible since it fulfills the EE supports schemes within the member state and/or is in line with the priorities set by the National Energy Efficiency Action plan and with EIB eligibility criteria.

6. How much financing support can the EIB Group provide?

The EIB Group can provide indirectly through banks and other financial institutions from as little as EUR 50m up to a limit of EUR 150m. Typically the EIB PF4EE Loan provides from 50% up to 75% of EE project or EE investment cost. The remainder of the financing being provided by grants, programs, other banks and financial institutions and project promoters' own funds.

7. How can I apply to the PF4EE?

The application forms are available at EIB website under : www.eib.org/pf4ee

If interested, applications or request for contact can be sent to the following email: PF4EE_Instrument@eib.org or contact

Manuel Dueñas

Deputy Head of Division

Climate Change and Environment

duenas@eib.org

Tf: + 352 4379 8 7215

Laurent Bender

Senior Loan Officer

Climate Change and Environment

L.bender@eib.org

Tf: + 352 4379 8 7209

8. How long does it take to receive approval for PF4EE financing?

The EIB's due diligence process involves the assessment of the project's eligibility, techno-economic viability, environmental soundness and the Financial Intermediary's financial situation and perspectives. Subject to the completeness of the information / documentation available and the positive outcome of the due diligence, the time elapsing between a first contact with the EIB and the signature of a financing contract will typically vary between 3 and 6 months.

9. You mentioned that, in addition to financial instruments, PF4EE offers advisory services? Why, what type and for whom do these services apply?

Why: Past experience has demonstrated that many EE projects face difficulties in securing access to finance although their fundamentals are good. Advisory support helps them to capitalise on these fundamentals and adjust elements such as definition of the investments eligible for EE purpose, assessment of the energy savings, financing structure, etc. to improve their access to finance and, eventually, their chances of being implemented. Designed to act as a complementary tool in tandem with PF4EE financial instruments, PF4EE expert support facility is supposed to advise financial intermediaries with respect to how to structure and monitor their EE projects in order to improve their access to finance.

What: *PF4EE Expert Support facility* aims to improve the bankability and investment-readiness of Energy Efficiency projects that need long-term investments.

For whom: The main beneficiaries foreseen are eligible financial intermediaries targeting to extend the lending activity to Energy Efficiency market segments.

Do you have examples of Energy Efficient projects supported by EIB ?

Energy efficient projects recently supported by EIB took place in Austrian and in Spain.

Austrian EE framework loan

Promoter: Austrian specialized banks acting in the sector of energy efficiency in buildings. One of the Promoter identified being BAUSPARKASSE DER OESTERREICHISCHEN SPARKASSEN AG.

Description: Funding of energy efficiency investments in social and private residential buildings as well as in public buildings, provided that the projects either reach specified energy levels, or are supported by the Republic of Austria and/or Austrian Regions through dedicated grants programs.

10. How much is available under PF4EE?

For the LIFE Multiannual Work Programme (2014-17), the EU and EIB expect that PF4EE instrument will make available more than EUR 550m of financing for investments in eligible energy efficiency investments. This amount will be available for the 28 EU countries with geographical concentration limits like:

- (i) No more than 15% of the PF4EE will be allocated to one participating country,
- (ii) at least 6 participating countries shall benefit from the PF4EE, and
- (iii) no more than one operation per participating country is signed.

The selection process will be done on a first-come first-serve basis within a participating country and will comply with

The EIB will examine proposals from interested financial Intermediaries on a continuous basis, using its professional analysis and judgment. Any agreement with a financial intermediary shall be subject to satisfactory due diligence and selection by the EIB, account duly taken of the constraints of the available PF4EE resources.

11. Could we utilise the PF4EE Expert Support Facility without the PF4EE Risk Sharing Facility.

The Expert Support Facility ("ESF") will be combined with the Risk Sharing Facility ("RSF") and **can't** be provided on a standalone basis.

12. The deadline for receipt of tenders or requests to participate

The deadline for submitting application for ESF is the same than for the PF4EE Instrument (2017). The 3 components of the PF4EE are still available. (EIB EE loan, PF4EE risk sharing facility and the PF4EE Expert support facility)

13. Could you please provide more details as to the energy efficiency criteria that the financed investments and Final Recipients have to meet?

The eligibility criteria's should meet the EIB general criteria related to Energy efficiency purpose and ideally be similar to a EE grant program set up in the Applicant Country.

This EE grant program will be assessed by EIB team. It is not necessary that EE program is listed under NEAP. The combination of the PF4EE with an existing EE program is expected to make the selection process of the EE loans much easier. Each time a final recipients is eligible for an EE grant, he can receive from the Financial Intermediary selected a competitive EE loan.

14. Are only the Final Recipients whose actually receive some kind of support under any of MS EE scheme/programme listed in the NEEAP who can benefit from PF4EE?

Each preliminary project foreseen by Financial Intermediary before we define the criteria and the technical documentation related to the selection of eligible EE loans (like energy certificates before and after the investments) The usual EIB excluded sectors applies to the EE loans (like investments in relation with gambling, weapons etc) but that should be marginal in view of the PF4EE purpose.

15. Are they appraisal fee related to PF4EE?

Appraisal fee. The usual EIB pricing will apply for the EIB EE loan but no appraisal fees are related to the utilisation of the RSF and ESF. For the estimation of the EIB EE loan appraisal fee, please request your usual relationship manager.

16. Are Energy Certificates mandatory to comply with PF4EE?

The PF4EE is dedicated to Energy Efficient investments, which should represent the major part of the investment. Therefore the capacity to appraise the quality of the EE investment is important and should be documented. Energy certificates are not mandatory as such, but the quality of the EE investment has to be appraised in an acceptable way for EIB.

17. Why there must be only one private intermediary in each Member State?

The PF4EE is currently in a pilot phase in order to demonstrate that it is a adequate tool to address the objectives of the EC and especially DG clima Life program. The resources allocated by EC are not sufficient

to serve more than one Financial intermediary per country since the objective is to collect the maximum experience all over Europe during this pilot phase

18 What will be the range of the interest rate for this kind of loans?

PF4EE instrument is expected to improve the financial condition for the final recipients because of the competitive funding offered by EIB on one side and because of the partial risk mitigation system which intends to reduce the risk margin component of the pricing. On the other hand we expect to convince the Financial intermediaries to develop the lending activity in new segments market and for longer maturity which could lead to higher risks. The financial advantage to be forwarded to the final recipients will be assessed on a case by case basis as it is related to each different segment markets.