Ref. Ares(2019)7473129 - 04/12/2019

CITIZEE

CITIZEN FINANCING for ENERGY EFFICIENCY

# D2.1 Institutional, organisational and procedural report

WP2 - Set up and running of Citizen Investment Platforms

T2.1 - Intervention strategy

Energinvest

*CitizEE*

*Scaling up Public Energy Efficiency Investments via Standardising Citizen Financing Schemes*

[www.citizee.eu](http://www.citizee.eu)

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| | |
|---|---|
| PROJECT ACRONYM | CitizEE |
| PROJECT TITLE | Scaling up Public Energy Efficiency Investments via Standardising Citizen Financing Schemes |
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| PROJECT DURATION | May 2019 – April 2022 (36 months) |

| | |
|---|---|
| REPORT NAME | CitizEE-WP2-T21-D21_M3-EI-20191105-v1.0 |
| DOCUMENT: | D2.1 Institutional, organisational and procedural report |
| WORK PACKAGE | WP2 - Set up and running of Citizen Investment Platforms |
| TASK | T2.1 - Intervention strategy |
| DISSEMINATION LEVEL* | PU |
| LEAD BENEFICIARY | 2. Energinvest (EI) |
| CONTRIBUTING BENEFICIARY/IES | 2. Energinvest (EI) |
| DUE DATE OF DELIVERABLE | 31 July 2019 |
| ACTUAL SUBMISSION DATE | 04 December 2019 |

PU = Public

PP = Restricted to other programme participants (including the Commission Services)

RE = Restricted to a group specified by the consortium (including the Commission Services)

CO = Confidential, only for members of the consortium (including the Commission Services)

| Version | Date | Beneficiary | Author | Approved |
|---|---|---|---|---|
| V1.0 | 05 Nov. 2019 | EI | Jean-François Marchand with the contribution of Lieven Vanstraelen and Miguel Casas | WIP |



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement Nº 847147

# ACKNOWLEDGEMENTS

The work described in this publication has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement № 847147.


# DISCLAIMER

# SCOPE OF THE STUDY

This report describes what EFSI-backed Investment Platforms are and how CitizEE H2020 project pilot regions can access the funds provided by the European Fund for Strategic Investments (EFSI) in order to set-up such investment platform to support the funding of their CFs4EE Financing Schemes.

The EFSI is an initiative launched in 2015 by the European Commission and the European Investment Bank in order to overcome the apparent lack of funding that is hampering the economic recovery in the European Union. EFSI provide funding to eligible projects across Europe in investment sectors facing market failures and suboptimal investment situations with the aim to leverage other private and public finance. The EFSI Regulation places significant emphasis on the role of Investment Platforms within the European Fund for Strategic Investments as a tool for pooling investment projects with a thematic or geographic focus, thereby contributing to the Investment Plan for Europe's objective of mobilising at least EUR 500 billion in additional investment over three years.

The section 1 of this report describes the functionning of the European Fund for Strategic Investment (EFSI), the definition and general caracteristics of EFSI-backed Investment Platforms and the funding and financing products available under EFSI as well as the financing products to be delivered by an Investment Platform. The section is completed by a state of play analysis of the Investment Platforms that have been signed, approved and pre-approved under EFSI up to end of June 2019, with a more in-depth attention to the Investment Platforms adressing the Energy Efficiency and Renewable Energy sector, in line with the scope of CitizEE project. The analysis give an overview of the main types of Investment Platforms seen in the Energy Efficiency sector, their scopes and funding arrangements.

The section 2 analyses the 11 Investment Platforms targeting energy efficiency and renewable energy that have been signed with the EIB as at the en of June 2019. This analysis deepens the description of operational and financial schemes of each of them and where the information was available, identifies the operational, contractual and financial relationships between the parties in order to give a comprehensive view of their modus operandi. Thus, we invite the reader to have a double reading, both the key elements common to investment platforms and the more detailed description of their model that best meet the specific situation of the reader.

The section 3 describes how to set-up an EFSI-backed Investment Platform. It first describes the eco-system of Investment Platforms and their key components, stakeholders, roles and functions. It then details the process to set-up an Investment Platform complying with the EFSI regulation. This process has been aligned with the CitizEE's own process, in particular the workbreakdown structure of the project that has been slightly redesigned taking into account the specific steps and tasks related to the establishment of an Investment Platform. This work is part of the deliverable D2.1. Action Plan for the Establishment of an Investment Platform.

The section 4 gives a short introduction to the next Multi-Annual Financial Framework 2021-2027, taking into account that the EFSI initiative will soon reach the end of its timeframe and will be replaced by the new InvestEU framework as a successor of EFSI. Apart from the Lithuanian pilot region that has already succeeded to get approval for an EFSI-backed Investment Platform and will be signed within the current timeframe, according to discussions with the European Investment Bank, the remaining timeframe will most probably not allow other CitizEE pilot regions to obtain an ESFI approval for their projects. Remaining pilot projects will therefore fall under the InvestEU framework, which, although based on the success of the EFSI initiative, includes a number of significant developments that will need to be analyzed in more detail as soon as the regulation establishing InvestEU will enter into force. The present report should therefore be revised with the key elements implementing InvestEU.

Finally, the report contains a series of annexes that gives further information on several topics of interest:

- Annex 1 (Glossary and abreviation list).
- Annex 2 (Minimum scores for EFSI scoreboard pillars) provides information on the methodology used by EIB to establish scoreboards of indicators for presenting the results of the appraisal of operations under the EFSI Infrastructure and Innovation window (IIW). Available publicly disclosed scoreboards of investment platforms approved by the EFSI Investment Committee are also included.
- Annex 3 (EFSI-Backed Investment Platforms under the IIW (as at june 2019) provides the full excel list of EFSI-backed Investment Platforms analyzed in the study.



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- Annex 4 (Similarities and differences between EFSI and ESIF) provides a comparison about the functionning of the two funds.

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# INTRODUCTION/BACKGROUND

The purpose of this document is to provide a guide to establish EFSI-backed investment platforms for the CitizEE H2020 project pilot regions implementing Citizen Funding for Energy Efficiency (CFs4EE) Financing Schemes to finance large scale energy efficiency and renewable energy retrofitting programs in the building sector.

The Regulation N°2015/1017 establishing the European Fund for Strategic Investments (EFSI), specifically offers to finance investment platforms with a view of invigorating investments in a portfolio of projects (as opposed to individual projects) with a thematic (e.g. energy efficiency investments, broadband, or SMEs) or geographic focus (e.g. several Member States, or at regional level). The interest of setting-up investment platforms relies on the fact that these investment platforms are a means to aggregate investment projects and bundle funds from different sources (EU funds, national support, private investors) to enable diversified investments with a geographic or thematic focus. The Platform itself can then provide loans, guarantees and/or equity financing to the underlying projects, depending on their specific needs. In doing so, they help to better share the risk amongst investors, make it easier to attract private investors and eventually unlock financing for individual projects.

Unlocking financing for smaller and/or riskier projects is precisely the objective of the European Fund for Strategic Investments (EFSI), the financial pillar of the Investment Plan for Europe. EFSI was designed in 2015 to address the major investment gap resulted from the outbreak of the global financial and the European sovereign debt crises. EFSI came to complement existing EU financing instruments and was aimed at mobilising significant additional public and private investment, worth €500 billions for 2020 in crucial sectors of the EU's economy that suffering from market failures and sub-optimal investment situations by providing first loss guarantees from the EU budget. The specificity of EFSI is based on this EU guarantee granted to the European Investment Bank (EIB) Group that allows to increase the volume of higher risk projects supported by EIB Group financing operations and is intended to provide additionality of investment by addressing market failures and suboptimal investment conditions, i.e. funding projects that would otherwise not be financed or not to the same extent. Thanks to the EU guarantee, the EIB Group can expand its financing and investment portfolio to those projects with a higher risk profile (namely EIB Group “Special Activities”) and in turn, the EIB intervention allows other public and/or private investors to join (process defined as 'crowding in') and further multiply the overall funding of operations that receive EFSI financing.

Thanks to the EFSI funding, an investment platform can therefore be set up to provide financial products (loans, equity, guarantees) to projects that are economically viable (either by generating revenues and/or saving costs) but which are too small and/or too risky to be financed by private investors only and thus use public financing to attract and crowd-in more easily private investors, with a view to fill market gaps and finance groups of smaller and riskier projects. In addition to EFSI funding, investment platforms can also combine funding from other EU funds and financial instruments, in particular the European Structural and Investment Funds (ESI Funds) as specifically promoted by the EFSI regulation in a view to contribute to the financing of projects receiving EFSI support and by there increase the crowding in effect of the Investment Platform.

It is to be noted that any public or private institution or a group of institutions (so-called “Sponsors” or “Project promoters”) can set up such an EFSI-backed investment platform. This can also include creating new forms of cooperation between key financial organizations like National Promotional Banks/Institutions (NPBIs), commercial banks, investment funds and other investors and stakeholders. Another particularity of EFSI-backed investment Platforms is their flexibility in terms of legal form and financing structure which can be determined according to the needs of the projects and the interests of the co-investors. According to the EFSI regulation, they can be “special purpose vehicles, managed accounts, contract-based co-financing or risk sharing arrangements or arrangements established by any other means by which entities channel a financial contribution in order to finance a number of investment projects”. This flexibility allows investment platforms to adapt to a large range of market situations, co-investors and policy objectives.

As of the end of june 2019, some 51 investment platforms have already been approved to receive EFSI-backing, representing nearly EUR 6bn of EFSI financing approvals, for more than EUR 40bn of investments expected to be mobilized.



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Note to the reader:

The scope and functioning of EFSI and EFSI-backed investment platforms as well as combination of EFSI and ESIF funding are broadly determined by the following key reference documents. We invite the reader to take the time to read them carefully in order to understand the key elements that will be used within this report.

EFSI Regulation

- The "EFSI Regulation": Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal.
- The amending regulation (EFSI 2.0): Regulation (EU) 2017/2396 of the European Parliament and of the Council of 13 December 2017 amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments

EFSI Steering board documents

- EFSI Strategic Orientation note: European Fund for Strategic Investments Steering Board. EFSI Strategic Orientation. European Investment Bank, review of January 2019. This document further outlines the strategic orientation on sectorial/geographical diversification and concentrations limits, cooperation with National Promotional Banks and Investment Platforms as well as products and counterparts.
- Guidance document on rules applying to Investment Platforms: Rules applicable to operations with Investment Platforms and National Promotional Banks or Institutions – European Commission, European Investment Bank, 2016. The rules outline the main principles for setting up Investment Platforms under the EFSI and their possible structures. In addition, the paper provides a number of concrete structures of possible Investment Platforms.
- Guidance document on complementarities between the EFSI and the European Structural and Investment Funds: European Structural and Investment FUNDS (ESIF) and European Fund for Strategic Investments (EFSI) complementarities - Ensuring coordination, synergies and complementarity – European Commission, 2016
- Note on the EFSI Scoreboard of indicators for application of the EU Guarantee for the Infrastructure and Innovation Window: European Fund for Strategic Investments Fund Steering Board: EFSI Key Performance and Key Monitoring Indicators Methodology- – Update of December 2018.
- European Fund for Strategic Investments Fund Steering Board. Operating policies and procedures necessary for the Functioning of EFSI.
- European Fund for Strategic Investments Steering Board. Investments in funds in line with EFSI regulation.

European Commission documents

- A guide to establishing investment platforms for public authorities and other stakeholders: The European Investment Plan for Europe: how to set up an EFSI investment platform.

ESIF documents

- ESIF - Regulation for Financial Instruments: Common Provisions Regulation (CPR) - EU1303/2013 – Part Two – Common Provisions applicable to ESI funds - Title IV – Financial Instruments.
- Guidance documents for Financial Instruments: Overview of all guidance in relation to the European Structural and Investment Funds Regulations 2014-2020 framework – Section Financial Instruments.
- Guidance manual for ex-ante Assessment of Financial Instruments : Ex-ante assessment methodology for financial instruments in the 2014-2020 programming period. General methodology covering all thematic objectives, volume 1. FI-Compass. Version 1.2 – April 2014.



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# 1. FUNCTIONNING OF THE EUROPEAN FUND FOR STRATEGIC INVESTMENTS

## 1.1. The European Fund for Strategic Investment (EFSI)

The European Fund for Strategic Investments (EFSI), the central pillar of the Investment Plan for Europe (Juncker Plan), was designed in 2015 to address the major investment gap that emerged following the outbreak of the global financial and the European sovereign debt crises. EFSI came to complement existing EU financing instruments and was aimed at mobilizing significant additional public and private investment in crucial sectors of the EU's economy that suffered from market failures and sub-optimal investment situations by providing first loss guarantees from the EU budget. The functioning of EFSI relies on a strategic partnership with the European Investment Bank Group, that implements EFSI and makes a contribution to its financing.

Designed as a tool to accelerate investment in Europe, EFSI is not a “fund” in the traditional sense. It is a contractual arrangement between EU and EIB Group, based on the EU guarantee, that allows to increase the volume of higher risk projects supported by EIB Group financing operations and is intended to provide additionality of investment by addressing market failures and suboptimal investment conditions, i.e. funding projects that would otherwise not be financed or not to the same extent. Therefore, EFSI funding is targeted to those projects with a higher risk profile (namely EIB Group “Special Activities”) than projects supported by normal EIB Group operations. Thanks to the EU guarantee, the EIB Group can expand its financing and investment portfolio. In turn, the EIB intervention allows other public and/or private investors to join (process defined as 'crowding in') and further multiply the overall funding for operations that receive EFSI financing. The overarching objectives of such a mechanism are twofold:

- Leveraging additional public and private funding to finance strategic investments in infrastructure and innovation across the European Union.
- Increasing access to finance for small- and medium-sized enterprises (SMEs) and small mid-cap companies.

EFSI is thereby a market driven instrument increasing the availability of higher risk financing to economically viable projects, addressing their financing needs and crowding-in other financiers. The EU guarantee obligations enable the EIB Group to deploy a wide range of financial instruments supported by EFSI, that are available under two investment windows (see figure 1): the Infrastructure and investment window (IIW) implemented by the European Investment Bank (EIB) and the SME Window (SMEW) implemented by the European Investment Fund (EIF). The Infrastructure and Innovation Window (IIW) aims at financing debt and equity-type investments in a broad range of sectors identified in the EFSI Regulation:

- Research, Development and Innovation (RDI), through projects that are in line with Horizon 2020, education and training, health, demonstration projects and research infrastructure;
- Development of the energy sector in accordance with the Energy Union priorities, including security of energy supply, and the 2020, 2030 and 2050 climate and energy frameworks, through renewable energy, energy efficiency and energy savings, as well as development and modernization of energy infrastructure projects;
- Development of transport infrastructure, equipment and innovative technologies for transport, including through smart and sustainable urban mobility projects, and projects connecting nodes to TEN-T infrastructure;
- Financial support to entities with up to 3,000 employees with a particular focus on SMEs and small mid-cap companies, through the provision of working capital, investment and risk financing;
- Development and deployment of information and communication technology, through digital content and services, high speed telecommunications infrastructure and broadband network projects;
- Environment and resource efficiency, through environmental protection and management projects, strengthening eco-system services, sustainable urban and rural development and climate change actions;
- Human capital, culture and health, through education and training, cultural and creative industries, innovative health solutions, new effective medicines, social infrastructure and tourism projects.



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The remaining EFSI financing is managed by the EIF through the 'SME window'. This provides intermediated financial support via portfolio guarantees or investments, to entities with up to 3,000 employees, with a particular focus on SMEs and small mid-cap companies (firms with up to 499 employees).

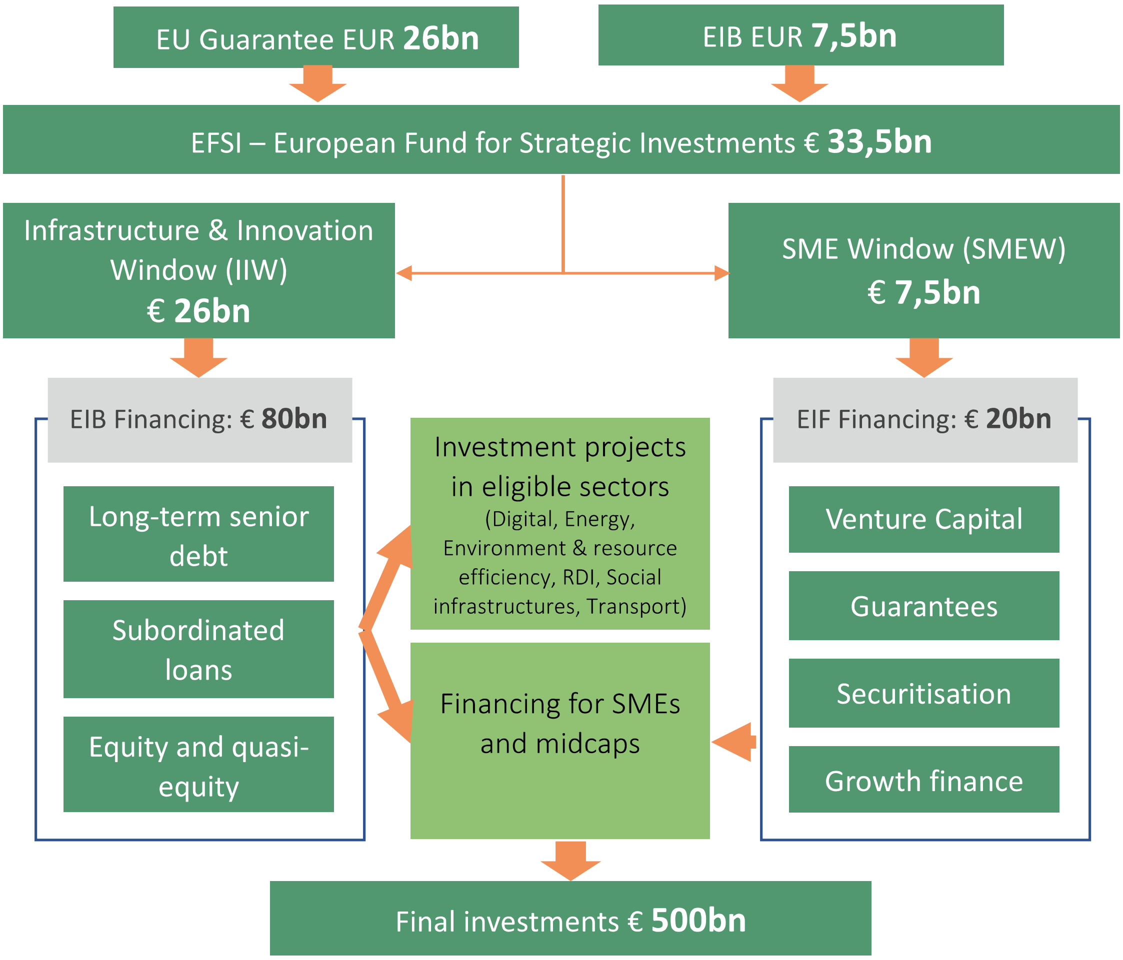


Figure 1: The functioning of EFSI

The provision of funds and guarantees is split between the EIB and the EIF according to the window that is used. The SME Window provide support to SMEs (enterprises which employ less than 250 persons and which have an annual turnover not exceeding € 50 million, and/or an annual balance sheet total not exceeding € 43 million) and midcaps (entities having up to 3,000 employees). The SME Window (SMEW) has a budget of € 7,5 billion and is implemented via the EIF, through agreements between the EIF and financial intermediaries. It offers a mix of facilities, covering both debt and equity financing; providing finance to SMEs and small mid-caps in early, as well as expansion stages of their life-cycle; financing of investment projects as well as working capital; catering specifically for the needs of higher-risk, innovative or research- intensive companies.

The Infrastructure and Innovation Window (IIW), on the other hand, is managed by the EIB. In this case the EFSI serves as credit protection for new EIB activities. Typical financing products offered under this IIW are long-term senior debt for higher risk projects, subordinated loans and equity and quasi-equity. Thanks to this Window support projects are expected to attract more investors, according to their interest in the projects. Typical projects serviced are infrastructure (broadband, transportation...), energy (renewables, energy efficiency...), social infrastructures, digital and bio-economy, research, development and innovation, regional development and transport.

Any promoter investing in Europe is eligible to apply for EFSI-backed financing, including private sector entities, public sector entities, banks, national promotional banks and other financial institutions, funds or other forms of collective investment vehicles and investment platforms. Projects need to meet the objectives set in the EFSI Regulation to be eligible, while being bankable and priced in line with the risk taken. Project promoters who want to benefit from EFSI support should contact first the EIB staff,  who performs its standard due diligence in respect of any proposed



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operations ("business as usual") in order to decide on the project's eligibility, additionality, mobilization of private capital, consistency with Union policies as well as its economic, technical and financial viability. Additionally, a dedicated governance structure for EFSI decision process has been established. The strategic orientation is stipulated by a Steering Board whereas the selection of the projects is done by an Investment Committee. It is only when the EIB staff, following its due diligence, identifies a project with a particular risk profile or added value which makes it potentially eligible for EFSI, that it sends the relevant project to the EFSI investment committee.

EFSI Regulation (EU) 2015/1017 entered into force on 4 July 2015 for a three years period, and on 14 December 2017 the amended EFSI regulation (EFSI 2.0) was adopted allowing to extent the initiative by two years to 2020 (to the end of the current Multiannual Financial Framework MFF), with the aim of increasing investment in the EU by €500 billion. At end of June 2019, EIB Group has approved about 1.100 EFSI operations, for 76.9 billion EUR of financing leveraging 424 billion EUR of final investment.

**Box 1: Additional EU tools supporting EFSI implementation**

The European investment advisory hub (EIAH) and the European investment project portal (EIPP), constitute the second pillar of the investment plan for Europe, which aims to support the extra investment triggered by EFSI to meet the needs of the real economy, by offering advisory and technical assistance services, as well as greater visibility to investment opportunities.

**The European Investment Advisory Hub (EIAH):** It is a joint initiative of the European Commission and the EIB. The Hub provides a single access point to wide ranging advisory support for projects and investments engaging with public and private promoters at all levels of the project cycle, from upstream project identification, through to planning and preparation to implementation, including support on legal issues. In particular, EIAH provides advice to support the potential set-up of Investment Platforms, with such a role further enhanced under EFSI 2.0. The Advisory Hub is managed by the EIB and builds on a network of partner institutions having entered into an agreement with the EIB, including national promotional banks. Project promoters have the opportunity to consult the EIAH for receiving advice on setting up an Investment Platform. They can apply for advisory support by visiting the website: http://www.eib.org/eiah.

**The European Investment Project Portal (EIPP):** It is an online platform of investment projects hosted by the European Commission and enabling EU based project promoters – public or private – to reach potential investors worldwide. Acting as a match-making platform between project promoters and investors, the EIPP is meant to increase the visibility of potential investment opportunities in the EU towards a large network of international investors and with the possibility to contact directly the project promoters. To facilitate this, projects are presented in a structured format that enables promoters to disclose as much project information as they deem necessary to attract the investors. The publication on the EIPP is free of charge and a project must fulfil a set of eligibility criteria defined in the Commission Implementing Decision with a minimum threshold for projects of 1 million Euros. The EIPP is independent from EFSI financing and the EIAH advisory support. The publication of an investment project on the EIPP is not a pre-condition for receiving any EU/EIB financing or advisory support. Promoters can submit projects by visiting the website: http://ec.europa.eu/eipp.

## 1.2. EFSI-backed Investment Platforms

### 1.2.1. Definition of an EFSI-backed Investment Platform

According to the EFSI Regulation, Investment Platforms means "special purpose vehicles, managed accounts, contract-based co-financing or risk-sharing arrangements or arrangements established by any other means by which entities channel a financial contribution in order to finance a number of investment projects, and which may include:

- national or sub-national platforms that regroup several investment projects on the territory of a given Member State;
- multi-country or regional platforms that regroup partners from several Member States or third countries interested in projects in a given geographic area;



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- thematic platforms that gather investment projects in a given sector".

Further guidance concerning investment platforms is given by the European Commission: "Investment platforms are in essence co-investment arrangements structured with a view to catalysing investments in a set of projects (as opposed to individual projects). Investment platforms are a means to aggregate investment projects, reduce transaction and information costs and provide for more efficient risk allocation between various investors."

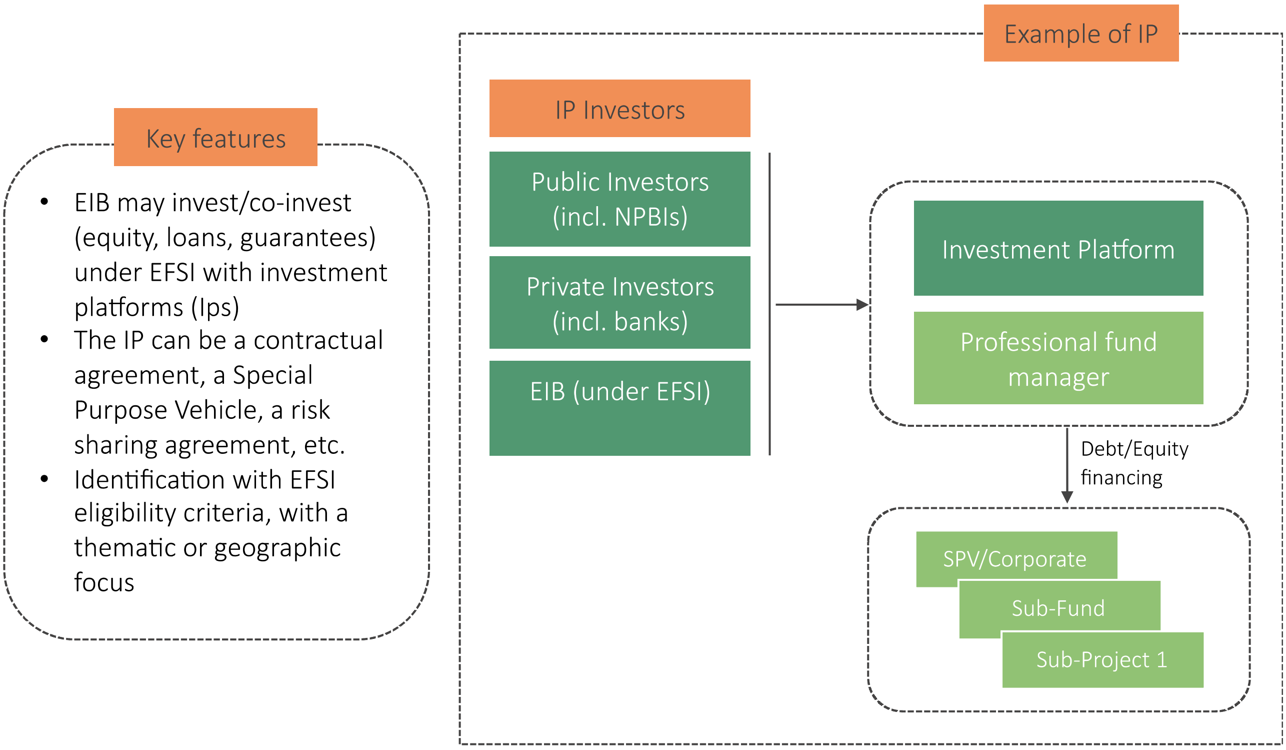


Figure 2: Example of an EFSI-backed Investment Platform

Basically, an investment platform is nothing else than an investment facility channeling public and private financing from several co-investors to provide funding to designated final beneficiaries and/or projects (see figure 2). Investment Platforms seek to bring together investors and/or projects, but in the EFSI understanding it should be included in the definition of an investment platform that "it implies one or several financing instruments (first lost piece guarantees, risk sharing loans, subordinate debt, capital market instruments, credit enhancement instrument, etc.), which include in a structured way EU funds, national support and private funds, and in which public funds play a decisive role in attracting private capital to the existence of market failures or suboptimal investment situations within a geographic and/or a sectoral/thematic market segment, developing for it appropriate financial products (loans, guarantees, quasi-equity, equity) to be offered to bankable but underserved underlying projects, in order to aggregate investment projects, reduce transaction and information costs and provide for more efficient risk allocation between investors".

### 1.2.2. Key features of an EFSI-backed Investment Platform

Following the definition above, the key features of an EFSI Investment Platform are the following:

#### *1.2.2.1. Focus on market failures and suboptimal investment situations (but not only)*

A key objective of an EFSI-backed IP is to provide financing or support to sectors and/or projects that are not currently sufficiently serviced by traditional financial intermediaries, either because they are too small or too risky (or simply underserved). In this way, IPs are meant to support solely investments that are expected to be financially viable but are unable to raise sufficient funding due to market failures or poor availability of specialized finance. In this understanding, IPs could also bring complementarity to existing financing alternatives. The principle of "additionality" is a key element here. In accordance with the Regulation establishing the EFSI, the EU guarantee is granted in support of operations that fulfill the additionality criterion. It stipulates that EFSI operations must remedy a market failure or



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a sub-optimal investment situation; and could not have been carried out at the same extent or in the same period without the EFSI. The Regulation complements the definition by giving particular importance to the risk profile of transactions. EFSI support is considered to provide additionality if the operation bears a risk that corresponds to EIB 'Special Activities'. A project is classified as a Special Activity if the inherent risk of the project is higher on average than the bank's conventional risk-mix lending and would generally not be accepted by the EIB under normal activities. Therefor EFSI meets the criterion of additionality for higher risk transactions where they could not be conducted (to the same extent or in the same period) because investors are unwilling to take the necessary risk. In such cases, the EIB typically finances a higher risk tranche and attracts other investors who finance the lower risk tranches or other tranches, hence the additionality of the EFSI action. Nevertheless, there may be situations in which the risk profile does not reflect properly additionality, as figured out by the decisions taken by the EFSI Investment Committee during the first years of EFSI operations. This has led to amendments to the definition of "additionality" with the revision of the regulation under EFSI 2.0. Since then, operations that qualify as "special activities" may also include certain specific elements which will be considered as a strong indication of additionality. Notably, operations that involve physical or e-infrastructure linking or extending the link between two or more Member States or presenting an exposure to specific risks, in particular country-, sector- or region-specific risks or the risks associated with innovation, will be considered to give such an indication. Other elements would also typically lead to the classification of operations as EIB special activities:

- subordination in relation to other lenders, including national promotional banks or institutions and private lenders,
- participation in risk-sharing instruments
- equity type characteristics, such as performance-linked payments, or
- other identifiable aspects leading to higher risk exposure as per the credit risk guidelines of the EIB such as counterparty risk, limited security and recourse only to project assets for repayment.

These elements set out more favorable conditions for investment platforms: typical characteristics of their ultimate beneficiaries, such as higher or smaller risks, but also their structures, such as risk-sharing mechanisms, will be explicitly recognized as additional.

**Box 2: Additionality must be well substantiated**

Additionality has to be well substantiated when applying for the EFSI funding. This means that EFSI-backed IPs should be based on a solid market assessment (ex-ante study) which shows evidence of market failures or suboptimal investment situations for the sector/final recipients/projects concerned, disclosing the estimate level and scope of investments needs, including the type of financial products to be supported by the IP. Other elements that qualify the operation as "EIB special activities" should also be put forward.

#### *1.2.2.2. Focus on blending/crowding-in public and private funds.*

A second key objective of an EFSI-backed IP is to facilitate the inclusion (crowding-in) of investors towards the financing of projects. This is where EFSI funding plays a key role in allocating funds to the IP through appropriate financing instruments to support the crowding-in of other public and private investors. The idea behind blending co-investors together is to allocate more efficiently the risks, but not only. The objective is also to leverage public and private funds in order to provide additional funds to projects that would not have been raised without the contribution of the platform. In this perspective, complementarity with existing market operators must be pursued and may take many forms, such as the focus on a market segment or financial product that is scarcely served, offering of top-up or credit-enhancing financial instruments, etc. It is important to note that the crowding-in should be seen at the level of the platform itself but also at the project level where public and private co-investors can also complement the platform financing. The EFSI Investment Committee shall put particular emphasis on approving Platforms that crowd-in a wide range of investors, notably National Promotional Banks and Institutions (NPBIs), Sovereign Wealth Funds (SWFs) and private sector, and have a transformational impact in its target markets. In this



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context, the EIB assesses the crowding-in potential of every operation, especially for the private financing which is a KPI for EFSI that is regularly monitored and reported by the EIB.

**Box 3: Cooperation with NPBIs should be considered**

Article 2 of the EFSI Regulation provides that "national promotional banks or institutions" means legal entities carrying out financial activities on a professional basis which are given a mandate by a Member State or a Member State's entity at central, regional or local level, to carry out development or promotional activities." In order to improve the crowding-in potential of EFSI support through an Investment Platform, EFSI regulation put a particular emphasis on developing cooperation with National Promotional Banks and Institutions (NPBIs) building on their in-depth understanding of the domestic operating context to help in prioritizing EU funding allocations at national, regional and local levels for financial instruments and their financial intermediary role in crowding-in additional private sector co-investment through access to business and investor communities in the Member State concerned. They can also have a significant leverage effect on EU funding, by co-investing together with the EIB group, with important multiplier effects by attracting private investors at subsequent financing stages. Such cooperation should be investigated from the very beginning of any Investment Platform project. The list of National Promotional Banks and Institutions (NPBIs) for the CitizEE pilot countries is provided in table 1.

Table 1: **List of NPBI in pilot countries**/regions

| Country | Acronym | Full Name | Participating in EFSI |
|---|---|---|---|
| Belgium | SFPI | Société Fédérale de Participation et d'Investissement | Yes |
| Belgium | PMV | Participatie Maatschappij Vlaanderen | unknown |
| Lithuania | INVEGA | Invega | Yes |
| Lithuania | VIPA | Public Investment Development Agency | Yes |
| Croatia | HBOR | Hrvatska Banka za Obnovu I Razvitak | Yes |
| Portugal | IFD | Instituiçao Financeira de Desenvolvimento | Yes |
| Portugal | SPGM | Sistema Portugues de Garantia Mutua | Yes |

Source: Making better use of public funding. The role of National Promotional Banks and Institutions in the next EU Budget. Jacques Delors Institute. Report N°115. July 2018.

### *1.2.2.3. Focus on a define geographic or sectoral/thematic scope*

EFSI-backed IPs must have a defined scope either geographic of sectoral/thematic. They can cover a wide range of possible geographical scope of related projects:

- A national Platform (single-country Platform) supports projects on the territory of a single Member State;
- A multi-country Platform supports projects situated in a group of Member States and non- EU Member States. A Platform could cover the whole of the EU (all 28 Member States);
- Regional Platform supports projects in a given region within a single Member State;
- A multi-regional Platform would support projects in several regions, either in a single Member State or in several different Member States.

These IPs can also have a pre-defined thematic (sectorial) focus, supporting the eligible objectives under the EFSI Regulation (Art. 9). Platforms could have either:

- Mono-sector focus, e.g. "energy efficiency" or "renewable energy generation" or "broadband",
- Multi-sector focus, e.g. "social infrastructure investment and energy efficiency".

**Box 4: Climate change at local level is key to EFSI**



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CitizEE project intend to develop national or regional Investment Platforms focused on energy efficiency and renewable energy retrofits in the building sector. These areas have clearly been given particular attention for EFSI funding since the revision of the EFSI 2.0 Regulation, where the EIB is to target at least 40% of EFSI funding for the components of infrastructure and innovation (IIW) contributing to the climate action, in line with the commitments made at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21).

#### *1.2.2.4. Focus on aggregation and pooling of projects*

One objective of EFSI-backed IPs is to finance underserved and more risky projects but also to bundle smaller projects which would be too small for EIB or other investors. Aggregation and pooling of project also intends to provide investors with visibility over the scale of investment envisioned and the role they are expected to play in delivering on sustainable finance. The availability of a large-scale pipeline of bankable projects to feed investment platforms is therefore essential for the success of the initiative. In the energy efficiency building sector, cooperation with dedicated one-stop-shops for project development at the local or regional level is required to facilitate the aggregation of different projects, making them available and more attractive for the Investment Platform. The aim is to increase the investment pipeline, support the deployment of financial products, get closer to project promoters, further engage cities and local actors in locally-developed project pipelines and stimulate aggregation and the market uptake of integrated financial and organizational solutions. A key to success in aggregation is to enhance financial products delivered by the IP by technical assistance or financial support to project development. This could be done by combining under the umbrella of the IP EFSI funding with other EU funds and as well as national support (see point 2.5 IPs can combine EU Funds). Finally, in a more advanced vision of IP Platforms, these could also become aggregation mechanisms to bundle small and middle-scale projects and make them sizeable for the capital markets. In this vision, IP platforms can match interested investors with assets or hold greenfield assets so that they can be placed with institutional investors once the assets are operational and have a track record. In the energy efficiency building sector, one example for instance could be forfaiting facilities and/or bonds mechanisms with assets based on Energy Performance Contract with ESCOs.

#### *1.2.2.5. IPs can have flexible structures*

IPs structures are not set-up and managed by the EIB. The EIB needs to rely on sponsors and promoters that would be setting up such a structure. The legal forms and financing structures that an investment platform can take are largely fexible. Platforms could be set up under different forms, such as:

- Special Purpose Vehicle (SPV): A dedicated investment fund is established with a specific manager, investment strategy, diversification, target risk profile and financial return, remuneration, etc. The fund's Special Purpose Vehicle can take various legal forms such as: ELTIF (European Long Term Investment Fund), SICAV (Société d'investissement à capital variable), FPCI (Fond professionnel de capital investissement), investment trust, etc.
- Managed account: The various providers of funding decide together on an investment strategy and entrust their funds directly with a selected Platform Manager, which manages the funds via a dedicated account. There is no need to create a new legal entity or vehicle. The entrusted entity then deploys the funds in line with the agreed investment strategy. The entrusted entity does not necessarily need to provide financing along the funds made available to it nor does it need to take a share into the risk.
- Contract-based co-financing: The various providers of funding decide together on an investment strategy and by means of a contract make their funds available to an entity active in the financing market. Each time that the entity finances an eligible project, a portion of the finance will come from the funds made available (co-financing). There is no need to create a new legal entity or vehicle. The entity active in the financing market deploys the funds in line with investment strategy and has to provide itself part of the financing.
- Risk-sharing arrangement: The various providers of funding decide together on an investment strategy and confide their funds directly to an entrusted entity/manager on a risk-sharing basis. The risk sharing could be



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tailor made. There is no need to create a new legal entity or vehicle. The entrusted entity then deploys the funds in line with the agreed investment strategy and shares the risk of the Investment Platform's operations.

#### *1.2.2.6. IPs can combine EU funds*

In addition to EFSI funding, investment platforms can also combine funding from other EU funds, financial instruments or national support to support specific policy objectives. In particular, the EFSI regulation specifically promote the combination of EFSI with European Structural and Investment Funds (ESI Funds), capitalizing on the complementary nature of the two instruments.

Combining the EFSI guarantee with ESI funds can help a project to secure financing, without which it would most probably not go ahead, or not to the same extent. The advantage is that different funds can finance different parts of the project, so that you can have the EFSI finance one part and structural funds finance another part. For example, a project promoter could apply for structural funds to offer grants for a feasibility study for the project. In addition, structural funds could finance the part of the project that would not get a financial return to allow for its repayment and to cover the operating costs. For the part of the project which will generate revenues the promoter could apply for EIB financing backed by the EFSI guarantee. This combination makes the project “bankable” and eligible for the EIB Group to consider. Combining funds can also be beneficial to project promoters when it comes to the amount and duration of the financing, collateral, pricing and leverage. If a project has secured both EFSI backed finance and ESI Funds funding, this could make the investment more attractive to commercial banks and other private investors, as the risk for them to invest could be decreased.

The Commission has published a note providing guidance on how to combine EFSI and ESIF. This can be done in different ways, we will focus in this report on combinations completing or implementing Investment Platforms. The note suggests different possible combinations with Investment Platforms, which are summarized in the table 2.

Table 2: EFSI-ESI Funds combination options with Investment Platforms

| Combination level | EFSI-ESI Funds combination options |
|---|---|
| Combining ESI Funds with the EFSI support at the Investment Platform Level | Option 1: The Managing Authority set up a new Investment Platform (considered as a financial instrument under CPR) with ESI funds program contribution in which EFSI and other investors invest their own resources.<br>Option 2: The Managing Authority makes an ESI Funds program contribution into an existing Investment Platform (considered as a financial instrument under CPR) which is set up with EFSI resources. The Investment Platform then invest EFSI and distinct ESI Funds program contribution in projects.<br>In both cases, the Commission recommends establishing ‘layered funds’ in which ESI Funds take the ‘first loss piece’ position, EFSI and the EIB take the ‘mezzanine tranche’ and private investors take the ‘senior’ position or last tranche. |
| Combining ESI Funds with the EFSI support (channeled through an Investment Platform) at the financial instrument level | Option 3: The Investment Platform set up with EFSI support participates as investor into a financial instrument (with or without Fund of Funds) set up by the Managing Authority. The financial instrument then invests EFSI and distinct ESI Funds program contribution in selected projects. |
| Combining ESI Funds with the EFSI support (channeled through an investment platfortm) at the project level | Option 4: The Managing set up a financial instrument with ESI Funds program contribution and the Investment Platform set up with EFSI support intervene directly at project level on a deal by deal basis.<br>Option 5: Managing Authority provide grants to projects funded by an EFSI Investment Platform. |

Source: European Structural and Investment FUNDS (ESIF) and European Fund for Strategic Investments (EFSI) complementarities - Ensuring coordination, synergies and complementarity – European Commission, 2016. For more details on the possible combinations, we refer to the guidance note published by the European commission.



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Among these options, number one, two and five are particularly interesting, as they fully exploit the complementarities between the two instruments. In particular, the use of ESI funds to support the risk-bearing capacity of an EFSI-backed Investment Platform in the form of a ‘layered fund’ structure can significantly improve the leverage of private co-investors. Technical assistance (TA) grants for the identification and preparation of projects to be financed by the investment platform could also be a key element to reduce the overall risks of projects and make them bankable. One leading example of such a combination is the regional Investment Platform IF TRI en Nord-Pas de Calais launched by Région Les Hauts de France to fund low carbon economy projects. This €43 million Investment Platform Equity Fund is made up of €15 million from ESI Funds (€12.5 million as an FI and €2.5 million as a grant from TA), €8 million from commercial banks and private investors (Crédit Agricole Nord de France and Groupama Nord-Est) and an EIB loan of up to €20 million, backed by an EFSI guarantee. The TA element will be used to fund technical, environmental or economic studies to support the projects development while the first loss piece equity tranche (high risk taking) of the layered fund is covered by ESI Funds facilitating the participation of the private investors. The description of the project is further developed in the section 2 of this report.

Despite the potential and the advantages of combining EU funds, as at end-2018, only 27 EFSI operations financed under the Infrastructure and Innvoation Window (IIW) benefited from ESI Funds contribution as at the end of June 2019, which is very little in comparaison with the more than 600 operations approved at the same date. It is worth mentionning that IF TRI en Nord-Pas de Calais Investment Platform (see section 3, point 2.5) is the only one to combine EFSI and ESI Funds. The reasons are to be found in the difficulties to set up such a combination as well as the administrative complexity to manage the operations once implemented. Beyond the difficulties inherent to the establishment of a ‘layered fund’, it requires coordinating two different approval procedures (the approval of the use of ESI funds by the Managing Authority and the approval of the EIB and EFSI ’investment committee on the use of the EFSI guarantee) and applying different regulations for the use, monitoring and auditing of ESI and EFSI funding, as the operation falls under both the EFSI Regulation No 2015/1017 and the Common Provisions Regulation No 1303/2013. Without a strong commitment of the concerned Managing Authority and an adequate support from the European Investment Advisory Hub (EIAH), the challenge could be rather difficult.

Box 5: What are ESI Funds?

The "European Structural and Investment Funds" or "ESI Funds" is a common designation for five European funds: the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF), the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF), which operate under a common framework (i.e. the Common Provisions Regulation No 1303/2013) as well as under fund-specific regulations. ESI Funds are important contributors to the EU goals of smart, sustainable and inclusive growth. Over the 2014-2020 period, € 454 billion will be invested in 500 programs and targeted at strategic, growth-generating areas, primarily in research, development & innovation, support to SMEs, the low-carbon economy, and information and communication technologies. ESI Funds are delivered through nationally co-financed multiannual programs, approved by the Commission and implemented by Member States and their regions under shared management. Local authorities are responsible for selecting, implementing and monitoring projects supported by ESI Funds. ESI Funds can finance projects via grants and financial instruments (equity, loans, guarantees) and are part of the operational programs (OPs) implemented and managed by Managing Authorities (MAs) in the Member States. Two of the ESI funds, the European Regional Development Fund (ERDF) and the Cohesion Fund (CF), provide support for energy efficiency, among other target areas and should be considered when looking to combine EFSI and ESI funds through Investment Platforms. Specific activities covered as well as financial instruments are listed in the operational programs of each Member State. The exact details of the allocation and use of funds in each Member State are defined in ‘Partnership Agreements’. The reader should refer to those documents in order to evaluate the potential to combine EFSI and ESI funds. For a comparison between EFSI and ESI Funds, see annex 4.

### 1.2.3. EFSI-Backed Investment Platform funding and financing products

In this report, we will mainly focus on financing instruments developed by the EIB under the Infrastructure and Innovation Window (IIW) as it is the referent window for the project nature of CitizEE: Investment Platforms to



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support the development of a CFs4EE Financing scheme to finance Energy Efficiency and renewable energy retrofitting large scale investment programs in the building sector.

### *1.2.3.1. EFSI Funding products available under the Infrastructure and Innovation Window (IIW)*

The EFSI agreement with the European Union defines the following financial products to be available under the Infrastructure and Innovation Window (IIW):

- loans, guarantees, counter-guarantees, loan substitutes/de-linked financing, syndication platforms, portfolio products, capital market instruments and any other form of funding or credit enhancement products. In each case, directly or indirectly via Financial Intermediaries and Financial Sub-intermediaries, if any, on'either a senior or mezzanine or subordinated basis, contingent or not; and
- equity and quasi-equity participations and investments, including through funds. In each case, directly or indirectly via Financial intermediaries and Financial Sub- intermediaries, if any.

For the funding of EFSI-backed projects, operations are being explored by the EIB within eight broadly defined financial instruments categories, as follows:

- Corporate Junior (or Subordinated) Debt;
- Corporate Senior Debt;
- Project Finance Junior (or Subordinated) Debt;
- Project Finance Senior Debt;
- Risk-sharing with Financial Intermediary (FI)/Investor;
- Equity-type risk "invididual"operations;
- Equity-type risk "portfolio" operations;
- Bank intermediated operations

EIB has also defined typical product types and counterparts through allocated investment windows between debt and equity products, standard and advanced products. These are classified as follows (table 3):

Table 3: Overview of the EIB's products categories and counterparts under EFSI IIW

| STANDARD DEBT WINDOW | STANDARD EQUITY WINDOW |
|---|---|
| • Direct lending to public sector<br>• Direct lending to corporates and project finance<br>• Intermediated lending<br>• Credit enhancements for project finance<br>• Risk sharing (partial delegation, de-linked)<br>• Hybrid debt for regulated utilities | • Infrastructure and climate equity funds<br>• Direct equity<br>• Co-investments with equity funds<br>• Debt funds<br>• Captive funds and/or investment platforms not sponsored by NPBs |
| HYBRID DEBT WINDOW | NPB EQUITY WINDOW |
| • Risk sharing (full delegation)<br>• Debt funds<br>• Structured products (ABS/Loan substitutes/credit enhancements) | • Captive funds and/or Investment Platforms sponsored by NPBs<br>• Equity risk sharing with strong NPB involvement. |

Source: European Fund for Strategic Investments Steering Board. EFSI Strategic Orientation. European Investment Bank. Review of January 2019.

In practice, the EIB, in addition to rely on its classic long-term senior loans for corporate and project finance, expanded the use of existing higher-risk products and developed new ones, including equity, risk-sharing, Asset Backed Securities mezzanine ("ABS mezzanine") and corporate hybrid bonds, as shown in the table 4, showing the enhanced and new products developed by the under the EFSI Innovation and Infrastructure Window (IIW).



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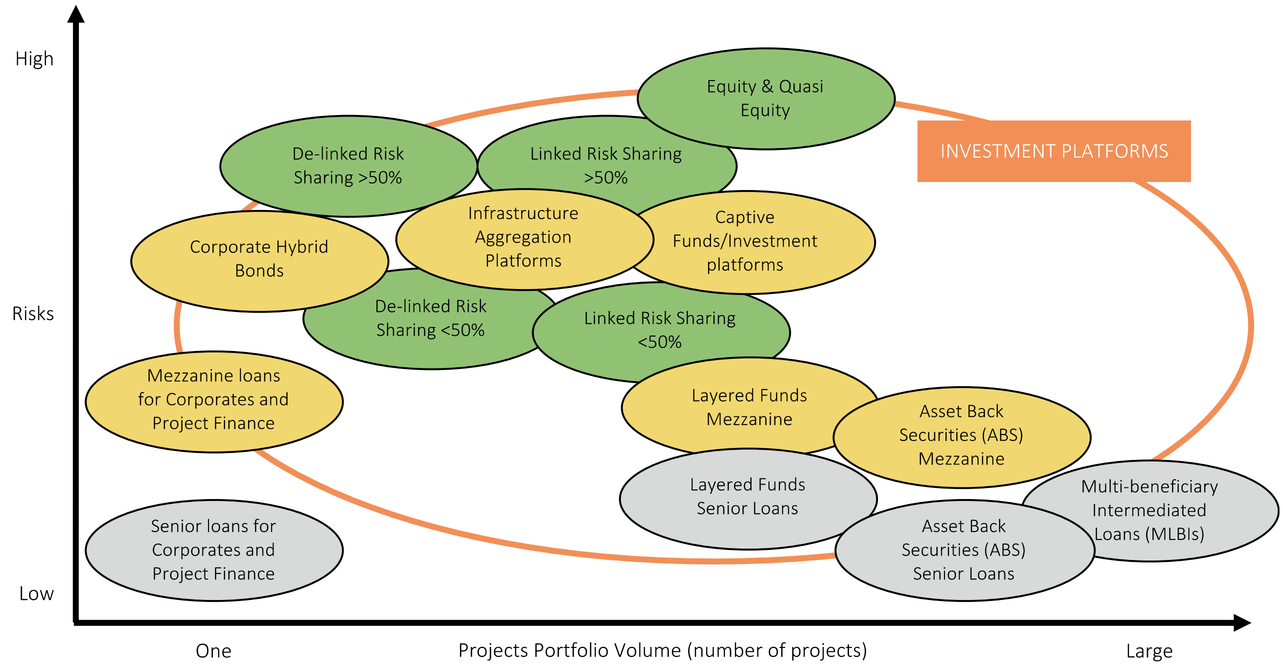
Table 4: Overview of the classic, enhanced and new EIB's products under EFSI IIW

| MAIN TYPE | PRODUCT | CATEGORY |
|---|---|---|
| Equity | Equity fund | Enhanced under EFSI |
| | Quasi Equity | Enhanced under EFSI |
| | Asset-Backed Securities (ABS) Mezzanine | New launch under EFSI |
| | Layered Funds Mezzanine | New launch under EFSI |
| | Captive Funds/Investments platforms | New launch under EFSI |
| Debt | Linked Risk Sharing with guarantee rate > 50% | Enhanced under EFSI |
| | De-Linked Risk Sharing with guarantee rate > 50% | Enhanced under EFSI |
| | Linked Risk Sharing with guarantee rate < 50% | Enhanced under EFSI |
| | Infrastructure Aggregation Platforms | New launch under EFSI |
| | Corporate hybrid bond | New launch under EFSI |
| | De-Linked Risk Sharing with guarantee < 50% | Enhanced under EFSI |
| | Mezzanine loans for Corporates and Project Finance | New launch under EFSI |
| | Asset-Backed Securities (ABS) Senior loans | Classic |
| | Layered funds Senior loans | Classic |
| | Multi-beneficiary intermediated loan (MBILs) | Classic |
| | Senior loans for Corporates and Project Finance | Classic |

Source: EIB (2016) Evaluation updated and augmented by ICF based on inputs from the EIB equity and debt team provided in April 2018.

Depending on the volume of the projects portfolio to be funded and the level of its risks, the EIB's products available under EFSI IIW could be classified as followed (figure 3):




Source: EIB. Seminar on Synthetic Securitisation and Financial Guarantees EBA, 2016. Retreated and completed.

**Figure 3: Overview of the EIB's products depending the projects portfolio volume/level of risks**

For the first period of EFSI implementation (operations signed as at end 2017), classic Senior loans represent the majority of EIB operations, with significant growth of risk-sharing based operations as well as equity/quasi-equity based operations, as shown in the figure 4, illustrating the use of EIB products under the EFSI IIW as at 31 december 2017.



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Source: ECA Special Report N°3 2019 – European Fund for Strategic Investments: Action needed to make EFSI a full success.

Figure 4: Overview of the use of the EIB's products under EFSI IIW

### *1.2.3.2. Financing products to be delivered by the IP*

An Investment Platform that benefits directly from EFSI funding may provide any type of financial support to projects as long as the EFSI financing is channelled to projects that comply with EFSI eligibility and additionality criteria. The type of products provided may include:

- Loans to projects. They are the most widely used financial instruments for energy efficiency investments. As Financial Instrument, loans take the form of "soft loans" (loans with interest rates below the typical market value, delayed or longer repayment periods or have lower collateral requirements) companies or projects not having access to commercial bank financing They can also consist of microcredits to very small companies or entrepreneurs which do not have access to credit because they lack collateral and a credit history. Loans can be implemented through a financial intermediary (e.g. commercial banks) entrusted to run financial instrument on behalf of the Investment Platform or directly implemented by the Investment Platform through the establishment of a debt fund (revolving or not) issuing loans. They are relatively easy to administer and have limited management costs. They have a defined repayment schedule, which makes budgeting easier. However, they require more initial resources than unfunded products such as guarantees.
- Guarantees to projects. They are used to de-risk financing, by promising an investor or financial intermediary that the guarantor will take responsibility for financial obligations should the recipient not be able to meet them. In other words, should the beneficiary not be able to make its principal and interest payments, the guarantor is required to make the payment. Guarantees normally cover financial operations such as loans. They bring down the loan default risks, and as they only need to be paid if a beneficiary defaults, they have a high multiplier effect. Guarantees can be capped (on a loan-by-loan basis or on a portfolio basis) or uncapped (losses incurred are fully covered). They can consist of direct guarantees to banks and other financial intermediaries who extend loans to final recipients, or counter-guarantees to commercial guarantors, who issue guarantees to banks and other financial intermediaries providing loans to final recipients. Unfunded products such as guarantees require less initial support than funded products such as loans. However, they represent a risk reserve for the lender and do not provide liquidity.
- Equity investment into projects. They are are typically used to help firms in the early stage (covering high-risk seed and start-up investment) or to finance mature high innovative firms. In the energy efficiency sector, equity instruments are mainly used to fund small and medium size infrastructure/renewable energy projects and/or SMEs and Mid-caps developing energy efficient/renewable energy services and technologies. Equity



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instruments are more risky than debt instruments (loan and guarantees) but provide higher returns. These instruments are also more difficult to administer, as it require to set-up an equity fund. They are time-consuming and cost-intensive, and require an active role in project management and access to shareholder information for the investor.

- Quasi-equity investment to projects. This type of financing ranks between equity and debt, having a higher risk than senior debt and a lower risk than common equity. It pursues the same goals as equity investment, but offers more flexibility. There are different forms of quasi-equity investment (also known as mixed instruments or mezzanine investments). They can consist of subordinated loans, also known as junior loans (loans that have a lower repayment priority than senior loans), convertible bonds (a bond combined with a share option where the holder may exchange the bond for a predetermined number of shares at a predetermined price) or preferred stocks (stocks that entitle the holder to a fixed-rate dividend, paid before any dividend is distributed to holders of ordinary shares). In general quasi-equity investments are more difficult to administer than classic debt instruments (loans and guarantees). As equity investments, they are time-consuming and cost intensive. Their risk-return profile typically falls between debt and equity in a company's capital structure. They provide higher returns compared to pure debt instruments.

The type of funding product to be provided by the EIB and the choice of the financing products to be provided by the IP will depend on the market failures, the suboptimal investment situations and investment needs to be addressed through the IP, as well as the counterparts that are involved in the co-financing structure of the IP, but also the acceptable level of risk, reward and ownership. It is also to be noted that the nature of the EFSI funding is not to be confused with the financial products that the Platforms could provide to the market as the two are not necessarily linked. For example, EFSI can make an equity investment into an Investment Platform that will provide debt finance to projects. The typology and adequation of the funding and financial products with markets failures and counterparts will be further developed within the task 3.2. Structured Financial Solutions Map in the WP3.

### 1.2.4. EFSI-backed Investment platforms under IIW: State of play

#### *1.2.4.1. Methodology used to analyze Investment platforms*

We relied on several data collection approaches to conduct the analysis. First and foremost, we gathered information available in the public domain. In particular, we identified projects that conducted studies on the European Fund for Strategic Investments and/or EFSI-backed Investment Platforms and reviewed their source documentation. We also gathered other information available, e.g., from reports, articles, interviews and internet websites (see section 6).

Then, we collected the available data from the EIB project database on Investment Platforms that have been signed, approved or pre-approved to be financed under EFSI Infrastructure and Innovation Window (as of end of June 2019). A first desk analysis has been made to classify the 51 identified IPs with their characteristics (see Annex 3): type of sponsors, type of arrangement, geographic focus, thematic focus, Co-financing with NPBIs, co-financing with ESIF, involvement of Local and Regional Authorities (LRAs), availability of an EFSI Scoreboard, status of the IPs regarding EFSI approval process. We have then gathered all the information available on each IP (e.g. from reports, articles, interviews and Internet website) in order to identify which of them addressed the energy efficiency/renewable energy sector, and in particular the energy efficiency building retrofit sector.

From this first analysis, a selection has been made to conduct a deeper analysis of the characteristics of IPs, through several cases studies. The selection has been done with the following criteria:

- Signed projects addressing at least the energy efficiency/renewable energy sector
- All levels of geographic distribution: regional, multi-regional, national, multi-country
- All types of arrangements (co-financing, risk sharing, special purpose vehicle)
- Co-financing of NPBIs
- Combination of EFSI-backed investments with ESIF contribution
- Availability of information



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This has led to a short list of eleven IPs to use for cases studies. All of them were assessed using a common framework. In particular, we identified the objectives of each IPs, as well as the sources of funding, type of platforms, financial instruments applied, activities funded, beneficiaries, etc. The functioning of the IPs has also been analysed in detail following the available data gathered for each of them.

#### *1.2.4.2. Approved IPs under IIW and their general characteristics*

As the end of june 2019, the Investment Committee had approved 51 investment platforms under the Infrastructure and Innovation Window (IIW), for an EFSI financing of €5,9 billion, representing nearly 8% of the overall approved EFSI IIW operations (652 operations) and more than 17% of the approved financing (€34 billion). They were expected to mobilize near €40 billion of related investment. Of these 51 IPs, 37 were signed and where able to start disbursement while others still need to close their funding agreement with the EIB. They generally are single-country investment platforms (43 IPs at national or regional levels) with a thematic focus. A majority of these IPs have been set up for financing of SMEs and innovative midcaps, for environmental and resource efficiency projects, energy and renewable energy projects, as well as smaller infrastructure projects, affordable and social housing. France, Italy and Spain, concentrate more than 50% of the total number of IPs approved at date, but further diversification can be seen with IPs created in Finland, Greece, Poland, Germany, Denmark, Ireland, Lithuania and the Netherlands. More than 50% of the IPs have been co-sponsored and co-financed by National Promotional Banks and institutions (NPBIs) showing the key role played by NPBIs in their development. But only 14 IPs involved Local and Regional Authorities (LRAs) either as co-sponsors or co-investors of the platforms themselves or as final recipients of their financing.

**Table 5: EFSI-backed IPs approved under IIW (at June 2019)**

| Number of Ips | EE/RES | Non EE/RES | Total |
|---|---|---|---|
| Signed | 12 | 25 | 37 |
| Approved | 3 | 6 | 9 |
| Pre-approved | 2 | 3 | 5 |
| Total | 17 | 34 | 51 |

| Total Funding/Investment | EE/RES | Non EE/RES | Total |
|---|---|---|---|
| EFSI Financing | 2 856 | 3 013 | 5869 |
| Total Investment related to EFSI | 16 791 | 23 077 | 39868 |

| Type of arrangement | EE/RES | Non EE/RES | Total |
|---|---|---|---|
| Co-financing agreement | 13 | 7 | 20 |
| Risk sharing arrangement | 13 | 7 | 20 |
| Special Purpose Vehicle | 12 | 18 | 30 |
| Managed account | 12 | 0 | 12 |
| Unknown | 13 | 2 | 15 |
| Total | 63 | 34 | 97 |

| NBPIs as co-sponsors/co-investors | EE/RES | Non EE/RES | Total |
|---|---|---|---|
| Yes | 10 | 16 | 26 |
| No | 7 | 16 | 23 |
| Unknown | 0 | 2 | 2 |
| Total | 17 | 34 | 51 |

| LRAs involved | EE/RES | Non EE/RES | Total |
|---|---|---|---|
| Yes | 8 | 6 | 14 |
| No | 9 | 28 | 37 |
| Total | 17 | 34 | 51 |

| Geographic Focus | EE/RES | Non EE/RES | Total |
|---|---|---|---|
| National | 7 | 23 | 30 |
| Regional or multi-regional | 7 | 6 | 13 |
| Multi-country | 3 | 5 | 8 |
| Total | 17 | 34 | 51 |

| Thematic focus | EE/RES | Non EE/RES | Total |
|---|---|---|---|
| Smaller Companies | 5 | 18 | 23 |
| Environment & resource efficiency | 7 | 9 | 16 |
| Energy | 13 | 2 | 15 |
| RDI | 1 | 10 | 11 |
| Transport | 3 | 4 | 7 |
| Social infrastructure | 3 | 2 | 5 |
| Digital | 2 | 2 | 4 |
| Total | 34 | 47 | 81 |

| IPs per countries | EE/RES | Non EE/RES | Total |
|---|---|---|---|
| France | 6 | 6 | 12 |
| Italy | 2 | 8 | 10 |
| Spain | 1 | 6 | 7 |
| Multi-country | 2 | 4 | 6 |
| Poland | 2 | 1 | 3 |
| The Netherlands | 2 | 1 | 3 |
| EU Countries | 1 | 1 | 2 |
| Finland | 0 | 2 | 2 |
| Germany | 0 | 2 | 2 |
| Lithuania | 1 | 0 | 1 |
| Denmark | 0 | 1 | 1 |
| Greece | 0 | 1 | 1 |
| Ireland | 0 | 1 | 1 |
| Total | 17 | 34 | 51 |

Source: CitizEE – Data combined from the EIB EFSI list and EIB Scoreboards at june 2019 and retreated.



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Three broad categories of Investment Platform currently operate in the energy efficiency/renewable energy sector:

- Co-financing agreement between the EIB and a financial partner. Currently such Investment Platforms finance social housing, infrastructure, and corporates.
- Risk-sharing model with financial partners. Risk is shared through a partial or full delegation of risk assessment over a projects portfolio. Housing, climate, SMEs and mid-caps are being targeted by such Investment Platforms.
- Special Purpose Vehicle (SPV) with an own management structure and investment strategy. Existing Investment Platforms in this category focus on transport, SMEs and mid-caps, infrastructure and climate/energy efficiency themes.

### *1.2.4.3. IPs focusing on Energy Efficiency and Renewable Energy*

Amongst the 51 IPs, we could identify 17 platforms focusing on the Energy Efficiency and Renewable Energy sectors and only 9 of them in particular are targeting the building renovation sector, which is very little in comparison with the Climate change objectives of EFSI. The list is provided in the table 6.

**Table 6: EFSI-backed IPs focusing on Energy Efficiency and Renewable energy under IIW**

| Title | Building Sector | Country | Promoter - Financial intermediary | Geographic focus | Type of platform | NBPIs | LRAs | EFSI financing (€Million) | Total investment related to EFSI (€Million) |
|---|---|---|---|---|---|---|---|---|---|
| Adestia - Efficacite Energetique Logement Social | Yes | France | Société Nationale Immobilière | National | Co-financing agreement | No | No | 200 | 330 |
| BGK Mid-Cap Investment Platform | No | Poland | Bank Gospodarstwa Krajowego | National | Risk sharing arrangement | Yes | No | 140 | 392 |
| BPIFrance Mid-cap Investment Platform | No | France | BpiFrance Financement | National | Risk sharing arrangement | Yes | No | 250 | 700 |
| CDP Climate Change IP - MCI | Unknown | Italy | Casa Depositi e Prestiti | National | Risk sharing arrangement | Yes | No | 140 | 400 |
| France Efficacite Energetique Logement Social | Yes | France | Caisse des Dépôts et Consignations | National | Co-financing agreement | Yes | No | 1 000 | 6 500 |
| French Overseas Territories Economic Development | Yes | France | Agence Française de Développement | Regional | Risk sharing arrangement | Yes | Yes | 180 | 1 192 |
| Green Metropole Fund | No | The Netherlands | Port of Amsterdam | Regional | Special Purpose Vehicle (Fund) | No | Yes | 40 | 318 |
| IF TRI en Nord - Pas de Calais | No | France | Région Nord-pas-de-Calais | Regional | Special Purpose Vehicle (Fund) | No | Yes | 20 | 158 |
| Inven Capital Fund | No | France; Germany | CEZ Group | Multi-country | Special Purpose Vehicle (Fund of funds) | No | No | 50 | 456 |
| Italian Green Bond Fund | Yes | Italy | Foresight Group LLP | National | Special Purpose Vehicule (Bond fund) | No | No | 40 | 261 |
| Limburgs Energie Fonds | Yes | The Netherlands | Province of Limburg | Regional | Special Purpose Vehicle (Revolving fund) | No | Yes | 30 | 321 |
| Marguerite Fund II | No | France; Italy; Portugal; Spain; Sweden | NPBIs | Multi-country | Special Purpose Vehicle (Fund) | Yes | No | 200 | 3 491 |
| Pearl Environmental Infrastructure Fund | No | EU Countries | Edmond de Rothschild; Pearl Advisory | Multi-country | Special Purpose Vehicle (Revolving fund) | Yes | No | 40 | 798 |
| Poland Social & Affordable Housing Programme IP | Yes | Poland | Bank Gospodarstwa Krajowego | Multi-regional | Co-financing agreement | Yes | Yes | 94 | 500 |
| Reseau Canopee Logement Social | Yes | France | Social Housing Companies | Multi-regional | Co-financing agreement | Yes | Yes | 107 | 275 |
| Social & Affordable Housing Investment Platform | Yes | Spain | Instituto de Crédito Oficial | Multi-regional | Co-financing agreement | Yes | Yes | 300 | 425 |
| VIPA Energy Efficiency Investment Platform SFSB | Yes | Lithuania | VIPA | National | Managed account | Yes | Yes | 25 | 274 |

Source: CitizEE – Data combined from on EIB EFSI list and EIB Scoreboards at june 2019 and retreated.

Within the 17 IPs, we have identified 3 main types of arrangements, as described in the table 7.

**Table 7: EFSI-backed IPs: type of arrangements**

| Type of arrangements | IPs |
|---|---|
| Co-financing arrangement with program loans to "service companies" | • Adestia (France)<br>• France Efficacité Energétique Logement Social (France)<br>• Réseau Canopée (France)<br>• Poland Social and Affordable Housing Programme (Poland)<br>• Social and Affordable Housing Investment Platform (Spain) |
| Risk-sharing agreements with guarantee to support loans to SMEs, Mid-caps and/or projects | • BGK Mid-Cap Investment Platform (Poland)<br>• BPIFrance Mid-Cap Investment Platform (France)<br>• CDP Climate Change IP-MCI<br>• French Overseas Territories Economic Development (France) |



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| Type of arrangements | IPs |
|---|---|
| Specialized investment funds with enhanced risk appetite to fund projects and/or SMEs and Mid-caps | • Green bond fund<br>o Italian Green Bond Fund<br>• Hybrid Funds (Loan & equity)<br>o Green Metropole Fund<br>o IF TRI en Nord-Pas de Calais<br>o Limburgs Energie Fonds<br>• Equity funds<br>o Inven Capital Fund<br>o Marguerite Fund II<br>o Pearl Environmental Infrastructure Fund |

*1.2.4.4. Co-financing arrangement with "service company" program loans*

This category of IPs comprises co-financing arrangement between the EIB and other public and/or private co-investors to fund large-scale construction and retrofitting programs in the building sector based on program loans dedicated to public and/or private service companies. Co-financing instruments are provided in the form of risk-sharing loans enabling the Investment Platform to deliver long term loans below the market interest to projects. The structuring of the co-financing arrangement is described in the figure 5.

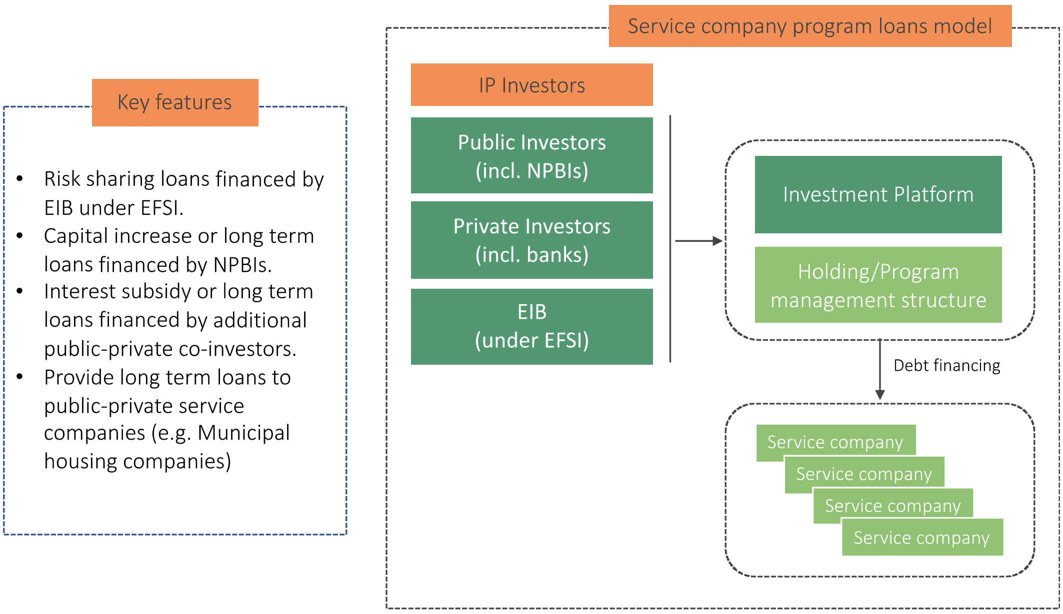


**Figure 5: Co-financing arrangement with "service company" program loans**

That type of agreement is actually seen in the housing sector where local, regional or national public(-private) housing companies are facing lack of collateral or guarantee and difficulties to get long term debt. These investment platforms are financing housing companies with long term loans, with tenor up to 40 years, assorted of grace period or with long term shareholders loans (quasi-equity) and in some case interest subsidies. Most of these operations have been co-sponsored and co-financed by National Promotional Banks/institutions (NPBIs) either at the national level (France) or regional level (Poland, Spain, France). Most of the them are based on funded risk-sharing loan with full or partial delegation. In this category, we found 5 IPs as described below.



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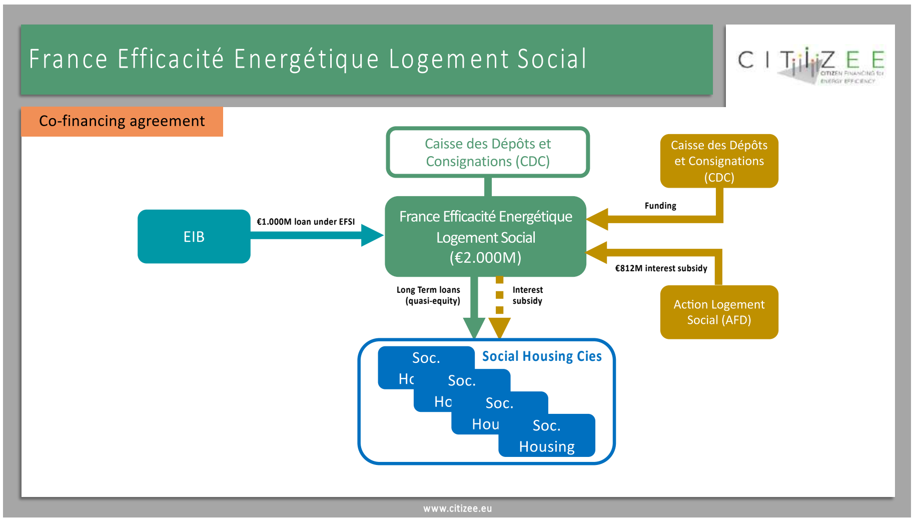
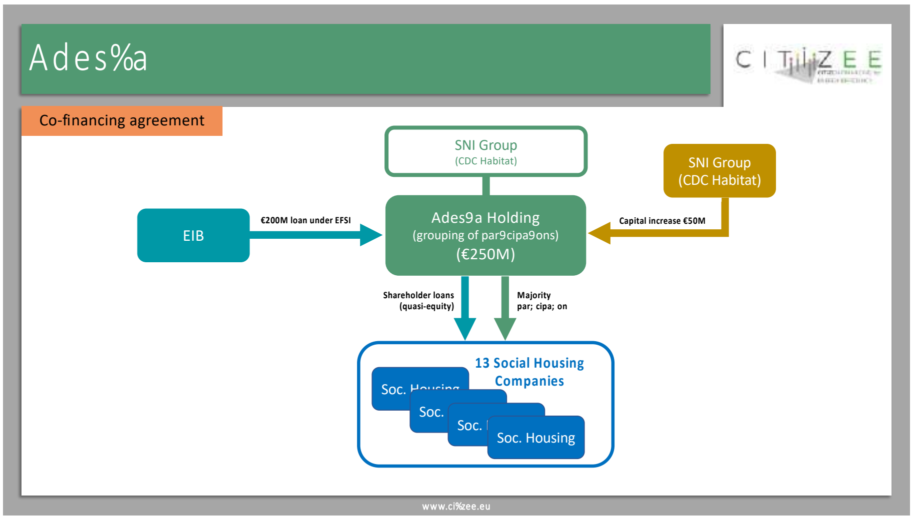
## France Efficacité Energétique Logement Social (France)




**Description**: This operation is a co-financing agreement with the Caisse de Dépôts et Consignations (CDC), the French National Promotional Bank (NPBI) and Action Logement Social (AFD), a not-for-profit financial organization managing the obligatory French employers contribution to the construction of employees' homes. The financing by the EIB has the form of a €1000m EFSI-backed loan to CDC, which is the promotor of the investment platform. CDC provides own funding through the investment platform to a "Prêt de haut de bilan bonifié" (PHBB)-program of €2.000M. launched by the French Government in 2016. The proceeds of the funding of the investment platform are being used to provide long term loans from 30 to 40 years to French Social Housing Companies based on an analysis of their long-term financial sustainability. The first 20-years period of the long-term loan bears no interest and has not to be reimbursed. The interest cost of €812M is being supported by Action Logement.

## Adestia (France)




**Description**: This operation is a co-financing agreement with the Société Nationale Immobilière (SNI), the main public-private social housing lessor on the French market, in order to finance an energy efficiency retrofitting plan for up to 25,000 social housing stocks it owns via the 13 social housing companies in which SNI is the majority shareholder. The financing takes the form of a €200m EFSI-backed loan to a holding in which SNI regroups its shares



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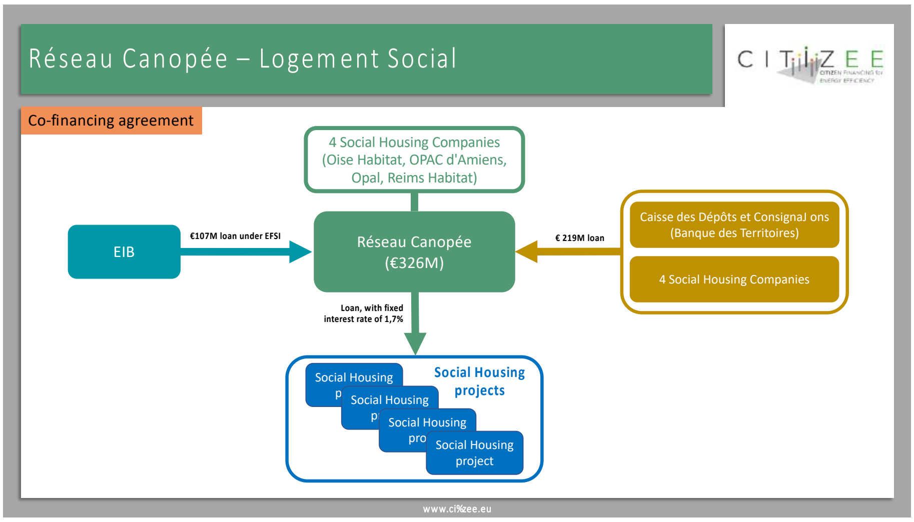
of the thirteen social housing subsidiaries. The renovation works in the existing housing units will include general housing upgrade investments for up to €770m including efficiency refurbishments for €330m. The target sector is energy efficiency in buildings and to a minor extent building-integrated renewable energy.

## Réseau Canopée (France)




**Description**: This operation is a co-financing agreement with the Caisse des Dépôts et Consignations (CDC), the French National Promotional Bank (NPBI) and four social housing public companies to finance the construction of more than 1200 new social and affordable housing units as well as the rehabilitation of about 4300 existing units carried by the four social housing operators. The financing takes the form of a €107m EFSI-backed loan completed by a €219m loan from the CDC to Réseau Canopée, an Economic Interest Group (EIG) formed by the four social housing public companies.

## Poland Social and Affordable Housing Programme IP (Poland)

**Description**: This operation is a co-financing agreement with the Bank Gospodarstwa Krajowego (BGK), the National Promotional Bank of Poland aiming to finance investments in the construction or retrofitting of affordable social housing by different municipalities and registred social housing providers throughout Poland. The financing will take the form of an EFSI-backed programme loan of €94M managed by BGK. The sub-projects under the programme loan will be co-financed by the EIB and by BGK on a percentage on a case-by-case basis. The total investment targeted is €500M. One example is the Poznan Social Housing Investment Facility. It will include investments in the construction of some 1 000 social and municipal housing units and refurbishment of existing apartments and of community healthcare centers in the Polish city of Poznan. The project cost is €85M. The €42M EIB direct loan is delivered through the Social and Affordable Housing Investment Platform to the unrated Poznan municipal housing company, without a guarantee of the city of Poznan. The loan has a 25 years tenor, with a grace period on capital until the end of construction. Although the project is considered financially sound, it involves a level of risk higher than typical municipal loans to Polish cities.



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| Social and Affordable Housing Investment Platform (Spain) |
|---|
| **Description**: The operation is a co-financing agreement between with the Instituto de Crédito Oficial (ICO), the Spanish National Promotional Bank to finance a €600m investment plan related to the construction of new social housing units, and energy efficiency and accessibility upgrades by various Spanish municipal social housing companies (Madrid, Zaragoza, Sevilla, Malaga). The financing will take the form of an EFSI-backed programme loan of €250M completed by a €150m loan from ICO. The platform will be built to mobilize private investment via the participation of commercial banks as lenders, and by financing eligible projects presented by private sector promoters, as well as by supporting smaller scale investment to the benefit of local contractors. One example is the Zaragoza Energy Efficient Social Housing Facility. It will include investments in the development of fourteen nearly zero-energy (NZEBs) buildings with a total number of 308 social housing units and the energetic rehabilitation of eight apartment blocks, with a total number of 842 social housing units, located in Zaragoza. The project cost is €81M. The €40M EIB direct loan will be delivered through the Social and Affordable Housing Investment Platform to the Zaragoza municipal housing company, without a guarantee of the city of Zaragoza. The loan has a 25 years tenor, with a grace period on capital until the end of construction. |

### *1.2.4.5. Risk-sharing arrangements with guarantee*

This category of IPs comprises risk-sharing arrangements between the EIB and a financial intermediary co-investor to fund multi-sector investments and/or SMEs and Midcaps. Risk-sharing instruments are provided in the form of a guarantee or risk participation with a financial intermediary to cover part of the losses in a portfolio. The product provides capital and/or risk relief to the financial intermediary, which in return commits to generating a new portfolio of loans for an amount at least equal to the EFSI-backed guarantee. Risk-sharing instruments enable financial intermediaries to make small business loans at a faster pace, thus helping more clients and growing the loan book.

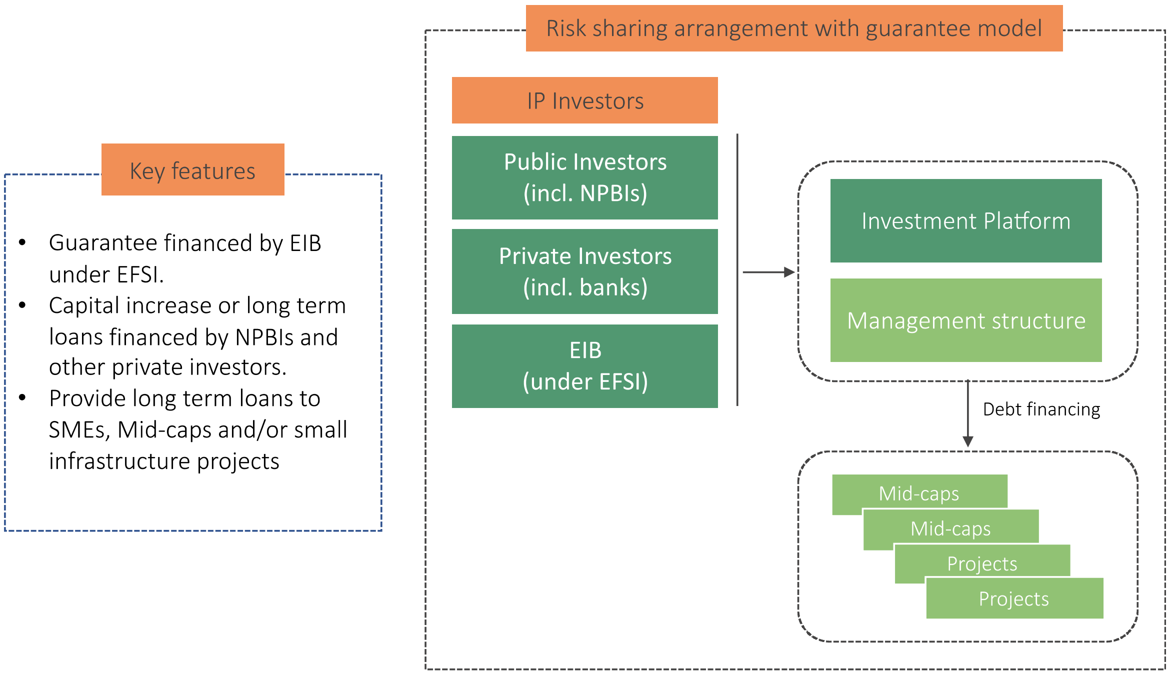


**Figure 6: Risk-sharing arrangements with guarantee**

That type of agreement is seen in regions or sectors that are lagging substantially behind in comparison with the average EU 28 and where long-term financing sources are scarce. In this category, we found 4 IPs as described below. All of them have been co-sponsored and co-financed by National Promotional Banks/Institutions (NPBIs). Most of these platforms are based on an unfunded risk-sharing guarantee with partial or full delegation and focused on non-granular new portfolios of long-term loans to small infrastructure projects and/or SMES and Midcaps.



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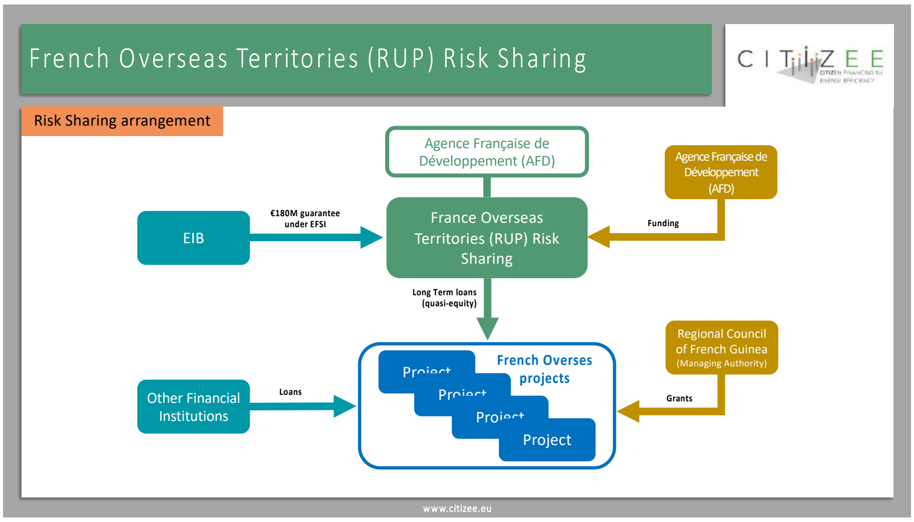
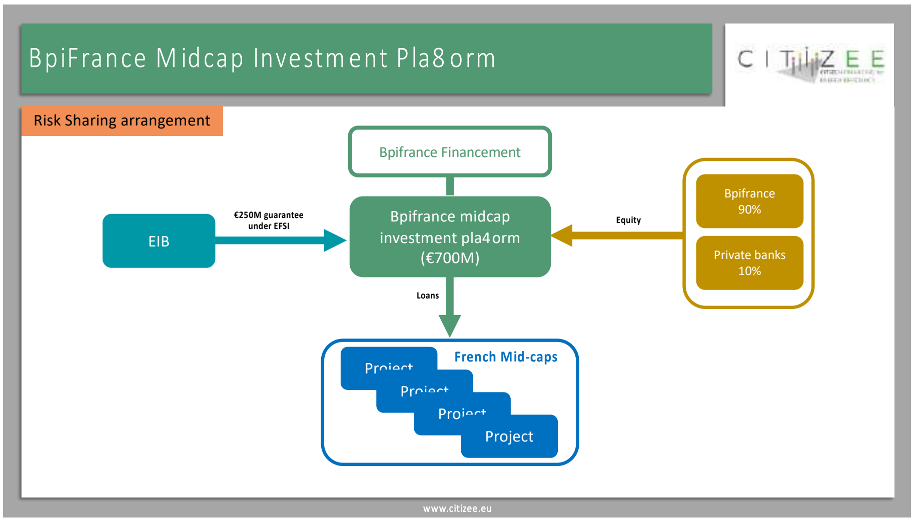
## French Overseas Territories Economic Development (France)




**Description**: This operation is an unfunded risk sharing framework guarantee managed by the French National Promotional Institution "Agence Française de Dévelopement" to finance multi-sector investments for small scale infrastructure and private sector in the French EU and non-EU Overseas Territories (such as tourism, urban and social infrastructure projects, housing, transport, and renewal energy projects) with an overall target investment of about EUR 1.2bn. EIB provides a €180m multi-sector framework loan with a 50% risk sharing on the Final Recipients (the projects) with AFD as the beneficiary of the EFSI guarantee. The guarantee is used by AFD to provide long term loans to more riskier projects than it usually would do.

## BpiFrance Midcap Investment Platform (France)




**Description**: This operation is a risk-sharing arrangement with BpiFrance Financement (BpiF), a French National Promotional Bank, based on an unfunded linked risk sharing instrument with full delegation to BpiFrance Financement. The purpose of the operation is to increase the capacity of Bpifrance Financement to fund midcaps, as a result of the regulatory capital relief resulting from the issuance of the guarantee. The operation is focused on a non-granular portfolio of new loans BpiF grants to French medium-sized corporates (mid-caps). This will promote their business expansion, technology upgrade, investment into energy efficiency and other activites.



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| CDP Climate Change Investment Platform (Italy) |
|---|
| **Description**: This operation is a risk-sharing arrangement with Cassa Depositi e Prestiti (CDP), the Italian National Promotional Bank, based on a linked unfunded partial delegation risk sharing instrument for an amount of up to €140m. It will cover on a pari-passu basis, along with CDP, up to 50% of the credit risk associated with a new portfolio of loans originated by Mediocredito Italiano (MCI) part of the Intesa SanPaolo Group. Such loans provided by Mediocredito Italiano will finance medium sized projects in the field of energy efficiency, renewable energy and environmental protection, in line with EU objectives. |

| BGK Mid-Cap Investment Platform (Poland) |
|---|
| **Description**: This operation is a risk-sharing arrangement with Bank Gospodarstwa Krajowego (BGK), the national promotional bank of Poland, based on an unfunded linked risk-sharing instrument with full delegation to BGK and focused on a non-granular, new portfolio of loans to small and medium-sized enterprises (SMEs) and mid-caps in Poland and where EIB provides a €140m EFSI-backed loan. This will promote their investments in business expansion, technology upgrade, new business lines, energy efficiency, agriculture and others. Further, it will help to improve the long-term financing options for Polish SMEs and mid-caps. |

**Box 6: Funded risk-sharing loan vs Guarantee instruments pros and cons**

Funded risk-sharing loans and guarantees are both risk-sharing instruments which allow for the sharing of a defined risk between two or more entities, though they work differently and have different objectives.

**Funded Risk-sharing loan:** A risk-sharing loan is loan pooling together public funds and private funds from a financial intermediary, whereby the latter shall contribute for a determined percentage, in order to finance projects and/or SMEs at preferential interest rate. The main objective of this financial instrument is to enhance projects and/or SMEs access to finance by:

- providing funding and effective credit risk sharing to financial intermediaries to increase the availability of funding for projects and/or SMEs;
- incentivising financial intermediaries to offer better financing terms for the projects and/or SMEs, in particular to reduce interest rates charged to projects and/or SMEs.

This lending mechanism ensure that the full advantage is passed on to SMEs and/or projects, by blending the rate of financial intermediary funding (market rate) and the public funding (reduced rate).

**Credit guarantee instruments:** Credit guarantee instruments are also commonly used risk transfer mechanisms to alleviate the constraints faced by SMEs and/or projects in accessing finance because of limited credit history and/or unavailability of assets to be used as collateral leading to higher risk of default to the borrower. In this mechanism, public guarantees are provided to eligible loans issued by financial institutions resulting in the reduction of their risk of loss in case of default. The loan guarantee implies that, should the borrower default, the financial institution will be reimbursed a pre-defined share of the outstanding loan thanks to the credit guarantee instrument. Depending on the creditworthiness of the project, this allows the financial institutions to request less collateral but also to offer lower interest rate, since the risk assumed is lower. The main difference with the risk-sharing loan instrument, is that the public funding resources are not directly used to provide finance to the final recipients. They are instead set aside in order to reimburse the financial institution in case of default of the guaranteed loan. This increases the leverage effect of public financing which can, with the same ressources, cover



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a larger number of loans, but limits the lowering effect on interest rate as there is no blending of public and private rates.

The choice between the two instruments depends on the market conditions and the objectives of the Investment Platform. The advantages and disadvantages to consider when making a choice are summarized in the following table.

**Table 8: Comparing the guarantee and the funded risk-sharing loan instruments**

| Comparing the guarantee and the funded risk-sharing loan instruments | | |
|---|---|---|
| **Options** | **PRO** | **CON** |
| Funded risk-sharing Loan | • Provides at the same time liquidity and risk protection to the financial institutions .<br>• Higher impact on the interest rate.<br>• Can provide reduction of collateral requirements. | • Lower leverage (i.e. higher public resources absorption). |
| Credit guarantee instruments | • Provide risk protection to the financial institutions.<br>• Provides reduction of collateral requirements.<br>• Higher leverage (i.e. high impact with low public resources absorption). | • Does not provide liquidity to banks (i.e. they have to use entirely private funds to provide loans).<br>• Impact on the cost of financing (i.e. interest rate) is limited.<br>• Slower reflow of the resources. |

Source: Joint Initiative for improving access to funding for European Union Young Farmers, FI-Compass, EIB 2019.

#### *1.2.4.6. Specialized investment funds with enhanced risk appetite*

This category of IPs comprises co-financing agreement between the EIB and co-investors through existing or specifically created Special Purpose Vehicles (SPVs) to fund multi-sector investments and/or SMEs and Mid-caps. We found various type of SPVs, ranging from equity funds targeting infrastructures and low carbon economy projects (Marguerite Fund II, Pearl Environmental Infrastructure Fund, Inven Capital) to hybrid funds delivering loans, mezzanine and equity financing to smaller projects and/or SMEs and Midcaps (Green Metropole Fund, IF TRI en Nord-Pas de Calais, Limburgs Energie Fonds) as well as Green Bond funds delivering long term loans to project developers through mini-bonds (Italian Green Bond Fund). These funds can be revolving or not (e.g. Pearl Environmental Infrastructure Fund, Limburgs Energie Fund). Co-financing instruments are provided by the EIB in the form of indirect portfolio equity type operations whereby the EIB and co-investors capitalize the SPV together (e.g. Inven Capital, Pearl Environmental Infrastructure Fund), mezzanine loans through layered fund structures (e.g. IF TRI en Nord-Pas de Calais) as shown in the figure 7 or long term loans (quasi equity).



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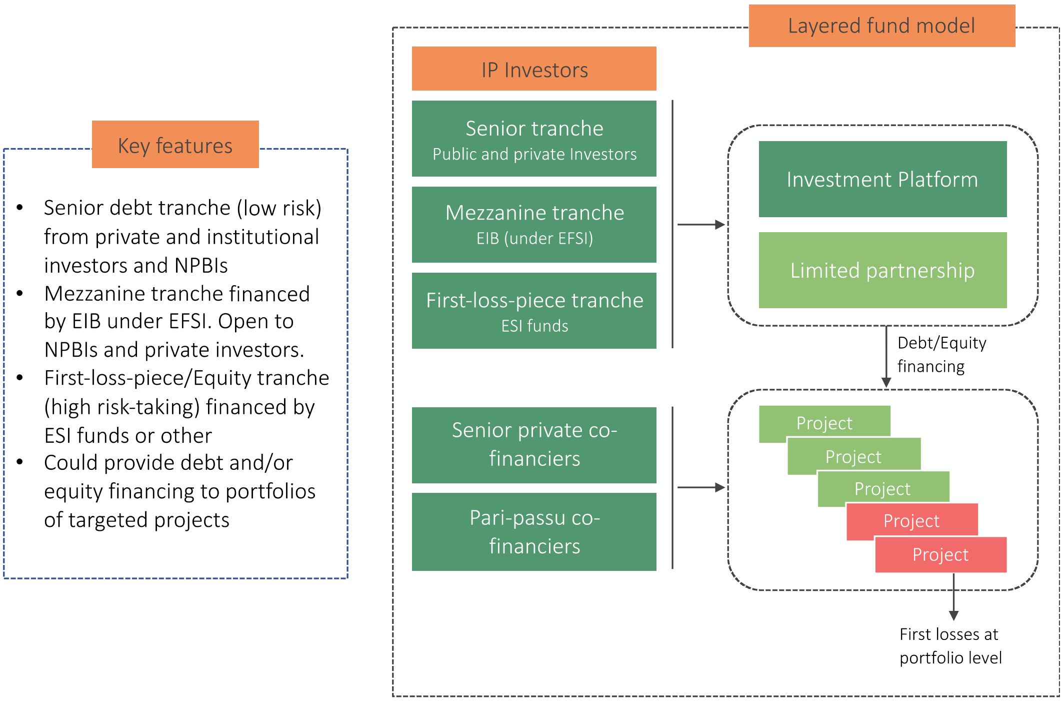
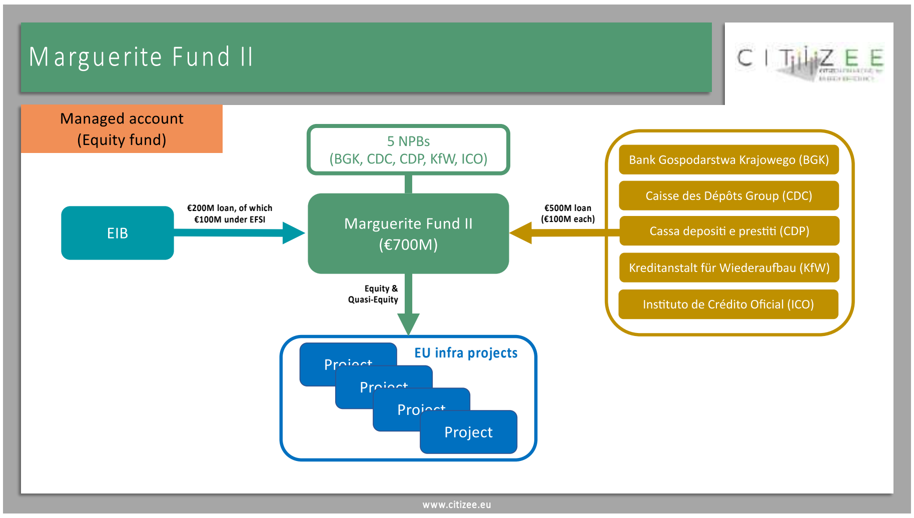



Figure 7: Specialized investment fund platform (case for a layered fund structure)

*Public and/or private equtiy funds targeting infrastructures and low carbon economy projects*

## Marguerite Fund II (EU Countries)




**Description**: This operation is a co-financing agreement with five National Promotional Banks within a pan-european equity infrastructure fund, Marguerite II, targeting greenfield and brownfield infrastructure investments in transport, energy, renewable energy, energy efficiency, ICT (broadband) and water treatment sectors. The financing by the EIB takes the form of a long term loan (quasi-equity) of €200M to the Marguerite Fund II, of which €100M is guaranteed under EFSI. The five National Promotional Banks have added €100M each, hence constituting a fund of €700M which delivers equity and quasi-equity to the various capital intensive infrastructure projects. The five national public finance institutions acting as lead investors are Polish Bank Gospodarstwa Krajowego (BGK), the French Caisse des Dépôts Group (CDC), the Italian Cassa depositi e prestiti (CDP), the German Kreditanstalt für Wiederaufbau (KfW) and the Spanish Instituto de Crédito Oficial (ICO).



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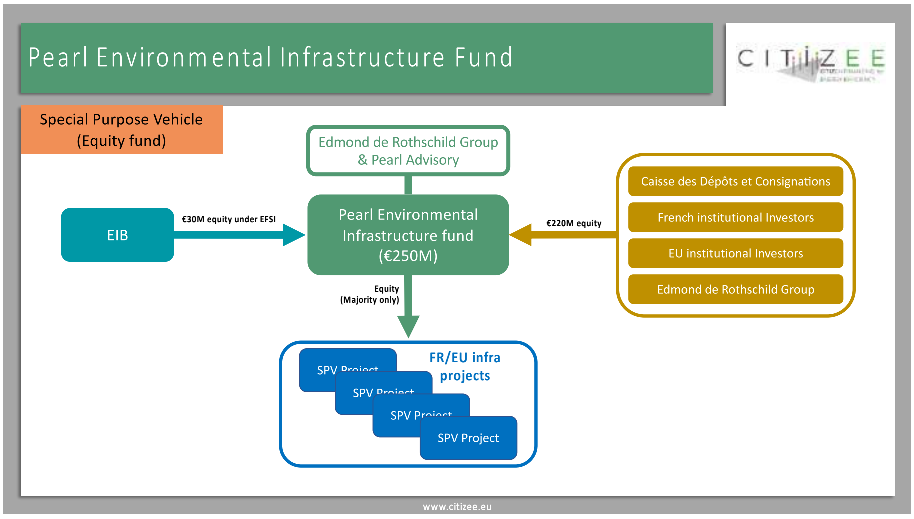
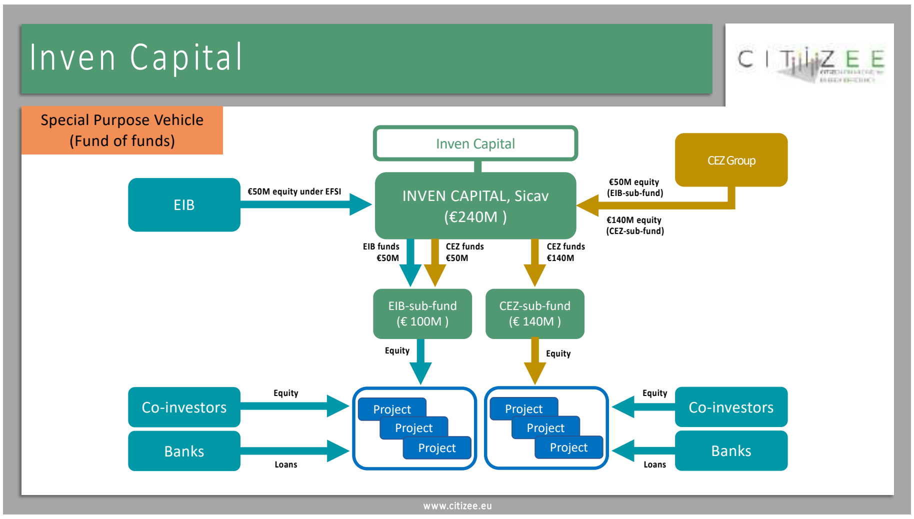
## Pearl Environmental Infrastructure Fund (EU Countries)




**Description**: This operation is a co-financing agreement with Edmond de Rothschild, Pearl Advisory and the Caisse des Dépôts et Consignations, the French National Promotional Bank within a pan-european private equity infrastructure fund, the Pearl Environmental Infrastructure Fund (PEIF). The operation aims at investing in environmental facilities such as wastewater treatment plants, energy efficiency facilities or waste-to energy infrastructure, by partnering with European mid-to-large corporates and municipalities. The financing by the EIB takes the form of a long term loan (quasi-equity) of €30M completed with another €30M long term loan from CDC and subscriptions worth €162M from a diversified range of institutional investors amongst which Edmond de Rothschild Group. The fund is managed by Pearl Advisory and targets projects representing equity investments of €15m to €40m, in project companies focused on primarily Greenfield and early Brownfield assets based on mature technologies. The fund aims at a total commitment amount of €250m.

## Inven Capital Fund (Czech republic)




**Description**: This operation is a co-financing agreement with the Czech Energy utility ČEZ to finance clean energy and smart technology SMEs and mid-caps. The EIB has provided €50m equity under EFSI to Inven Capital Fund, a venture capital fund created and managed by ČEZ which is contributing the same amount. The objective of this



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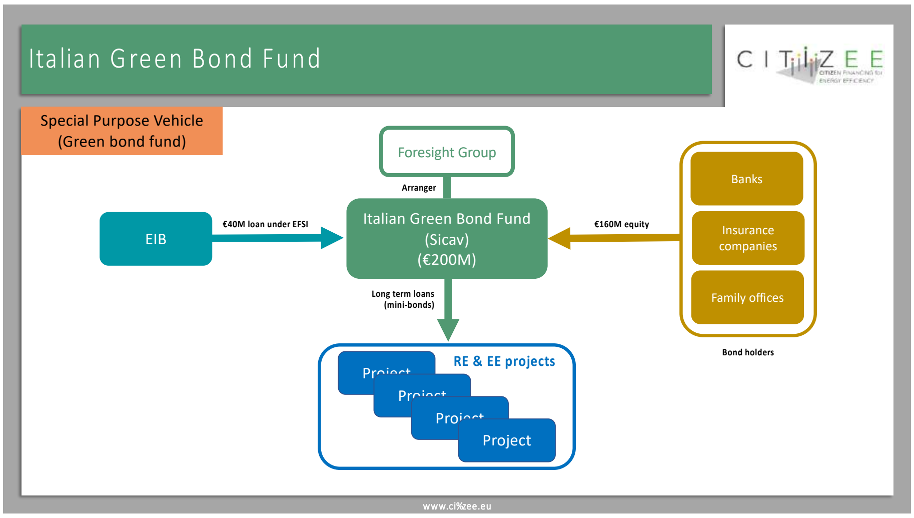
transaction is to support Inven Capital investing in smart energy start-up companies in the EU that already have a good track record and require growth capital. Target sectors of the fund include energy efficiency, distributed generation, flexibility and storage, customer engagement products and clean transportation in cities. The companies receiving financing need early-stage investments to innovate and expand their products and services, increase their productivity and expand internationally. One example initiative having received financing develops technology allowing the use of a smartphone to control domestic heating systems.

*Public-private green bond funds targeting renewable energy and energy efficiency projects*

## Italian Green Bond Fund (Italy)




**Description**: This operation is a co-financing agreement with the Foresight Group, a private equity investment management company, to finance renewable energy and energy efficiency projects in Italy. The EIB has provided a €40m loan under EFSI to the Italian Green Bond fund, a €200m close-end investment fund, who's legal structure is a Luxembourg SICAV-SIF, providing innovative debt financing in the form of mini bonds to smaller renewable energy and energy efficiency projects with long-term contracted revenues. Those projects typically have a debt capacity in the range of €5m to €15m. It is a niche Italian market not currently served by banks or other sources which does not have the appetite for financing smaller projects with long tenures. The proceeds of the funding of the investment platform are being used to provide long term loans ranging from 15-20 years to project developers in return for senior secured project bonds. Foresight Group, which is the fund manager and distributor of the Italian Green Bond Fund, looks for additional funding from banks, insurance companies and (private) family offices and issues long term senior secured investments grade bonds listed on the Milan stock exchange. The bonds are directly originated and arranged by the Foresight group. One example of bond issued is the €8.35 million arrangement and subscription of a project bond issued by CAAB Energia S.p.A ("CAAB Energia") financing a 5.6MW solar assets portfolio.



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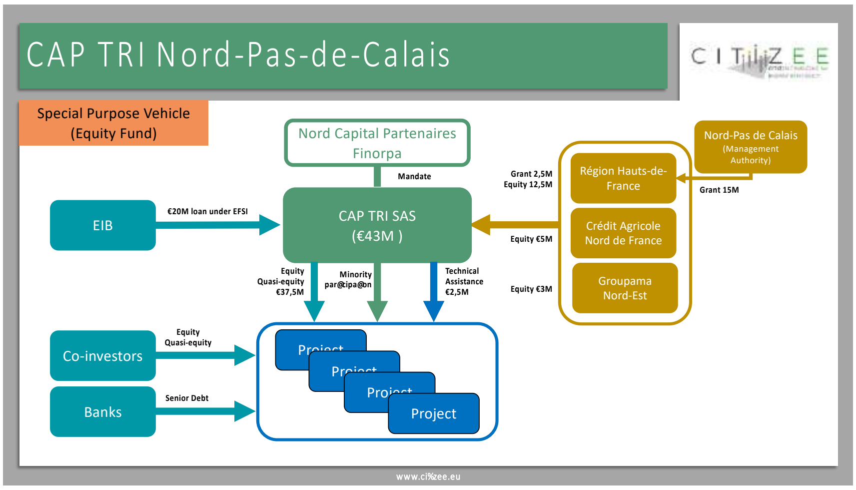
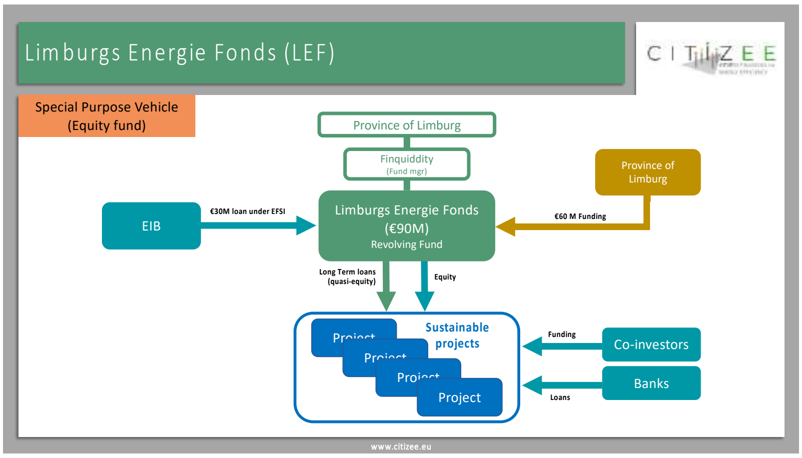
*Public-private hybrid funds targeting smaller projects and/or SMEs and Midcaps*

## IF TRI en Nord-Pas de Calais (France)




**Description**: This operation consists of a €20m EFSI-backed quasi-equity loan to a French regional investment fund (Cap Troisième Révolution Industrielle) combining equity financing from ESIF (€12,5m from the Hauts-de-France Region) and from private investors (a regional commercial bank and an insurance company together for €8 million) which aims to finance SMEs and mid-caps operating in the energy and resource efficiency sector. The Investment Platform takes the form of a "layered" fund which invests equity and quasi-equity into SMEs, mid-caps and Special Purpose Vehicles (SPVs) who are delivering energy efficiency and circular economy projects. The EIB - backed by the EFSI - provides mezzanine debt (at a more junior position to other lenders) to the fund; and commercial banks provide senior debt at project level. In addition to financing, the region also offers technical assistance thanks to a grant of up to €2.5 million from ESI funds. It is expected to generate a portfolio of investments of EUR 200m in total. The CAP TRI Fund is the first public-private financial instrument combining resources from ESIF, EIB funding guaranteed by EFSI and private investors.

## Limburgs Energie Fonds (The Netherlands)




**Description**: This operation consists of a €30m EFSI-backed loan to a Dutch regional investment fund (Limburgs Energie Fonds) managed and financed by the Province of Limburg in the Netherlands to finance regional businesses



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| |
|---|
| and projects aiming at the reduction of $CO_2$ emissions in the province. The EIB loan will increase the capacity of LEF to mobilize over €300m of investment in the sectors of renewable energy, energy efficiency, circular economy and asbestos sanitation. Several projects have already received financing, for example, to use geothermal heat in greenhouses, process electronic waste and recycle plastics. |

| Green Metropole Fund (The Netherlands) |
|---|
| **Description**: This operation consists of a €40m EFSI-backed loan to a Dutch regional investment fund (Green Metropole Fund) sponsored by the Port of Amsterdam and managed by e3 Partners, a Dutch private fund manager. The EIB loan will leverage the other investors' investment capacity for SMEs and small projects, mainly in the sectors of the circular economy, renewable energy and energy efficiency, and to a lesser extent also in advanced materials and smart technology. |



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# 2. EFSI-BACKED INVESTMENT PLATFORMS IN DETAIL

This section describes the eleven case studies selected for this report (see section 2, point 1.4.1 for details concerning the methodology to select the case studies).

These are:

- Adestia - Efficacite Energetique Logement Social
- BPIFrance Mid-cap Investment Platform
- France Efficacite Energetique Logement Social
- French Overseas Territories Economic Development
- IF TRI en Nord - Pas de Calais
- Inven Capital Fund
- Italian Green Bond Fund
- Limburgs Energie Fonds
- Marguerite Fund II
- Pearl Environmental Infrastructure Fund
- Reseau Canopee Logement Social


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## 2.1. Adestia – Efficacité énergétique logement social

| | |
|---|---|
| Objective | Energy efficiency retrofitting of up to 25,000 social housing units held by thirteen social housing subsidiaries of Société Nationale Immobilière (SNI, CDC group). |
| Geographic focus | National (France) |
| Promoter/Financial intermediary | Société Nationale Immobilière (SNI) |
| NPBI involved? (Yes/No) | No |
| Type of platform | Co-financing agreement |
| Thematic focus | Energy efficiency in buildings<br>Building-integrated renewable energy |
| Sectors | Urban development |
| EFSI funding/financing amount | € 200M |
| ESIF funding/financing amount | None |
| Total investment target | € 330M (within €770M housing upgrade investment) |
| IP Funding/Financing type | Equity<br>Loan (under EFSI) |
| IP Funding/Financing sources | Total: €250M<br>SNI (CDC): € 50M<br>EIB: € 200M (under EFSI) |
| Beneficiaries | 13 social housing subsidiaries of SNI Group (CDC Group) |
| Financial products to beneficiaries | Long term shareholders loans to subsidiaries (Quasy equity) |
| Co-investors at project level | None |
| Other assistance to beneficiaries | Unknown |
| Tendering of project implementation | Public tendering (EU procurement legislation) |

### 2.1.1. Summary

Adestia Investment Platform has been set up to finance de energy efficiency retrofitting of up to 25,000 social housing units held by thirteen social housing subsidiaries (*Entreprises sociales pour l'habitat (ESH))* of Société Nationale Immobilière (SNI), part of the Caisse des Dépôts et Consignations group (CDC Habitat), in areas under high pressure with high level real estate prices and rents (75% in the Île-de-France region). With the energy efficiency retrofitting the aim is to reach the French energy label "BBC Rénovation" (*Bâtiment Basse Consommation*) or equivalent. The energy efficiency retrofitting investment amounts to €330M and is part of a general housing upgrade investment of €770M. The investments in energy efficiency include:

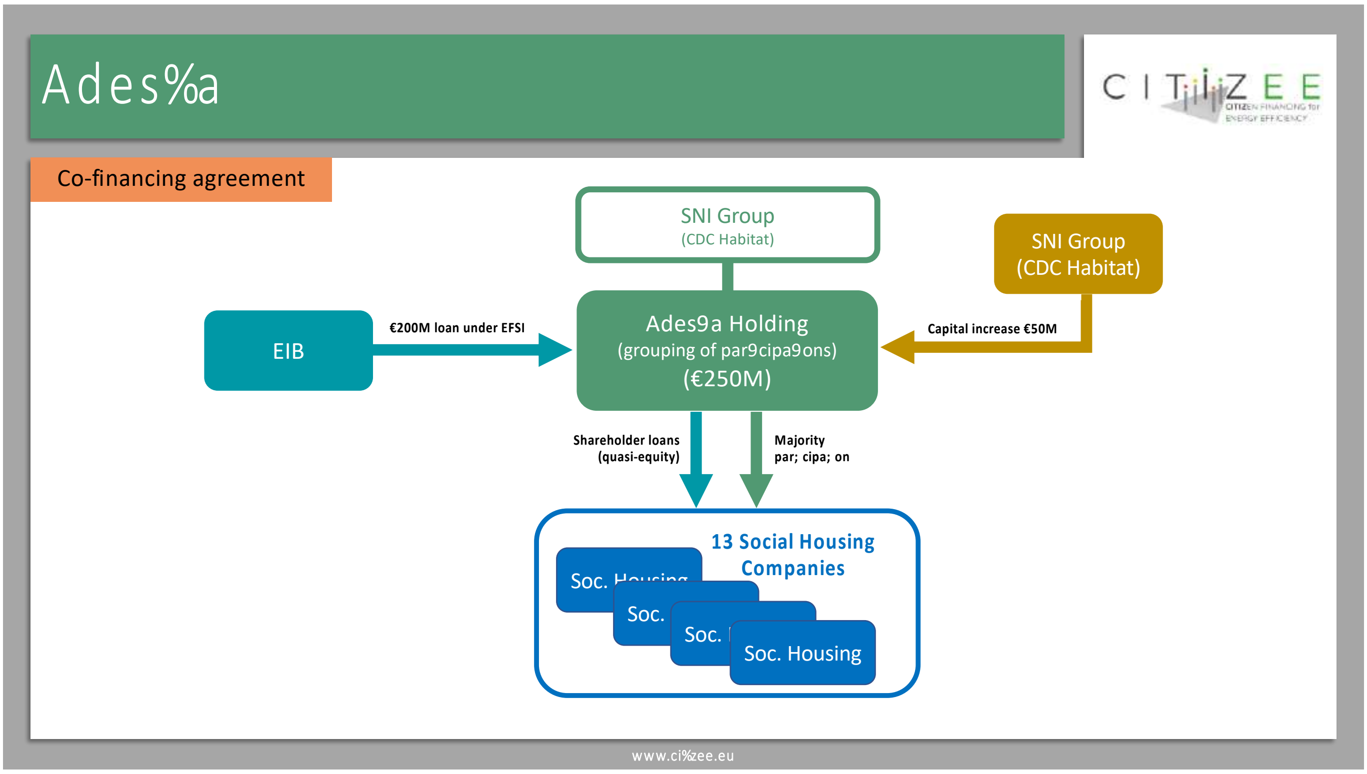
- thermal energy efficiency improvements of the building envelope (e.g. wall insulation, windows, roof and cellar ceilings insulation)
- energy efficiency improvements in the heating systems (e.g. condensing boilers)
- when possible, increased use of renewable energies for heating purposes (e.g. biomass boilers, solar collectors).

The project seeks average energy efficiency savings of 45%. Besides improved energy consumption the project aims at improving the comfort and living conditions for the low-income households living in the renovated apartments.


This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement Nº 847147

### 2.1.2. How does it work

The financing by the EIB takes the form of a loan to a holding in which SNI regroups its shares of the thirteen social housing subsidiaries. SNI Group (CDC Habitat) provides own funding of €50M.




The proceeds of the financing are then being pushed further to the Social Housing Companies in the form of shareholders loans.

### 2.1.3. References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This project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement Nº 847147

## 2.2. BpiFrance Midcap Investment Platform

| | |
|---|---|
| Objective | To fund Fench medium-sized corporates (mid-caps) to promote their business expansion, technology, investment into energy efficiency and other activities |
| Geographic focus | National (France) |
| Promotor/Financial intermediary | Bpifrance Financement |
| NPBI involved? (Yes/No) | Yes (BpiFrance) |
| Type of platform | Risk sharing model |
| Thematic focus | Different activities including energy efficiency |
| Sectors | Different sectors |
| EFSI Funding/Financing amount | € 250M guarantee |
| ESIF Funding/Financing amount | None |
| Total investment target | € 700M |
| IP Funding/Financing type | Guarantee |
| IP Funding/Financing sources | EIB: €250M (under EFSI)<br>BPI France & private banks: €450M |
| Beneficiaries | French private medium-sized companies (mid-caps) |
| Financial products to beneficiaries | Loans |
| Co-investors at project level | None |
| Other assistance to beneficiaries | Training, consulting, networking |
| Tendering of project implementation | EU directives on public procurement not applicable |

### 2.2.1. Summary

The purpose of the operation is to increase the capacity of Bpifrance Financement to fund midcaps, as a result of the regulatory capital relief resulting from the issuance of the guarantee. This guarantee operation has been set-up as an unfunded linked risk sharing investment platform with full delegation to BPI France financement (BpiF). The operation is focused on a non-granular portfolio of new loans BpiF grants to French medium-sized corporates (mid-caps).

### 2.2.2. How does it work

The financing of €250M of the EIB takes the form of an EFSI guarantee for loans provided to the Bpifrance midcap investment platform fully managed by Bpifrance Financement. Loans provided by Bpifrance Financement are usually funded for 90% by Bpifrance and for 10% by other private banks.

Bpifrance Financement provides loans to French mid-cap companies, i.e. to more riskier projects than it usually would do.


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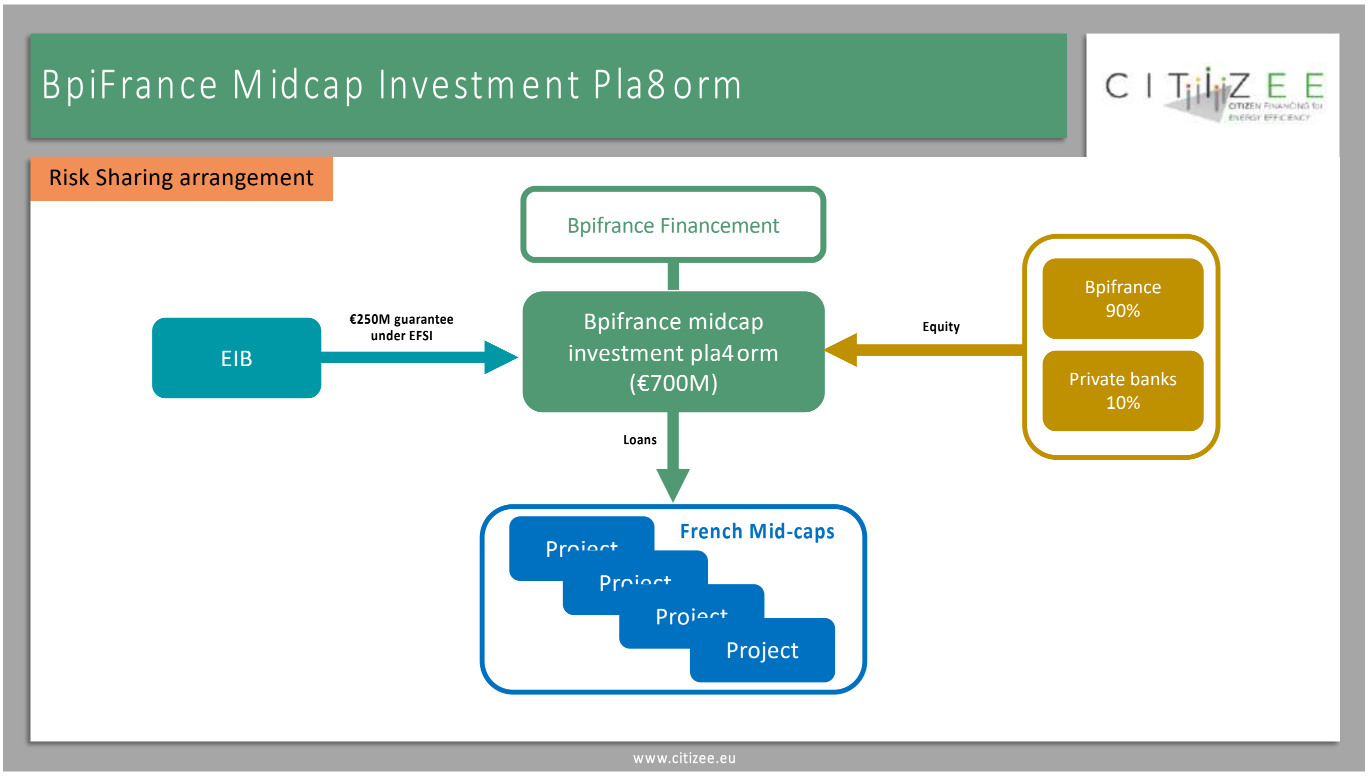


### 2.2.3. References


- EIB, Project Data Sheet, 16/03/2018, https://www.eib.org/en/projects/loans/all/20160805
- EIB, Project Summary Sheet, release date 25/01/2017,
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## 2.3. France Efficacité Energétique Logement Social

| | |
|---|---|
| Objective | To invigorate the strategic property plans of the Social Housing Companies (Registered Social Landlords) and their investments between 2016 and 2019. |
| Geographic focus | National (France) |
| Promotor/Financial intermediary | Caisse des Dépôts et Consignations (CDC) |
| NPBI involved? (Yes/No) | Yes (Caisse des Dépôts et Consignations – CDC) |
| Type of platform | Co-financing agreement |
| Thematic focus | New construction<br>Energy efficiency retrofit |
| Sectors | Construction, Energy Efficiency |
| EFSI Funding/Financing amount | €1.000M |
| ESIF Funding/Financing amount | None |
| Total investment target | Approx. €6.500M |
| IP Funding/Financing type | Equity<br>Loan (under EFSI) |
| IP Funding/Financing sources | Total : €2.000M<br>EIB : €1.000M (under EFSI)<br>Caisse des Dépôts et Consignations (CDC)<br>Action Logement: €812M |
| Beneficiaries | Social Housing Companies/Registered Social Landlords |
| Financial products to beneficiaries | Long term loans (quasi equity)<br>Interest subsidy |
| Co-investors at project level | None |
| Other assistance to beneficiaries | None |
| Tendering of project implementation | European Public Procurement rules |

### 2.3.1. Summary

The investment platform “France Efficacité Energétique Logement Social”, hereafter FEELS, promoted by the Caisse des Dépôts et Consignations (CDC) has the intention to finance investments in energy efficiency retrofit of social housing in several cities in France, including the overseas territories. It seeks to invigorate the strategic property planning of the Social Housing Companies (Registered Social Landlords) and dynamize their investments, favouring the retrofit of the social housing stock as a whole as well as the new-build. It intends to accompany the transformation of the social housing stock and to strengthen the support to the energy efficiency retrofit of buildings. As such, energy efficiency is the main focus of the platform’s investments.

The investment platform will use the proceeds of its funding to provide long term loans (quasi-equity) with a maturity of 30 to 40 years to Social Housing Companies under the “Prêt de haut de bilan bonifié Caisse de Dépôts/Action Logement (PHBB)”-programme launched by the French Government in 2016. The PHBB-programme is specific in the sense that it includes a first term of 20 years with differed reimbursement of the loan and a (subsidized) interest rate of 0%. The €1.000M loan from EIB under EFSI will be specifically used under the PHBB 2.0 programme, the second envelope of the PHBB programme, providing €2.000M of subsidized long-term loans to the Social Housing



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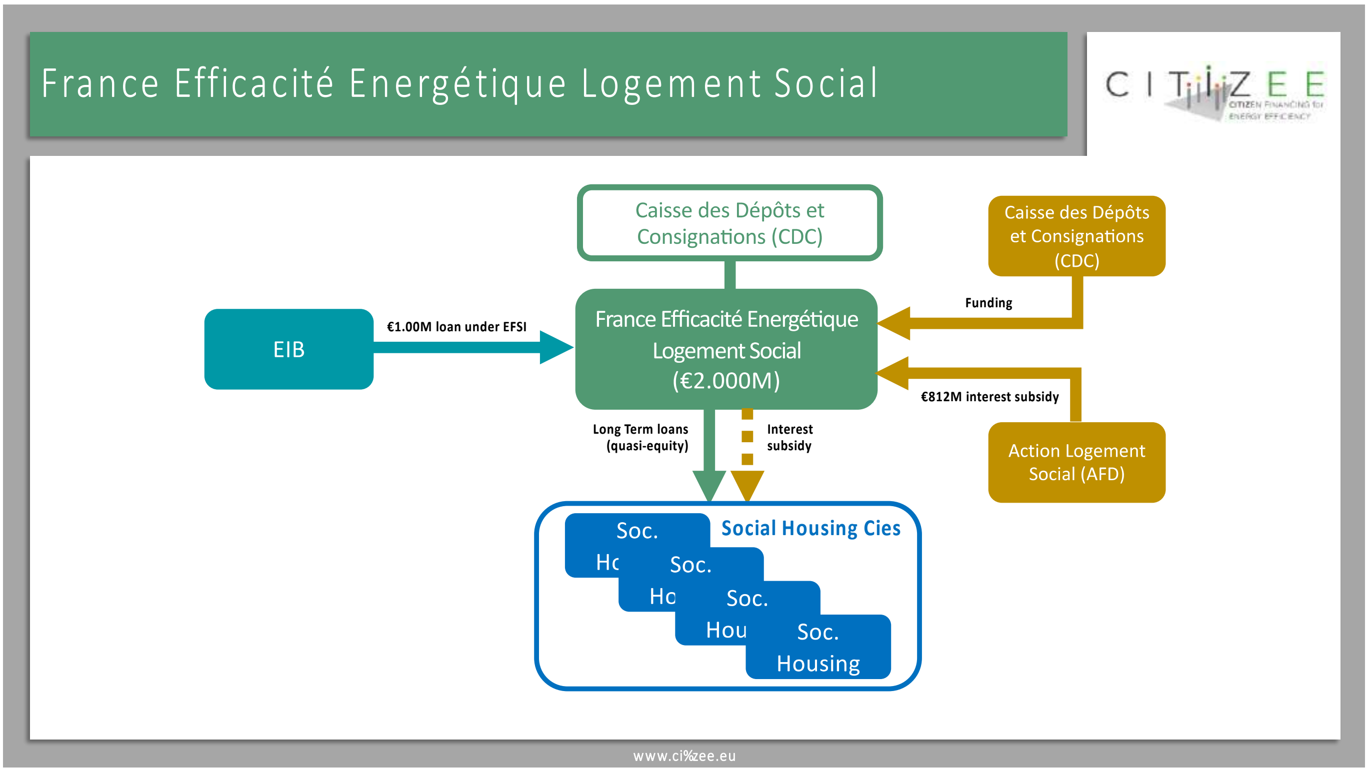
Companies. The second envelope will be released in three tranches: a first tranche of €700M already released in 2018, a further tranche of €700M to be released in 2019 and the last tranche of €600M to be released in 2020.

FEELS total investment target of €6.500M is part of an overall programme of energy retrofitting of up to 400.000 social housing units and of construction of new NZEB (Nearly Zero Energy Building) social housing units.

Subscription of the 1st tranche of €700M has been a success as 384 social landlords, representing almost 50% of the social housing companies, have (over)subscribed.

### 2.3.2. How does it work

The financing by the EIB has the form of a loan (under EFSI) to CDC, "Caisse de Dépôts et Consignations" which is the promotor of the investment platform FEELS. CDC provides own funding through the investment platform to the PHBB 2.0 lending programme of €2.000M.




The proceeds of the funding of the investment platform are being used to provide long term loans from 30 to 40 years to French Social Housing Companies based on an analysis of their long-term financial sustainability. The first 20-years period of the long-term loan bears no interest and has not to be reimbursed. The interest cost of €812M is being supported by Action Logement, a not-for-profit financial organization managing the obligatory French employers contribution to the construction of employees' homes.

The loans are being guaranteed by the local authorities or local communities or, when not applicable, by the CGLLS, the "Caisse de Garantie du Logement Locatif Social", a national public entity guaranteeing the loans from the Caisse des Dépôts et Consignations (CDC).

The PHB 2.0 can also be blended with other loans from Action Logement or other entities.

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This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement № 847147

## 2.4. French Overseas Territories (RUP) Risk Sharing

| | |
|---|---|
| Objective | Set-up of a risk sharing framework guarantee scheme for AFD (Agence Française de Développement) financing of investments in the French overseas territories. |
| Geographic focus | Regional (France - Overseas Departments) |
| Promotor/Financial intermediary | Agence Française de Développement (AFD) |
| NPBI involved? (Yes/No) | No |
| Type of platform | Risk sharing arrangement |
| Thematic focus | Urban rehabilitation (incl. housing)<br>Environment<br>ICT<br>Tourism<br>Sustainable transport |
| Sectors | Telecom<br>Water, sewerage<br>Energy, renewable energy and social services<br>Urban development |
| EFSI Funding/Financing amount | Total: €180M<br>Services: €14.4M<br>Water, sewerage: €34.2M<br>Telecom: €16.2M<br>Urban development: €115.2M |
| ESIF Funding/financing amout | At project level through grants |
| Total investment target | € 1.402M approx. |
| IP Funding/Financing type | Guarantee (under EFSI) |
| IP Funding/Financing sources | EIB: €180M (under EFSI)<br>AFD: unknown |
| Beneficiaries | Private and public companies<br>Medium-sized enterprises (SMEs)<br>Civil property companies- SCI<br>Local authorities |
| Financial products to beneficiaries | Loans |
| Co-investors at project level | Other financial institutions (loans)<br>Regional Council of French Guinea (grants) |
| Other assistance to beneficiaries | Unknown |
| Tendering of project implementation | EU public procurement rules |

### 2.4.1. Summary

Investment platform “French Overseas Territories (Régions Ultrapériphériques, RUP) Risk Sharing”, hereafter FOTRS, is being set-up by AFD, the “Agence Française de Développement” to provide financing to investment projects in the French overseas departments and territories (qualified as convergence regions) in its intention to tackle the causes of the overseas territories' lagging behind in social and economic development. AFD’s objectives focus on:



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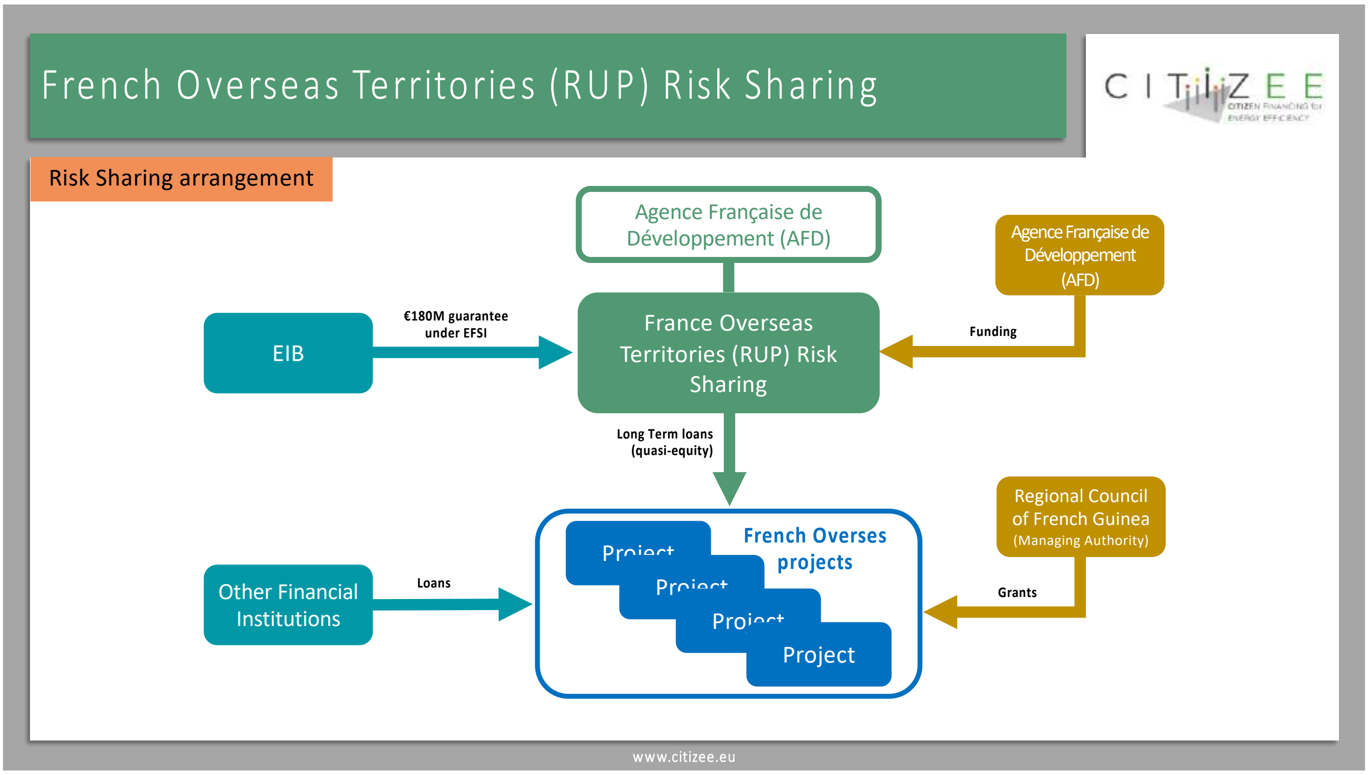
- Supporting public polices aiming for social cohesion and environment preservation (upgrading of social services and preservation and efficient use of resources);
- Strengthening the private sector to create employment and increase value added;
- Improving urban development and housing and;
- Encouraging regional integration, promoting tourism, fisheries, forestry and enhancing transport infrastructures.

The BEI-AFD collaboration vehicle "FOTRS" consists of an unfunded risk-sharing framework guarantee scheme for AFD's financing of investments in these French overseas departments and territories. It is designed on the basis of a multi-sector framework loan with a 50% risk sharing on the Final Beneficiaries (the projects) with AFD as the beneficiary of the EFSI guarantee. The EIB financing enables the AFD to take a greater share of the risk in financing the projects in these overseas departments and territories.

The investment platform will cover different sectors, such as urban rehabilitation (including housing, public buildings and green areas), environment, information and communication technology (ICT), tourism and sustainable transport and targets infrastructure, service facilities and small and medium-sized enterprises (SMEs). On October 27th, 2017 the first project to be financed was signed. It related to an intergenerational complex (tourist infrastructure and a senior services residence of 84 adapted homes) project in the city of Macouria in Guiana which is part of the Regional Council of French Guiana's strategy to improve the way it deals with ageing and the integration of the elderly in the local society. The loan to the civil property company Le Toucain 973, the project promotor, was backed by an EIB guarantee of €4,8M. The project also got an EU subsidy through the Regional Council of French Guiana.

### 2.4.2. How does it work

The financing of €180M by the EIB takes the form of an EFSI guarantee on the projects provided to AFD.




The EIB guarantee can be used by AFD to provide loans to more riskier projects than it usually would do. Project developers or promotors may also obtain co-financing from other financial institutions and can also apply for EU subsidies through their Regional Management Authorities.



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement Nº 847147

### 2.4.3. References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## 2.5. IF TRI en Nord-Pas de Calais (CAP3RI)

| | |
|---|---|
| Objective | To contribute to the "Troisième Révolution Industrielle", the third industrial revolution, a programme targeting zero carbon emissions by 2050. |
| Geographic focus | Regional (France - Region Nord-Pas-de-Calais) |
| Promotor/Financial intermediary | Nord Capital Partenaires<br>Finorpa |
| NPBI involved? (Yes/No) | No |
| Type of platform | Special Purpose Vehicule (fund) |
| Thematic focus | Energy Efficiency<br>Renewable energy sources<br>Low carbon economy |
| Sectors | Environment and resource efficiency |
| EFSI Funding/Financing amount | € 20M |
| ESIF Funding/Financing amount | € 15M (under ESIF) |
| Total investment target | € 158M – 200M |
| IP Funding/Financing type | Equity (partially under ESIF)<br>Grant (under ESIF)<br>Loan (under EFSI)<br>Other loans |
| IP Funding/Financing sources | Total: €43M<br>Region Nord-Pas-de-Calais: €15M (under ESIF)<br>Crédit Agricole Nord de France: €5M<br>Groupama Nord Est: €3M<br>EIB: €20M (under EFSI) |
| Beneficiaries | SMEs<br>Midcaps<br>SPVs (Special Purpose Vehicles) |
| Financial products to beneficiaries | Equity<br>Quasi equity (Participatory loans)<br>Senior Debt |
| Co-investors at project level | Other public and private investors (equity & quasi-equity)<br>Banks (senior debt) |
| Other assistance to beneficiaries | Technical Assistance (under ESIF) |
| Tendering of project implementation | Applicable national and EU legislation. |

### 2.5.1. Summary

The Nord-Pas-de-Calais region has the ambition to develop a new economic model, with an efficient and sustainable use of resources, and support to job creation, culminated in the "Troisième Révolution Industrielle", a programme targeting zero carbon emissions by 2050, whereby the region's energy needs would be covered by renewable energy sources. The main objectives of the programme include the reduction of 60% in energy consumption, reach 100% consumption from renewables and emit 4 times less $CO_2$. Other objectives include job creation, economic development, reduction of fuel poverty.



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CAP TRI Investment platform intents to contribute to this "Troisième Révolution Industrielle". The project's low-carbon economy investment plan aspires job creation, economic development and more sustainable energy supply and usage. CAP3RI IP focuses on 5 core activities:

- Renewable energy (methanation, wind, solar, biomass, hydro,…)
- Energy management (connected buildings, passive buildings, energy storage, smart metering,…)
- Energy efficiency (energy efficiency retrofits, 3D printing, electric charging points,…)
- Alternative and intelligent mobility
- Circular economy and functional economy (economy for service functionality)

Today the investment platform includes an investors/sponsors engagement amount of €40M of whom €37,5M as capital and loans (€12,5M equity from ERDF through the Managing Authority Nord-Pas de Calais and €20M loan from EIB under EFSI) and €2,5M for technical assistance from ERDF to the benefit of the projects. The investment envelope will focus on equity (participations in the projects) and quasi-equity (participatory loans) investments in the Hauts de France region which is the northernmost region of France (Nord-Pas de Calais and Picardy). The IP Is targeting small to mid-size projects (SME's, midcaps and/or SVP's) with various risk profiles. Investment amounts range from €1,0M to €3,0M and could possibly achieve €10M in the case of co-investment of existing Finorpa or Nord Capital Partenaires funds. CAP 3RI is expected to generate an investment portfolio of €200M at project level.

CAP 3RI is managed by regional fund manager Nord Capital Partenaires (joint subsidiary of Turenne Capital and Crédit Agricole Nord de France) in partnership with Finorpa (the fund manager's service provider).

CAP 3RI is a good example of the combination of EFSI – ESIF funding for an equity instrument as, out of the €43M funding of the investment platform, a total amount of €35M has been funded by EIB under EFSI (€20M) and by ERDF/ESIF (€15M).

Since its creation, the IP was officially launched in December 2015, the IP participated in 6 projects for a total amount of nearly €11M: Astradec, Drekan, Groupe Airflux, Aes Dana, Gazonor and Log's. By November 2016, meetings with more than 60 project promoters had been held and 30 projects analysed in detail.

### 2.5.2. How does it work?

The financing of €20M by the EIB is being done under a 15-year bullet loan with a very small annual interest and a remuneration linked to the fund performance. The region Hauts-de-France, with Crédit Agricole Nord de France and and insurer Groupama Nord-Est provide €20,5M capital to the Investment Platform. Furthermore, Région Hauts-de-France provides a grant of €2,5M (from ERDF/ESIF) that can be used by the platform for technical assistance to the projects in the phase before the investment. This assistance includes technical advisory services for the preparation of the prospective investment by the final beneficiaries (including process optimisation and proof of concept support) as well as financial/legal advice (including business plans drafting, market analyses, and company (re)structuring).



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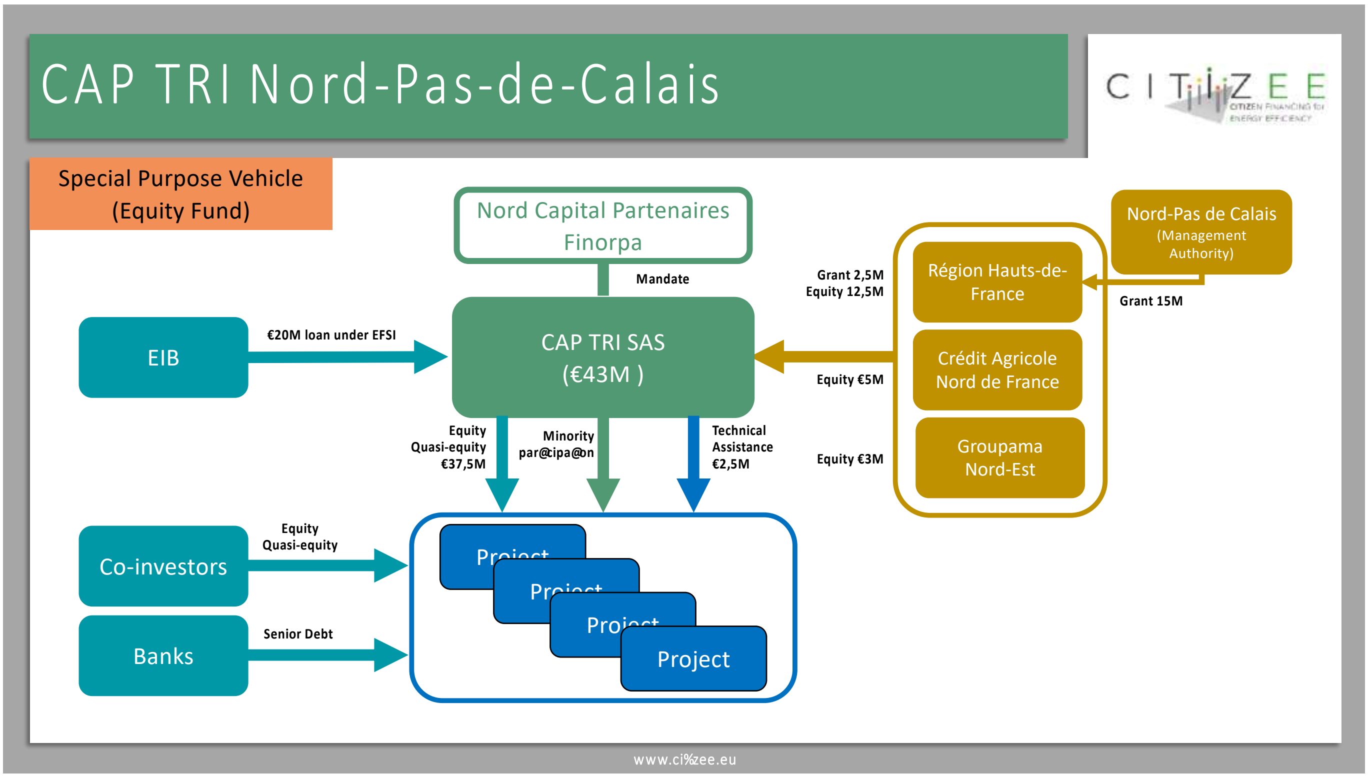


The proceeds of the funding of €40,5M of the investment platform can then be used to provide capital (minority participation) or long term debt to projects targeted by the investment platform.

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## 2.6. Inven Capital

| | |
|---|---|
| Objective | To accelerate Inven Capital's investments in early-stage clean technology and smart energy SMEs and innovative midcaps in the EU |
| Geographic focus | Multi-country (Czech Republic and EU countries) |
| Promotor/Financial intermediary | Inven Capital (CEZ Group) |
| NPBI involved? (Yes/No) | No |
| Type of platform | Special Purpose Vehicle (Fund of funds) |
| Thematic focus | Energy efficiency<br>Distributed generation, flexibility and storage<br>Customer engagement products<br>Clean transportation in cities |
| Sectors | Energy sector<br>Manufacturing<br>Logistics and distribution<br>Services- Financial and insurance<br>IT systems |
| EFSI Funding/Financing amount | €50M |
| ESIF Funding/financing amout | None |
| Total investment target | €100M |
| IP Funding/Financing type | Equity (partially under EFSI) |
| IP Funding/Financing sources | Total: €240M<br>EIB: €50M (under EFSI)<br>CEZ Group: €190M |
| Beneficiaries | Smart Energy start-up SMEs and midcaps |
| Financial products to beneficiaries | Equity |
| Co-investors at project level | Other investors (equity)<br>Banks (loans) |
| Other assistance to beneficiaries | Unknown |
| Tendering of project implementation | Not subject to EU rules on public procurement |

### 2.6.1. Summary

The EFSI investment platform INVEN CAPITAL, which is a co-investment facility between the European Investment Bank (EIB) and Inven Capital Fund, has been set-up as a special purpose vehicle under the auspices of Inven Capital Investment Fund, an independently operating and internally managed venture capital clean technology SICAV fund owned by the Czech national energy utility CEZ.

It is the intention of the investment platform to support Inven Capital Fund's investments in early-stage cleantech and smart energy SMEs and midcaps that, nevertheless the early stage, have a good track record and require growth capital. It expects to support the mobilisation and deployment of private sector investments into innovation, sustainable development and employment generation in Europe in the field of "cleantech" and as such enable to close the market gap for investments in the European cleantech/smart energy sector.


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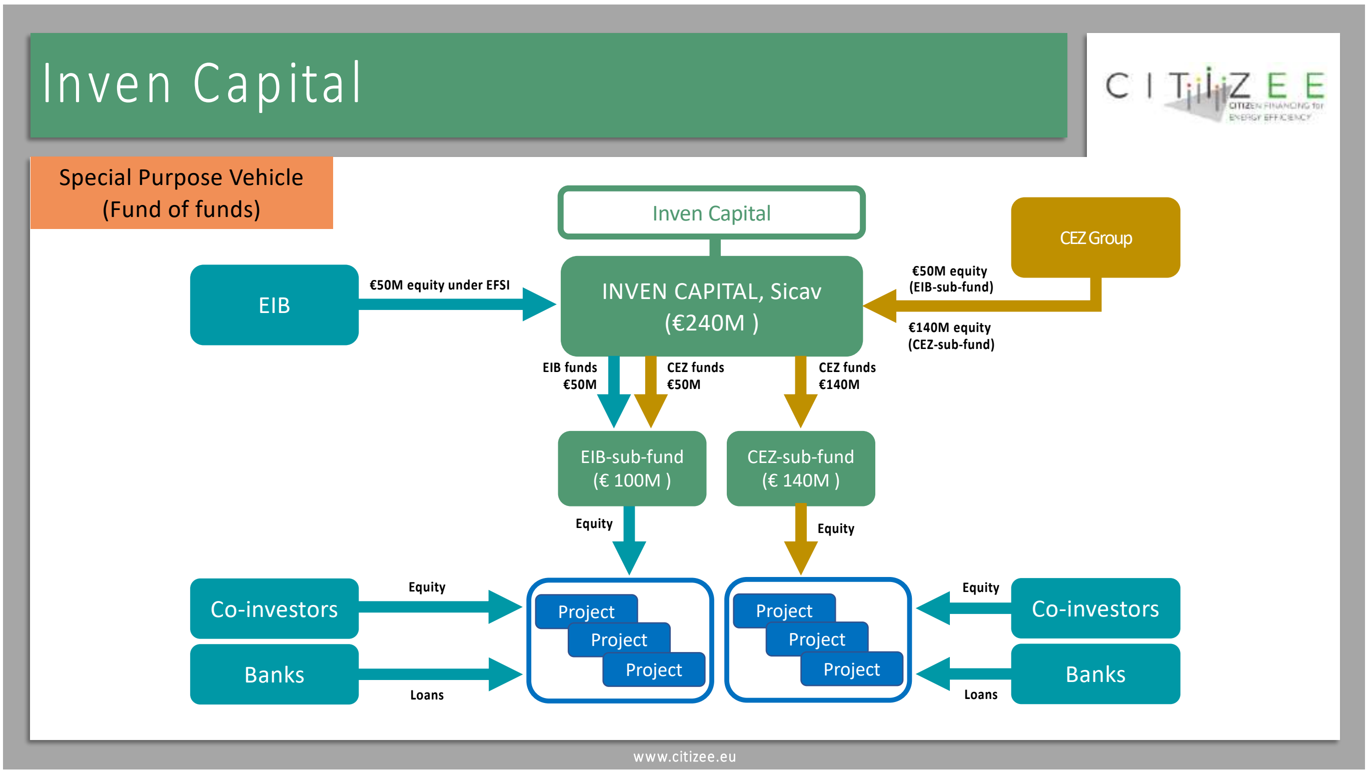
The fund targets cleantech activities such as energy efficiency, distributed generation, flexibility and storage, customer engagement products and clean transportation in cities pursuing growth and expansion opportunities in innovative production capacity, working capital expansion, improved products and processes, including for manufacturing, logistics and distribution, service and IT systems.

EFSI Investment platform Inven Capital's financing capacity of €100M available for joint co-investments has been funded on a 50/50 basis between EIB and CEZ, thus each party providing €50M of capital funding. With this €100M funding the Inven Capital Fund has approximately €240M of committed capital available for investments. Inven Capital Fund's investment capacity of €240M will be channelled through two distinct sub-funds, an EIB sub-fund housing the joint co-investment structure (the EFSI investment platform) and a CEZ sub-fund for the already existing and future Inven Capital Fund investments funded by CEZ Group. The individual sub-funds remain separate from of both accounting and finances point of view, each with their own status and investment strategy. By the end of 2018 the investment platform had invested in 3 projects, namely tado°, Cloud&Heat and Cosmo Tech.

### 2.6.2. How does it work

The €50M provided by the EIB has the form of an equity participation in Inven Capital which has adopted the legal form of a SICAV, a variable-capital joint stock company. The amount of €50M is being matched by CEZ, also on an equity basis. The total proceeds of €100M are then being put in a common investment structure, the EFSI investment platform, that will be operated as a sub-fund of Inven Capital. This investment platform is known as Sub-fund B at Inven Capital.




Both the funds of the EIB and of CEZ Group are invested in acquired projects and managed by Inven Capital over a period of 4 years from 2018 to 2022.

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This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement Nº 847147

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- http://www.invencapital.cz/#media




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## 2.7. Italian Green Bond Fund

| | |
|---|---|
| Objective | Investment fund providing innovative debt financing, in the form of mini bonds, to smaller renewable energy and energy efficiency projects in Italy |
| Geographic focus | National (Italy) |
| Promotor/Financial intermediary | Foresight Group LLP |
| NPBI involved? (Yes/No)? | No |
| Type of platform | Special Purpose Vehicle (Green Bond Fund) |
| Thematic focus | Small and medium projects in renewable energy generation (incl. solar, wind, Waste–to-Energy)<br>Biomass and Anaerobic Digestion<br>Energy efficiency (incl. public lighting, cogeneration and district heating) |
| Sectors | Services (€ 8M funding)<br>Energy (€ 32M funding) |
| EFSI Funding/Financing amount | € 40M |
| EFSI Funding/Financing amount | None |
| Total investment target | € 200M |
| IP Funding/Financing type | Loan (under EFSI)<br>Equity |
| IP Funding/Financing sources | Total: €200M<br>Foresight Group LLP (Italian banks, insurance companies and family offices): €160M<br>EIB: €40M (under EFSI) |
| Beneficiaries | SMEs<br>Public entities |
| Financial products to beneficiaries | Project bonds<br>Project bonds = non-recourse long term financing solution starting from the construction phase through the subscription of project bonds for single or multiple projects |
| Co-investors at project level | None |
| Other assistance to beneficiaries | Unknown |
| Tendering of project implementation | Varies from sector to sector |

### 2.7.1. Summary

Due to the Basel III capital requirements, generally poor balance sheets and often considerable exposure to non-performing loans (NPLs), the Italian banking system does not find long term lending for small projects very appealing. At the same time, the Italian industrial landscape is characterised by numerous small to medium size enterprises that demand cheaper energy or aim to achieve higher levels of energy efficiency. Foresight intended to exploit this market dislocation, by financing those energy infrastructure projects that are not considered by local banks.

Also, Italy is the fourth largest energy consumer in Europe and is penalised by an electricity production deficit. High energy prices in Italy create a strong demand for energy efficiency and renewable sources, which is now being



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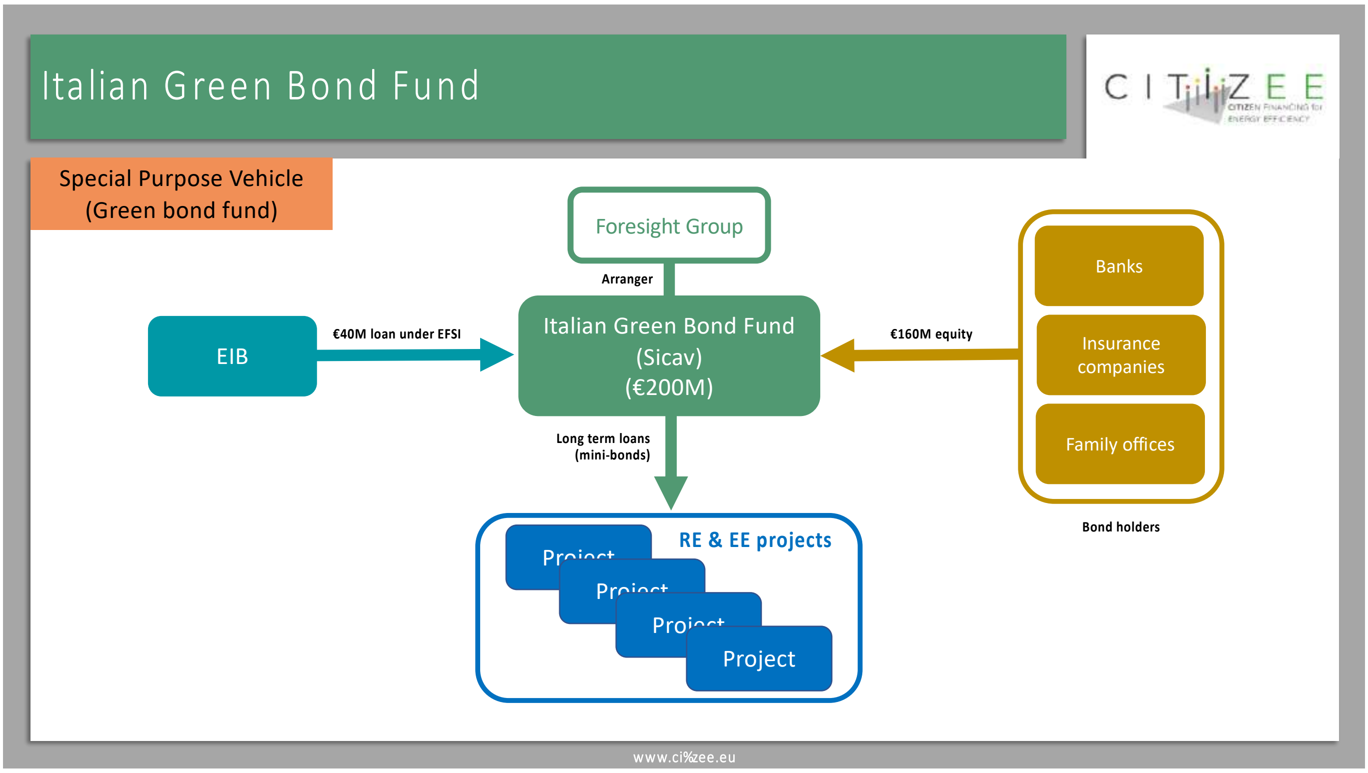
addressed by the National Renewable Energy Action Plan and its investment requirements of up to €170bn. Investments in green infrastructure have been growing and are encouraged, also due to increased social and political pressure towards reducing global carbon emissions. Infrastructure debt investments offer steady and predictable cash flows, which have led the Foresight Group to create the Italian Green Bond Fund (IGBF). The Fund benefits from higher yields due to the illiquidity premium associated with smaller projects and lack of competition from local banks.

The IGBF is a Closed-end Fund focused on direct lending to green infrastructure projects, i.e. Renewable Energy & Energy Efficiency Projects with long-term contracted revenues. It is the first dedicated infrastructure project bond fund in the Italian Market. The fund, operating as a Luxembourg SICAV-SIF, is senior secured, investment grade and has a 25% floating rate (EURIBOR 6M) and 75% fixed rate. The Green Bonds are directly originated and arranged by the Italian Foresight group, who assures a total control on underlying projects cash flows. The cash yield target is 9-10%, while the target IRR is 6-8%. The fund provides biannual cash distributions, with the first within 12 months from inception. The first closing was completed in January 2018, and the second closing in H2 2018. Foresight is the arranger and originator of the bonds as well as the portfolio manager and distributor. Their management fee is 1% of committed capital till the end of the investment period and 1% of Net Asset Value (NAV) thereafter. An arrangement fee of 2-3% is charged to portfolio companies and distributed to the Fund (75%) and to Foresight (25%)

Project size typically ranges between €1M and €30M and include Rooftop Solar PV, CHP, public lighting, District heating and cooling, Biomass and Onshore Wind. A majority (>85%) of projects funded are Greenfield projects although some are Brownfield (e.g. waste to energy or CHP). The first close in January 2018 allowed raising €70M of the €200M target

### 2.7.2. How does it work

The financing by the EIB has the form of a loan (under EFSI) to the Foresight Group, which is the arranger and originator of the bonds as well as the portfolio manager and distributor of the Italian Green Bond Fund. Foresight looks for additional funding from banks, insurance companies and (private) family offices and issues long term project bonds.




The proceeds of the funding of the investment platform are being used to provide long term loans from 15-20 years to developers of RE and EE projects in return for senior secured project bonds. It is unclear whether there is a guarantee mechanism (from EIB or another organisation). Bond issuer default risk is mitigated by a typical project



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finance security package: pledge over shares, bank accounts and mortgages, assignment of receivables, first demand bank guarantees, implementation of cash sweeps, possibility to replace subcontractors.

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## 2.8. Limburgs Energie Fonds (LEF)

| | |
|---|---|
| Objective | Carbon savings for the province of Limburg through renewable energy, energy efficiency and circular economy projects, waste treatment facilities and sustainable transport |
| Geographic focus | Regional (Netherlands – Province of Limburg) |
| Promoter/Financial intermediary | Dutch Province of Limburg<br>Fund manager: Finquiddity |
| NPBI involved? (Yes/No) | No |
| Type of platform | Special Purpose Vehicle (revolving fund) |
| Thematic focus | Energy efficiency in buildings<br>Building-integrated and on-shore renewable energy<br>Circular economy projects<br>Waste treatment<br>Sustainable transport<br>Asbestos sanitation |
| Sectors | Services |
| EFSI funding/financing amount | € 30M |
| ESIF funding/financing amount | None |
| Total investment target | € 90M |
| IP Funding/Financing type | Loan (under EFSI) |
| IP Funding/Financing sources | Total: €90M<br>Province of Limburg: € 60M<br>EIB: € 30M (under EFSI) |
| Beneficiaries | Small and medium-sized enterprises (SMEs), large enterprises, regional Businesses, start-ups<br>Small project developers in the critical sectors of carbon-saving renewable energy, energy efficiency and (marginally) circular economy and asbestos sanitation<br>Hospitals, elderly homes, swimming pools and sports infrastructure, schools<br>Housing corporations |
| Financial products to beneficiaries | Subordinated or Senior Loans (Revolving fund)<br>Equity |
| Co-investors at project level | Other public and private investors (equity & quasi-equity)<br>Banks (loans) |
| Other assistance to beneficiaries | Unknown |
| Tendering of project implementation | Must be in line with the provisions of the relevant EU directives and the Bank's Guide to Procurement. |

### 2.8.1. Summary

The Limburgs Energie Fonds (LEF) is a revolving investment fund established by the Dutch Province of Limburg and managed by Finquiddity. It benefits from an EIB guarantee under EFSI.



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It sees itself as a “Facilitator of change” and is very additional to the existing financial ecosystem, as it finances projects:

- that banks don’t finance (innovation / construction phase)
- that banks don’t finance yet (early stage / start-up / scale-up)
- that banks finance insufficiently (in money or attention)

The Limburgs Energie Fonds contributes to the required risk capital and closes the financing gap between bank and lease financing and the equity of the entrepreneurs, strategic partners and an investment fund in these projects. It provides to these projects a part of the required funding, either as equity, guarantees or as a (subordinated or senior) loan. Project owners are expected to have sufficient own equity (or other risk capital), at least equal to the financing provided by the LEF. The revolving nature implies that the LEF does not provide subsidies, that target project developers need to be sufficiently solid and reliable and that each funded project has a healthy risk/reward profile.

Examples of funded projects are:

| | |
|---|---|
| Sustainable energy production | Solar<br>Wind<br>Biomass<br>Geothermal/Heat-Cold Storage |
| Energy saving investments | LED or LEDTL lighting<br>Climate control<br>Cooling<br>Pressurized air systems<br>Light domes and streetlighting<br>Energy saving adaptations in the primary production process |
| Energie efficiency and circular economy | Heat recovery between companies and processes<br>District Heating or Cooling<br>Recycling / Upcycling<br>Waste treatment<br>Manure treatment |
| Asbestos sanitation | Locations were asbestos is being sanitized<br>Projects that treat/recycle asbestos |

The LEF uses a number of primary quality criteria on sustainability, return and risk and a few secondary criteria related to job creation, societal benefits, etc. The minimum investment is €15k. The maximum amount is €12M. The maximum lending term is 20 years. The LEF has funded 23 projects too date (August 2019).

### 2.8.2. How does it work

The financing by the EIB takes the form of a guaranteed loan of € 30M to the LEF, put in place by the Province of Limburg and managed by a capital management company called Finquiddity. The Province provides own funding of €60M.


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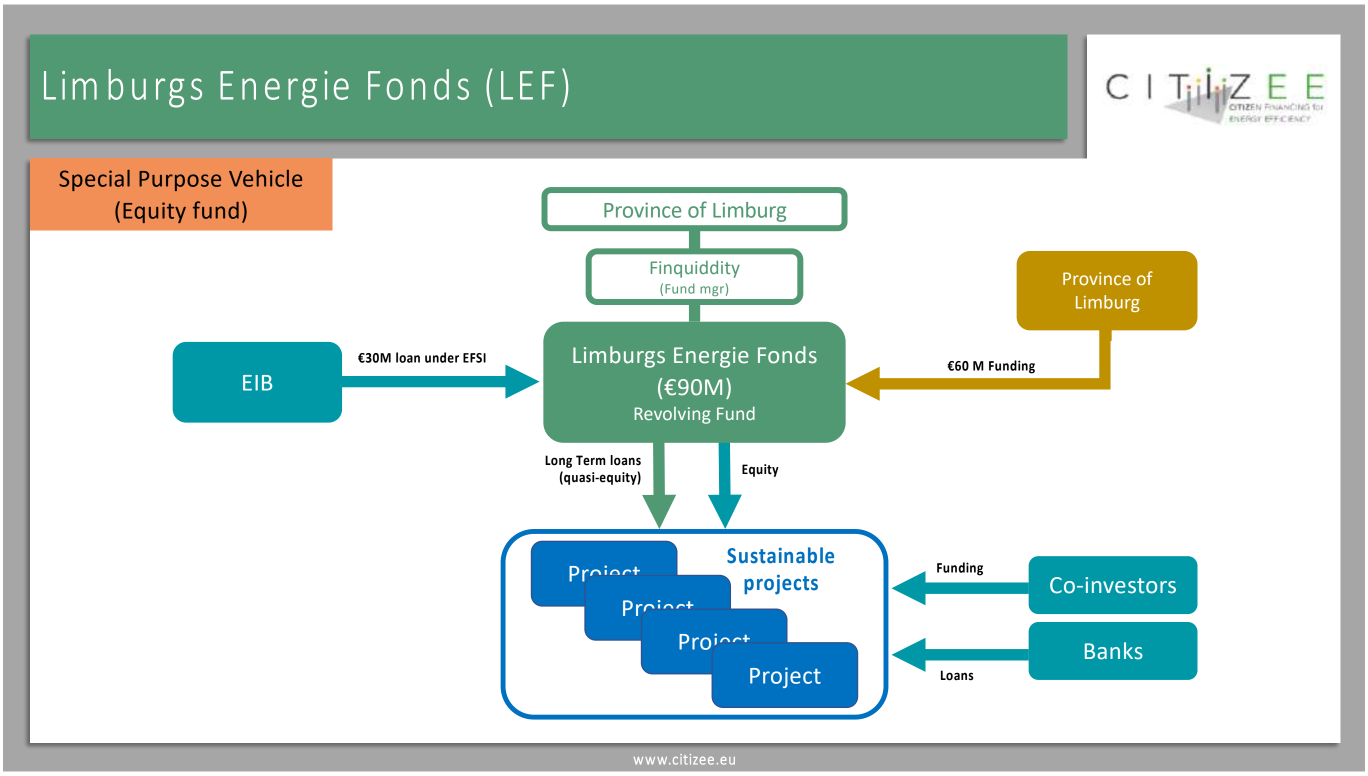


The proceeds of the financing are then being pushed further to the companies and project developers, either as (senior or subordinated) loans, equity or guarantees. The fund acts as a revolving fund, reinvesting proceeds from its loans.

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## 2.9. MARGUERITE FUND II

| | |
|---|---|
| Objective | Marguerite Fund II aims at equity investments in different sectors including energy, renewable energy, energy efficiency, transport, telecommunications and water treatment within EU countries. Up to 20% could be also invested into accession countries. |
| Geographic focus | Multi-country (EU Countries) |
| Promoter/Financial intermediary | Bank Gospodarstwa Krajowego (Poland)<br>Caisse des Dépôts et Consignations (France)<br>Cassa depositi e prestiti (Italy)<br>Kreditansalt für Wiederaufbau (Germany)<br>Instituto de Crédito Oficial (Spain) |
| NPBI involved ? (Yes/No) | Yes |
| Type of platform | Managed account (equity fund) |
| Thematic focus | Renewable energy<br>Energy efficiency<br>Transport<br>Telecommunications<br>Water treatment |
| Sectors | Industry – Construction<br>Energy - Electricity, gas, steam and air conditioning supply<br>Transport - Transportation and storage<br>Telecom - Information and communication<br>Water, sewerage - Water supply; sewerage, waste management and remediation activities |
| EFSI funding/financing amount | € 200M |
| ESIF funding/financing amount | None |
| Total investment target | € 700M |
| IP Funding/Financing type | Loan (partially under EFSI) |
| IP Funding/Financing sources | Total: €700M€<br>5 NPBs: € 100M each<br>EIB: € 200M, of which € 100M guaranteed under EFSI |
| Beneficiaries | Private sector companies and projects |
| Financial products to beneficiaries | Quasi-Equity (Long term loans)<br>Equity |
| Co-investors at project level | None |
| Other assistance to beneficiaries | Unknown |
| Tendering of project implementation | In accordance with the EIB Guide to Procurement or relevant applicable EU procurement legislation |

### 2.9.1. Summary

The project consists of a pan-European infrastructure fund targeting transport, energy, renewable energy, energy efficiency, ICT (broadband) and water treatment sectors.



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Marguerite II continues the important work of the 2020 European Fund for Energy, Climate Change and Infrastructure (also known as the Marguerite Fund). Like its predecessor, Marguerite II is a pan-European equity fund which aims to act as a catalyst for new ("greenfield") and expansion to existing ("brownfield") infrastructure investments in renewables, energy, transport and digital infrastructure. These investments serve to implement key EU policies in the areas of climate change, energy security, digital agenda and trans-European networks. It has a capacity to invest over €700M in infrastructure-intensive projects across the EU and pre-accession countries. Marguerite II has a 10-year fund life (with 2 possible 1-year extensions) and intends to be fully invested in 5 years.

The EIB has provided €200M, of which €100M are guaranteed by the European Fund for Strategic Investments (EFSI), alongside €100M each from five National Promotional Banks. The five national public finance institutions acting as lead investors are Polish Bank Gospodarstwa Krajowego (BGK), the French Caisse des Dépôts Group (CDC), the Italian Cassa depositi e prestiti (CDP), the German Kreditanstalt für Wiederaufbau (KfW) and the Spanish Instituto de Crédito Oficial (ICO).

In December 2018 Pantheon added another €45M. Thus Marguerite also manages Marguerite Pantheon SCSp, an investment vehicle wholly owned by a pool of funds and managed accounts run by Pantheon, a global private markets fund investor. Marguerite Pantheon SCSp was established to acquire a portfolio of renewable and concession-based assets from the Marguerite Fund.

Marguerite Pantheon SCSp enabled Pantheon to acquire what it assessed to be a mature, stable and well-diversified portfolio of renewable and concession-based assets across diversified jurisdictions, sectors and technologies in Europe. All assets are fully operational and are currently generating predictable stable cash distributions, underpinned by robust regulatory regimes, feed-in-tariffs, and/or contracted revenues with strong creditworthy counterparties.

The Marguerite II fund follows the successful investment strategy of the Marguerite Fund. Marguerite II funds similar investments, with a continued focus on greenfield investments, enabling the launch of new infrastructure projects in line with the objectives of the Investment Plan for Europe (the "Juncker Plan") and the European Fund for Strategic Investments (EFSI). These include cutting carbon emissions by financing energy efficiency improvements and renewable energy expansion, increased access to high-speed fibre internet, improved transport connections and strengthened energy security. Moreover, it will support green and innovative projects, which contribute to the transition towards a low-carbon economy in line with the Investment Plan objectives and the COP 21 targets.

### 2.9.2. How does it work

The financing by the EIB takes the form of a long term loan (quasi-equity) of €200M to the Marguerite Fund II, of which €100M is guaranteed under EFSI. Five National Promotional Banks have added €100M each, which constitutes a fund of €700M which delivers equity and quasi-equity to the various infrastructure projects.


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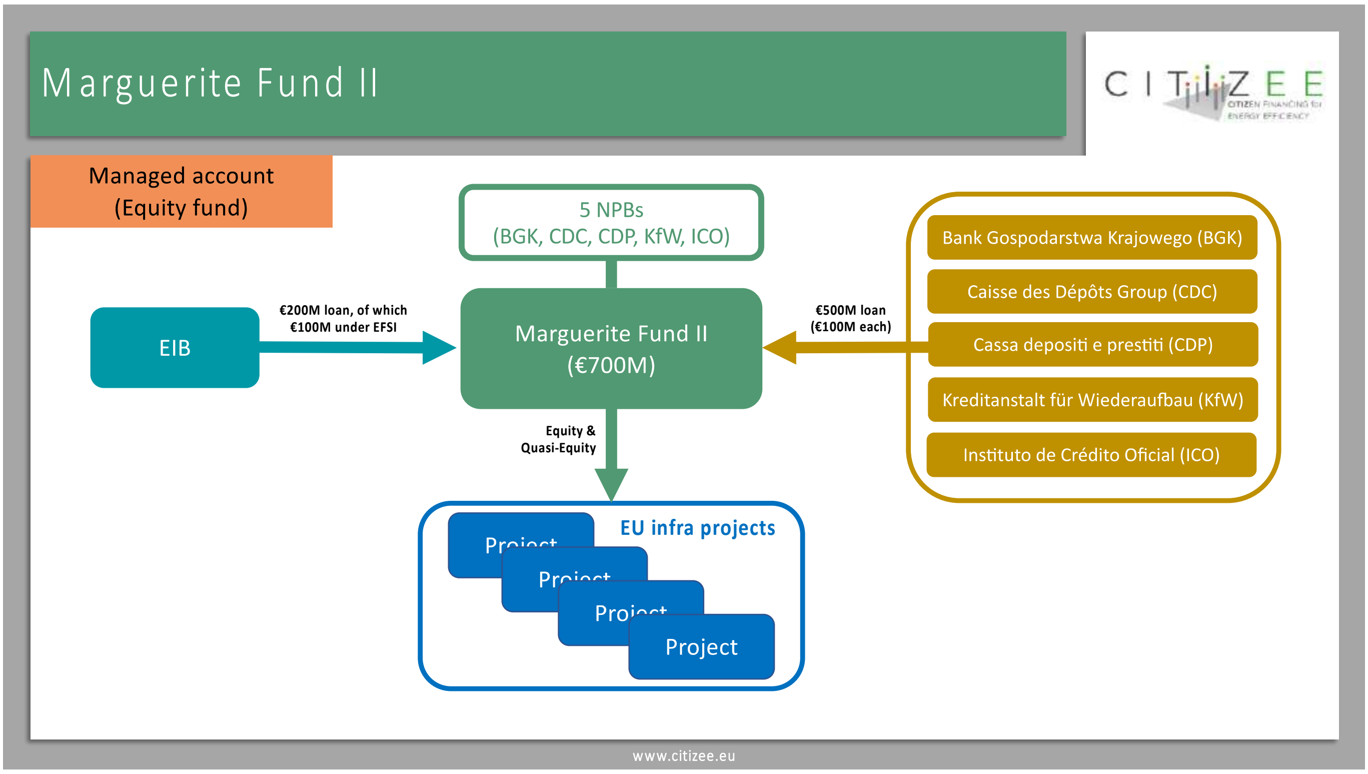


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- Marguerite, website, http://www.marguerite.com/about-us/background/


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## 2.10. Pearl Environmental Infrastructure Fund

| | |
|---|---|
| Objective | The fund will contribute to the construction and operation of needed environmental infrastructure, which will benefit the local residents, improving their quality of life. Waste-to-energy projects from the underlying investments will contribute to achieving climate change objectives, by reducing direct greenhouse gas emissions from waste and by substituting energy generated from fossil origin with renewable alternatives. |
| Geographic focus | Multi-country (France, EU Countries) |
| Promoter/Financial intermediary | Edmond de Rothschild and Pearl Advisory |
| NPBI involved? (Yes/No) | Yes (Caisse des Dépôts et Consignations – CDC) |
| Type of platform | Special Purpose Vehicle (revolving fund) |
| Thematic focus | Renewable energy<br>Waste to energy<br>Water treatment |
| Sectors | Water, sewerage - Water supply; sewerage, waste management and remediation activities<br>Solid waste - Water supply; sewerage, waste management and remediation activities<br>Energy - Electricity, gas, steam and air conditioning supply |
| EFSI funding/financing amount | € 30M |
| ESIF funding/financing amount | None |
| Total investment target | € 250M |
| IP Funding/Financing type | Equity |
| IP Funding/Financing sources | EIB : €30M (under EFSI)<br>Caisse des Dépôts et Consignations : €30M<br>French & European institutional investors: €190M |
| Beneficiaries | Mid-to-large corporates<br>SPVs (in coopration with municipalities) |
| Financial products to beneficiaries | Equity (majority only) |
| Co-investors at project level | Unknown |
| Other assistance to beneficiaries | Unknown |
| Tendering of project implementation | Investment in the public and utilities sector and concession projects in accordance with the relevant applicable EU procurement legislation |

### 2.10.1. Summary

The Pearl Environmental Infrastructure Fund (PEIF) is a private equity Infrastructure fund investing in environmental facilities such as wastewater treatment plants, energy efficiency facilities or waste-to energy infrastructure, by partnering with European mid-to-large corporates and municipalities.

It is backed by Edmond de Rothschild and Pearl Advisory and specialises in European environmental infrastructure against a backdrop of energy and environmental transition (investment in majority equity interests alone), with


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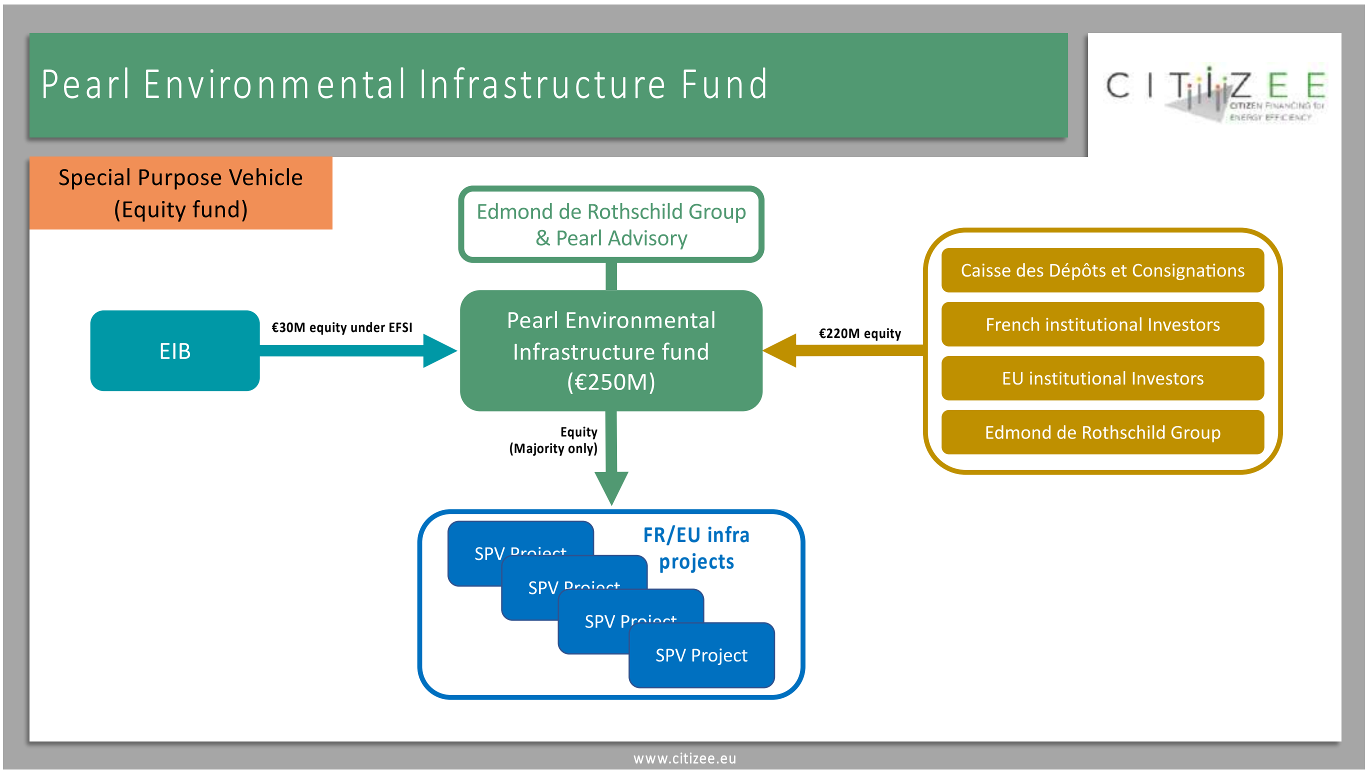
subscriptions worth €162M from a diversified range of institutional investors. Pearl Infrastructure is receiving financial support of EUR 30M each from two strategic investors, the European Investment Bank (EIB) and Caisse des Dépôts et Consignations (CDC), alongside other French and European institutional investors and the Edmond de Rothschild Group. The EIB's contribution falls under the European Fund for Strategic Investments (EFSI). Pearl Infrastructure has been created for two reasons:

- to respond to the increased financing needs of manufacturers and local authorities, which must upgrade and optimise crumbling infrastructure; and
- to satisfy the EU's growing regulatory constraints in the environmental field.

Pearl Infrastructure is targeting 12-15 assets representing equity investments of €15-40M in special purpose vehicles centred mainly on three segments (water, waste management and renewable energy production). These are chiefly greenfield but also early brownfield assets based on mature technologies. With their unique origination capacity thanks to privileged access to operators, manufacturers and municipalities, the assets invested will all contribute to meeting the challenges of climate change and the circular economy. Pearl Infrastructure aims to raise total commitments of €250M by the end of 2019.

### 2.10.2. How does it work

The financing by the EIB takes the form of a € 30M funding to the PEIF, managed by Edmond de Rothschild and Pearl Advisory. The Caisse des Dépots et Consignations (CDC) also contributes an amount of €30M. The additional funding is brought by French and European institutional investors and the Edmond de Rothschild Group itself. The fund provides equity, with majority interests in infrastructure SPVs that are set-up for projects initiated by mid-to-large corporates and municipalities.

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## 2.11. Réseau Canopée Logement Social

| | |
|---|---|
| Objective | The aim is the construction of more than 1,300 new social and affordable housing units as well as the rehabilitation of about 4,200 existing units. The new constructions will increase and diversify the supply available in view of matching the demand of the evolving profile of tenants. The rehabilitation project comprises energy efficiency works aiming at reducing CO2 emissions of an aging stock and fighting energy poverty. |
| Geographic focus | National (France) |
| Promoter/Financial intermediary | 4 Social housing companies: Oise Habitat (Office Public de l'Habitat (OPH) des communes de l'Oise), l'OPAC d'Amiens (OPH d'Amiens métropole), l'Opal (OPH de l'Aisne) et Reims habitat (OPH du Grand Reims) |
| NPBI involved? (Yes/No) | Yes (Caisse des Dépôts et Consignations – CDC) |
| Type of platform | Co-financing agreement |
| Thematic focus | Social housing construction and rehabilitation |
| Sectors | Urban development |
| EFSI funding/financing amount | € 107M |
| ESIF Funding/Financing amount | None |
| Total investment target | € 326M |
| IP Funding/Financing type | Loan (partially under EFSI) |
| IP Funding/Financing sources | EIB: €107M (under EFSI)<br>Caisse des Dépôts et Consignations, Social Housing Companies and other: €219M |
| Beneficiaries | Social Housing Companies<br>Social tenants (Indirectly) |
| Financial products to beneficiaries | Loan, at fixed rate, with variable amortization period |
| Co-investors at project level | None |
| Other assistance to beneficiaries | Unknown |
| Tendering of project implementation | In accordance with the relevant applicable EU procurement legislation, |

### 2.11.1. Summary

The project consists of the construction of more than 1,300 new social and affordable housing units as well as the rehabilitation of about 4,200 existing units carried by four social housing operators that have joined to create a network called "Réseau Canopée" in France. Together they manage 53.000 social housing units. The goal of the network, which has taken the form of an Economic Interest Group, was to encourage mutualisation of various means, improve best practices, create economies of scale and encourage innovation. This happened in the context of changing legislation (Financing Law of 2018 or ELAN Law (reduction of rent and increase of VAT).

Oise Habitat (OPH des communes de l'Oise), l'OPAC d'Amiens (OPH d'Amiens métropole), l'Opal (OPH de l'Aisne) and Reims habitat (OPH du Grand Reims) have signed a contract with the EIB to finance these operations over a 5 year period, under the Investment Plan for Europe (Juncker Plan). It is the first time that SHCs get a direct funding from



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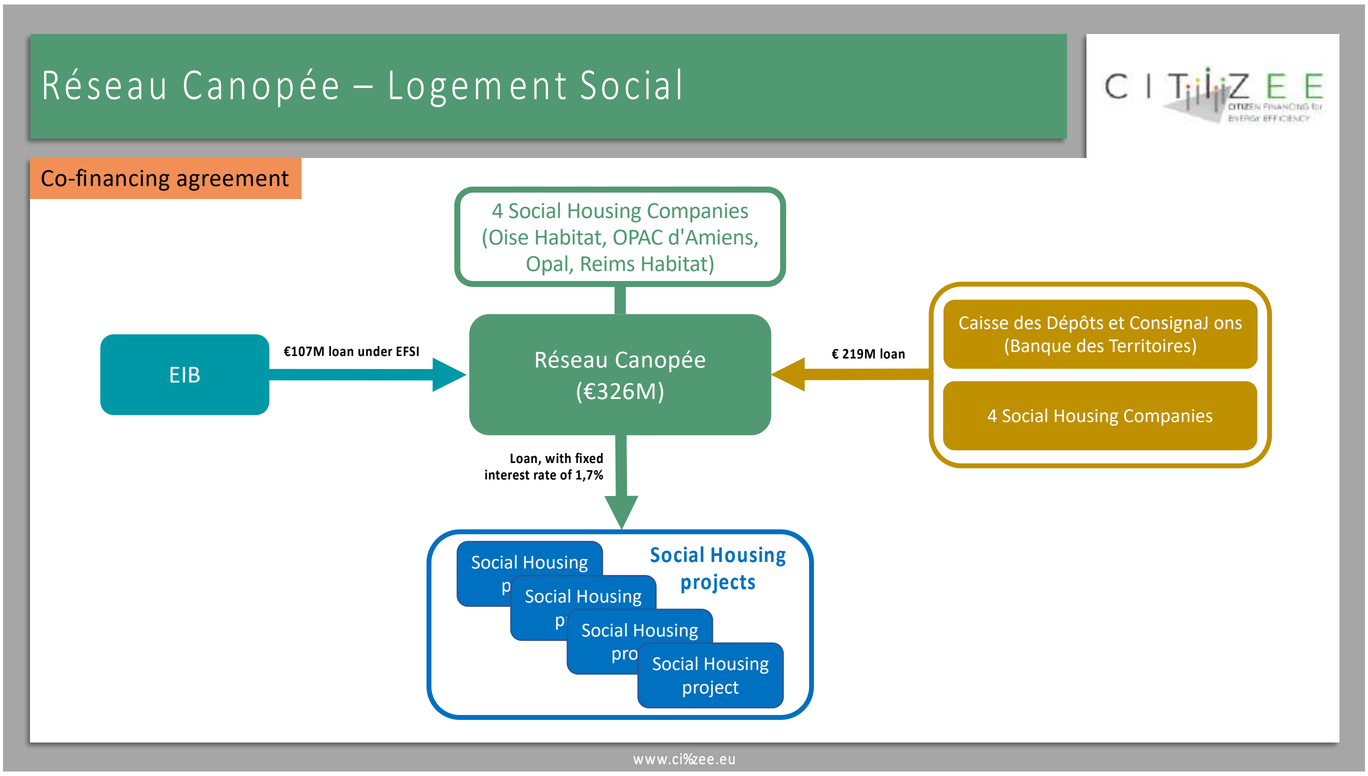
the EIB. The total investment amounts to €326M, whereas the loan from the EIB for €107M comes with a fixed interest rate of 1,7% and a variable amortization period. It is complementary to more classic financial instruments like the ones from the Banque des Territoires (a division of the Caisse des Dépôts et Consignations), which stays the main financier.

This financing scheme also contributes to the economic development of the territories and the creation of about 4,500 (direct and indirect) jobs, mainly in the Hauts-de-France Region, where 3 of the 4 SHC are situated. The SHCs would not have been able to benefit individually from this kind of financing. It is because of the network that they were able to create this deal. This cooperative initiative was considered very innovative by the EIB. The financing allows the SHCs to continue their ambition in terms of new construction and energetic renovation, in a difficult budgetary context.

### 2.11.2. How does it work

The financing by the EIB takes the form of a € 107M loan, at a fixed interest rate, to the Réseau Canopée network, managed by the 4 Social Housing Companies. They get additional funding from the Caisse des Dépôts et Consignations "Banque des Territoires".




The Social Housing Companies finance the new construction and renovation projects and reimburse the EIB and other lenders from the revenues from the social rental incomes.

### 2.11.3. References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# 3. HOW TO SET-UP AN EFSI-BACKED INVESTMENT PLATFORM

## 3.1. Introduction

Apart from the note from the EFSI Steering Committee on the rules for investment platforms and the brief guide on how to create an EFSI investment platform published by the European Commission, there are no detailed guidelines on procedures for the establishment of investment platforms. Similarly, a request for EFSI support must be made in accordance with the normal EIB loan procedures for which no specific guidelines are available apart from a brief application note listing the supporting documents required for the application. The following action plan to set-up EFSI-backed Investment Platform and applying for EFSI support is therefore based on those documents and completed where possible with specific actions points related to the CitizEE project. In addition to those documents, the action plan is also based on the ex-ante methodology for Financial Instruments developped by FI-Compass in line with the Common Provisions Regulation (CPR) applicable to ESI Funds. Finally, the action plan also relies on the expertise of the CitizEE partners and the key learning of previous projects in which they have been involved, in particular the CITYnvest H2020 project.

The EFSI-backed Investment Platform eco-system

The following figure describes the ecosystem of an investment platform and the key players involved in its two main components at:

- the level of the platform or the financing organization;
- the level of the project or the projects delivery organization supporting the operations of the investment platform.

Their roles and functions are detailed below.

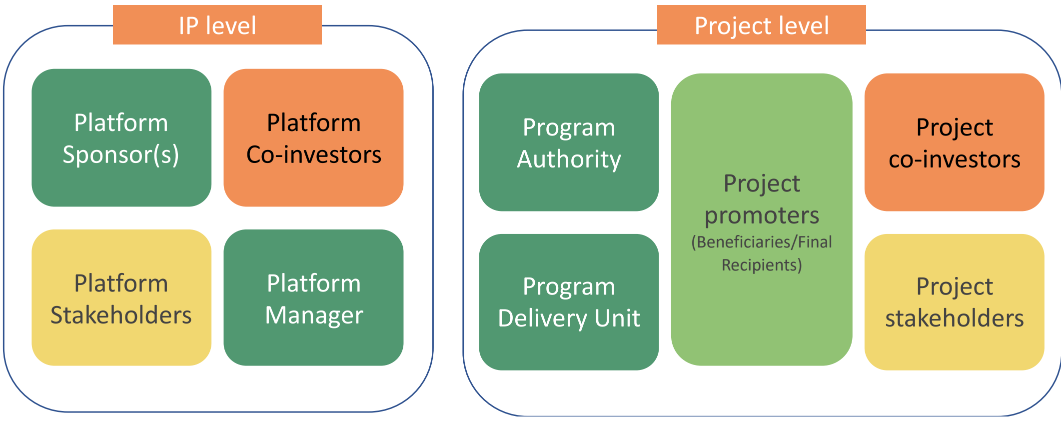


Figure 8: The Investment Platform eco-system

### 3.1.1. IP level ecosytem

| Eligible/required key player(s) | Roles and functions |
|---|---|
| **Platform Sponsor(s)** | |
| An Investment Platform is set-up by one or more founding entities designated as the "Platform sponsor(s)". Following the EFSI regulation, any institution or a group of institutions can become a Platform sponsor, such as:<br>• National Promotional Banks or Institutions (NPB/NPIs) | • Establish in cooperation with the Program Authority (see below) the investment needs, the sectorial and geographical focus, the business case, the sources of funding, the co-financing or risk-sharing agreements, decision-making rules, etc.<br>• Decide on the risk/return profile, the remuneration criteria for the investors, and the eligible entities which can propose projects to the Platform |



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| | |
|---|---|
| • National, regional or local governments agencies or bodies<br>• Managing Authorities of European Structural and Investment Funds (ESIF)<br>• Commercial Banks and other lending institutions<br>• Investment Funds and Investment Companies<br>• Corporates<br>• Sovereign Wealth Funds or third country entities | (designated as "project promoters") and the Platform's internal project selection process.<br>• Provide part of the initial funding for the Platform's activities.<br>• Appoint the Platform Manager through an adequate selection process, and decide on its remuneration, which should be performance- based and ensure alignment of interests. |
| **Platform Manager** | |
| Each Investment Platform needs a managing entity designated as "Platform Manager". The role could be taken by any:<br>• Independent fund manager<br>• National Promotional Bank or Institution (NPB/NPIs)<br>• Commercial Bank<br>• Platform sponsor with the required financial accreditations | • Takes care of the day-to-day management and the business of analyzing financing requests from project promoters, assessing their eligibility, the economic rationale, the financial robustness and viability, etc, depending on the investment strategy of the Investment Platform.<br>• Coordinates the program delivery planning with the Program Delivery Unit.<br>• Manages the financial monitoring and reporting of the operations. |
| **Platform Co-investors** | |
| On top of EIB EFSI financing, a significant portion of the funding of the Investment Platforms will have to come from other co-investors, such as:<br>• Sponsors<br>• Commercial banks<br>• Capital markets<br>• National Promotional Banks or Institutions (NPB/NPIs)<br>• National, regional or local governments<br>These could include also ESI Funds contribution from Managing Authorities, provided that their use is in line with the ESI Funds regulatory framework and the priorities of the participating programs, which would often imply inter alia national or sub-national ring-fencing. In particular, the Investment Platform would be considered as a financial instrument set up under CPR and compliant with the provisions under title IV of CPR. | • Sponsors: providing equity, quasi equity or debt<br>• Banks: providing loans<br>• Capital markets: Investment Platforms could issue equity or debt securities that would be purchased by investors<br>• National Promotional Banks: providing funding under various formats (debt, equity)<br>• National, regional or local governments: providing equity, debt<br>• ESI Funds budget: providing equity, debt. |
| **Platform stakeholders** | |
| Particular attention should be paid to the incorporation of stakeholders who can play a role at the Platform level, in particular stakeholders that can support the | • EIAH: delivers technical advice to Platforms Sponsors prior to appraisal of their EFSI request (e.g. ToR, Cost Benefit Analysis, etc.) as well as advice on financial |



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| | |
|---|---|
| Platform establishment either as decision makers or advisors as well as to crowd-in co-investors. Key stakeholders include the followings:<br>• European Investment Advisory Hub (EIAH)<br>• National Promotional Banks or Institutions (NPB/NPIs)<br>• National, regional or local governments | structuring of the Platform, in particular when considering combining EFSI with ESI Funds. EIAH can also support the Platform Sponsors in identifying and approaching co-investors.<br>• NPB/NPIs: deliver advisory services as well as support the Platform Sponsors in identifying and approaching potential co-investors.<br>• Governments: approve and/or appoint the Platform Sponsors as well as supporting the project development. |

### 3.1.2. Project level eco-system

| Eligible/required stakeholder(s) | Roles and functions |
|---|---|
| **Program Authority (PA)** | |
| The Program Authority (PA) is the private or public entity or organization that is in charge of the "Investment program" to be financed by the Investment Platform. In case of public bodies, this is typically a national or regional government, a provincial or local authority or council or a city or municipal council. The Program Authority controls the Program Delivery Unit. It can also control the Investment Platform as a Platform Sponsor. | • Develops the Investment Program as part of the Investment Platform scope and financing target.<br>• Decides in cooperation with the Platform Sponsor(s) on the eligible entities which can propose projects to the Platform (designated as "project promoters") and the Platform's internal project selection process.<br>• Appoints the Program Delivery Unit through an adequate selection process and decide on its funding and/or remuneration. |
| **Program Delivery Unit (PDU)** | |
| The Program Delivery Unit (PDU) is the organization that is specifically set-up to execute or facilitate the "Investment Program" or project. It is often a separate legal entity, but can also be a department or project team within an existing organization. | • Develop the operational services framework to be offered to the Project Promoters benefiting from the Investment Program as part of the Project Delivery Process.<br>• Takes care of the Project Delivery Unit's day-to-day management and the business of delivering projects for assessment by the Platform Manager.<br>• Coordinates the program delivery planning with the Platform Manager.<br>• Manages the monitoring and reporting of the Investment Program progress. |
| **Project Promoter(s)** | |
| Eligible entities which can propose projects to the Platform. They can include public or private entities. | • Hold projects to be funded by the Platform. |
| **Project level Co-investors** | |
| On top of IP financing, the funding of projects could also come from other co-investors, such as: | • Provide additional funding (loans, quasi-equity, equity) at the project level. |



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| | |
|---|---|
| • Managing Authorities of European Structural and Investment Funds (ESIF)<br>• Commercial Banks and other lending institutions<br>• Investment Funds and Investment Companies<br>• Corporates | |
| **Platform stakeholders** | |
| Particular attention should be paid to the incorporation of stakeholders who can play a role at the project level, in particular stakeholders who have authority or control over project promoters. | • Support and/or collaborate with the Program Authority in the Investment Program design and development.<br>• Support and/or collaborate with the Program Delivery Unit in its efforts to align the program delivery planning. |

### 3.2. The process to set-up an EFSI-backed Investment Platform

In order to develop an Investment Platform, a project lead is often necessary on the Platform Sponsor(s) side, which would most likely be a public body in the case of CitizEE H2020 project, or a team or departement of the concerned Managing Authority in the case where the public funding provided to the Investment Platform could come from ESI Funds . In partnership with the EFSI EIB team, the project lead would have to drive the process through the main steps described in the figure 9. Each phase and sub-phase of the process is described below.

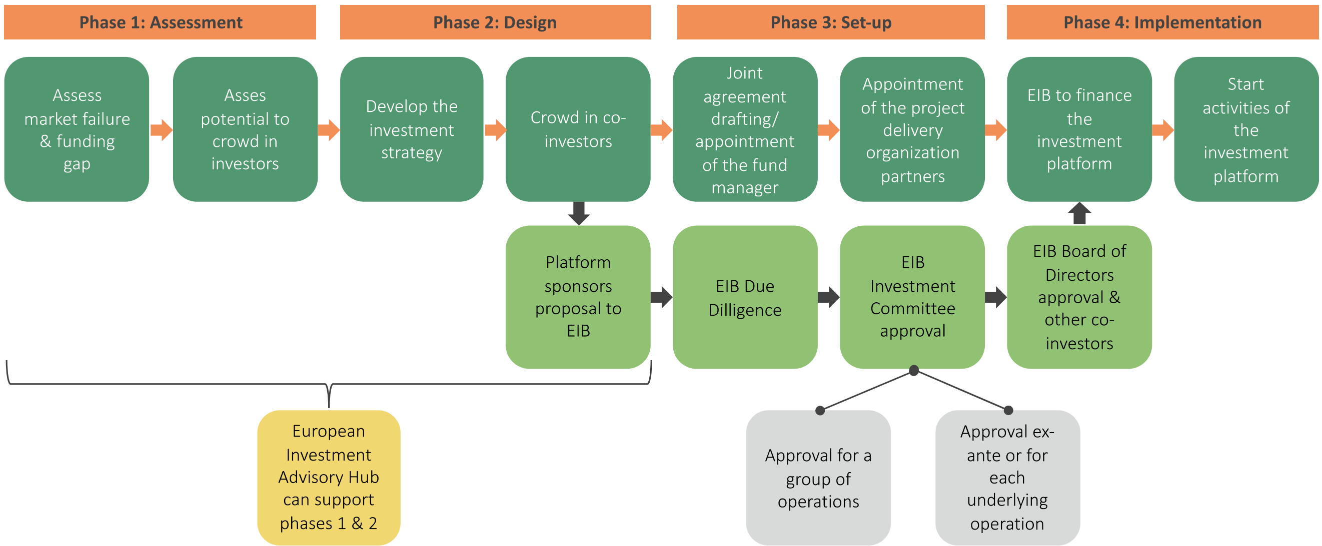


Figure 9: The process to set-up an EFSI-backed Investment Platform

#### 3.2.1. Phase 1: Assessment

*3.2.1.1. Step 1: Assess market demand/market failure(s) and existing financing supply-funding gap(s)*

The first step is to estimate the scale of the financing needs to enable or accelerate the investments in the sector targeted by the sponsor(s). This can be done through a formal market study, which would identify and quantify the potential projects to be financed through the investment platform. In addition to the quantification, the market study should establish the market failure, where there is an investment case for the type of projects investigated by the sponsor(s) and where financing of those projects by traditional investors remain scarce or on unsustainable financial terms. Market gaps should be quantified to the extent possible and suitable financial products to address those markets gaps should be evaluated.



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The market study should be complemented by direct informal and formal consulting with public and private stakeholders: relevant goverments, city mayors, public and private sponsors, relevant financial intermediaries already involved in the financing of these projects, private investors already committed to the targeted segment of the economy and potential investment platform managers.

Where ESI Funds are involved a formal ex-ante assessment is required to assess the market failure that the financial instrument would aim at addressing, which is a similar exercise to the market study described above.

| Step 1: Assess market demand/market failure(s) and existing financing supply-funding gap(s) |
|---|
| 1.1. Analysis of the targeted investment sector (beneficiaries/final recipients/investment program). |
| 1.2. Analysis of market failures and suboptimal investment situation for the targeted investment sector.<br>• Identify the market problems existing in the targeted investment sector.<br>• Establish the evidence of market failure, by analyzing the gap between supply and demand and identify suboptimal investment situations.<br>• Quantify the investment gap to the extent possible |
| 1.3. Evaluation of the financing needs the targeted investment program. |
| 1.4. Evaluation of the Financial products to address the financing needs. |

#### *3.2.1.2. Step 2: Assess potential to crowd in investors in the investment platform*

The second step is to identifty and evaluate the potential sources of public and private financing that could be crowded in into the Investment Platform. It is important to identify the potential investors in this market, either public investors (NPBIs, international financial institutions, public-owned companies...), strategic private investors (owners of existing facilities, conglomerates) or financial investors (investment funds, insurance companies, banks, family offices, High Net Worth individuals, sovereign wealth funds) that could possibly contribute to the investment platform. The potential leverage effect of the Investment Platform should be evaluated as well as the indicative timing of investors' contributions. In addition to testing the appetite of investors to contribute to the investment platform, it is necessary to understand the barriers to investment they see in this sector, and the reason why they have not invested more to date. This input will help later in designing the right terms and conditions for the investment platform. Once the platform sponsor has an overview of the potential public and private investors interested in the establishment of the Investment Platform, it can begin discussions with the EIB and key stakeholders (EIAH, NPBIs, MAs) to explore what role they can play in supporting the platform.

| Step 2: Assess potential to crowd in investors in the Investment Platform |
|---|
| 2.1. Evaluation of the barriers to investment in the targeted investment sector. Objective is to design the right terms and conditions for the investment platform. |
| 2.2. Evaluation of the public and private resources to be potentially raised by the Investment Platform:<br>• Identification of the potential investors, either public investors (NPBIs, international financial institutions, public-owned companies...), strategic private investors (owners of existing facilities, conglomerates) or financial investors (investment funds, insurance companies, banks, family offices, High Net Worth individuals, sovereign wealth funds) that could eventually contribute to the investment platform.<br>• Evaluation of the leverage effect of the Investment Platform.<br>• Assessment of the indicative timing of additional contributions. |
| 2.3. Start discussions with co-investors to define what role they can play in supporting the investment platform:<br>• EIB/EFSI: validate eligibility for EFSI funding<br>• EIAH: validate eligibility for advisory support |



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| |
|---|
| • NPBI: validate potential for co-financing<br>• MAs: validate potential for ESIF co-financing<br>• Other: validate potential for co-financing |

### 3.2.2. Phase 2: Design

#### *3.2.2.1. Step 3: Develop the investment strategy of the investment platform*

Following the assessment conduct in the phase 1, the third step is to develop the investment strategy of the Investment Platform. The strategy will first build on the project delivery process design which will have to be described in more detail, in particular the operational and contractual relations between the platform and the organizations in charge of the project delivery (Program Authority and Program Delivery Unit). This analysis should also lead to the quantification of the Investment Program to adress through the IP, in terms of projec pipeline and investment volume. Depending the market failure and the financial gaps to fund the Investment Program, financial products to be offered to the beneficiaries/final recipients will have to be selected as well as the funding ressources of the IP evaluated. This analysis should also consider the complementarity with ESI Funds financial instruments and the need for grant and technical assistance to complete the funding and financing capacity of the IP. At this stage, it is also key to consult potential co-investors in order to analyze their requirements to co-invest in the IP, including the need for, and the level of, a preferential remuneration. It will be necessary to prepare a first term sheet outlining the main indicative terms and conditions as well as the management fees and costs of the IP, to be reviewed by all potential co-investors. It will also require to define the structure (co-financing agreement, risk-sharing arrangement, specialized investment fund) and the legal form of the IP in accordance with the requirements of the co-investors, in order to evaluate the conditions, costs and timeframe for its development. All the process should lead to the elaboration of the Business and financing plan of the IP, including the definition of the monitoring and reporting systems to be used, as well as the risk and mitigations strategies. The Business and Financing Plan should also designate the 'official' sponsor(s) of the IP, that will lead the process with the EIB for the EFSI financing request as well as the funding agreements with the selected co-investors.

| Step 3: Develop the investment strategy of the Investment Platform |
|---|
| 3.1. Analysis and design of the Project Delivery Process to support the investment program. |
| 3.2. Selection of the co-investors to crowd-in and analysis of their requirements to co-invest in the Investment Platform, including need for, and level of preferential remuneration for private co-investors. |
| 3.3. Selection of the financial products to be offered to the Beneficiaries/Final Recipients and evaluation of the Investment Platform funding resources requirements. |
| 3.4. Analysis and selection of the appropriate structure for the investment platform (managed account, contract-based co-financing, risk-sharing arrangement, Special Purpose Vehicle) and definition of co-financing structure, including validation of the sponsor(s) of the Investment platform. |
| 3.5. Elaboration of the investment guidelines of the Investment Platform, including terms and conditions for the co-investors, management fees and costs of the Investment Platform. |
| 3.6. Set up and quantification of the expected results of the Investment Platform by means of output indicators, result indicators and IP-performance indicators as appropriate. |
| 3.7. Definition of the monitoring and reporting systems to monitor the Investment Platform operations. |
| 3.8. Assessment of risks and mitigation strategies for the Investment Platform. |
| 3.9. Elaboration of the Business/Financing plan of the Investment Platform. |



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#### *3.2.2.2. Step 4: Crowd in co-investors*

On the basis of the business and financing plan, step 4 consists mainly of drafting the co-financing agreements with the selected co-investors and the application documents for the submission to EFSI financing. This will require additional analysis of the appraisal criteria used by the EIB to asses the project as well as the evaluation of the additionality of the EFSI-backed guarantee in order to complete the business and financing plan and improve the quality and soundness of the application documents. Particular attention should be paid to the value-added of the IP, especially in terms of additionality and crowding-in private investors. In case of national co-funding of the investment platform (ESIF, Member State own funds, including NPBI), state-aid considerations will also have to be taken into account. This should be done by the Managing Authority (MA) and/or the NPBI participating in the co-financing structure. The project sponsor can also request the support of the EIAH to analyse the compliance of the IP structure with state aid rules.

| Step 4: Crowd in co-investors |
| --- |
| 4.1. Analysis of the appraisal criteria for applying for an EIB loan. |
| 4.2. Assessment of the additionality of the EFSI EU-backed guarantee. |
| 4.3. Assessment of state-aid implications of the Investment Platform (in case of co-funding by ESIF, State own funds, including NPBI) |
| 4.4. Drafting of co-funding agreements with selected co-investors. |
| 4.5. Drafting of EFSI Financing request, in line with EIB loan procedures. |
| 4.6. Start EIB loan process & co-investors appraisal & approval process. EIB process is the following:<br>• EIB Appraisal (financial, economic, environmental, social and technical assessment)<br>• EIB Management Committee approval<br>• EFSI Investment Committee assessment<br>• EFSI Investment Committee approval<br>• EIB Board of directors' approval<br>• Signature (financing contract is agreed) |

### 3.2.3. Phase 3: Set-up

#### *3.2.3.1. Step 5: Set-up the Investment Platform and operational partnerships*

The step 5 will drive through the appraisal and approval process of the EIB and the set-up of the Investment Platform and operational partnerships.

For the submission under the EFSI Infrastructure and Innovation Window, there is no differentiated application process for EFSI projects. Project proposals are submitted in line with the normal EIB loan process. When examining the project proposal (which may vary depending on the type and extent of financial support required), the EIB will assess whether a project would fall under and should benefit from EFSI and decide to submit it to the EFSI Investment Committee for validation of compliance with EFSI regulation before approval.

The steps in the project cycle are the same for both EFSI and regular EIB projects, with the exception of the approvals by the EFSI Investment Committee and board of Directors as showned in the figure 10. Particularity in the application for Investment Platforms in comparison to other types of projects relate to the identification of a fund manager or financial intermediary, who takes care of the day-to-day management of the IP. This one will have to be designated and depending the structure of the IP, two configurations are possible:

- If the platform is a co-financing or a risk-sharing arrangement, the management of the investment platform will be shared among the relevant investors and/or financial institutions sharing the risk on the underlying projects. Governance structures of the platform will be laid out in a joint agreement.



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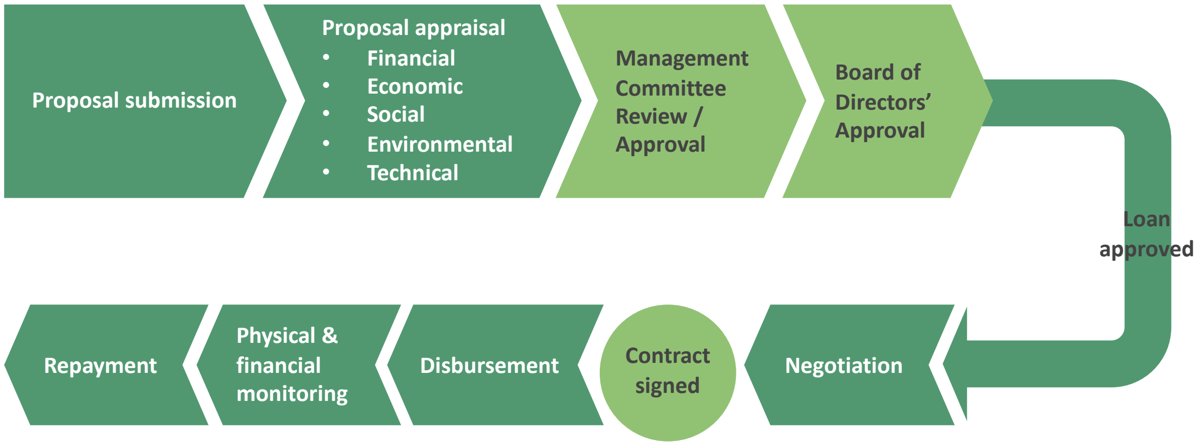
- If the platform is intended to be a special purpose vehicle, a fund manager needs to be selected. A private fund manager may be required if skills and resources for managing such investment platform are not available in a public entity. In case public funds are invested and a fund manager is required, a selection process in line with public procurement rules would normally have to take place.




Source: EIB, The Investment Plan for Europe (EFSI) 5th October 2015, Prague.

Figure 10: EIB project cycle

If the identification of the manager of the Investment Plartform needs to be solidly documented in the submission request, It is not clear to date when the manager of the investment platform should be entitled, before or after the technical appraisal by the EIB, considering that the appointement of a third party through public procurement should be done when EFSI funding is secured . We have considred that the technical appraisal will probably relies on a back and forth process between the EIB and the project sponsor, and that the contractual designation of the IP manager could occurs when the the process is advanced. Following discussion with EIB, EFSI approval process is composed of a first concept approval provided by the EIB at the early stage of the project, and is followed later, after the project is almost fully structured, by the evaluation and approval of the EFSI Investment Committee and the final approval of the EIB Board of Directors for the EIB financing of the operation.

| Step 5: Set-up the investment platform and operational partnerships (platform manager & project delivery organization) |
|---|
| 5.1. Support EIB appraisal process and get first approval of the EFSI Financing request:<br>EIB Management Committee approval |
| 5.2. Development of the detailed Business Plan |
| 5.3. Design of the governance structure of the Investment Platform and drafting of the joint agreement (in case of managed account, contract-based co-financing or risk-sharing arrangement) |
| 5.4. Selection and appointment of the fund manager (in case of a Special Purpose Vehicle) |
| 5.5. Selection and appointment of the Project Delivery Organization partners (Program Management Unit, Project Delivery Unit, Project Aggregators) in line with the Investment Platform investment guidelines. |

### *3.2.3.2. Step 6: Finalize approvals and legal documentation establishing the investment platform*

The step 6 will drive through the final approval process of the EIB as well as the co-investors and the drafting of the legal documentation and disbursement agreements.

| Step 6: Finalize approvals and legal documentation establishing the investment platform |
|---|
| 6.1. Get EIB final approval of the EFSI Financing request:<br>Approval by the EFSI Investment Committee on the use of the EU guarantee for the project and the conformity of the Investment Platform with the rules applicable for operations with Investment Platforms and National Promotional Banks or Institutions as set by the EFSI Steering Board. |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| |
|---|
| Approval by the EIB Board of Directors for the EIB financing the operation. |
| 6.2. Get co-investors final approval for financing the operation (depending their own approval processes). In case of National co-funding or co-funding by Managing authority or NPBI, specific approval steps will be required! |
| 6.3. Draft legal documentation and disbursement agreements. |

### 3.2.4. Phase 2: Implementation

#### *3.2.4.1. Step 7: Final step: signing, closing and first investments*

The final step is to have the legal documents establishing the platform signed by all parties. Then the investors have committed their funds to the initiative and, if all conditions precedent to disbursement are met, investments can be made. In the case where a special purpose vehicle is established, first disbursements made by the investors to the platform ("closing") announce the launch of the operations. Projects can then be financed. Going forward, the fund manager and/or relevant financial institution will be responsible for monitoring and exiting the investments successfully.

| Final step: Signing, closing and first investments |
|---|
| 7.1. Sign legal documentation |
| 7.2. Disbursement from the co-investors to the Investment Platform (depending the disbursement agreements) |
| 7.3. Design and set-up of the monitoring and reporting processes of the Investment Platform |
| 7.4. Start of activities of the Investment Platform (in line with the CFs4EE Financing Scheme) |
| 7.5. Follow-up and monitoring |



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# 4. A LOOK INTO THE FUTURE: INVESTEU

## 4.1. Introduction

This section provides a short introduction to the future of Investment Platforms in the next Multi-Annual Financial Framework 2021-2027, taking into account that the EFSI initiative will soon reach the end of its timeframe and will be replaced by the new InvestEU framework as a successor of EFSI. As shown in the figure 11, the dead line for approval of EFSI operations by the EFSI Investment Committee is the 31th december 2020, but following discussions with the European Investment Bank, the remaining timeframe will most probably not allow other CitizEE pilot regions to obtain an ESFI approval for their projects. Apart from the Lithuanian pilot region that has already succeeded to obtain approval for an EFSI-backed Investment Platform and will be signed within the current timeframe, the remaining pilot projects will therefore almost certainly fall under the InvestEU framework which, although based on the success of the EFSI initiative, includes a number of significant developments that will need to be analyzed in more detail as soon as the regulation establishing InvestEU will enter into force. The present report should therefore be revised and where appropriated adjusted with the key elements implementing InvestEU. By the time of its revision, the main novelties of the InvestEU framework are detailed in the following pages.

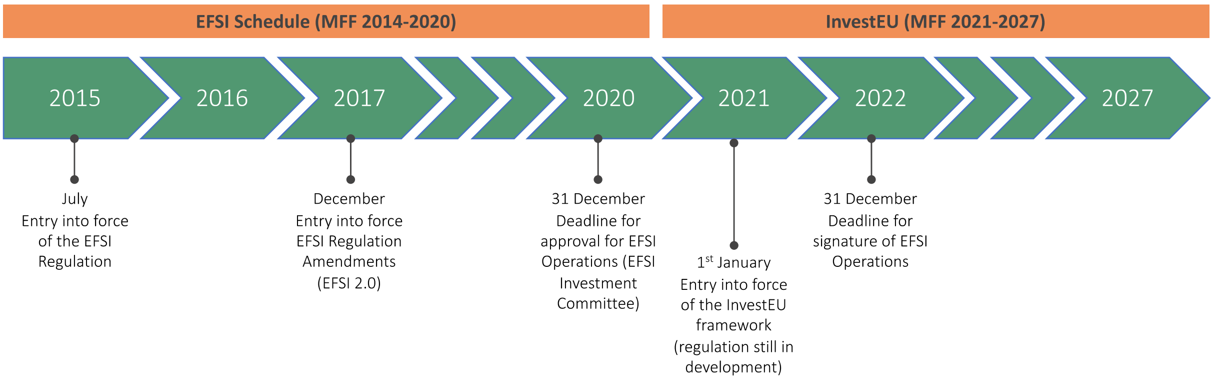


Figure 11: EFSI timeline and InvestEU post-2020

## 4.2. InvestEU: one fund under one roof

In June 2018, the Commission released its proposal of a “InvestEU Fund”, the EU’s investment instrument which will replace EFSI after 2020. Building on the EFSI’s success, the new InvestEU Programme will integrate all the existing EU centralized managed financial instruments within a single structure as showned in the figure 12. As EFSI, the InvestEU Fund support will be delivered in the form of a budgetary guarantee, which will be able to support all types of financial products, such as debt, equity and quasi equity. The overall objective of InvestEU remains the same as it was for EFSI: mobilize public and private investment whitin the EU for economically viable projects where there are market failures and investment gaps that hamper the achievement of EU goals regarding sustainability, competitivness and inclusive growth. The main chacacteristics and differences are described below.



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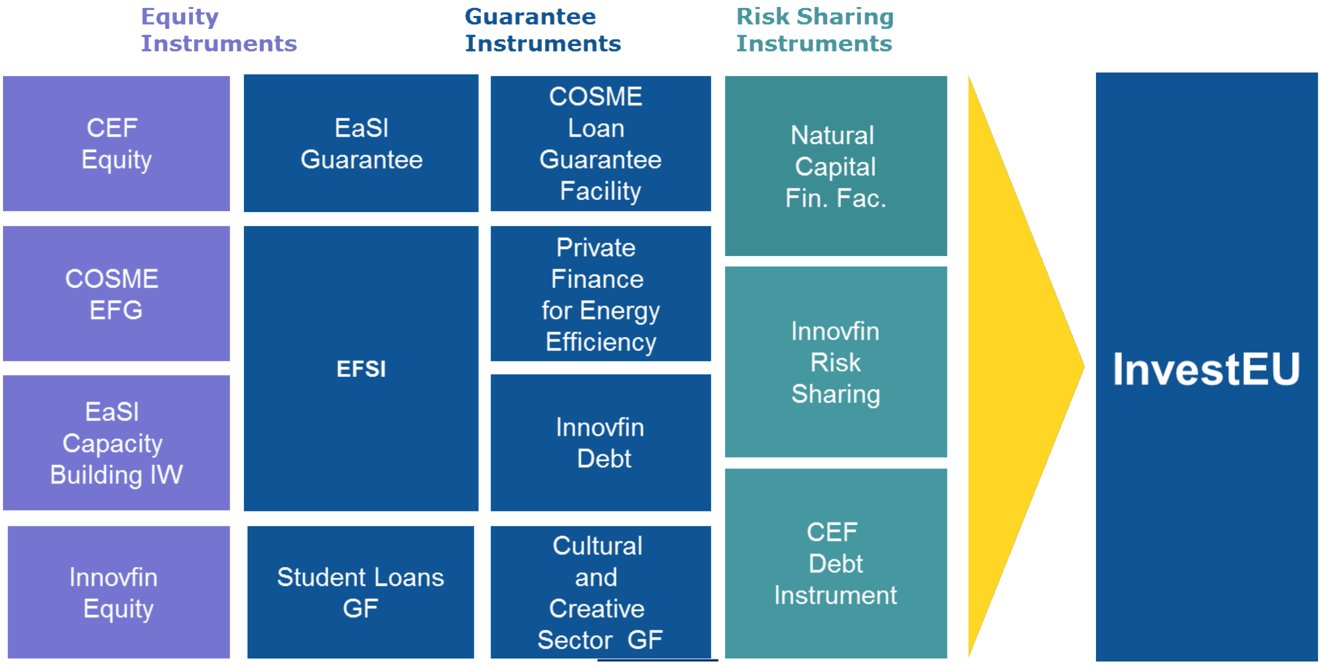


Source: Investment support under the MFF post- 2020 – InvestEU Programme, The Vienna Initiative Working Group on IFI instruments, DG ECFIN.

Figure 12: EU programs, including EFSI, to be replaced by InvestEU post-2020

### 4.2.1. Investment platforms within InvestEU

Investment Platforms will remain a key tool for the implementation of InvestEU as stipulated in the European Parliament's legislative resolution of april 2019 on the proposal for a regulation of the European Parliament and of the Council establishing the InvestEU Programme. Article 10 on EU guarantee defines that the EU guarantee under the InvestEU shall be granted to the implementing partners "where necessary to facilitate the establishment of investment platforms or the funding of projects in sectors or areas experiencing a significant market failure and/or suboptimal investment situation", while article 13 on eligible types of financing provides that "the EU guarantee may be used towards risk coverage for the following types of financing provided by the implementing partners: loans, guarantees, counter-guarantees, capital market instruments, any other form of funding or credit enhancement, including subordinated debt, or equity or quasi-equity participations, provided directly or indirectly through financial intermediaries, funds, investment platforms or other vehicles to be channelled to final recipients". Article 20 also reinforces the support to be delivered to Investment Platforms by the InvestEU Advisory Hub while fostering the potential of Investment Platforms to attract, bundle and finance small and medium-size projects.

### 4.2.2. EU Guarantee: an increased guarantee to provide more leverage

As shown in the following figure 13, the InvestEU Fund will mobilise public and private investment through an EU budget guarantee of €38 billion that will back the investment projects of the European Investment Bank (EIB) Group and other financial partners, and increase their risk-bearing capacity. The financial partners are expected to contribute at least €9.5 billion in risk-bearing capacity. The guarantee will be provisioned at 40%, meaning that €15.2 billion of the EU budget would have to be set aside in case calls are made on the guarantee.



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Figure 13: InvestEU under the next Multi-Annual Financial Framework (MFF 2021-2027)

### 4.2.3. Investment windows: four windows instead of two

As shown in the table 9, while EFSI was only subject to two windows (Infrastructure and Innovation, SMEs), the new InvestEU will deploy its programme under four windows, each having a separate budget. The window of interest for CitizEE is the Sustainable Window which will benefit of a €11,5bn budgetary guarantee. Within this window, energy efficiency will remain among key challenges, where investment needs are highest while significant barriers to investments persist.

Table 9: InvestEU Investment Windows

| Investment Windows | Budgetary guarantee | Mobilised Investments |
|---|---|---|
| Sustainable infrastructure | 11,5 | 185 |
| Research, Innovation and Digitalisation | 11,25 | 200 |
| SMEs | 11,25 | 215 |
| Social investment and skills | 4 | 50 |
| Total (€ Billion, in current prices) | 38 | 650 |

### 4.2.4. Implementation: direct financing by implementing partner

Another main difference with EFSI as shown in the figure 14 is that InvestEU Fund will be implemented through financial partners who will invest in projects using the EU guarantee. The main partner will be the EIB Group, which has successfully implemented and managed EFSI since its launch in 2015. In addition to the EIB Group, International Financial Institutions active in Europe – such as the European Bank for Reconstruction and Developments (EBRD), the World Bank and the Council of Europe Development Bank – and National Promotional Banks will have direct access to the EU guarantee.



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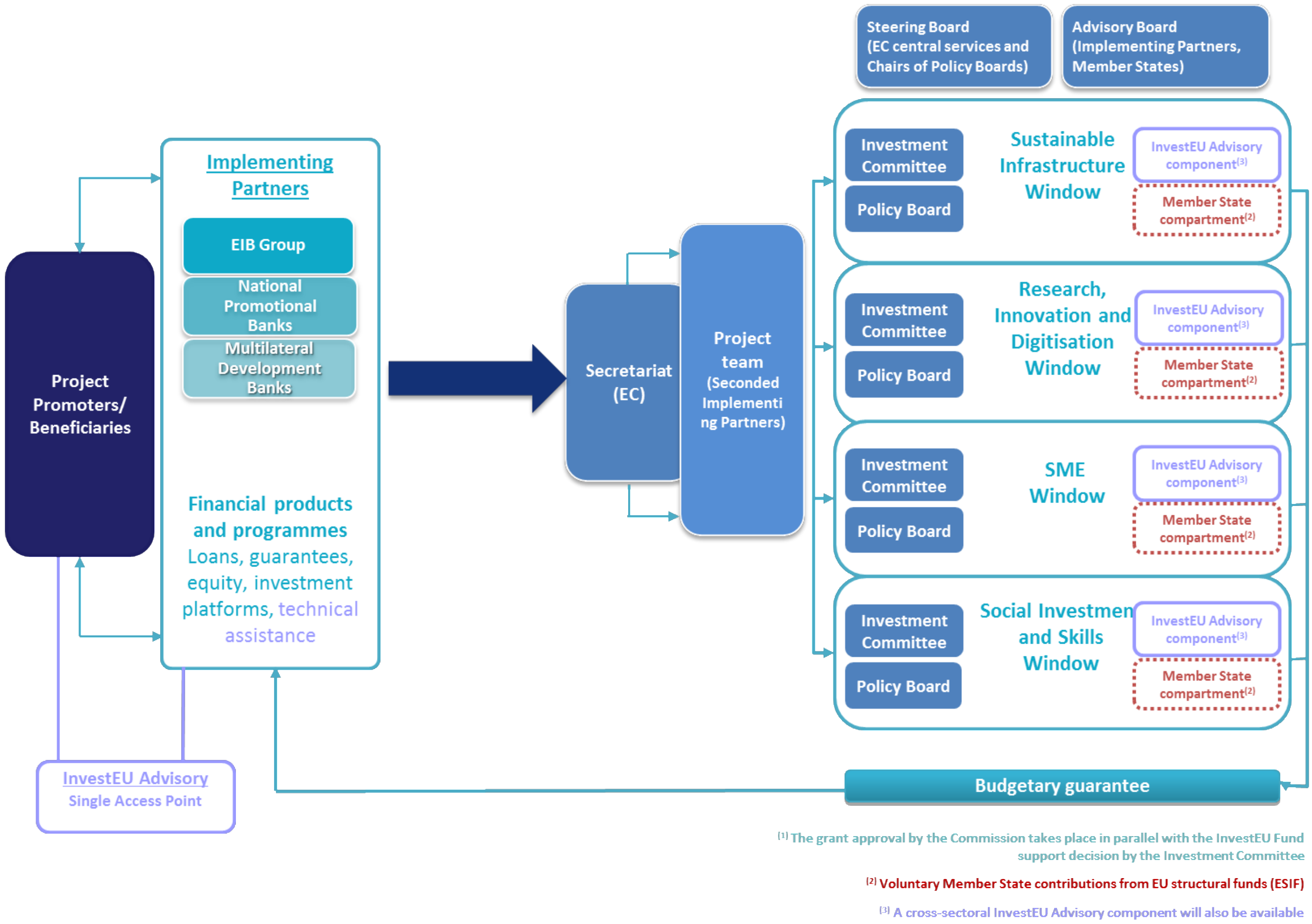


Source: Investment support under the MFF post- 2020 – InvestEU Programme, The Vienna Initiative Working Group on IFI instruments, DG ECFIN.

Figure 14: Proposed InvestEU Program Governance

Regarding the governance, some changes also will occur. Firstly, an Advisory Board, composed of representatives of implementing partners (one member each) and Member States (one member each) will assist the Steering Board. The European Commission will be able to consult this board when preparing and designing new financial products or to follow market developments and share information. This Advisory Board will be able to issue recommendations to the Steering Board on the implementation and functioning of the InvestEU programme. Secondly, just as is the case under EFSI, the Investment Committee will select projects based on compliance with the eligibility criteria set by the Regulation as well as the Investment Guidelines, with a specific focus on additionality. The main difference is that the members of the Investment Committee will be external experts with expertise from the relevant sectors while the Committee will meet in four different configurations corresponding to the policy windows, which will help to better address the projects. These new features, however, will have some impact on the submission and approval process of InvestEU projects, as shown in the following figure:

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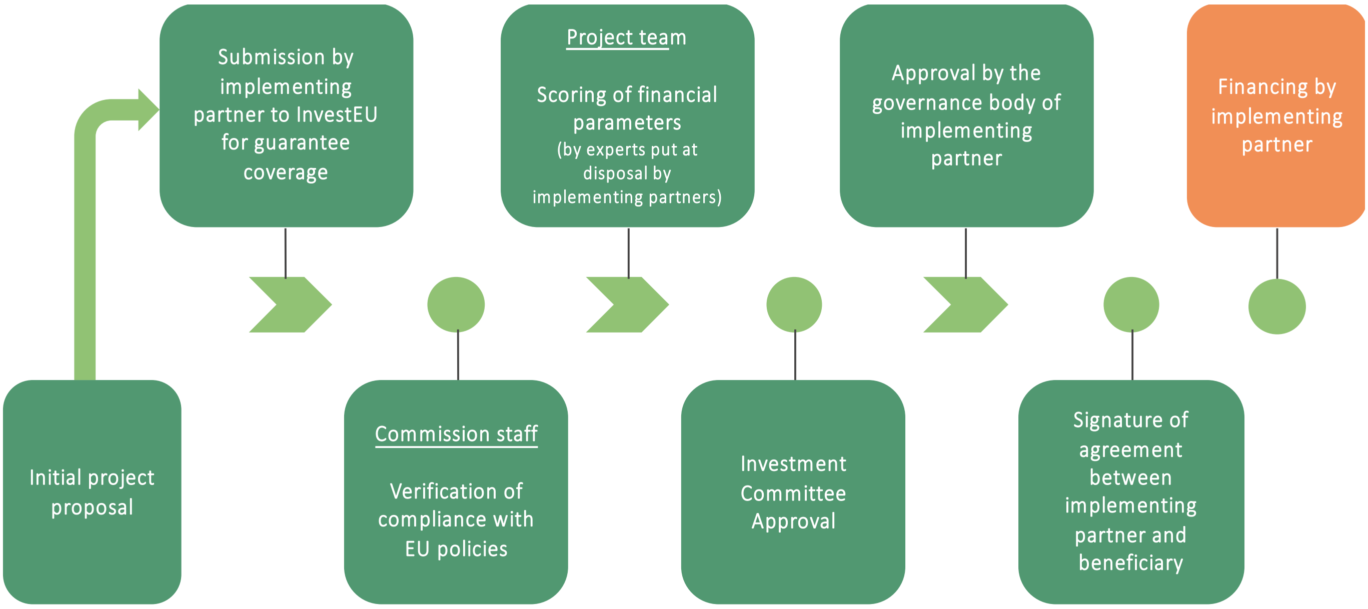


Source: Investment support under the MFF post- 2020 – InvestEU Programme, The Vienna Initiative Working Group on IFI instruments, DG ECFIN.

Figure 15: Proposed InvestEU submission and approval process

In order to submit their project, promoters would apply directly to the EIB, to national and regional promotional banks, or to the national offices of International Financial Institutions such as the EBRD, the World Bank, or the Council of Europe Development Bank. At that stage, and as it is the case with the EIB Group as implementing partner in the current EFSI framework, the financial partners will check the required conditions for submitting the project to InvestEU for guarantee coverage. If positive, the proposal is transmitted to the European Commission services that will then verify the consistency of the proposed operations with EU law and policies. Projects passing this initial checks will then be passed on to the project team of the implementing partner for technical and financial appraisal. The Investment Committee will then approve the use of the EU guarantee for financing and investment operations, taking its decision after assessing the project scoreboard presented by the implementing partners. The process will also require the approval by the governance body of the implementing partner. In general, if the process is similar to EFSI submission and appraisal, the interaction between the three components (implementing partners, commission staff, Investment Committee) may possibly lengthen the submission timeframe.

### 4.2.5. Additionnality: strengthened through InvestEU

In response to recommendations from evaluations and audits of the EFSI and financial instruments, the InvestEU Fund will aim to strengthen requirements on additionality and EU added value of the operations. For this purpose, InvestEU Fund will develop a set of principles and criteria to address additionality at project level. An initial reflection on the subject has led to making a distinction between financial and non-financial additionality of an operation. The particular terms and structuring of a financing operation (including not only pricing but also other key aspects such as tenor, grace period, repayment schedule), together with the risk mitigation and mobilization of private resources constitute the financial aspects of additionality. Non-financial additionality is represented by all other features that the InvestEU Fund support brings into the project, including economic additionality (i.e. whether the envisaged support addresses market failures or sub-optimal investment situations), specialist advice or expertise, etc. Given the above, a following non-exhaustive list of criteria has been drawn up potentially for the assessment of the additionality of the InvestEU Fund support both at portfolio, and at project level. These criteria and the underlying indicators could then be considered as positive factors when assessing additionality. In all circumstances, however, the implementing partner should demonstrate that the proposed operation tackles a market failure or suboptimal investment situation. The criteria are described in the table below:



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Table 10: Indicative additionality criteria for support to be provided under the InvestEU Fund

| Additionality criteria | Explanation | Suggested indicators for verifying additionality of InvestEU Fund support |
|---|---|---|
| **Financial criteria** | | |
| Market failures – information failures | Although the project / business is viable, it encounters difficulties to obtain financing from the market for the requested volume on reasonable terms due to information asymmetries e.g. in the case of SMEs, specific transaction characteristics (e.g. first time borrower, first time VC team) | • Development of riskier financing products to cover under-served market segments<br>• Share of operations representing first time counterparts<br>• Share of investment going to first time VC teams |
| Market failures - gap between private and social returns (public goods, externalities) | The project or investment is expected to deliver a significant societal return, but the financial return is not in line with the expectations of the market<br>The benefits expected from the positive externalities of the projects (such as emissions reductions, enhancing biological diversity, research and development and deployment of innovative technologies, or affordable provision of basic infrastructure services) may not be fully monetized by investors immediately. This could make the private financial internal rate of return lower than the true economic rate of return for society. | • Increase in volume of financing provided to sectors with high positive externalities e.g.<br>o Microfinance<br>o Climate change<br>o Environment<br>o Research and innovation |
| Market imperfections – under-developed markets | Financial players or products or certain features of products (e.g. long tenors, loan amount) not being available in certain countries | Applies to implementing partner only<br>• Increase in volume of financing to countries with under-developed capital markets<br>• Development of specific products (possibly with higher levels of subordination) for under-developed financial markets |
| High sector or country risk | The project / activity would not be otherwise undertaken because of their relative novelty, high perceived risk, or high initial cost of an undemonstrated market behaviour, currently adverse or as of yet still untested regulatory framework, or untested technology<br>Although the project is considered viable, the political risks in the country deter private investors. | • Increase in volume of financing to specific high risk sectors<br>• Increase in volume of financing to high risk countries<br>• Development of specific products / product features for high risk sectors<br>• Development of specific products / product features for high risk countries |
| Capacity to attract further financing | The financing provided with support from the InvestEU Fund allows to attract resources | • Deployment of subordinated |



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| | | |
|---|---|---|
| | from long term investors through its subordinated features. | |
| Regulatory constraints | Regulatory constraints limiting FIs' capacity to lend to certain sectors / segments (e.g. exposure limits or capital requirements imposed by banking regulations) or undertake certain types of investment (e.g. cross-border investment) | Applies to implementing partner only<br>• Increase in volume of financing to sectors / segments affected by regulatory constraints<br>• Increase in certain types of activity e.g. SME securitisation, cross-border VC activity |
| **Non- financial criteria** | | |
| Social or environmental impact additionality | EU financing helps enhance the social or environmental impact of the project beyond what was originally envisaged, for example by fostering higher environmental or energy efficiency considerations in the design and implementation of supported projects or supporting the adoption of latest and more expensive technology | • Incremental societal or environmental impacts expected in return |
| Cross border dimension | The project / investment is of a strategic cross-border nature e.g. energy or transport infrastructure connecting several Member States | • Increase in financing of cross border projects |

Source: Commission Staff working document impact assessment accompanying the document Proposal for a Regulation of the European Parliament and of the Council establishing the InvestEU Program. EU 6 June 2018

#### 4.2.6. The new InvestEU Hub: reinforced EIAH

*The InvestEU Hub does not present any major changes from the current EIAH, but some improvements will be made. The Hub will become more clearly associated with the InvestEU fund, one of its main objectives being to support the development of a solid portfolio of investment projects in each investment window. The hub will also see its operating budget increased considerably.* In practice, the Hub will provide advisory support for the identification, preparation, development, structuring, procuring and implementation of investment projects, or enhance the capacity of promoters and financial intermediaries to implement financing and investment operations, also by developing a local presence in each Member State, particularly through cooperation with NPBIs. Whitin the scope of the new InvestEU Hub, the support for the establishment of Investment Platforms will be reinforced, notably by means of a local presence through Advisory Hub partners.

### 4.3. What about ESI Funds within the next MFF 2021-2027?

For the 2021-2027 Union budget, ESI Funds will have five main priorities, including "a greener, carbon-free Europe". As of the time of writing, the total budget for the ERDF and Cohesion Fund is expected to amount to €273 billion. It is known though that the next period will put greater emphasis upon financial instruments than before, with rules being simplified to encourage their creation. This includes lighter ex-ante assessments, integrated rules for grants and financial instruments making it easier to combine instruments, and simpler rules on eligibility and payments. Also, when blending ressources from ESI Funds with support from InvestEU, InvestEU rules will apply for the entire project. This will be a major simplification compared to today.



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# 5. ANNEXES

## 5.1. Annex 1: Glossary and abbreviation list

| | |
|---|---|
| Budgetary guarantee | Guarantee provided by the Union budget, pursuant to a legal commitment to support a program of actions, representing a financial obligation that can be called upon if a specified event materializees during the program implementation, and that remains valid for the duration of the program. |
| Cohesion Fund (CF) | The Cohesion Fund is an European Structural [and Investment] Fund that supports transport and environment projects in countries where the gross national income (GNI) per inhabitant is less than 90% of the EU average. |
| Common Provisions Regulation (CPR) | Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Strutural and Investment Funds (ESIF) |
| EFSI Regulation | Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 - the European Fund for Strategic Investments (OJ L 169, 1.7.2015, p. 1) |
| EFSI Scoreboard | Means, for the IIW, the scoreboard referred to in Article 7(14) of the EFSI Regulation as established by the Commission Delegated Regulation (EU) 2015/1558 in accordance with Article 23(1) to (3) and (5) of the EFSI Regulation. |
| Equity investment | Provision of capital to a firm, invested directly or indirectly in return for total or partial ownership of that firm and where the equity investor may assume some management control of the firm and may share the firm's profits. |
| European Fund for Strategic Investments (EFSI) | The European Fund for Strategic Investments is an initiative launched jointly by the EIB Group – the EIB and EIF – and the EC to help overcome the investment gap in the EU. EFSI is one of the three pillars of the Investment Plan for Europe, which aims to revive investment in strategic projects around the continent to ensure that money reaches the real economy. |
| European Regional Development Fund (ERDF) | The ERDF are financial resources aiming to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. |
| European Structural and Investment Funds (ESIF) | Collective noun for the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund. |
| Ex-Ante Assessment | In line with the CPR Article 37, ESIF may be used to support Financial Instruments on the basis of an Ex-Ante Assessment which has established evidence of market failures or sub-optimal investment situations and investment needs before the deployment of Financial Instruments. |
| Final Beneficiary/<br><br>Final Recipient | The counterpart benefitting from EIB financing of a Financial Instrument and responsible for the physical implementation of the projects. The ESIF regulations refer also to "Project Promoters' |
| Financial instruments (Fis) | Union measures of financial support provided from the EU budget to address one or more specific policy objectives of the Union. Such instruments may take the form of equity or quasi-equity investments, loans or guarantees, or other risk-sharing instruments, and may, where appropriate, be combined with other forms of financial support or with funds under shared management or funds of the European Development Fund. |
| Financial product | Financial mechanism or arrangement agreed between the Commission and the implementing partner under the terms of which the implementing partner provides direct or intermediated financing to final recipients mainly in the forms of debt or equity. |



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| | |
|---|---|
| Fund Manager | The individual(s) or entity(ies) responsible for implementing the investment strategy and managing the portfolio of investments related to the Financial Instruments (being Equity funds, Loan funds, Guarantee funds), in accordance with the stated goals and provisions as set out in the Funding Agreement. |
| Guarantee | A Guarantee is a commitment by a third party, called the guarantor, to pay the debt of a borrower when the latter cannot pay it themselves. The guarantor is liable to cover any shortfall or default on the borrower's debt under the terms and conditions as stipulated in the agreement between the guarantor, the lender and/or the borrower. |
| Implementing partner | Eligible counterpart such as a financial institution or other intermediary with whom the Commission signs an agreement to implement the Union funds. |
| Infrastructure and Innovation Window (IIW) | EFSI guaranteed operations which support investments in infrastructure and innovation and are carried out by the EIB. The IIW is composed of a debt portfolio and an equity-type portfolio of operations. |
| Investment gap | Refers to both cyclical and structural investment gaps. Cyclical investment gaps are due to temporary macroeconomic issues and refer to a decline in gross fixed capital formation as a percentage of GDP. Structural investment gaps refer to a systematic under-investment in certain sectors as a result of market failures. Structural gaps exist independently of the economic cycle. |
| Loan | Loan means an agreement which obliges the lender to make available to the borrower a sum of money for the agreed amount and time. The borrower is obliged to repay the Loan after a certain period. Usually the borrower is obliged to pay interest on the Loan amount. |
| Managing Authority (MA) | Public administration designated by the Member State to manage ESI Funds. |
| Market failure | Situation in which markets fail to reach the socially optimal outcome because of their inability to internalize social costs or benefits through the price system. Most common market failures: public goods, market power, externalities, information asymmetries, co-ordination failures. |
| Mezzanine | Mezzanine financing consists of a mix between debt financing and equity. It can be distinguished between equity mezzanines. Mezzanine financing is usually unsecured and subordinate (or “junior”) to normal debt financing (“senior loans”). |
| Multiannual Financial Framework (MFF) | A seven-year spending plan that translates the EU’s priorities into financial terms. The current MFF period started in 2014 and will end in 2020. |
| National Promotional Banks and Institutions (NPB/NPIs) | Legal entities carrying out financial activities on a professional basis which are given a mandate by a Member State or a Member State's entity at central, regional or local level, to carry out development or promotional activities. |
| Operational Program (OP) | Operational Programs (Ops) are detailed multi-annual plans in which the Member States set out how money from the European Structural [and Investment] Funds will be spent during the programming period. |
| Quasi-equity investment | Type of financing that ranks between equity and debt, having a higher risk than senior debt and a lower risk than common equity and that can be structured as debt, typically unsecured and subordinated and in some cases convertible into equity, or into preferred equity. |
| Risk-sharing instruments; (De)Linked Financing; Partial or Full Delegation | In risk-sharing operations, in the context of intermediated operations, the EIB Group assumes the risk on underlying transactions in order to support the origination of an EFSI eligible new portfolio of loans. Such risk-sharing operations can be structured as “linked” whereby the EIB Group guarantees up to 50% of new EFSI eligible operations originated by a partner Financial Intermediary (FI) during a pre- determined allocation period. These structures can either be “linked partial delegation”, i.e. the EIB Group retains the right to approve/reject any addition to the portfolio, or “linked full delegation” i.e. the EIB delegates to the FI the selection of the loans based on pre-defined criteria. Risk-sharing operations may also be structured as “de-linked” whereby the EIB guarantees up to 50% of a selected number of existing identified performing (at the date of signature of the EIB |



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| | |
|---|---|
| | guarantee) loans, the “reference portfolio”. In order to benefit from the guarantee, the FI commits to building up a portfolio of new EFSI eligible loans (not guaranteed by the EIB), the “new eligible portfolio”. In this structure, regulatory capital of the FI would normally be released on the guaranteed portfolio in order to support the origination of the new portfolio. The coverage of the EU Guarantee shall become effective from the point at which the portfolio of new financings reaches a pre- defined minimum volume which can range from 1 to 2 times the guaranteed portion of the “reference portfolio". This may occur in full or proportionally. |
| Senior Debt | Means non-contractually subordinated, non-distressed, secured or unsecured, debt in any legal form. |
| Small and medium sized enterprises Window (SMEW) | EFSI guaranteed operations that aim to increase the access to finance for SMEs and Mid-cap companies and are carried out by the EIF. The SMEW is composed of a debt portfolio and an equity-type portfolio of operations. |
| Special Activities | The EIB refers to its higher-risk financing operations as Special Activities. This includes debt operations with an expected loss above 2 % and all equity-type operations. |
| Sub-optimal investment situation | Shortfall of investment in a given sector induced by market failures. |
| Subordinated debt | This is a loan or security that ranks below other loans or securities with regard to claims on assets or earnings. It is also referred as subordinated loan or junior debt. In case of a default of the borrower, creditors who own subordinated debt will be repaid only after senior debt owners receive their payments in full. |


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## 5.2. Annex 2: Minimum scores for EFSI scoreboard pillars

### 5.2.1. Introduction

The EFSI Scoreboard is a framework based on 4 pillars for presenting the results of the appraisal of operations under the EFSI IIW. As foreseen in Article 7 of the EFSI Regulation, the Steering Board, as part of the Strategic Orientation of EFSI, established a minimum score for each pillar in the Scoreboard of indicators and the combined thresholds with a view to enhancing the assessment of operations to be proposed to the Investment Committee. This annex presents the minimum scores for each pillar of the EFSI Scoreboard and the minimum threshold below which an operation will have to be authorized by the Steering Board before being examined by the Investment Committee. Available publicly disclosed Scoreboards of investment platforms approved by the EFSI Investment Committee complete the annex.

### 5.2.2. The Scoreboard of indicators

EFSI Scoreboard of indicators for application of the EU Guarantee for the IIW is composed of four pillars of indicators assessed individually and covering: contribution to EFSI policy objectives; quality and soundness of the project; EIB technical and financial contribution to the project; and indicators related to the macroeconomic and sector environment as well as project specific information. Indicators for each pillar are described in the following table.

Table 11: Scoreboard of indicators

| Pilar | Indicators |
|---|---|
| Pillar 1<br>Contribution to EFSI policy objectives | • Contribution to EFSI objectives: all projects must contribute to at least one of the 7 general objectives listed in article 9 of the Regulation.<br>• Key objectives: each general objective is composed of a number of key policy areas (27 in total). Projects in these key policy areas will have more points. |
| Pillar 2<br>Quality and soundness of the project | • Growth: impact on growth will be quantified (where possible) by using the economic rate of return (ERR), but classification will take into account sectoral considerations. In particular, those sectors being less environmentally sustainable will only be financed if they have an ERR of at least 7-10%, whereas projects with long-term climate benefits might be financed with an ERR of 3.5-5%.<br>• Promoter capabilities: qualitative judgement on the promoters' ability to deliver the project in a timely, efficient manner.<br>• Sustainability: sustainability of the project in environmental and social terms.<br>• Employment: employment generated during construction and operation phases. |
| Pillar 3<br>Technical and financial contribution | • Financial contribution: whether the support from EFSI improves the counterparts' funding terms compared to alternative sources of financing.<br>• Financial facilitation: whether EFSI support increases the efficiency of other stakeholder support or leverages third party resources.<br>• EIB contribution and advice: whether there is an EIB non-financial contribution in the form of expert input/knowledge transfer to facilitate project implementation. |
| Pillar 4<br>Complementary indicators | • Additionality: whether the project provides additionality as defined in EFSI regulation.<br>• Macroeconomic environment: potential impact of the project on economic disparities within the Union and long term growth potential where the project is taking place.<br>• Expected multiplier effect of EFSI intervention.<br>• Amount of private finance mobilized.<br>• Co-operation with National Promotional Banks and support to Investment Platforms.<br>• Co-financing with European Structural and Investment funds. |


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| Pilar | Indicators |
|---|---|
| | • Co-financing with other EU instruments (i.e, Horizon 2020, Connecting Europe Facility, etc.).<br>• Energy efficiencies realized (for relevant operations).<br>• Climate action indicator (for relevant operations). |

*Minimum scores for Pillar 1 to 3*

The ratings for Pillar 1 to 3 are as follows. The minimum score for each pillar is 3.

| Rating score | Pillar 1 rating | Pillar 2 rating | Pillar 3 rating |
|---|---|---|---|
| 4 | High | Excellent | High |
| 3 | Significant | Good | Significant |
| 2 | Moderate | Acceptable | Moderate |
| 1 | Low | Marginal | Low |

*Minimum scores for Pillar 4*

The indicators under pillar 4 will be rated according to the following scale:

| Indicators | Criteria | Yes/No |
|---|---|---|
| Strong indicators of Additionality | Is the operation expected to be SA? | Yes=2; No=0 |
| | Is the operation expected to be cross-border in the sense of Article 5(1)? | Yes=2; No=0 |
| Climate Action | Is the Climate Action contribution of the operation at least 40%? | Yes=2; No=0 |
| | Is the Climate Action contribution at least 25% and below 40%? | Yes=1; No=0 |
| Multiplier | Is the multiplier at least 15x? | Yes=2; No=0 |
| | Is the multiplier at least 8x and below 15x? | Yes=1; No=0 |
| Private Finance Mobilised | Is private financed mobilised at least 50% of EFSI eligible investment mobilised? | Yes=1; No=0 |
| Cooperation with National Promotional Banks and support to Investment Platforms | Is an NPB expected to be involved in the operation?<br>OR<br>Is the operation presented as an Investment Platform or expected to be part of an Investment Platform? | Yes=1; No=0 |
| Co-financing with ESIF or other EU instruments | Is the operation expected to benefit from ESIF or other EU grants and financial instruments? | Yes=1; No=0 |

The minimum score for Pillar 4 is established at 4 for all operations. However, the minimum score for operations targeting SMEs and small Mid-Caps is set at 3, taking into account that

- EFSI financing for SMEs and small Mid-cap companies shall not be included in the computation of the Climate action target, and
- these operations cannot be cross-border in the meaning of Article 5(1) last indent of the EFSI Regulation.

Minimum threshold to be defined in the Strategic Orientation:


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The minimum threshold is set as follows: operations that are below the minimum score on at least two of the Pillars 1, 2 and 3 as defined in point 1 above AND below the minimum score for Pillar 4 as defined in point 2 above, require Steering Board authorization for an examination by the Investment Committee.

If, on the basis of its global assessment of the information contained in the scoreboard, in particular taking into account the macro-economic and project specific indicators of the Pillar 4, the Steering Board concludes that the operations would either address a significant market failure or present a high level of Additionality, it can allow Investment Committee to examine these operations.

The Investment Committee shall examine all other operations without prior authorization by the Steering Board.


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## 5.3. Annex 3: EFSI-Backed Investment Platforms under the IIW (as at June 2019)

| Title | EE/RES | Building Sector | Country | Promoter - Financial intermediary | Geographic focus | Thematic Focus | Type of platform | NBPIs | LRAs | EFSI Operation Scoreboard | EFSI financing (€Million) | Total investment related to EFSI (€Million) | Approval date | Stattus | Link | Case study |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EE/RES Investment Platforms** | | | | | | | | | | | 2 856 | 16 791 | | | | |
| Adestia - Efficacite Energetique Logement Social | Yes | Yes | France | Société Nationale Immobilière | National | Energy | Co-financing agreement | No | No | No | 200 | 330 | 16/05/2017 | Signed | Link | Yes |
| BGK Mid-Cap Investment Platform | Yes | No | Poland | Bank Gospodarstwa Krajowego | National | Smaller Companies | Risk sharing arrangement | Yes | No | No | 140 | 392 | 19/09/2017 | Approved | Link | No |
| BPIFrance Mid-cap Investment Platform | Yes | No | France | BpiFrance Financement | National | Smaller Companies | Risk sharing arrangement | Yes | No | No | 250 | 700 | 12/12/2017 | Signed | Link | Yes |
| CDP Climate Change IP - MCI | Yes | Unknown | Italy | Casa Depositi e Prestiti | National | Energy; Environment and resource effi | Risk sharing arrangement | Yes | No | No | 140 | 400 | 30/07/2018 | Signed | Link | No |
| France Efficacite Energetique Logement Social | Yes | Yes | France | Caisse des Dépôts et Consignations | National | Energy; Social infrastructure | Co-financing agreement | Yes | No | No | 1 000 | 6 500 | 16/05/2017 | Signed | Link | Yes |
| French Overseas Territories Economic Development | Yes | Yes | France | Agence Française de Développement | Regional | Digital; Energy; Environment and resou | Risk sharing arrangement | Yes | Yes | No | 180 | 1 192 | 19/07/2016 | Signed | Link | Yes |
| Green Metropole Fund | Yes | No | The Netherlands | Port of Amsterdam | Regional | Energy; Environment and resource effi | Special Purpose Vehicle (Fund) | No | Yes | No | 40 | 318 | 18/10/2017 | Approved | Link | No |
| IF TRI en Nord - Pas de Calais | Yes | No | France | Région Nord-pas-de-Calais | Regional | Environment and resource efficiency | Special Purpose Vehicle (Fund) | No | Yes | No | 20 | 158 | 22/09/2015 | Signed | Link | Yes |
| Inven Capital Fund | Yes | No | EU Countries | CEZ Group | Multi-country | Energy; Smaller Companies; RDI | Special Purpose Vehicle (Fund of funds) | No | No | No | 50 | 456 | 12/12/2017 | Signed | Link | Yes |
| Italian Green Bond Fund | Yes | Yes | Italy | Foresight Group LLP | National | Energy | Special Purpose Vehicule (Bond fund) | No | No | No | 40 | 261 | 12/10/2016 | Signed | Link | Yes |
| Limburgs Energie Fonds | Yes | Yes | The Netherlands | Province of Limburg | Regional | Energy; Environment and resource effi | Special Purpose Vehicle (Revolving fund) | No | Yes | No | 30 | 321 | 15/06/2017 | Signed | Link | Yes |
| Marguerite Fund II | Yes | No | France; Italy; Portugal; Spain; Sweden | NPBIs | Multi-country | Digital; Energy; Environment and resou | Special Purpose Vehicle (Fund) | Yes | No | No | 200 | 3 491 | 09/03/2017 | Signed | Link | Yes |
| Pearl Environmental Infrastructure Fund | Yes | No | EU Countries | Edmond de Rothschild; Pearl Advisory | Multi-country | Energy; Environment and resource effi | Special Purpose Vehicle (Revolving fund) | Yes | No | Yes | 40 | 798 | 17/07/2018 | Signed | Link | Yes |
| Poland Social & Affordable Housing Programme IP | Yes | Yes | Poland | Bank Gospodarstwa Krajowego | Multi-regional | Energy | Co-financing agreement | Yes | Yes | No | 94 | 500 | 16/05/2017 | Pre-Approved | Link | No |
| Reseau Canopee Logement Social | Yes | Yes | France | Social Housing Companies | Multi-regional | Social infrastructure | Co-financing agreement | Yes | Yes | Yes | 107 | 275 | 13/11/2018 | Signed | Link | Yes |
| Social & Affordable Housing Investment Platform | Yes | Yes | Spain | Instituto de Crédito Oficial | Multi-regional | Energy | Co-financing agreement | Yes | Yes | Yes | 300 | 425 | 12/06/2018 | Pre-Approved | Link | No |
| VIPA Energy Efficiency Investment Platform SFSB | Yes | Yes | Lithuania | VIPA | National | Energy | Co-financing agreement | Yes | Yes | Yes | 25 | 274 | 17/07/2018 | Approved | Link | No |
| **Non EE/RES Investment Platforms** | | | | | | | | | | | 3 013 | 23 077 | | | | |
| Accessibility Ports Infrastructure | No | No | Spain | Organismo Publico Puertos Del Estado | National | Transport | Special Purpose Vehicle (Fund) | No | No | No | 105 | 425 | 15/12/2015 | Signed | Link | No |
| Autovie Venete A4 widening | No | No | Italy | SPA Autovie Venete | National | Transport | Co-financing agreement | Yes | Yes | No | 250 | 810 | 15/11/2016 | Signed | Link | No |
| Brownfields 3 | No | No | Belgium; France; Luxembourg; Poland; S | Brownfields Gestion | Multi-country | Energy; Environment and resource effi | Special Purpose Vehicle (Fund) | Yes | No | No | 40 | 367 | 19/09/2017 | Signed | Link | No |
| CDP - Integrated Urban Regeneration IP | No | No | Italy | Casa Depositi e Prestiti | National | Environment and resource efficiency; S | Special Purpose Vehicle (Fund) | Yes | No | Yes | 100 | 1 000 | 12/04/2018 | Approved | Link | No |
| CDP IP Mid-caps | No | No | Italy | Casa Depositi e Prestiti | National | Smaller Companies | Risk sharing arrangement | Yes | No | No | 300 | 700 | 13/12/2016 | Pre-Approved | Link | No |
| CDTI Innovative Mid-caps Guarantee | No | No | Spain | Centro Para el Desarrollo Technologico | National | Smaller Companies; RDI | Risk sharing arrangement | No | No | No | Not disclosed | Not disclosed | 23/09/2016 | Approved | Link | No |
| Connecting Europe Broadband Fund | No | No | EU Countries | EIB/NPBIs | Multi-country | Digital | Special Purpose Vehicle (Fund) | Yes | No | No | 100 | 1 372 | 12/10/2016 | Signed | Link | No |
| Coparion Equity Fund | No | No | Germany | Bundesrepublik Deutschland | National | Smaller Companies | Special Purpose Vehicle (Fund) | Yes | No | No | 50 | 820 | 18/07/2017 | Signed | Link | No |
| Diorama Hellenic Growth Fund | No | No | Greece | Private Entities | National | Digital; Environment and resource effic | Special Purpose Vehicle (Fund) | No | No | No | 20 | 121 | 19/07/2016 | Signed | Link | No |
| EIB-CDC Co-investment Platform Urban Development | No | No | France | Caisse des Dépôts et Consignations | National | Environment and resource efficiency | Co-financing agreement | Yes | No | Yes | 100 | 1 061 | 11/12/2018 | Approved | Link | No |
| Elite Basket Bond 1 | No | No | Italy | Acceptable Corporates | National | Smaller Companies | Special Purpose Vehicule (Bond fund) | No | No | No | 61 | 340 | 19/09/2017 | Signed | Link | No |
| FII Co-Investment Platform | No | No | Finland | Unknown | National | Smaller Companies; RDI | Unknown | Unknown | No | No | 50 | 912 | 18/07/2017 | Signed | Link | No |
| Finnvera Mid-cap Guarantee | No | No | Finland | Finnvera OYJ | National | Environment and resource efficiency; S | Risk sharing arrangement | Yes | No | No | 100 | 280 | 15/11/2016 | Approved | Link | No |
| Fond - ICO Risk Sharing Loan | No | No | Spain | Instituto de Crédito Oficial | National | Smaller Companies | Special Purpose Vehicle (Fund of funds) | Yes | No | No | 125 | 3 472 | 19/05/2016 | Signed | Link | No |
| Fonds SPI - Sociétés de projets industriels | No | No | France | BpiFrance | National | Smaller Companies; RDI | Special Purpose Vehicle (Fund) | Yes | No | No | 100 | 1 695 | 12/04/2016 | Signed | Link | No |
| Fonds Tourisme Occitanie | No | No | France | Region Occitanie | Regional | Social infrastructure | Special Purpose Vehicle (Fund) | No | Yes | Yes | 60 | 242 | 16/05/2019 | Approved | Link | No |
| Ginkgo Fund II | No | No | Belgium; France; Spain | Ginkgo Advisor Sarl | Multi-country | Environment and resource efficiency | Special Purpose Vehicle (Fund) | Yes | Yes | No | 30 | 195 | 17/11/2015 | Signed | Link | No |
| Growth Equity Fund Mid-caps | No | No | Portugal; Spain | NMAS1 Capital Privado SGEIC | Multi-country | Smaller Companies; RDI | Special Purpose Vehicle (Fund) | No | No | No | 40 | 769 | 12/04/2016 | Signed | Link | No |
| ICO Infrastructure Risk Sharing Loan | No | No | Spain | Instituto de Crédito Oficial | National | Energy; Social infrastructure; Transport | Risk sharing arrangement | Yes | No | No | 25 | 976 | 15/12/2015 | Signed | Link | No |
| ICO Mid-cap Investment Platform | No | No | Spain | Instituto de Crédito Oficial | National | Smaller Companies | Risk sharing arrangement | Yes | No | Yes | 200 | 1 120 | 09/10/2018 | Signed | Link | No |
| Internationalisation of SMEs | No | No | Spain | Reino de Espana | National | Smaller Companies | Risk sharing arrangement | Unknown | No | No | 32 | 868 | 14/11/2017 | Approved | Link | No |
| IRDI Soridec Co-Investissements | No | No | France | IRDI SORIDEC Gestion | Regional | Smaller Companies | Special Purpose Vehicle (Fund) | No | Yes | No | 24 | 312 | 22/06/2018 | Signed | Link | No |
| Italia Venture I Fund | No | No | Italy | Invitalia Ventures SGR | Regional | Smaller Companies | Special Purpose Vehicle (Fund) | No | No | No | 22 | 334 | 18/07/2017 | Signed | Link | No |
| KfW Mid-cap Investment Platform | No | No | Germany | Kreditanstalt für Wiederaufbau | National | Environment and resource efficiency; R | Unknown | Yes | No | No | 150 | Not disclosed | 15/06/2017 | Signed | Link | No |
| KOS - Advanced Medical Equipment | No | No | Italy | Kos spa | National | Social infrastructure | Co-financing agreement | No | No | No | 20 | 46 | 13/12/2016 | Signed | Link | No |
| Logements Intermédiaires - SLI | No | No | France | Société Nationale Immobilière | National | Environment and resource efficiency | Special Purpose Vehicle (Fund) | No | No | No | 500 | 1 553 | 02/02/2016 | Signed | Link | No |
| Mermec Group | No | No | Italy | Mer Mec SPA | National | RDI | Co-financing agreement | No | No | No | 30 | 68 | 10/03/2017 | Signed | Link | No |
| MID Europa CEE Frowth Fund V | No | No | Croatia; Czech Republic; Poland; Romani | Mid Europa Partners LLP | Multi-country | Smaller Companies | Special Purpose Vehicle (Fund) | No | No | Yes | 60 | 1 094 | 17/07/2018 | Signed | Link | No |
| Miur RDI Programme Loan | No | No | Italy | Ministry for Education, University and Re | National | RDI | Special Purpose Vehicle (Fund of funds) | No | No | Yes | 50 | 320 | 09/10/2018 | Pre-Approved | Link | No |
| Normandie Horizon | No | No | France | Normandie Participations | Regional | Smaller Companies | Special Purpose Vehicle (Fund) | No | Yes | Yes | 20 | 93 | 24/04/2018 | Signed | Link | No |
| Polish Regional Development Agencies PL | No | No | Poland | Polish Region-Owned entities | Multi-regional | Environment and resource efficiency | Co-financing agreement | No | Yes | Yes | 110 | 160 | 18/09/2018 | Pre-Approved | Link | No |
| SBCI Business Support Investment Platform | No | No | Ireland | Strategic Banking Corporation of Irelanc | National | Smaller Companies | Risk sharing arrangement | Yes | No | Yes | 15 | 420 | 09/10/2018 | Signed | Link | No |
| Spliethoff Shipping Retrofit | No | No | The Netherlands | Spliethoff's Bevrachtingskantoor BV | Regional | Transport | Co-financing agreement | No | No | | 50 | 51 | 28/02/2019 | Signed | Link | No |
| Vaekstfonden Equity Co-Investment Platform | No | No | Denmark | Vækstfonden | National | Smaller Companies; RDI | Co-financing agreement | Yes | No | Yes | 75 | 1 080 | 17/07/2018 | Signed | Link | No |

EFSI financing is the tranche of an operation that benefits from the support of the European Fund for Strategic Investments. This amount will sometimes differ from the total EIB financing amount of the same operation. Signed projects are listed with the actu

Total investment related to EFSI refers to the total financing amount expected to be attracted for any particular EFSI project. This amount might come from public or private sources, and it includes EFSI financing provided by the Bank.

Pre-Approvals: These are umbrella operations that have been approved under EFSI but which cannot be counted towards the EFSI objective until concrete sub-projects have been signed.

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## 5.4. Annex 4: Similarities and differences between the EFSI and ESI Funds

| Programs | European Fund for Strategic Investments (EFSI) | European Structural and Investment Fund (ESIF) |
|---|---|---|
| Objectives | To resolve difficulties in financing and implementing strategic, transformative and productive investments with high economic, environmental and societal added value contributing to achieving EU objectives. | Strengthening economic, social and territorial cohesion, particularly reducing disparities and backwardness of less-developed regions. Contributing to Europe 2020 objectives. |
| Sub-funds/ windows | Infrastructure and Innovation Window (IIW managed by EIB)<br><br>SME Window (SMEW managed by EIF) | European Fund for Regional Development (ERDF) and Cohesion Fund (CF)<br><br>European Agricultural Fund for Rural Development (EAFRD)<br><br>European Social Fund (ESF)<br><br>European Maritime & Fisheries Fund (EMFF) |
| Funding | €26 billion (and €7,5 billion from the EIB) guarantee from the EU budget) with an expected leverage of 15 times (€500 billion of total investments). | €351.8 billion (dedicated EU budget heading), of which around €20 billion in indicative OP allocations to FIs. |
| Geographic targeting | No geographical targeting / pre- allocations. | Concentration on less-developed countries/regions through pre- allocated envelopes. |
| Thematic targeting | No thematic pre-allocations/ring- fencing, although €5.5 billion (out of EUR 21 billion) reserved for SMEs.<br><br>Strategic infrastructure (including digital, transport and energy, education, research, development and innovation, renewable energy and resource efficiency) and support for smaller businesses and midcap companies. | Ring-fencing of allocations to thematic objectives and investment priorities.<br><br>11 thematic objectives (RTDI, ICT, SMEs, low-carbon economy, climate change, environment and energy, transport, social inclusion, education, training, employment, public administration efficiency). |
| Financial instruments | Loans, guarantees, private equity and venture capital. | Non-reimbursable grants, mainly Financial instruments (guarantees, loans, private equity and venture capital) |
| Co-financing | Minimum for national co-financing | Mobilizing public and private co-financing always requested, but no strict minimum rules |
| Forms of assistance | Higher risk than EIB standard lending | ESIF components (grants and FIs) fill the market gap or reduces the risk for investors |
| Management | Centralised management by EIB with Steering Board including EIB and Commission representation. Financial intermediaries selected through open call | Shared management between Commission, Member States and regions. Financial intermediaries are selected in compliance with public procurement law. |



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| | | |
|---|---|---|
| Project selection | Project selection by EFSI Investment Committee. | Project selection by national and regional managing authorities and implementing bodies. |
| Project nature | All project (revenue generating or not) | Economically viable project only |
| Project size | 25 million € minimum (or contribution to Investment Platform) | No minimum project size |
| Timeframe | 5 years (2015-20) | 7 years (2014-20) |
| State aid | EFSI support does not constitute State aid | Must comply with State aid rules |

Source: Improving the take-up and effectiveness of Financial Instruments. Final Report. EPRC, May 2017.



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### 5.5. Annexe 5: Sources


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