

CLARIFICATION NOTE
MHA- 1580 Energy Fund of Funds Cyprus/ Call for Expression of Interest
Reference: MHA 1580

No	Question	Answer
1	<p>It is mentioned that the financial product that will be offered through the Energy FoF, concerns loans to be offered to Final Recipients. Additionally, it is mentioned that the interest rate of these loans should be preferential, ensuring overall compliance with State Aid rules and cost coverage of the EIB loan to the Republic of Cyprus. Could you please specify how much this cost is in % or bps?</p>	<p>The final interest rate to be charged to Final Recipients shall be subject to state aid rules and may be lower than market rates subject to the decision of the competent Financial Intermediary. The cost of the EIB loan to the Republic of Cyprus will be disclosed to all selected Financial Intermediaries upon receipt of such funds by the Republic of Cyprus. Please note that EIB rates are rather competitive as compared to market rates.</p>
2	<p>On page 29 of EoI, it is mentioned that FoF will compensate the Financial Intermediary for its operations in the form of management fees. Could you please clarify what is the maximum % or bps that will be compensated according to Article 13 of the CDR? In addition, could you please explain further the paragraph (ii), on page 30 “As a percentage of the actual returns.....(Performance Fee 2)”.</p>	<p>Ceilings are provided in article 13 of the CDR and more particularly paragraphs 2.a.ii, 2.b.ii and 3(c). Kindly see the relevant article.</p> <p>Performance fee 2 is calculated on the basis of the returns to the Financial Intermediary from Final Recipients who received EnergyFoF funds (ESIF and Additional National Contribution). Since the product is loans, such returns could take the form of interest and/or any other charges applicable in accordance with the Financial Intermediary’s terms and conditions as described in their business plan / investment policy.</p>
3	<p>Please explicitly confirm that the FI as described in the subject call for EoI, entails risk participation. If YES, please provide details.</p>	<p>This is a risk sharing instrument with full recourse. The risk of the EnergyFoF funds is undertaken by the Republic of Cyprus. The Financial Intermediary carries risk only with respect to its own co-financing on the principle that it acts with a degree of professional care, efficiency, transparency and diligence expected from a</p>

		<p>professional body experienced in implementing financial instruments.</p>
4	<p>Section 3.b; <i>‘The Financial Intermediaries will enter into Operational Agreements with the EIB on the basis of which they will receive contributions from the EnergyFoF. In order to carry out their mandate, the Financial Intermediaries shall establish separate blocks of finance within financial institutions or independent legal entities, in accordance with Applicable Laws’.</i></p> <p>To our understanding, for each project that is eligible and approved to be financed through the ‘EnergyFoF’ scheme, a different legal entity (e.g. SPV) need to be established and a different Operational Agreement with EIB need to take place.</p> <ol style="list-style-type: none"> a. Please confirm our understanding above and/or clarify the meaning of the above mentioned content of section 3.b.. b. Please clarify if the joint approval of EIB will be required for each project that will be assessed and approved by the Financial Intermediary. IF YES, please provide the assessment methodology/ requirements. 	<ol style="list-style-type: none"> a) We hereby clarify that the Operational Agreement comprises the contractual documentation which regulates the relationship between EIB and the selected Financial Intermediary. The relationship between the Financial Intermediary and the underlying projects / Final Recipients is regulated by investment / loan agreements entered into between the Financial Intermediaries and Final Recipients (no EIB involvement). The structure of each underlying investment (inc. whether it will be an SPV or not) is upon the sole assessment / responsibility of the Financial Intermediary. b) Please refer to the second paragraph of section 3.b (emphasis is ours): <i>“The Financial Intermediaries will have to undertake full management and responsibility in respect of the financing and/or investment agreements with Final Recipients and shall carry out due diligence on proposed investments, including credit risk and investments appraisal and structuring...”</i>. Hence, EIB is not involved in the assessment and approval of the underlying projects. EIB and the Managing Authority may participate in the investment decision-making body of the Financial Intermediary as observers with no voting rights (NB: Financial Intermediary’s decision-making body does not mean the already established credit or other committees of the applicant. It means the distinct investment decision-making body(-ies) dedicated to the investment activity of the applicant under its role as a Financial Intermediary).

5	<p>Section 3.c; <i>'The financial product that will be offered through the EnergyFoF is loans to Final Recipients. Subject to state aid rules, such loans will be provided to Final Recipients with preferential terms and will...'</i></p> <p>a. Please clarify if there is any restriction to the number of loans that will be granted to Final Recipients. Do the Financial Intermediaries have to grant a different loan, with different terms and features (e.g. tenor, interest rate etc) for the respective part of the project that is financed by the 'EnergyFoF' and a different loan for part of the project that is financed by the Financial Intermediary? If YES, will the Financial Intermediaries be able to charge an interest rate to the loan for the part of the project that is financed by the 'EnergyFoF'? If YES, who will be benefited by the interest earned from the said loan; the Financial Intermediary, the 'EnergyFoF', or jointly? An example would help.</p> <p>b. Please clarify the meaning of 'preferential terms' (as above referenced) in terms of the interest rate that will be applicable to these loans. Are there any restrictions related to the interest rate?</p>	<p>a) EIB does not set any particular restriction with respect to the number of loans to be granted. The portfolio diversification rules should be proposed by the applicants in their business plan / investment policy. Subject to state aid rules, the part of the project that is financed by EnergyFoF funds may be financed on different terms and features from the one that is granted from the Financial Intermediary's (or other commercial lender's) own funds. The Financial Intermediaries will decide on and charge an interest rate to the loan for the part of the project that is financed by EnergyFoF funds. This interest is due to the EnergyFoF (minus any management fees or other expenses that will be charged during the post investment period and which will have to be indicated in the applicant's offer, in accordance with the provisions of the Call for EoI).</p> <p>b) Preferential terms have the meaning of better/lower terms than the ones offered by the market. Restrictions with respect to the terms of the loans are set out under state aid rules (see also section 7.I. ix), taking also into account second bullet of section 3.c of the Call for EoI which provides that the interest rate should ensure cost coverage of the EIB loan to the Republic of Cyprus.</p>
6	<p>Section 3.c; <i>'Loans will be pari passu with commercial lenders;'</i> Please clarify the meaning of 'commercial lenders'.</p>	<p>Commercial lenders may be considered private institutions (or even public institutions operating at an arm's length principle) authorized to provide loans in accordance with the national and EU law.</p>
7	<p>Section 3.c; <i>'The interest rate shall be preferential, ensuring overall compliance with State Aid rules and the cost coverage of the EIB loan to the Republic of Cyprus;'</i> Please define the cost of the EIB loan to the Republic of Cyprus.</p>	<p>This cost will be disclosed to all selected Financial Intermediaries upon receipt of such funds by the Republic of Cyprus. Please note that EIB rates are rather competitive as compared to market rates.</p>

8	<p>Section 3.e; <i>‘The leverage effect is estimated in a contribution from private co-financiers in the form of commercial lending of at least 50% of the public contribution to the EnergyFoF.’</i></p> <p>Please clarify the meaning of: (i) ‘private co-financiers’, (ii) ‘commercial lending’ and (iii) ‘public contribution’.</p>	<p>(i) please see response to question 6</p> <p>(ii) own funds of the entities referred under Question 6. In essence, funds that are lent to Final Recipients under market terms by the Financial Intermediaries and/or other third parties.</p> <p>(iii) public funds placed with the EnergyFoF funds.</p>
9	<p>Section 4.1.1.; Reference made to the tranche distribution mechanism, please clarify what is the cost of funds (if any) distributed/received under each separate tranche.</p>	<p>See assessment criterion 8. Applicants should propose an interest rate to be offered on deposits (they receive in the form of tranches) expressed on 3M Euribor plus a margin. No other cost is envisaged.</p>
10	<p>Section 4.2; <i>‘The requirement to hold, maintain and require the Final Recipients to hold and maintain amounts received from the EnergyFoF in a bank account with a credit institution...’</i></p> <p>Please clarify why the Final Recipient needs to hold funds received from the ‘EnergyFoF’ in a bank account. Shouldn’t these funds become gradually available and be partially disbursed (based on the project development) directly towards the eligible project?</p>	<p>The Financial Intermediary may describe the form of disbursements to Final Recipients in its business plan. To be clarified that EIB does not require funds to be disbursed in one go. Hence, funds may become gradually available and partially disbursed. Therefore, for audit trail, certification of expenses and proper monitoring and reporting purposes, funds’ movements should be carried out through bank accounts held with a credit institution situated within the territory of a Member State of the EU.</p>
11	<p>Section 4.2; <i>‘The requirement to ensure that the Final Recipients undertake to comply with applicable State aid rules and that the Financial Intermediaries shall repay any support received through the EnergyFoF which constitutes unlawful State aid’</i></p> <p>Please clarify the meaning of the above obligation. What support received through the ‘EnergyFoF’ can constitute unlawful State aid?</p>	<p>Applicants should demonstrate their understanding about the particular requirements of the Call for EoI and to this effect they should make their own research about what might constitute unlawful state aid. EIB is not entitled to provide guidance on matters related to the applicable legal framework.</p>
12	<p>Please clarify what is the repayment mechanism implied in the subject call for EoI. Will the Financial Intermediaries repay in any way the ‘EnergyFoF’ for the funds allocated/distributed to them? Will the repayment schedule (towards EnergyFoF) be aligned with the instalments repaid/received on behalf of the Final Recipients for the loans granted to them? The</p>	<p>As explained in question 3, this initiative is a full recourse structure where Financial Intermediaries’ repayments to EIB are subject (contingent) to receiving repayments from Final Recipients. All Final Recipients’ repayments shall be collected into a “Reserve Account” held by / with the Financial Intermediary and in regular intervals</p>

	obligation to repay the 'EnergyFoF' stands to the Final Intermediary or the Final Recipient? Please clarify if the Financial Intermediary is entitled to any other income (other than the Management Fee); i.e. interest earned (if any and save to your response in Question 3a above) for the part of the loan(s) granted to Final Recipients that is financed by 'EnergyFoF'. A detailed and explicit example would help in clarifying the above queries.	(most commonly on a semi-annual basis) they shall be transferred to the EnergyFoF. The Financial Intermediary shall repay the EnergyFoF upon receipt, if any, of the relevant returns by Final Recipients (<i>NB: the Financial Intermediary is solely responsible to ensure that Final Recipients meet their obligations of the loan agreements in accordance with standard banking practice</i>). As regards the EnergyFoF funds, Financial Intermediaries are not entitled to any other income apart from management fees. Please note that applicants should demonstrate their own understanding about the particular requirements of the Call for EoI and therefore, EIB is not entitled to provide guidance through numerical or qualitative examples.
13	Section 4.3; Please clarify the date of winding up of the FI, so as to be able to understand the calculation methodology of the Management Fees (Section 7, IV.). Reference is also made in Article 13 of the Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014.	The date of winding up of the Financial Intermediary should be proposed by the applicant in accordance with its business plan / investment policy. In principle, the term of the Operational Agreement should not exceed 20 years.
14	Section 7; Please clarify the 'eligibility period' as referenced in paragraph IV; Terms and Conditions / Winding up provisions and in Article 13 of the Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014, so as to be able to understand the calculation methodology of the Management Fees (Section 7, IV).	Eligibility period expires on 31 December 2023.
15	Section 7, Paragraph IV / Management Fees: A detailed and explicit example would help clarify the calculation methodology	Please note that applicants should demonstrate their own understanding about the particular requirements of the Call for EoI and therefore, EIB is not entitled to provide guidance through numerical or qualitative examples.

16	<p><i>a) SME clarification</i></p> <p>As per the below table, the fund will be available to local companies and will be divided into the 4 different sub-categories.</p>
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OP specific Objectives		Amount falling under Priority Axis 1	Amount falling under Priority Axis 5	Amount_ralli t!lJ under TO3	Amount falling under TO4
3a.3	Promotion, of entrepreneurship in special population groups/ enhancing access to financial	10,000,000		10,000,000	
4b. 1	Increase energy savings In SMEs	14,200,000			14,200,000
4c .1	Increase energy savings in public buildings.		15,800,000		15,800,000
4c.2	Increase energy savings in households.	--			
Total		24,200,000	15,800,000	10,000,000	30,000 ,000

<p>Based on the above, please clarify the following:</p> <ol style="list-style-type: none"> 1. What is the definition of SME for the particular fund? 2. Will projects that will be undertaken by midcaps (number of employees between 250 and 3000) and be eligible to participate in the fund? 3. Will projects that will be undertaken by a Special Purpose Vehicle (SPV) that belongs 	<ol style="list-style-type: none"> 1. For the definition of SMEs kindly consult Commission Recommendation of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (2003/361/EC). 2. For investments under Specific Objective 3a.3, it is explicitly stated that only SMEs are eligible under the Operational Programme. However, for investments under Specific
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	<p>to a midcap are eligible to be included in the fund?</p> <p><i>b) <u>Prepayment of facilities under the fund</u></i></p> <p>Please clarify whether the facilities that have been prepaid can be re-utilised for other eligible projects.</p>	<p>Objective 4b.1, where the final recipient is an enterprise, mid-caps are also eligible.</p> <p>3. The Financial Intermediaries should perform their own analysis of such Special Purpose Vehicle on the basis of Article 3 of the Annex of the aforementioned Commission Recommendation.</p> <p>a) <u>Prepayment of facilities under the fund</u></p> <p>This is possible. Such an option may be discussed in the context of negotiations of the Operational Agreements with selected Applicants and subject to consultation with the managing authority.</p>
17	<p><i><u>RES - Photovoltaic Parks (PV parks)</u></i></p> <p><i>a) <u>PV Parks</u></i></p> <p>The financing of the construction of a number of PV parks has been approved. The construction of the parks might be at the initial stages or not yet commenced. Based on those facts, please clarify the following:</p> <ol style="list-style-type: none"> 1. Are we allowed to include PV parks, which aim to sell electricity, under the Energy Fund? 2. Are we allowed to include PV parks, which are currently under construction or facilities have already been approved but not yet disbursed? 3. Will projects that will be undertaken by midcaps (number of employees between 	<ol style="list-style-type: none"> 1. PV parks which aim to sell electricity are in principle eligible under the Energy FoF subject to respecting state aid rules. 2. As regards the potential inclusion of PV parks which are currently under construction or facilities that have already been approved but not yet disbursed (the latter being a step earlier in implementation terms), the answer depends on what is the State aid legal base concerning the given project. If it is the De minimis Regulation 1407/2013, then such projects are allowed to be included from a state aid perspective. However, if the state aid legal base of a project is the General Block Exemption Regulation 651/2014 ("GBER"), its inclusion is subject to substantiation of the incentive effect under Article 6(2) of GBER. As regards PV parks for which facilities have already been approved, please note that their inclusion remains subject to the provisions of Article 65(11) CPR and in particular the part referring to the avoidance of double financing. As a general statement, please note that, in any case, the projects should not have

	<p>250 and 3000) and be eligible to participate in the fund?</p> <ol style="list-style-type: none"> 4. Will projects that will be undertaken by a Special Purpose Vehicle (SPV) that belongs to a midcap are eligible to be included in the fund? 5. Are we allowed to include PV parks that will be utilised by the owner to produce electricity for own consumption? 6. Few clients might design, build and operate a PV park for a certain period. At the end of period, the management of the .PV park will be automatically transferred to the owner of the premises. Will this arrangement be eligible to be included in the fund? 7. Will projects that will be undertaken by a Special Purpose Vehicle (SPV) that belong to small midcap are eligible to be included in the fund? 	<p>been completed yet (the Financial Intermediaries shall not re-finance acquisitions or participate with their funding in projects already completed), as set out in section “Other eligibility Criteria” of the Call for EoI and in accordance with Article 37(5) CPR].</p> <ol style="list-style-type: none"> 3. Please see response under item 16.1.2 4. Please see response under item 16.1.3. 5. Renewable facilities for own consumption are allowed under the Energy FoF. 6. In strict investment terms, BoT, PPP and other similar structures are eligible under the Energy FoF. However, applicants should make their own research in the applicable legal framework in order to check the applicable terms and conditions under which the structure under question is eligible. 7. Please see response under item 16.1.3.
18	<p><u><i>Energy Saving Systems on Hotels/Factories or other premises</i></u></p> <ol style="list-style-type: none"> 1. <u><i>Hotels/Factories: (upgrade of energy systems/sewage plants/insulation systems etc.</i></u> Those are energy efficient projects and the verification of energy saving of each product (e.g windows, air conditioning systems etc) is provided by the manufacturer. A third party energy 	<ol style="list-style-type: none"> 1. Please see Annex 6 of the Call for EoI. The issuance of Energy certificates is mandatory. Financial Intermediaries / Final Recipients should appoint a certified Energy Auditor from the relevant registry held by the Ministry of Energy, Commerce and Industry. Please note that the fee for the Energy Auditors’ services may be taken into account in the eligible investment costs.

	<p>certificate is still needed? What are the professional requirements of the professional (third party) who will verify the energy saving?</p> <p>2 <u>Energy Saving Business Plan (securing at least B+). Who will be appointed to verify the energy rating?</u> A verification report should be provided on completion of the project as well or shall the manufacturer's certificates be accepted?</p>	<p>2. Please see reply above. Energy Auditors should verify the energy class of the particular assets/venues before and after the investment.</p>
19	<p>Application</p> <p>A 'concrete' pipeline is requested to be included in the application. In order for a project to be included in a 'concrete' pipeline, the project financing must have been approved by the Bank. Given that the call asks for concrete pipeline, can we assume that projects already approved for financing will be eligible? See also question a.2 for PV Parks.</p> <p>Alternat ively, can we assume that the pipeline that will be submitted can be taken as only indicative for the projects to be financed?</p>	<p>Kindly see reply to Question 17.2</p> <p>The pipeline that will be submitted from the applicant is not considered binding.</p>
20	<p>Will the Energy Fund of Funds (“EFoF”), the European Investment bank (“EIB”) or other European Union (“EU”) funding sources cover any subcontracting costs?</p>	<p>All costs related to the activities of the Financial Intermediary will be covered by management fees. No extra funding sources are foreseen.</p>

21	Please clarify the workings of the risk sharing mechanism expand on the risk sharing between the Financial Intermediaries (“FI”) and the EFoF. In the case of default how will any potential loss be split between the FI and the EFoF?	This a risk sharing instrument with full recourse. The risk of EnergyFoF funds is carried out by the Republic of Cyprus. The Financial Intermediary carries risk only on its own co-financing. Any potential recoveries from defaults will be shared between the Financial Intermediary and the EnergyFoF on a pro rata (depending on amounts invested) and pari passu basis.
22	Is there a minimum amount that the FI must contribute to a) Each lot that the FI is interested? On a project by project basis?	Section 3.e of the Call for EoI provides that: <i>“The leverage effect is estimated in a contribution from private co-financiers in the form of commercial lending of at least 50% of the public contribution to the EnergyFoF... such target should be considered as a minimum leverage effect at project level and at the level of the total portfolio to be built by the Financial Intermediary”</i> . Therefore, the minimum thresholds apply both to each lot and on a project by project basis.
23	What is the interest rate that the EFoF will charge on funds made available to the FI and what is the frequency of its payment? Will interest begin to accrue when the funds are made available to the FI or when the FI lend the funds to the FR?	See assessment criterion 8. The Energy FoF is not charging interest on any funds. The Applicants, however, should present the interest rate offered on deposits expressed on 3M Euribor plus a margin. No other cost is envisaged. Interest shall begin to accrue when the funds are disbursed to the Financial Intermediary. When the funds are on-lent to Final Recipients, the latter shall repay the loan in accordance with the terms and conditions of the loan agreement entered into between the Financial Intermediary and the Final Recipient.
24	Is there an envisaged method of structuring the loan(s) to the FR?, eg is it envisaged that two loan accounts should be set up, one representing the EFoF funds and the other the FI funds, with potential different loan terms and characteristics?	The responsibility for structuring the loan or loans to Final Recipients lies with the Financial Intermediary. The Financial Intermediary shall ensure that different sources of funding are distinguishable for audit trail purposes.
25	Is it envisaged that the agreed interest payable by FR to FI on the part of the loan exposure which relates to the EFoF funds, will be due and payable to the EFoF by the FI, or is the EFoF only interested in recuperating the original capital amount extended?	Any interest and / or other income received from EnergyFoF funds is due and attributable to the EnergyFoF (minus the management fees attributable to the Financial Intermediary and/or other applicable and eligible as per Operational Agreement charges, if any).

26	Please elaborate on the first bullet point under paragraph 3.c: what exactly is meant by the term “other commercial lenders”, is this other than the FI?	See reply to Questions 6 and 8. Financial Intermediaries are considered commercial lenders.
27	Please clarify what is meant by the term “private co-financiers” (is this other than the FI?) and “leverage effect” under paragraph 3.e	With respect to “private co-financiers” please see reply to Question 8. Leverage effect is the amount of private financing that is injected into each project that receives EnergyFoF funds.
28	Please confirm that there are no minimum requirements for FR equity contribution	From EIB’s side, there are no minimum requirements for Final Recipients equity contribution. Financial Intermediaries are expected to indicate in their business plan / investment policy whether equity contribution will be necessary and the minimum amount they expect to receive from their clients.
29	Please clarify whether it is a pre-requisite that the FI’s selected management team must be engaged exclusively for the operation of this scheme (section 7.II., last sentence of 3rd paragraph)	Applicants should elaborate on their business plan, organisational structure and set-up of their teams. The extent of the proposed staff involvement will be evaluated in the context of the relevant assessment criterion.
30	What are, and what is the frequency of, the monitoring activities and/or reporting requirements that are required by the EFoF from the participating FI?	Monitoring and reporting activities should be aligned with the EU law requirements and will be specified in the Operational Agreement. EIB, receives quarterly qualitative and quantitative reports, a monthly project pipeline report and ad-hoc reports on the basis of specific requests from the competent authorities. The EIB shall monitor the activity of the selected Financial Intermediaries on a regular basis, envisaging to perform multiple tests on portfolios originated by Financial Intermediaries.
31	<p>a) Will there be two (2) reporting flow requirements? One for EIB and one for the European Structural and Investment Funds (“ESIF”)? Can you please provide the minimum reporting requirements?</p> <p>b) Will the EIB/ESIF require any form of independent confirmation for the reporting requirements?</p>	<p>a) There will be separate quarterly quantitative reports for ESIF and National Public Funds (namely, funds stemming from the EIB loan to the State). The ESIF part shall be separated per priority axis. However, there will be one monthly project pipeline report for both sources of funding. The Financial Intermediaries will have to report, among others, on the</p>

		<p>amounts disbursed, repaid amounts, outstanding amounts, overdue amounts, output indicators, management fees, etc.</p> <p>b) The Financial Intermediary will issue annual financial statements of the separate block of finance which have to be audited by an independent auditor.</p>
32	Is EIB willing to fund or provide trainings for any capacity building activities for FI staff	EIB assumes that the selected applicants will possess the necessary skills to carry out their role as Financial Intermediaries. However, upon request, EIB may consider the provision of training only in matters that fall under EIB's capacity.
33	Will the EIB or the EFoF be in any way involved in the credit underwriting (assessment and sanctioning) of individual FR and, if yes, under which circumstances?	The FoF manager is not involved in the credit underwriting of individual Final Recipients.
34	Please elaborate on the workings of how the management fees will be calculated, e.g. on funds originally transferred to FI or on funds actually disbursed by the FI to the FR?	Details of management fee calculation for the investment period are described in 8 th bullet of section IV (Terms and Conditions / Management Fees) of the Call for EoI and article 13 of the CDR.
35	Can you please clarify what is meant by the 5 th and 6 th bullet points under the section IV entitled "Terms and conditions → Management fees" and provide numerical examples?	<p>These particular points clarify that the basis on which management fees are calculated does not include: a) interest generated from deposits, b) funds that have been repaid from final recipients and not reinvested and c) any amounts which have been invested into projects which are in default.</p> <p>Please note that applicants should demonstrate their own understanding about the particular requirements of the Call for EoI and therefore, EIB is not entitled to provide any form of guidance through numerical examples.</p>
36	Can the FI use outsourced experts' assistance / support relating to the assessment of the FR	Please see section V of the Call for EoI "Conditions regarding joint offers and subcontracting". In accordance with item (v), assessment of Final Recipients is considered a Core Activity and thus the Financial Intermediary remains responsible towards EIB.

37	What is meant by “other commercial lenders” (paragraph 3.c of the Call for the Expression of Interest (first bullet point)? Could you provide a definition?	See replies to questions 6 and 8.
38	What is meant by “private co-financiers” (paragraph 3.e)?	See replies to questions 6 and 8.
39	What is meant by “leverage effect” (paragraph 3.e)?	See reply to question 27.
40	What is meant by “The Applicant shall provide the projected amount of external funds, including their irrevocable commitment for procuring additional financing at project level in the form of commercial loans” (paragraph 10 - point 9)	Applicants should commit in their offers for the minimum amount of own funds that they will lend to Final Recipients along with EnergyFoF funds as described in the Call for EoI. To be noted that Financial Intermediaries may procure such funds from other commercial lenders if the latter offer better terms and conditions to Final Recipients from the ones offered by the Financial Intermediaries.
41	Are there any funding sources to cover for sub-contracting costs for any post-implementation assistance that may be needed?	See reply to Question 20.
42	What will be the interest rate that will be charged from the Energy Fund of Funds to the Financial Intermediaries?	See reply to Question 23.
43	Will there be any other form of return expected by the Energy Fund of Funds?	Subject to state aid rules, applicants may indicate in their offer any other return which will be attributable to the EnergyFoF.

44	Should the loan products to be extended to the Final Recipients be structured in such a way so as to separate the amounts allocated from the Fund of Funds and by the Financial Intermediary?	Please see reply to Question 24.
45	Following on from the above point, if there will be two separate loan accounts, can these bear different loan terms (interest rate, duration)?	Subject to state aid rules, the EnergyFoF funds may be on-lent to Final Recipients with different terms from commercial loans.
46	Will you provide any technical support to Financial Intermediaries regarding the implementation of the programme i.e. how to calculate the acceptable return on investment in line with market standards? If yes, will this be included in the contract and will it be free of charge?	EIB assumes that the selected applicants will possess the necessary skills to carry out their role as Financial Intermediaries. However, upon request, EIB may consider the provision of technical support only in matters that fall under EIB's capacity.
47	The interest rate paid by the Financial Intermediary to Energy FoF can be Fixed or Floating?	Please see quantitative assessment criterion 8. The interest rate paid by the Financial Intermediary should be expressed on a 3M Euribor plus margin.
48	The Financial Intermediary's offered products can include both Fixed and/or Floating interest rates?	Interest rates of Financial Intermediaries' products towards Final Recipients will be proposed under the applicants' investment policy. EIB does not have any particular requirement, as long as the terms and conditions are compliant with state aid rules.
49	It is unclear if there will be a risk sharing mechanism between the Financial Intermediaries and the Energy Fund of Funds. If yes, can you please explain how it will operate, both in terms of the funds extended to the Final Recipients but also on the ideal funds to be invested by the Financial Intermediary?	See replies to questions 3, 12 and 21.
50	What is the Energy of Fund of Funds expectation in respect of repayment of the funds to be allocated to the Financial Intermediaries: capital only, capital and interest, at which interest rate, frequency?	This is a financial instrument to be provided in the form of loans; not grants. One of the core objectives of the financial instrument is to facilitate Final Recipients to access financing with better terms than the ones offered in the market. With respect to the loans' detailed characteristics, Applicants are expected to set out their objectives in

		the context of their Business Plan / Investment Policy, in compliance also with their historical performance.
51	We are uncertain of how the calculation of management fees will be affected (especially the fifth and sixth bullets under section IV (Terms and Conditions – Management Fees). Could you please also provide a numerical example? In case this is difficult to be calculated, could it be possible to revise it into a more simplified method?	See reply to question 35. Management Fees structure is not revisable.
52	Calculation of management fee for the period up until 31 December 2023. We understand that this shall be the aggregate of the Base fee and performance fee. It is mentioned at the top of p.30 that “The aggregate management fees over the entire period from the signature of the Operational Agreement to 31 December 2023 shall comprise the sum of the yearly management fees and <u>shall be expressed as a percentage of the total contributions paid from the EnergyFoF to the Financial Intermediary</u> ”. In the paragraph just above, it is mentioned that the Performance fee shall be calculated as a % of contributions paid to the final recipients in the form of loans. Could you please clarify?	Your understanding is correct. Aggregate management fees for the investment period comprise the sum of Base Fee and the Performance Fee. The paragraph that you are referring to in your query, concerns the aforementioned aggregate fee to be received during the investment period and which should not exceed the ceilings envisaged under Article 13 of the CDR. Indeed, performance fee shall be calculated as a % of the EnergyFoF funds that are paid to Final Recipients in the form of loans (kindly also refer to Article 13 of CDR).
53	Could you please explain if the Financial Intermediary will be required to contribute a minimum amount for each project to be financed?	Please see section 3.e of the Call for EoI. The minimum amount to be contributed by the Financial Intermediary (or other commercial lender) is 50% of the EnergyFoF funds that will be invested into each project. However, the nominal amount of financing contributed to each project has no minimum levels.
54	Could you please explain what the reporting / monitoring requirements will be, who will be the requestor and what will their frequency be? Will it be required to report the allocation of funds: <ul style="list-style-type: none"> - through ESIF funds and National Public funds separately and - priority Axis 1 and priority Axis 5 for ESIF? 	Monitoring and reporting activities should be aligned with the EU law requirements and will be specified in the Operational Agreement. EIB receives quarterly qualitative and quantitative reports, a monthly project pipeline report and ad-hoc reports on the basis of specific requests from the competent authorities.

		There will be separate reporting for ESIF and National Public Funds (namely, funds stemming from the EIB loan to the State). The ESIF part shall be separated per priority axis.
55	Is there any guided procedure that needs to be followed in order to monitor that the Final Recipients will retain the funded investments for a period of 5 years? Who will be obligated to monitor this?	<p>No particular guided procedure exists. The Financial Intermediary shall include a relevant undertaking in the On-lending Agreement with the Final Recipients in accordance with section 4.2 of the Call for EoI and will be obliged to monitor compliance by the Final Recipients.</p> <p>EIB will rely on the procedures introduced by the Financial Intermediary.</p> <p>The final verification of the above remains with the Managing Authority as a whole.</p>
56	There are no minimum requirements for equity contribution from the Final Recipients in each loan project.	There is no minimum required for equity contribution. Applicants are expected to propose in their investment policy whether they require any minimum equity contribution from potential Final Recipients.
57	The Financial Intermediary's selected management team will not be required to work exclusively on the scheme, post-implementation.	See reply to Question 29.
58	The EIB will not be involved in the credit underwriting processes for selecting the Final Recipients.	See reply to Question 33.
59	Financial Intermediaries will be able to utilize sub-contractors to provide expertise and assistance support in relation to the assessment of the Final Recipients, although the overall final assessment and decision will be solely the responsibility of the Financial Intermediary.	Please see reply to Question 36.

60	Regarding the project pipeline, mentioned in Paragraph 7V, it is assumed that most of the funding amount can be used to finance expected future projects and not just projects which are already included in the existing pipeline.	This is correct assumption. The project pipeline is indicative.
61	Since the submission date for the Call of Interest has been extended it is assumed that the disbursement date will also be extended accordingly?	No such extension is foreseen. The investment period is not changed and remains the one in the Regulation, namely 31 December 2023.

The foregoing clarification note shall form an inseparable part of the procurement documents.