



THE PRIVATE FINANCE FOR ENERGY EFFICIENCY (PF4EE) INSTRUMENT
UNDER THE
PROGRAMME FOR ENVIRONMENT AND CLIMATE ACTION (“LIFE”)
WITH RESPECT TO THE FINANCING OF
ENERGY EFFICIENCY INVESTMENTS

REQUEST FOR PROPOSALS
in order to become a
FINANCIAL INTERMEDIARY UNDER THE PF4EE

(Published on 19/01/2015)

0. Preliminary note.

In this Request for Proposals, capitalised terms and expressions shall have the meaning attributed to them in Annex 5 or as elsewhere defined in this document and its annexes, unless the context requires otherwise.

1. The PF4EE Instrument

The purpose of this Request for Proposals is to select financial institutions to become Financial Intermediaries (the “FIs”) for the implementation of the Private Finance for Energy Efficiency (the “PF4EE”) Instrument.

The Delegation Agreement agreed between EC and the EIB sets out the terms of the PF4EE Instrument. The PF4EE Instrument is funded by the Programme for the Environment and Climate Action (“LIFE Programme”) under the auspices of the Directorate General for Climate Action (“DG Clima”) and by the EIB.

1.1 PF4EE Objectives

The purpose of the PF4EE Instrument is to provide access to adequate and affordable commercial financing for Eligible EE Investments targeted by schemes developed by Participating Countries to implement their National Energy Efficiency Action Plans (“NEEAPs”) or other programmes in line with EU Directives relating to Energy Efficiency.

The two main objectives of the PF4EE Instrument are:

- (i) making energy efficiency lending a more sustainable activity across European financial institutions by incentivising them to address the energy efficiency sector as a distinct market segment; and
- (ii) increasing the availability of debt financing to Eligible EE Investments.

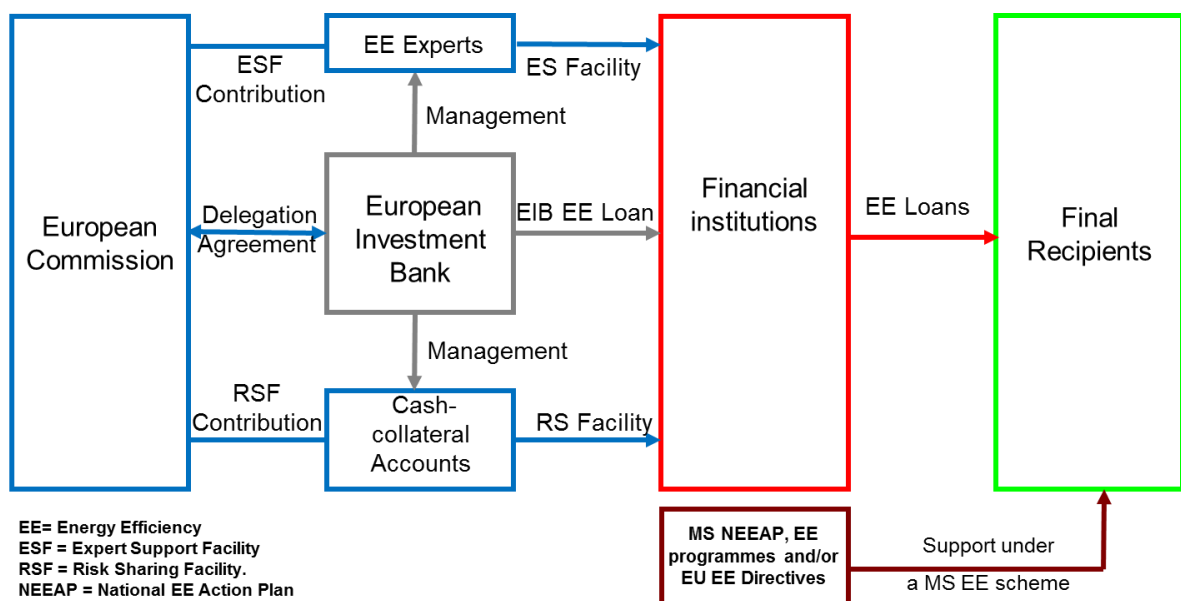
1.2 General description

The PF4EE Instrument consists of:

- (i) a portfolio-based credit risk protection provided by EIB, acting on behalf of the EC, (the “PF4EE Risk Sharing Facility” or “PF4EE RSF”);
- (ii) long-term financing from the EIB (the “EIB Loan for Energy Efficiency” or “EIB Loan for EE”); and
- (iii) expert support services for the FIs in order to support the implementation of the PF4EE Instrument (the “PF4EE Expert Support Facility” or “PF4EE ESF”).

An EU Contribution has been committed from the LIFE Programme budget for the funding of the PF4EE RSF and PF4EE ESF. The EIB has committed to leveraging the EU Contribution by making available a minimum of EUR 480m in long term financing.

The PF4EE RSF and PF4EE ESF will be managed by the EIB, acting on behalf of the EC, and will function as depicted below.



The PF4EE Instrument may include the following components:

- (i) The PF4EE RSF is designed to mitigate the credit risk faced by FIs when lending to Final Recipients undertaking Eligible EE Investments. By means of Collateral deposited on the Collateral Account, the PF4EE RSF will cover Losses at the Collateral Rate incurred under EE Loans included in the Portfolio to be built by the FIs for the financing of Eligible EE Investments. The PF4EE RSF aims to increase lending activity and to improve financing conditions for Final Recipients through, among others, lower pricing, longer maturities and lighter securities requirements.
- (ii) The EIB Loan for EE to the FIs may complement the PF4EE RSF. Such EIB Loans for EE will be provided by the EIB at competitive rates and with long-maturities. The EIB Loans for EE shall be on-lent to Final Recipients to further improve their financing conditions. FIs shall comply with applicable EIB eligibility conditions to receive an EIB Loan for EE.
- (iii) The PF4EE ESF will provide expert support services to FIs for, inter alia, developing their understanding of the fundamentals of energy efficiency investment, identifying Eligible EE Investments and creating suitable energy efficiency financial products. The PF4EE ESF will be provided to FIs only if needed and after assessment of their expert support needs.

Final Recipients benefitting from the PF4EE Instrument should be defined in the context of the relevant Participating Countries' NEEAP. They will primarily be those targeted by the national/regional schemes developed by Participating Countries to implement their NEEAP or other programmes or initiatives in line with EU Directives relating to energy efficiency. They may include, inter alia, natural persons, home-owner associations, enterprises, public institutions/bodies and any other legal entities undertaking Eligible EE Investments.

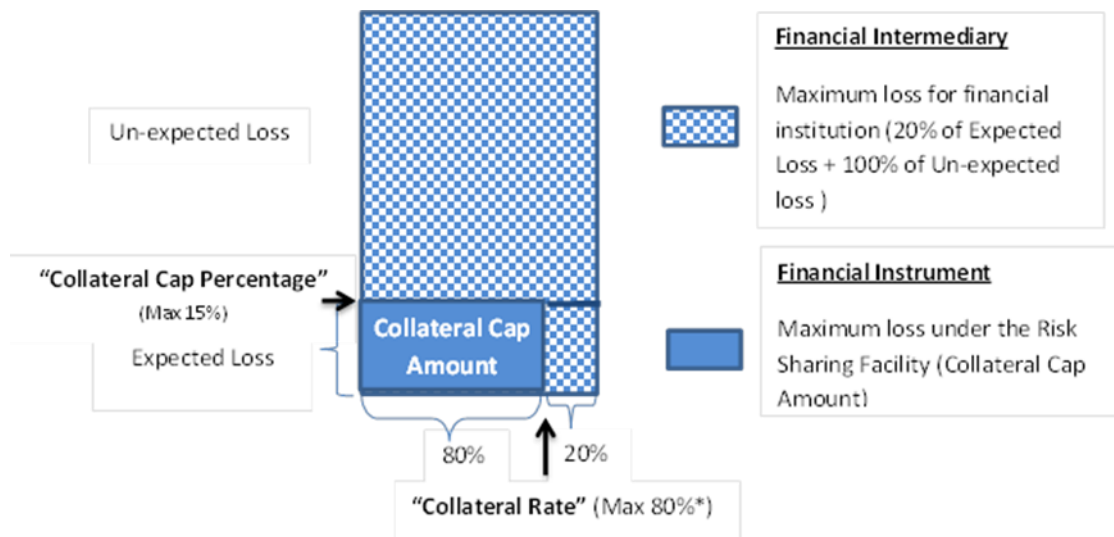
A more detailed description of the PF4EE components is as follows.

1.3 PF4EE RSF description

The PF4EE RSF shall partly cover the credit risk associated with underlying newly extended EE Loans included in the Portfolio granted to Final Recipients for the financing of Eligible EE Investments.

Under the terms of the Collateral Agreement between the EIB and the Financial Intermediary, the Collateral will be deposited in a Collateral Account to cover the Losses incurred by the Financial Intermediary in respect of each defaulted EE Loan up to the Collateral Rate of the Losses, provided that the Collateral Transfer Amounts shall never exceed the lowest of (i) the Collateral Cap Amount and (ii) the Collateral Available.

The following graph depicts the theoretical distribution of Losses of a Portfolio between a FI and the PF4EE Instrument.



1.4 EIB Loan for Energy Efficiency description

The EIB will provide a financial contribution to the PF4EE Instrument by granting EIB Loans for EE to FIs requesting this type of financing to complement the PF4EE RSF. These EIB Loans for EE will be provided at the EIB's own risk, at competitive rates and with a maturity of up to 20 years (save for exceptional market conditions) for on-lending them to Final Recipients. It is expected that the EIB Loans for EE will leverage the EU Contribution to the PF4EE Instrument at least 6 times.

The financial advantage generated by the EIB's financing conditions shall be passed onto Final Recipients in accordance with EIB procedures for intermediated lending to encourage the take-up of the EE Loans provided by the FIs. EIB Loans for EE may finance up to 75% of the capital cost of Eligible EE Investments. The remaining part of the capital cost will be financed by the FIs and, generally, also by Final Recipients.

1.5 PF4EE ESF description

Expert Support to be provided would be defined individually for each Financial Intermediary but with three clear objectives in mind: (i) ensuring the actual lending to Eligible EE Investments within the framework of the PF4EE Instrument takes place, (ii) developing capacity to make energy efficiency lending sustainable within the concerned Financial Intermediary and (iii) guaranteeing the correct reporting of the impact of the EE Investments supported by the PF4EE Instrument.

The PF4EE Expert Support Facility aims at effectively deploying the PF4EE Instrument by increasing the technical capacity of Financial Intermediaries and should be used exclusively for eligible activities as detailed below. For the avoidance of doubt, the Expert Support shall not exclude the responsibility of Financial Intermediaries for the selection of Final Recipients and shall not cover the costs Financial Intermediaries have to anyway incur to operate in a market.

To the extent needed, the PF4EE Expert Support Facility will provide the expert professional services to FIs in order to support, inter alia, the following activities:

- (i) Staff training on energy efficiency;
- (ii) Development of energy efficiency products;
- (iii) EE Loans portfolio development;

- (iv) Appraisal of energy efficiency investments;
- (v) Risk analysis of individual projects and programmes;
- (vi) Reporting on energy savings and CO2 emissions;
- (vii) Energy audits.

2. Eligible financial institutions

2.1 Type of FIs

This Request for Proposals is addressed and restricted to private sector financial institutions and public sector financial institutions that operate in the market in a manner comparable to a private sector financial institution.

Financial institutions that fall under any of the situations included under limb (iii) of Appendix 1 of Annex 2 are excluded from participating in the PF4EE Instrument.

2.2 Minimum requirements

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

- (i) to be duly authorised to carry out lending or leasing activities according to the applicable legislation and be established and operating in a Participating Country;
- (ii) to demonstrate operational capacity to manage the PF4EE Instrument;
- (iii) to demonstrate capacity to reach Final Recipients targeted by the relevant NEEAP priority and/or energy efficiency support scheme and/or EU Directives relating to energy efficiency within the Participating Country concerned;
- (iv) to have sound financial standing with a stable long-term outlook;
- (v) to have robust credit risk assessment and rating policies, procedures and systems;
- (vi) to be acceptable as an EIB counterparty in accordance with EIB's internal policies;
- (vii) to comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which they may be subject and shall not be established and
- (viii) shall not maintain business relations with entities incorporated in any Non-Cooperating Jurisdiction¹.

2.3 Representations and undertakings

Applicants shall represent that they are not in any of the situations of exclusion and confirm their agreement with the undertakings included in the Appendix 1 of Annex 2 of this Request for Proposals.

3. Application procedure

Financial institutions interested in applying to this Request for Proposals shall submit an Application to EIB before the Deadline.

It is to be noted that financial institutions may group together for the PF4EE through submitting a joint Application, provided that they are part of the same financial group and their balance sheets consolidate under one single legal entity. In the Application one

¹ As defined under limb (e) of Appendix 1 of Annex 2.

coordinating entity shall act as the Applicant. The Applicant shall apply in the name and on behalf of the other financial institutions and shall indicate to the EIB the basis for the joint Application.

In accordance with Appendix 1 of the Annex 1 (Compliance Requirements) to this Request for Proposals, the Application should include all the documents requested duly signed by authorised signatories. In case of a joint Application, all information required under Appendix 1 of the Annex 1 must be provided for the Applicant and each Participating Entity.

In line with Appendix 2 and 3 of the Annex 1 (Quality and Impact Criteria), Applications shall contain adequate information and sufficient evidence to ensure that the EIB can adequately assess the:

- (i) Financial strength, performance and risk assessment capacity of the Applicant;
- (ii) Experience and capacity of the Applicant to implement an EU financial instrument;
- (iii) Quality and plausibility of the PF4EE Instrument implementation proposal; and
- (iv) Achievement of the objectives of the PF4EE Instrument.

Applicants may send questions regarding this Request for Proposals. The EIB shall analyse such incoming questions and may publish from time to time the resulting answers in the form of FAQ (Frequently Asked Questions) document posted in the section of the EIB's website (www.eib.org/pf4ee). EIB reserves the right to update the FAQ document from time to time as and when it regards appropriate.

4. Selection procedure

Following the receipt of an Application, EIB shall confirm its compliance with requirements set in Appendix 1 of Annex 1 (Compliance Criteria). Applications (i) submitted before the Deadline for a Participating Country, (ii) for which no Financial Intermediary has been already selected and (iii) fulfil the Compliance Criteria will be considered as "Accepted Applications".

Taking into account, (i) the general principles of transparency, proportionality, equal treatment and non-discrimination; (ii) the EIB's policies, rules, procedures and statutes and the best business and market practices, financial institutions will be selected on the basis of:

- (i) the quality of the Application in line with the criteria set in Appendix 2 of Annex 1 and
- (ii) the expected impact of the Application in accordance criteria set out in Appendix 3 of Annex 1.

Actual allocation of PF4EE Instrument funding among the different Participating Countries will be demand driven. However, provided that the Geographical Concentration Limits are complied with, priority will be given to Applicants proposing to operate in Participating Countries where (i) the distance to the country's EE target is the greatest and (ii) development in the use of loan finance for Energy Efficiency and/or the capacity to take up EE Loans is deemed to be especially low.

EIB shall assess Accepted Applications on first-come first-served basis according to the date of the receipt of the Application and pursuant to the Selection Process outlined in the Annex 1 of this Request for Proposals.

The Selection Process comprises three phases: (i) Assessment, (ii) Due Diligence and (iii) Documentation. At any phase of the Selection Process until the entry into a legally binding agreement with an Applicant, EIB reserves itself full discretion to not continue the Selection Process of an Applicant if EIB's findings from the Assessment and Due Diligence phases and/or the progress made on the Documentation phase leads EIB to believe that the Applicant will not satisfactorily complete the Selection Process. EIB is under no obligation to explain and/or demonstrate how it has formed its opinion.

Any negotiation of terms and conditions of a legal agreement aiming at the participation of an Applicant in the PF4EE Instrument does not entail any obligation for EIB to enter into such agreement with the relevant Applicant.

In this context, no Applicant has any claim or other right to be ultimately selected as Financial Intermediary until such legal documentation is executed and becomes binding for both parties.

EIB shall send a rejection notice to Applicants whose Application was rejected during any stage of the Selection Process. EIB shall not be obliged to provide the reasons behind.

Notwithstanding the above, those Applicants whose Applications are rejected, shall have the right to submit a written complaint by e-mail and registered mail or professional courier service, to the same address used for the submission of the Application above, within thirty (30) days of receipt of the rejection notice. Any complaints will be dealt with within the framework of and in accordance with the EIB Group complaints policy².

5. Submission of Application

The Application shall be submitted before the Deadline both by (i) email and (ii) registered mail or professional courier service. The Application sent by registered mail or professional courier service shall consist of a closed single package, and shall contain the Application Forms as per Annex 2, together with its attachments, if applicable, in paper form and in removable electronic storage medium (e.g. CD-ROM, USB).

The Deadline is 30 June 2017, provided that the EIB may, at its sole discretion determine that the Deadline will end on an earlier or later date depending, inter alia, on the availability of the EU Contribution for the PF4EE Instrument or any amendment to the LIFE Programme or the Delegation Agreement. Any change in the Deadline will be announced in the PF4EE section of EIB's website (www.eib.org/pf4ee).

The Deadline applies (i) in case of e-mails to the EIB date of receipt and (ii) in case of registered mail or professional courier service to the date of dispatch proven by the post office stamp or a dispatch receipt.

The EIB will announce on the PF4EE web-page (www.eib.org/pf4ee) the Financial Intermediaries that have already been selected and the Participating Country concerned for which no further Applications can be accepted.

² For further information visit <http://www.eib.org/about/publications/complaints-mechanism-policy.htm>.

The Application shall indicate the name of the Applicant and be sent to the following address:

European Investment Bank
PF4EE Instrument – Expression of Interest
Climate Change and Environment
New Products & Special Transactions
98-100 Blvd Konrad Adenauer
L-2950, Luxembourg

An electronic version of the Application shall be sent to: PF4EE_Instrument@eib.org stating in the subject of the email, as appropriate: “PF4EE Instrument – Expression of Interest: [name of the Applicant]”.

An acknowledgement of receipt will be sent to the relevant Applicants by EIB via e-mail, which shall state the Applicant’s unique application identifier.

The acknowledgement of receipt shall not be construed as a declaration of compliance of the Application, nor any kind of assessment or acceptance of the latter.

Applicants may withdraw their Application at any stage of the Selection Process in the same manner as specified above for the submission of an Application.

6. Publishing of information on the Financial Intermediaries

The EIB shall publish on its website the list of FIs and certain information in relation to those which shall include, inter alia, the name, the registered addresses and the type of support received under the PF4EE Instrument.

The EIB may also publish information on the Final Recipients as agreed with the FIs in accordance with limb (iv) of the Visibility section hereinafter.

7. Visibility

Financial Intermediaries will be contractually required to:

- (i) Product labelling: The name of the product should clearly point to PF4EE Instrument.
- (ii) Promote PF4EE through their website dedicated to medium and long term financing products which should include an information page on EIB’s activity in favour of EE activities. This should include eligibility criteria, objectives, procedure and direct contact details for applications.
- (iii) Include in all documents concerning this PF4EE Instrument, notably inter alia the EE Loans agreements, promotional material to the Financial Recipient, etc, a statement mentioning that the EE Loans are supported by the European Union through the LIFE Programme for Environment and Climate and the EIB. Appropriate text, logos and guidelines will be provided to the selected Financial Intermediaries during the Documentation phase.
- (iv) Publish a list of Final Recipients who have received an EE Loan for an amount of at least EUR 500,000, including for each Financial Recipient its name, address and the type of support received under the PF4EE Instrument. However, publication shall not

be required (i) if it is illegal under the applicable laws and regulations and/or (ii) if following the written request of the Final Recipient a justification is provided evidencing that publication risks harming the commercial interests or threatening the rights and freedoms of individuals as protected by the Chapter of Fundamental Rights of the European Union.

8. Language and governing laws

The Application, and any communication and notices resulting from it, shall be prepared in English.

Any legal documentation to be entered into by an Applicant and the EIB shall be in English and governed by English law, unless otherwise agreed by EIB.

Annex 1: Selection Process of Applications

1. Compliance

All Applications must comply with the requirements set in Appendix 1 of this Annex 1.

In case of an Application not being fully compliant with the requirements of Appendix 1 of Annex 1, the EIB may, at its sole discretion, grant additional time to fulfil the criteria that have not been complied with. Should those not be fulfilled to the satisfaction of EIB within the additional time provided to the Applicant, the relevant Application shall be rejected.

Only Accepted Applications will be taken into consideration for the following phases of the Selection Process.

2. Assessment

The assessment phase comprises the assessment of (i) the quality and (ii) the expected impact of the Application to achieve the objectives of the PF4EE.

The quality of the Applications will be assessed by EIB in accordance with the Quality Criteria set in Appendix 2 of this Annex 1. Further to the quality assessment, each Application shall be assigned with one of the following ratings: “Good”, “Acceptable” or “Sub-standard”. Applications whose quality is rated “Sub-standard” shall be rejected.

The expected impact of Applications against the two main objectives of the PF4EE will be assessed in accordance with the criteria set out in Appendix 3 of this Annex 1. Based on this assessment, the EIB shall assign to each Application one of the following ratings: “High”, “Moderate” or “Low”. Applications whose impact is rated as “Low” shall be rejected.

Applications with “Good” quality and “High” impact ratings will be categorised as “Pre-selected Applications” and will move forward to the Due Diligence phase.

Applications with “Acceptable” quality rating and/or “Moderate” impact rating will be categorised as “Reserve Applications” and be included in a reserve list. Applications included in the reserve list may be selected for the Due Diligence phase in the absence of other Applications with better ratings for the concerned Participating Country.

The below table summarizes possible assessment outcomes:

Assessment Outcome	Assessment Criteria	
	Quality	Impact
Pre-selected	Good	High
Reserve	Acceptable	Moderate
Rejected	Sub-standard	Low

All Applicants of Accepted Applications will receive a notification about the result of the Assessment process.

3. Due diligence

Pre-selected Applications will be subject to a due diligence process and will be carried out in accordance with the EIB's internal rules and procedures.

The aim of the due diligence is to evaluate and confirm the content of the Application in line with the quality and impact criteria set out in Appendixes 2 and 3 of this Annex 1.

The due diligence will also comprise the assessment of the overall financial standing, operational performance, experience in relation to the targeted Final Recipients segment/market and the compliance with EIB's internal requirements to accept the Applicant as a counterparty. The due diligence process may include an on-site visit to the premises of the Applicant, if EIB considers it necessary.

The commencement of the due diligence process will be subject to the availability of EIB staff resources and of EU Contribution to the PF4EE Instrument.

4. Documentation

Subject to the satisfactory outcome of the due diligence phase, the EIB shall invite the relevant Applicant to enter into the discussion of the actual legal terms for participation in the PF4EE Instrument.

The discussion on the terms for participation will be done on the basis of a standardised term sheets and legal documentation. This shall ensure equal treatment to all participants in the PF4EE Instrument. Notwithstanding the above, the final terms of the participation of each Applicant may be adjusted taking into account, inter alia, the targeted EE Eligible Investments, the Final Recipients and the Participating Country.

Subject to

- (i) a satisfactory agreement of both the Applicant and the EIB of the terms and conditions for participation;
- (ii) the fulfilment of the Geographical Concentration Limits;
- (iii) the availability of EU Contribution; and
- (iv) the approval, if applicable, of the relevant EIB and/or EC decision making bodies

the EIB will invite the successful Applicant to become a Financial Intermediary by executing the relevant legal documentation.

The Documentation phase shall be concluded within in a period of 3 months starting on the date the draft term sheet is provided to the Pre-selected Applicant. The relevant legal documentation to implement the participation of the Applicant in the PF4EE Instrument shall be agreed and executed by the Applicant and the EIB within the abovementioned period.

Should the parties fail to agree and/or sign the legal documentation within the abovementioned Documentation period, the Application to become a Financial Intermediary will no longer be valid and the Applicant shall not have any right to claim to become a Financial Intermediary, save for if EIB agrees to extend the Documentation period for an additional maximum period of up to 6 months. If the legal documentation is

not agreed and/or signed on or before the expiry of the additional period, the Application will be no longer be considered an Accepted Application.

Unless otherwise decided by EIB, once an Applicant is selected as Financial Intermediary for a Participating Country, all Applications for such participating country shall be rejected irrespectively of their stage in the Selection Process or included in the reserve list.

Appendix 1: Compliance requirements

The Applicant shall provide the following documentation to be compliant with the terms of this Request for Proposals:

- (i) A signed “Applicant / Participating Entity Declaration Form”, included in Appendix 1 of Annex 2.
- (ii) A complete “Application Form” in accordance with Appendix 2 of Annex 2, supported with relevant evidence or information, if applicable.
- (iii) A full reply to the survey included in Annex 3.

Appendix 2: Quality Criteria

The quality of the Applications will be assessed by EIB in accordance with the following criteria:

- (i) Financial strength and operating performance of the Applicant.
- (ii) Experience in EE financing, the implementation of EU financial instruments and/or EIB intermediated financing.
- (iii) Soundness of risk management systems and capacity to manage risks associated to the targeted Portfolio.
- (iv) Capacity to reach the targeted EE investments, Final Recipients and to achieve the Portfolio Targeted Size.
- (v) Concreteness and timeframe of strategy and/or plan for the implementation of the PF4EE Instrument.
- (vi) Capacity to comply with monitoring and reporting requirements of the PF4EE Instrument.
- (vii) Commitment in terms of dedicated resources and senior management support for the implementation of the PF4EE Instrument.

Appendix 3: Impact Criteria

The impact of the Application to the achievement of the PF4EE objectives will be assessed by the EIB in accordance with the following criteria:

- (i) Relevance of the targeted EE investments and Final Recipients in the context of the EE related Directives, NEEAPs, EE programme and EE targets of the concerned Participating Country.
- (ii) Relevance of the proposed financing activity within the context of financial market of the concerned Participating Country.
- (iii) Commitment to provide better financing conditions to Final Recipients.
- (iv) Sustainability of the lending activity towards EE investments.

Annex 2: Application Forms.

Appendix 1: Applicant/Participating Entity Declaration Form

[Applicant/Participating Entity corporate headed paper]

European Investment Bank
PF4EE Instrument – Request for Proposals
Climate Change and Environment
New Products & Special Transactions
98-100 Blvd Konrad Adenauer
L-2950, Luxembourg

Dear Sir/Madam,

The undersigned, representing the following legal person:

Legal name:	[Full legal name]
Commercial name:	[Trading name]
Incorporate in:	[Country of incorporation]
Legal address:	[Full legal address]
Fiscal Identification number:	[Fiscal identification number in country of incorporation]

hereby request to participate as [an Applicant / a Participating Entity] in order to become a Financial Intermediary under the PF4EE Instrument in [Participating Country] and explicitly accept and agree to the terms of the Request for Proposals.

The [Applicant / Participating Entity], represented by the undersigned, being the authorised signatory of the [Applicant / Participating Entity], in the context of the present Request for Proposals, declare that:

- (i) The [Applicant / Participating Entity] is an authorised credit institution in [Participating Country] under the licence [licence identification reference/number] granted by [name of national authority entitled to grant the licence].
- (ii) The [Applicant / Participating Entity] materially complies with the Directive 2013/36/EU and Regulation (EU) n° 577/2013 (CRR/CRD IV package).
- (iii) The [Applicant / Participating Entity] is not, and has not been at any time during the last five years prior to the date of submission of the Application in any of the following situations:
 - a) bankrupt or being wound up, has its affairs administered by the courts, has entered into arrangement with creditors, has suspended business activities, is the subject of proceedings concerning those matters, or is in any analogous situation arising from a similar procedure provided for in national legislation or regulations;

- b) itself or persons having powers of representation, decision-making or control over it have been convicted of an offence concerning their professional conduct by a judgment which has the force of res judicata, which would affect their ability to implement a PF4EE Instrument;
- c) itself or persons having powers of representation, decision-making or control over it have been the subject of a judgment which has force of res judicata for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity detrimental to the European Union's financial interests;
- d) has been declared guilty of misrepresentation in supplying information required to participate as Financial Intermediary under the PF4EE Instrument or other EU financial instrument;
- e) is or has been incorporated in any jurisdiction classified as "non-compliant" by the Organisation for Economic Cooperation and Development (OECD) and its Global Forum on Transparency and Exchange of Information for Tax Purposes from time to time;
- f) to the best of its knowledge, it is not listed in the central exclusion database set up and operated by the Commission under Commission Regulation (EC, Euratom) No 1302/2008 of 17 December 2008 on the central exclusion database (OJ L 344, 20.12.2008, p. 12) for the purposes of managing Financial Instruments.

(iv) agrees with the following undertakings:

- a) to provide evidence that the [Applicant / Participating Entity] does not fall into any of the situations listed in section (iii) above, should it be requested to do so by the European Investment Bank;
- b) to fully cooperate in the protection of the European Union's financial interests;
- c) to provide for the right of the EC to comprehensively exercise its competences;
- d) to provide the European Anti-Fraud Office (OLAF) with all the facilities and the information and documentation on operations concerned to comprehensively exercise its competences allowing it to carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EU, Euratom) No 883/2013, Regulation (Euratom, EC) No 2185/96 and Regulation (EC, Euratom) No 2988/95, as may be amended, supplemented or modified from time to time, in order to protect the financial interests of the Union, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with the activities and financings related to the PF4EE Instrument.
- e) maintain and be able to produce all the documentation related to the implementation of the PF4EE Instrument for a period of seven (7) years following the end of the implementation of their participation in the PF4EE Instrument or termination of the agreement concluded by the EIB, whichever period is the longest;
- f) afford the European Court of Auditors all the facilities and give it all the information which it considers necessary for the performance of its tasks in relation to the implementation of the PF4EE Instrument;
- g) provide for the Commission to carry out controls, including on-the-spot checks and inspections in accordance with the provisions and procedures laid down in Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1) and Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to

protect the European Communities' financial interests (OJ L 292, 15.11.1996, p. 2) and audits;

- h) comply with relevant standards, EIB standards and applicable legislation on the prevention of money laundering, the fight against terrorism and the fight against tax fraud;
 - i) does not and will not perform activities which are illegal according to the applicable legislation in its country of incorporation.
 - i) transpose the conditions defined in this section (iv) and the above (iii), into its agreements with any other Participating Entity and, mutatis mutandis, with Final Recipients.
- (v) are aware that, for the purpose of safeguarding the financial interests of the European Union, our personal data may be transferred to internal audit services, to the European Court of Auditors, to the Financial Irregularities Panel or to the European Anti-Fraud Office.

The following person(s) and contact details shall be used for communications and notices in respect of the Application.

Name:
Title:
Department:
Postal Address:
Telephone:
Email:

Signed and agreed on behalf of [Applicant/Participating Entity]

Name:
Title:
Date:

Name:
Title:
Date:

Appendix 2: Application Form

The Applications to become a Financial Intermediary shall be materially in accordance with the following index and content:

1. Executive Summary.

- Summary of the main terms of the Application (maximum two pages).

2. Information on the financial institution.

- Brief review of history of financial institution, including mission and recent important events.
- Description of financial institution organisation, including number of employees and capital structure (shareholders).
- Description of areas of activity, sectors and markets covered globally and in the Participating Country, including market shares.
- Organisational structure globally and in the Participating Country, including departments, internal client segments, distribution network, number of branches.
- Comments on last year financial strength and performance, including the below ratios for the last three financial years, and material events, if any, of current financial year.

	Year n	Year n-1	Year n-2
Net interest margin			
Cost/income ratio			
Net profit/own funds			
Operating profit/total assets			
Own funds/total assets			
Tier 1 capital ratio			
Total capital ratio			
Gross problem loans/total loans			
Net problem loans/own funds			
Loan loss reserves/problem loans			
Total loans/total assets			
Loans/deposits and money market funds			
External Ratings			

- Include link to or provide in digital support the last 3 years annual reports and most recent external rating agencies reports.

3. Experience in EE lending, EIB intermediated lending and EU financial instruments.

- Description of experience in the financing of EE investments, including lending volumes, targeted borrowers and typical financing conditions.
- Description of experience in EIB intermediated financing and/or European Investment Fund guarantees, including number of operations and allocation percentages.
- Description of experience in implementation and management of EU financial instruments.

4. Credit Policy and risk management.

- General description of credit risk policy and procedures.
- Organisation of credit risk management departments.
- Description of rating/scoring and LDG models used, including confirmation on certification by the regulators, compliance with Basel III and mapping against international rating agencies rating scales.
- Explanation of methods used for loss forecasting (Probability of Default, Loss given Default and Recovery Rates, etc), provisioning and credit risk management at portfolio level.
- Description of credit risk monitoring, including procedures, early warning systems and controls.
- Description of event resolution and restructuring.
- Recovery procedures, timing and historical data on recovery.

5. EE Investments and Final Recipients.

- Identification and main characteristics of EE investments to be financed, including average capital cost, construction/implementation timing, estimated operating life, etc.
- Identification and main characteristics of Final Recipients to be financed, including economic sector, business activities, main credit risk characteristics (Internal ratings, PDs, Recovery rates, etc).
- Experience in financing targeted EE Investments and Final Recipients, including information on investment events (investment delays, cost overruns, underperformance, etc) and credit events (payment delays, restructuring, losses, etc).

6. EE portfolio.

- Proposal for Portfolio Targeted Size, including expected average loan size, maturity and expected granularity.
- Indication of Expected Loss for the Portfolio, including details on PDs, LGD, Recovery Rates, internal rating thresholds. Evidence of Expected Loss in comparable portfolios.
- Lending thresholds for EE Loans within the proposed Portfolio (e.g. maximum maturity, minimum internal rating, minimum security, etc).
- Description of lending strategy, including, inter alia, (i) origination targets, (ii) distribution channels, (iii) marketing, promotion and publicity plans, (iv) implementation timeframe and (v) geographical focus.
- Evidence of existing pipeline or potential financings.
- Description of resources to be allocated to the origination, execution/structuring and monitoring phases, including the identification of the departments responsible for the portfolio in the different phases and commitment from their senior management.
- Expected financing conditions to be offered, including pricing, maturity, security requirement. Provide comparison with other comparable financing offered by the financial institution.

7. Monitoring and reporting systems/procedures.

- Description of monitoring procedure/system to confirm EE investments the eligibility implementation and to follow-up on energy savings generated by the EE Investments.
- Description of monitoring systems/procedures to be set to follow-up on the credit performance of the Portfolio.
- Description of monitoring systems/procedures to be set up to follow-up on Collateral Transfer demands and recovery payment to EIB.
- Description of reporting systems/procedures to be set up to comply with Reporting.

8. Impact.

- Alignment of targeted EE investments and Final Recipients with relevant EE Directives/laws, the NEEAP and/or EE programmes in the Participating Country.
- Description of financing difficulties experienced by targeted Final Recipients or EE investments that the proposed financing conditions will help to overcome.
- Indication/evidence that financial conditions intended to be offered would represent an improvement over current financing market conditions, including access to finance, for Final Recipients.
- Indication of expected sustainability of EE financing activity after the implementation of the PF4EE Instrument.

9. Additional information.

- Any additional information that the Applicant may consider important to underpin its Application, which is not covered by any of the above sections.

Annex 3: Survey on barriers to the supply of financing for EE investments.

The following questionnaire is intended to provide further insight on the barriers to the supply of financing for EE investments experienced by financial institutions.

The answers to this questionnaire shall not be taken into account for the Selection Process of Financial Intermediaries.

The information gathered by this questionnaire might be used for professional and/or academic studies/reports without disclosing the name of the financial institutions who replied to it, other than if explicitly agreed by them in writing.

The questionnaire shall be submitted together with the Applicant/Participating Entity Declaration and Application Forms.

Please tick the box next to the answer to the question that you think reflects the view of your financial institution. Should you wish to provide any additional general feed-back or clarifications/comments in respect of your reply to the questions asked, you can do it in free text format and send it together with the questionnaire.

Survey on barriers to the supply of financing for EE investments

[Name of Applicant/Participating Entity]

1. DEMAND

1.1. How do you categorise the overall financing need for EE investments in the country you intend to implement the PF4EE Instrument?

- Large Significant Moderate Small Marginal

1.2. How do you think that the abovementioned overall financing need for EE investments is at present covered by the financial sector in the country you intend to implement the PF4EE Instrument?

- Almost fully Significantly Partially Insufficiently Marginally

1.3. The number spontaneous financing requests for EE investments that your financial institution receives can be considered:

- High Significant Moderate Low Marginal

1.4. Concerning the EE financing requests that your financial institution receives for the financing of EE investments, are those part of a wider financing request from your financial institution's customers?

- Almost Always Generally Moderate Low Marginal

1.5. Do you think that the likelihood that a significant number of financing requests from your financial institution's customers involving EE investments may not be identified by your financial institution as an EE investments financing request is:

- High Significant Moderate Low Marginal

2. SUPPLY

2.1. Does your financial institution actively look for financing opportunities to EE investments?

- Permanently Generally Sometimes Not generally Rarely

2.2. Do you think that the level of definition/concreteness of the lending strategy for EE of your financial institution is:

- High Significant Moderate Low Not defined

2.3. Do you think that the level of definition/concreteness of the lending targets for EE of your financial institution is:

- High Significant Moderate Low Not defined

2.4. The number of dedicated EE financing products/programmes that your financial institution has implemented during the last three years:

- ≤7 ≤5 ≤3 ≤1 None

2.5. The number of full-time equivalent staff your financial institution currently dedicates to EE lending is:

- ≤10 ≤7 ≤5 ≤3 None

3. RISK ASSESMENT

3.1. Do you think that the current technical competence / knowhow in your financial institution to understand the economic/financial benefits that an EE investment may have on an EE promoter/borrower is:

- High Significant Moderate Low Marginal

3.2. Do you think that the current technical competence / knowhow in your financial institution to assess the likelihood of the economic/financial benefits of an EE investment to actually materialise and to be sustainable in time is:

- High Significant Moderate Low Marginal

3.3. Do you think that current technical competence / knowhow in your financial institution to monitor the economic/financial benefits of EE investments is:

- High Significant Moderate Low Marginal

3.4. The present number of full-time equivalent staff in your financial institution dedicated to assess the economic/financial benefits and risks associated to EE investments is:

- ≤10 ≤7 ≤5 ≤3 None

3.5. Do you think that the requests for the financing of EE investment do actually get to and are analysed by staff with sufficient competence /knowhow to correctly assess benefits and risks associated to those?

- Almost always Generally 50/50 Not generally Rarely

4. FINANCING CONDITIONS

4.1. Does your financial institution finance EE investments mainly based on the credit worthiness of the EE Promoter/borrower?

- Almost always Generally 50/50 Not generally Rarely

4.2. Does your financial institution take into account the characteristics of the asset/ investment to be financed when setting the lending conditions for a borrower?

- Almost always Generally 50/50 Not generally Rarely

4.3. Does your financial institution consider that EE investments have generally comparable characteristics of asset-based or project finance?

- Almost always Generally 50/50 Not generally Rarely

4.4. Does your financial institution improve the financing conditions of the EE promoters/borrowers as a result of the estimation of the value of the savings to be created by an EE investment?

- Almost always Generally 50/50 Not generally Rarely

4.5. Does your financial institution take into account the operating life of an EE investment to extend the maturity of its financing above the standard maximum maturity threshold?

- Almost always Generally 50/50 Not generally Rarely

5. RISK PERCEPTION

5.1. Do you think that completion and technical performance risks of EE investments are:

- High Significant Moderate Low Marginal

5.2.. Do you think that monetary value of energy savings generated by an EE investment can be assessed and secured over time?

- Almost always Generally 50/50 Not generally Rarely

5.3. Do you think that the assignment of the monetary value of the energy savings created by EE investments to the repayment of the financing of those investments can be achieved:

- Almost always Generally 50/50 Not generally Rarely

5.4. Do you think that EE assets can be used to provide security for their financing?

- Almost always Generally 50/50 Not generally Rarely

5.5. In relation to other comparable financing activities of your financial institution, do you think that EE investments financing is generally:

- Much more risky Risker Equally risky Less risky Much less risky

6. PROFITABILITY

6.1. Do you think that compared to the size of other asset based investments that your financial institution finance, EE investments size is generally:

- Much bigger Bigger Equal Smaller Much Smaller

6.2. Do you think that that compared to the size of other asset based investments that your financial institution finance, the amount of due diligence required for the financing of EE investment is:

- Much higher Higher Equal Lower Much Lower

6.3. Do you think that compared to the size of other asset based investments that your financial institution finance, the amount of structuring work required for the financing of EE investment is

- Much higher Higher Equal Lower Much Lower

6.4. Do you think that developing standardise financing products/programmes for EE investments is

- Very Difficult Difficult Standard Easy Very easy

6.5. Do you think that risk/cost-return balance for EE financing is normally:

- Very good Good Standard Sub-standard Very limited

Free text:

[Please insert text to provide comments or clarifications to the above answers, if appropriate]

Name:
Title:
Date:

Name:
Title:
Date:

Annex 4: EIB Eligibility Criteria

ENERGY EFFICIENCY	
SUB-SECTOR	CRITERIA APPLIED
<p>Eligible energy efficiency projects should be justified on the basis of an economic cost-benefit-analysis, for which in general the net present value of the energy saved including externalities, is greater than the net present cost of the project over its life.</p> <p>Where it is difficult to separate out the investments directly related to energy savings, it is necessary to demonstrate that energy efficiency is a significant element of the project. In these cases the energy savings, including environmental externalities, should at least cover 50% of the project cost in an economic analysis.</p> <p>For the following categories of investments additional specific criteria apply:</p>	
District Heating / District Cooling	<p>New systems and the rehabilitation or extension of existing systems are eligible, provided the investment plan for the system ensures heat will be produced mainly from high-efficient cogeneration, residual waste heat or renewable energy. Long-term heat supply costs including all necessary rehabilitation must be economically competitive with heat produced by individual boilers in buildings.</p>
Energy Savings / Energy Efficiency in Buildings	<p>Major renovation of existing buildings as defined in Directive 2010/31/EU (EPBD):</p> <p>Investments shall achieve at minimum the cost-optimum refurbishment level as reported by the Participating Country.</p> <p>Building renovation not subject to the application of the EPBD:</p> <p>For measures at the building envelope, application of minimum requirements (U-values) identified in the definition of cost optimum levels (according to EPBD)</p> <p>Energy related building technologies (i.e. HVAC, control and regulation systems, lighting) must demonstrate economic profitability.</p>
High efficiency Co-Generation of Heat and Power	<p>Primary Energy Savings (PES) to meet criteria for high-efficiency cogeneration according to EU Directive 2004/8/EC methodology, using efficiency reference values given in Council Decision C(2006) 6817. Microgeneration, as defined in the Directive, is eligible.</p>

Please note that these criteria can be updated by the EIB from time to time.

Annex 5: Definitions and Interpretation

Accepted Application	means an Application that (i) has been received within the Deadline, (ii) for a Participating Country for which no Financial Intermediary has been selected and (iii) complies with the requirements listed in Appendix 1 of Annex 1.
Applicant	means a financial institution applying to this Request for Proposals aiming at becoming a Financial Intermediary under the PF4EE Instrument.
Application	means the documentation submitted by an Applicant to the EIB in accordance with this Request for Proposals.
Appraisal Fee	means a fee to be paid for the signing or amendment of an EIB Loan for EE in line with EIB standard practice, if applicable.
Availability Period	means the period of up to [24] months starting on the date of signature of a Collateral Agreement. The Availability Period might be extended by EIB and could terminate before its expiry date upon the occurrence of certain events.
Collateral	means an amount in Euros deposited in a Collateral Account. Exceptionally other internationally traded currencies might be considered.
Collateral Account	means an account open in EIB books where Collateral is deposited. There will be a Collateral Account for each participating Financial Intermediary.
Collateral Agreement	means an agreement to be signed between the EIB, on behalf of the European Commission, and a Financial Intermediary setting out the conditions under which such Financial Intermediary has the right to receive partial or full transfer of the Collateral deposited in a Collateral Account under the PF4EE RSF.
Collateral Available	means the balance of a Collateral Account.
Collateral Cap Amount	means the amount resulting from multiplying the (i) Collateral Cap Percentage and (ii) the Portfolio Signed. The Collateral Cap Amount will be adjusted proportionally to the Portfolio Disbursed at the end of the Disbursement Period.
Collateral Cap Percentage	means the product of (i) the Expected Loss of the Portfolio and (ii) the Collateral Rate, both of them expressed on percentage terms. For the avoidance of doubt, the Collateral Cap Percentage is to be determined before the signing of a Collateral Agreement. The Collateral Cap Percentage shall not exceed 15%, save for exceptional market conditions.

Collateral Fee	means a fee to be paid by the Financial Intermediaries to EIB during the life of the Collateral Agreement calculated in relation to the outstanding Portfolio. The Collateral Fee shall not exceed 30 bps per annum and may be modulated downwards depending, inter alia, on market conditions and on the expected impact of implementation of the PF4EE Instruments in the relevant Participating Country.
Collateral Rate	means the % of a Loss incurred in respect of an EE Loan included in a Portfolio that may be covered under the PF4EE RSF. This percentage shall not exceed 80%, save for exceptional market conditions.
Collateral Transfer Amount	means the amount resulting from the multiplication of (i) the Collateral Rate and (ii) the Losses incurred by the Financial Intermediary in respect to EE Loans up to the lowest of (x) the Collateral Cap Amount and (y) the Collateral Available.
Compliance Requirements	means the requirements set in Appendix 1 of Annex 1 to be fulfilled by an Application to be considered as an Accepted Application.
Disbursement Period	means the period starting at the signature of a Collateral Agreement and ending on the earliest of (i) [24] months after the end of the Availability Period or (ii) the full disbursement of all EE Loans included in the Portfolio. The Disbursement Period may be extended in exceptional market circumstances, if agreed by EIB.
Deadline	means 30 June 2017 or such earlier date as announced in the PF4EE section of EIB's website.
Delegation Agreement	means the agreement signed on the 8th of December 2014 by the European Commission and the European Investment Bank further to the Commission Decision of 5th December 2014 notified under document C(2014)9147/2 regulating the terms of their cooperation for the implementation of the PF4EE Instrument.
EU Contribution	means the EUR 80m committed by the LIFE Programme to fund PF4EE RSF and the PF4EE ESF under the PF4EE Instrument within the period 2014-2017.
EE or Energy	means energy efficiency.
Efficiency EE Loans	means a loan signed by a Financial Intermediary and a Final Recipient for the purpose of financing an Eligible EE Investment (i) with a minimum maturity of [4] years and a maximum of 20 years and (ii) for minimum amount of 40,000 Euros and

maximum amount of 1,125,000 Euros.

Notwithstanding the above, the EE Loan size could be (i) lower than the mentioned minimum threshold if agreed by EIB and (ii) above the maximum threshold, up to a maximum of EUR 5 million, if the EE investment financed by the relevant EE Loan takes place in a building.

EIB EE Eligibility Criteria	means the conditions to be fulfilled by an EE investment to be eligible for EIB financing, as further detailed in Annex 4.
Eligible EE Investment	means an investment which is in line with the priorities set by the EU Directives related to Energy Efficiency and (i) is in accordance with the priorities set by the National Energy Efficiency Action Plan (NEEAP) or an energy efficiency programme or scheme within a Participating Country, (ii) fulfils EIB EE Eligibility Criteria and (iii) has a capital cost not exceeding EUR 10 million.
EC	means the European Commission.
EIB	means the European Investment Bank.
Expected Loss	means the loss (as a percentage) that may be anticipated for a given Portfolio based on historical and/or market experience in line with the credit risk assessment procedures of the Financial Intermediary and consistent with international standards, as agreed between EIB and the Financial Intermediary prior to the signature of the Collateral Agreement.
Final Recipient	means a financially viable natural or legal person who receives an EE Loan and complies, mutatis mutandis, with the conditions set in limbs (iii) and (iv) of Appendix 1 of Annex 2.
FI or Financial Intermediary	means a financial institution who has been selected to participate in the implementation of the PF4EE Instrument in accordance with the terms of this Request for Proposals and with which EIB has entered into one or more legally binding agreements (including a Collateral Agreement).
Geographical Concentration Limits	means: (i) no more than 15% of the EU Contribution shall be allocated to one Participating Country, (ii) no more than one Financial Intermediary per Participating Country.
Impact Criteria	means the criteria set in Appendix 3 of Annex 1.

Losses	means: <ul style="list-style-type: none"> (i) Total principal and/or interest amounts (excluding default interest, capitalised interest, fees and other costs and expenses) due, payable and outstanding following occurrence of either a payment default or an acceleration of an EE Loan, subject to certain conditions; and (ii) Any reduction in principal and/or interest amounts (excluding default interest, capitalised interest, fees and other costs and expenses) as a result of a restructuring of an EE Loan, subject to certain conditions.
Participating Entities	means, in case of a joint Application to this Request for Proposals submitted covering the Applicant and at least one additional potential future financial institution, each and every additional financial institution covered by such joint Application.
Participating Country	means any Member State of the European Union.
Portfolio	means a set of newly originated EE Loans for which a Financial Intermediary has submitted to EIB a valid inclusion notice and which have not been excluded from the Portfolio in line with the terms of the relevant Collateral Agreement.
Portfolio Disbursed	means the aggregate amount of principal disbursed during the Disbursement Period under the EE Loans included in the Portfolio.
Portfolio Signed	means the aggregate amount of principal committed for disbursement under the EE Loans included in the Portfolio.
Portfolio Targeted Size	means the total amount of principal to be disbursed under the Portfolio, as agreed between the EIB and the Financial Intermediary in a Collateral Agreement. The Portfolio Targeted Size shall be normally comprised within the EUR 50-100m range. The EIB may exceptionally agree to a Portfolio Targeted Size outside of the abovementioned range.
Quality Criteria	means the criteria set in Appendix 2 of Annex 1
Reporting	The Financial Intermediary shall provide EIB after the end of each calendar quarter with quarterly information and after the end of each calendar year with annual information in a standardised form, including among others, information on the Portfolio, Final Recipients and Eligible EE Investments covered by the Collateral Agreement.

In addition, the Financial Intermediary shall commit to promptly

supply to the EIB any information that the EIB may reasonably require in order to verify (i) the performance of the Portfolio or (ii) the compliance with the Collateral Agreement and the Delegation Agreement.

Selection
Process

means the process described in Annex 1.