

# Financial instruments for energy efficiency in the programming period 2014-2020

**CAP Troisième Révolution Industrielle**  
An ESIF/EFSI Investment Platform in  
Nord-Pas de Calais (France)

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# Investment Platform

## – Definition



“means a special purpose vehicle, managed account, contract-based co-financing or risk-sharing arrangement or arrangement established by any other means by which entities **channel a financial contribution** in order to **finance a number of investment projects**.”

Investment platforms may include:

- (i) **National or sub-national platforms** that group together several investment projects on the territory of a given Member State;
- (ii) **Multi-country or regional platforms** that group together partners from several Member States or third countries interested in projects in a given geographic area; or
- (iii) **Thematic platforms** that group together investment projects in a given sector.”

Article 2, EFSI Regulation N°2015/1017



# Investment Platform

## – *Implications*



## An Investment Platform:

- Involves **channeling financing to a number of projects** with a specific geographic or sector focus
- Can **comprise a wide range of products** - which makes them an attractive tool to respond to market needs
- Can be **thematic** with either:
  - Mono-sector focus, e.g. “energy efficiency” or “renewable energy generation” or “broadband”, or
  - Multi-sector focus, e.g. “social infrastructure investment and energy efficiency”
- Can **be managed by a variety of entities** including National Promotional Institutions, government agencies, EU bodies, commercial banks, other lending institutions, investment funds and/or companies



# ESIF/EFSI combination



## – Rationale

- ESIF and EFSI may be combined in new or existing investment platforms
- Limited ESIF resources **in more developed regions**, can be augmented with EFSI to pilot FIs and **attract private investors** (usually at **project level**) by offering them with improved risk / return profiles to their contributions.
- Assisting in the deployment of EFSI **in less developed regions**, using ESIF to **lower the risk profile of projects** and/or **facilitate more affordable funding**, especially for longer term payback projects (e.g. energy efficiency).
- Using ESIF as **grants**, as well as FIs to help with project identification, preparation and affordability constraints.



# ESIF/EFSI combination



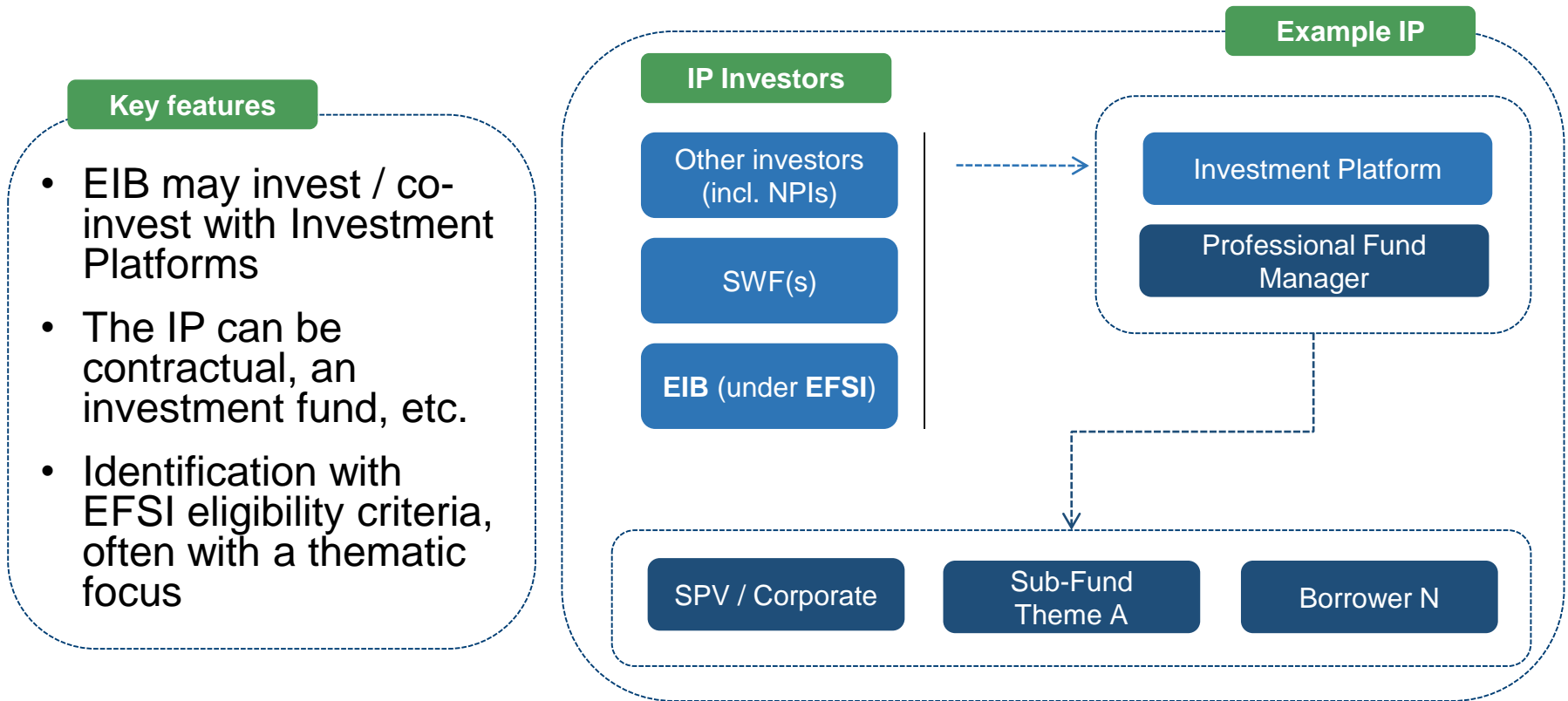
## – Things to bear in mind

- Combining EFSI with ESIF is possible:
  - At project level
  - For individual financial instruments
  - Through Investment Platforms
- **Respective eligibility criteria** must be adhered to and there must be **no double financing** of the same expenditure items
- EFSI support to a project cannot count as national co-financing for ESIF
- **State aid rules will apply to the ESIF contribution** but State aid considerations do not apply to the EFSI backed EIB intervention
- When using ESIF via financial instruments, there is still the need for an **ex-ante assessment** and appropriate **selection of the financial intermediary/fund manager**
- ESIF **grants** still important to complement/support financial instruments



# Investment Platform

## – Example



Investment Platforms seek to **bring together investors and/or projects**.  
IP structure applies to both **debt** and **equity** (incl. **funds**) investments.



# Work with EIB on CAP TRI

– *EIB as an advisor*



## Support in the FI set-up

- In parallel to the *ex-ante* assessment, the MA worked with EIB to reflect upon the design, set-up and governance of the FI
- The EIB supported the MA in:
  - Selecting a consultant for the *ex-ante* assessment
  - Coordinating and supervising the *ex-ante* assessment
  - Defining the FI's design/set-up
  - Defining the FI's investment strategy and business plan
  - Selecting and negotiating main contractual terms and conditions with the fund manager



# Work with EIB on CAP TRI



– *EIB as an investor*

## ESIF/EFSI combination (1/2)

- Without the guarantee from EFSI, the EIB could not have invested in CAP TRI (due to a risk profile not in line with the requirements of EIB's traditional loan investments)
- EFSI came into play because:
  - **Blending** opportunity: CAP TRI is a Financial Instrument and an Investment Platform financing several projects with various risk profiles
  - **Low carbon** and **SME** financing are priorities for EFSI
  - The type of financing provided by the EIB (a **mezzanine loan**, "*prêt participatif*") has very advantageous characteristics for the FI and its investors:
    - A 15-year bullet loan with a very small annual interest and a remuneration linked to fund performance
    - The fund manager can adjust the fund's leverage at any time, by drawing or not drawing on EIB's contribution
    - Leveraging of third party (private) investment through the boosting of its financial performance (EIB's returns are capped)





# Work with EIB on CAP TRI

## – EIB as an investor



## ESIF/EFSI combination (2/2)

- Advantages provided by the combination of both founding sources

ESIF	EFSI
Mobilised by the Region to constitute the <b>long-term equity capital of the Investment Platform</b>	Enables the EIB to take higher risks and invest with through a <b>mezzanine loan approach</b> in the Investment Platform
Capacity to <b>attract other public and private investors</b> for the FI	<b>Helps attract other public and private investors by sending a signal to the market and boosting their expected financial performance</b> (CAP TRI is currently fund raising to reach an investment total of EUR 100m)
Invest in risky <b>policy priorities</b> identified in OPs by MAs, such as low carbon economy	Invests in <b>sectors with high-risk profiles</b> , such as low carbon and SMEs
Generate <b>added value to grants</b> , and may be used as a complement to them	Provides an innovative <b>complement to grant financing</b>





financial instruments  
 revolving capacity building  
 added value **ERDF** funding agreement  
 governance **ESF** EU guidance  
 technical support seminars leverage financial intermediaries ex-ante assessment  
 co-financing **ESIF** microfinance case studies  
 investments **fi-compass** final recipients  
 business plan **Thank you** thematic objectives  
 advisory services guarantees banks loans **EaSI** equity  
 private investors life cycle combination of support  
 conferences **EAFRD** factsheets  
**fund of funds** **EMFF** investment strategy **CF**  
 managing authorities manuals