



ANNOUNCEMENT OF THE NEW EIB PRODUCT UNDER THE PROGRAMME FOR ENVIRONMENT AND CLIMATE ACTION (LIFE) DEDICATED TO ENERGY EFFICIENCY INVESTMENTS.

The Private Finance for Energy Efficiency (PF4EE) Instrument

(Published on December 9th 2014)

The objective of this announcement is to introduce financial institutions (the “Financial Intermediaries”) operating in the European Union (the “Union”) to the Private Finance for Energy Efficiency Instrument (the “PF4EE Instrument”).

The PF4EE Instrument has recently been agreed by the European Commission (the “EC”), and the European Investment Bank (the “EIB”). The PF4EE Instrument is funded by the Programme for the Environment and Climate Action (“LIFE Programme”) under the auspices of the Directorate General for Climate Action (“DG Clima”).

The purpose of the PF4EE Instrument is to provide access to adequate and affordable commercial financing for energy efficiency investments targeted by schemes developed by countries of the Union (the “Member States”) to implement their National Energy Efficiency Action Plans (“NEEAPs”) or other programmes in line with EU Directives in relation to energy efficiency.

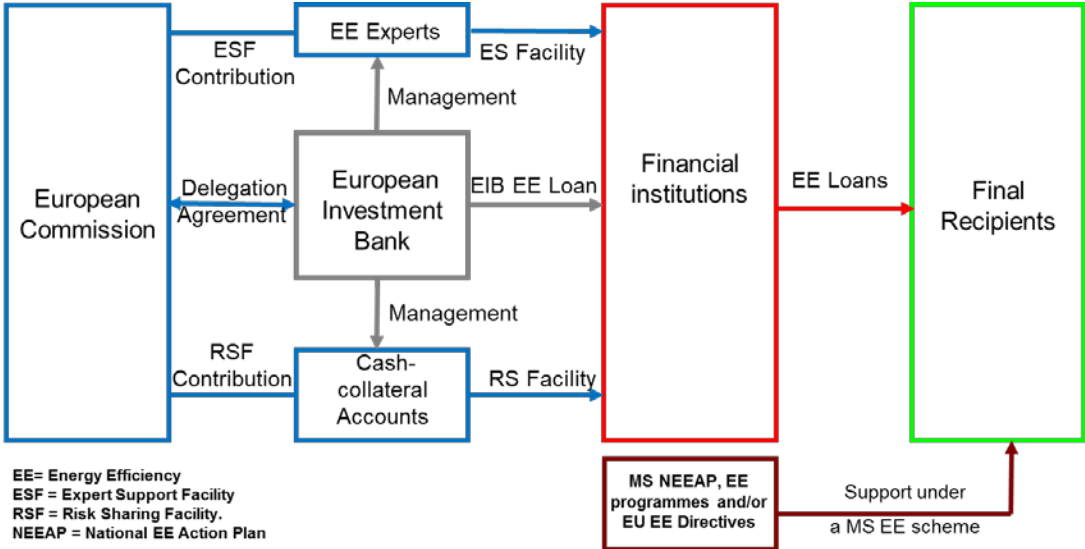
The two main objectives of the PF4EE Instrument are:

- (i) making energy efficiency lending a more sustainable activity within European financial institutions, incentivising them to address the energy efficiency sector as a distinct market segment and
- (ii) increasing the availability of debt financing to energy efficiency investments.

To this end, the PF4EE Instrument will combine a portfolio-based credit risk protection provided by means of cash-collateral (the “Risk Sharing Facility”) together with long-term financing from the EIB (the “EIB Loan for Energy Efficiency”). In order to support the implementation of the PF4EE Instrument, expert support services for the Financial Intermediaries (the “Expert Support Facility”) can also be made available.

The LIFE Programme has committed EUR 80m to fund the credit risk protection and expert support services. The EIB has committed to leveraging this amount thereby making a minimum of EUR 480m available in long term financing.

The PF4EE Instrument will be managed by the EIB, acting on behalf of the EC, as and will function as depicted below:



The PF4EE instrument may include the following components:

- (i) The Risk Sharing Facility of the PF4EE Instrument (“PF4EE RSF”) is designed to mitigate the credit risk faced by Financial Intermediaries when lending to natural or legal persons (the “Final Recipients”) undertaking eligible energy efficiency investments. By means of cash collateral deposited in a collateral account, the PF4EE RSF will cover a set percentage of the losses incurring in loans included in a portfolio to be built by the participating Financial Intermediaries for the financing of energy efficiency investments. The PF4EE RSF aims to increase lending activity and improve access to financing through, among others, lower pricing, longer maturities and lighter securities requirements.
- (ii) The EIB Loan for Energy Efficiency to the Financial Intermediaries may complement the PF4EE RSF. Such EIB loans will be provided at the EIB’s own risk, at competitive rates and with long-maturities. EIB loans shall be on-lent to Final Recipients to further improving their financing conditions.
- (iii) The Expert Support Facility of the PF4EE Instrument (“PF4EE ESF”) will provide, if so needed, expert support services to Financial Intermediaries for, inter alia, developing their understanding of the fundamentals of energy efficiency investment, identifying energy efficiency investments and creating suitable energy efficiency financial products.

Final Recipients benefitting from the PF4EE Instrument should be defined in the context of the relevant Member State’s NEEAP. It will primarily be those targeted by the national/regional schemes developed by Member States to implement their NEEAP or other programmes or initiatives in line with EU Directives relating to energy efficiency. They may include, inter alia, natural persons, home-owner associations, enterprises,

public institutions/bodies and any other legal entities undertaking energy efficiency investments.

Eligibility and selection of financial institutions

Financial Intermediaries participating in the implementation of the PF4EE Instrument will be required, as a minimum, to comply with the following criteria:

- (i) to be a private sector financial institution or to operate in a manner comparable to a private sector financial institution on the market;
- (ii) to be duly authorised to carry out lending or leasing activities according to the applicable legislation and be established and operating in a Member State;
- (iii) to demonstrate operational capacity to manage the PF4EE Instrument;
- (iv) to demonstrate capacity to reach Final Recipients targeted by the relevant NEEAP priority and/or energy efficiency support scheme and/or EU Directives relating to energy efficiency within the Member State concerned;
- (v) to have sound financial standing with a stable long-term outlook;
- (vi) to have robust credit risk assessment and rating policies, procedures and systems;
- (vii) to not have been convicted or be subject to judgement for offences concerning their professional conduct, for fraud, corruption, money laundering or any other illegal activity detrimental to the European Union or and/or defined in the Anti-fraud policy¹ of the EIB; and
- (viii) to be acceptable as an EIB counterparty in accordance with its internal policies and not to have been excluded for the purpose of managing financial instruments in line with the applicable Union regulation.

The selection process for Financial Intermediaries will take into account that no more than one Financial Intermediary can be selected to distribute the PF4EE Instrument per Member State and that priority will be given to Financial Intermediaries proposing to operate where energy efficiency investment needs are the greatest and/or there is an underdevelopment of the use of loan finance for energy efficiency and/or the capacity to take up loans by Final Recipients is deemed low.

The selection process will be done on a “first-come first-served” basis within a given Member State, provided that selection conditions are met.

The detailed conditions related to the selection process of Financial Intermediaries will be published on the EIB website within 60 days of the publication of this announcement.

More information about the PF4EE Instrument will be available soon on the website of the European Investment Bank: www.eib.org/pf4ee. For more information about the Programme for the Environment and Climate Action (LIFE) please visit: <http://ec.europa.eu/environment/life/about>.

Show your preliminary interest

If you are a financial institution complying with the abovementioned eligibility criteria and envisage applying to the selection process, please send us an e-mail at PF4EE_Instrument@eib.org including the financial institution name, country in which you would like to implement the PF4EE Instrument and contact details.

¹ <http://www.eib.org/infocentre/publications/all/anti-fraud-policy.htm>