



**EIB actions for Energy Efficiency  
in the Urban Sector**

**Brussels, 17th June 2009**

- ✓ Promoting social well-being
- ✓ Minimising adverse environmental impact in all projects  
(public consensus)

EIB environmental investment focuses on:

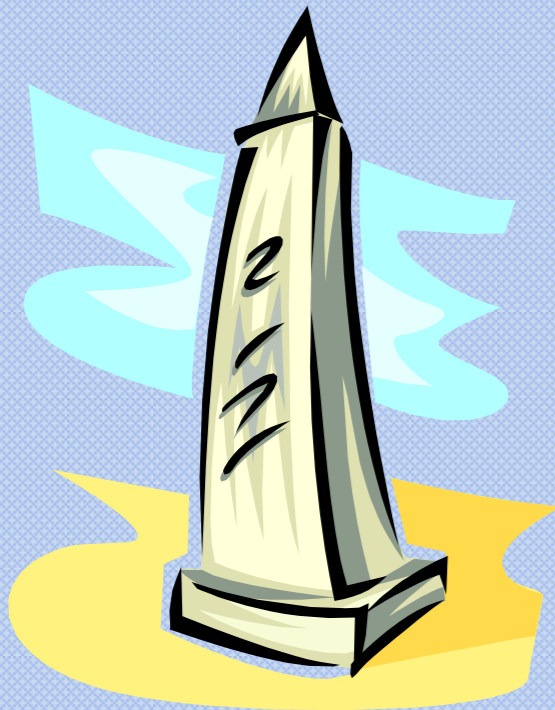
- tackling climate change
- protecting and enhancing biodiversity
- promoting the sustainable use of natural resources & waste management
- improving the quality of life in the urban environment



Preserve, protect and improve the environment,  
EIB's "Environmental Statement" on the web

# EIB project requirements: the « three pillars »

Eligibility =  
consistency with  
EU priorities



Technical quality  
and economic  
soundness



Financial viability  
and adequate  
security



Comply with procurement and environmental protection regulations

A project assessment with many facets

### Corporate Priority Objectives

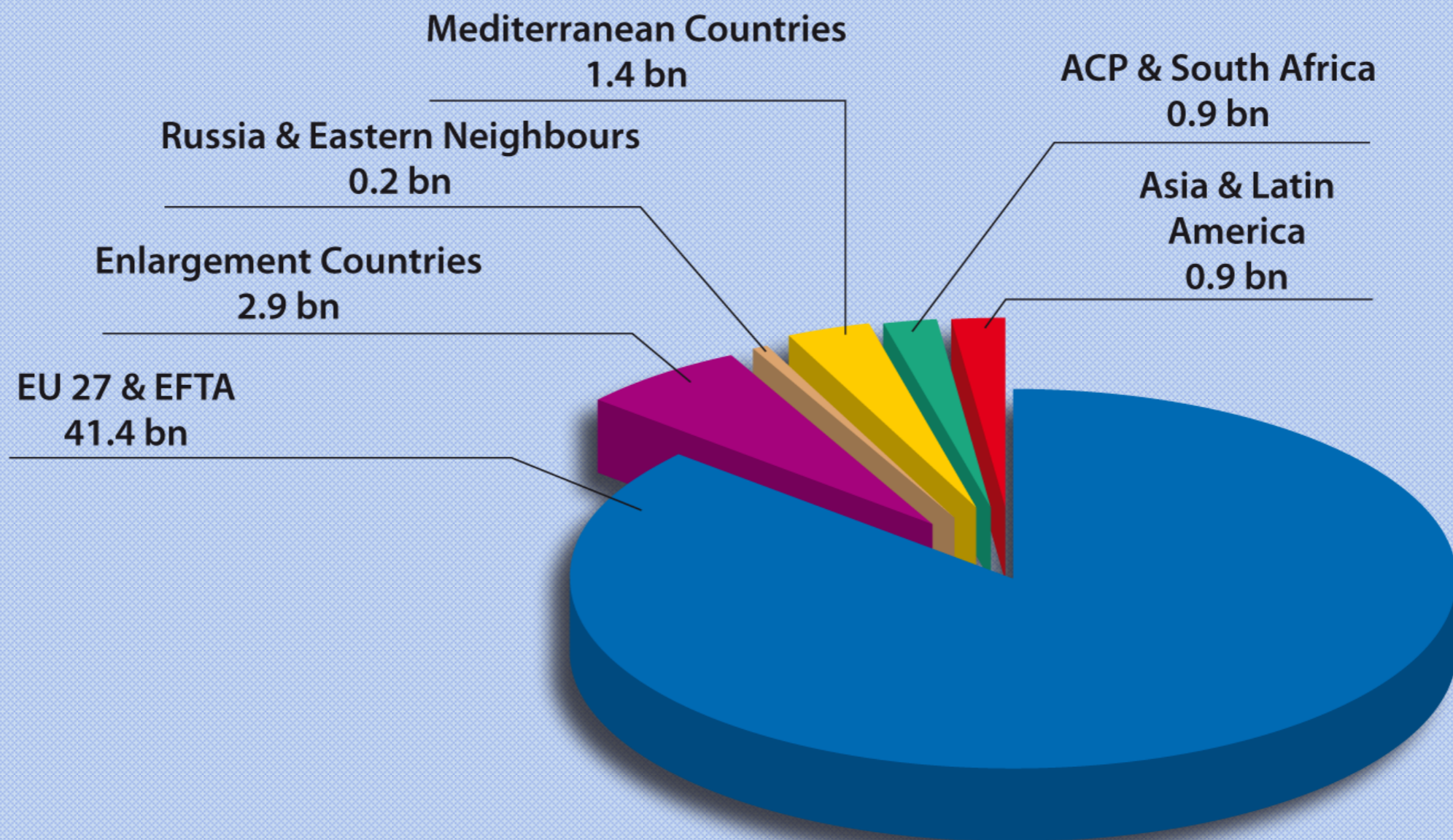
- **Implementing of the Innovation 2010 Initiative (i2i)**
- **Support for Small & Medium Sized Enterprises**
- **Development of Trans-European networks (TENs) in the Transport and Energy sectors**
- **Support of EU Development and Cooperation Policies in Partner Countries**
- **Environmental sustainability and improvement of the citizens quality of life**



**A policy-driven Bank**



# EIB lending in 2007 (in EUR billion)



**Lending in favour of sustainable urban development (including social housing, urban rehabilitation, public transport and integrated mobility) represents almost 10% of EIB's annual activity (over € 4 billion in 2008)**

Urban projects can be **traditionally** financed by the EIB through different types of finance contracts:

- Direct loan (one single component), either agreed with a public authority or a concessionaire/operator
- Forming part of a framework loan (multiple components)
- Forming part of a regional development program (complementing EU grants)
- Forming part of a loan given to a private investment fund
- PPP
- Using the new Jessica facility (urban development funds)

**Some of these instruments include the assumption of a certain level of risk**

# Eligibility in Urban Renewal and Regeneration

- Projects are eligible under the **Urban Renewal and Regeneration criterion** when tackling the following investments:
  - ✓ Urban infrastructure, public spaces and commercial/cultural/administrative buildings abiding to the “**Sustainable cities and communities**” agenda.
  - ✓ **Other urban renewal and regeneration projects.**
  - ✓ **Cultural heritage** (including conservation and modernisation of listed buildings).
  - ✓ **Social housing**, within integrated urban and/or housing plans, and addressing renewal/regeneration and social cohesion issues.
- The Bank is currently revising the **urban sector guidelines**. The new Regulation of the European Regional Development Fund concerning housing will be there accommodated.

- Projects are eligible under the **Sustainable Urban Transport criterion** when tackling the following investments:
  - ✓ **Public urban transport** (e.g suburban rail, metro, tramway, bus, etc. including rolling stock, multi-modal interchanges, mass transport networks integration, green propulsion)
  - ✓ Measures to **reduce the pressure of urban road congestion and pollution** including traffic calming and pedestrian zones, by-passes, urban logistics, other transport safety investments as well as innovative transport systems such as traffic management and other ITS (Intelligent Transport Systems) systems

# The sustainable energy financing package Support for the Covenant of Mayors



**EIB loan up to  
75% of total cost**

**EIB  
lines of action**



**Energy efficiency  
& renewable energy**

**Urban  
Actions**

**Project development support available !**



**Energy efficiency  
& renewable energy**



**Public buildings  
Social Housing  
Municipal infrastructure  
(e.g public lighting)**

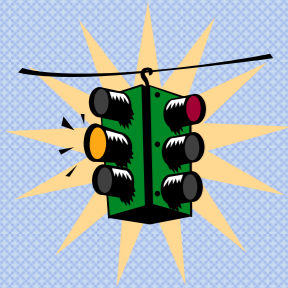
**ESCO finance facility**

**Combined Heat  
and Power  
(if applicable)**

**Horizontal and supporting activities**

# The Green Paper

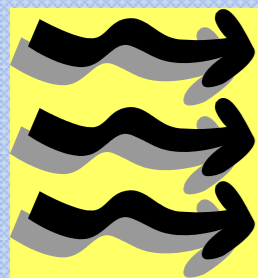
« Towards a new culture for urban mobility »



EIB projects “include the construction, extension or rehabilitation of collective transport infrastructures or the acquisition of rolling stock”.

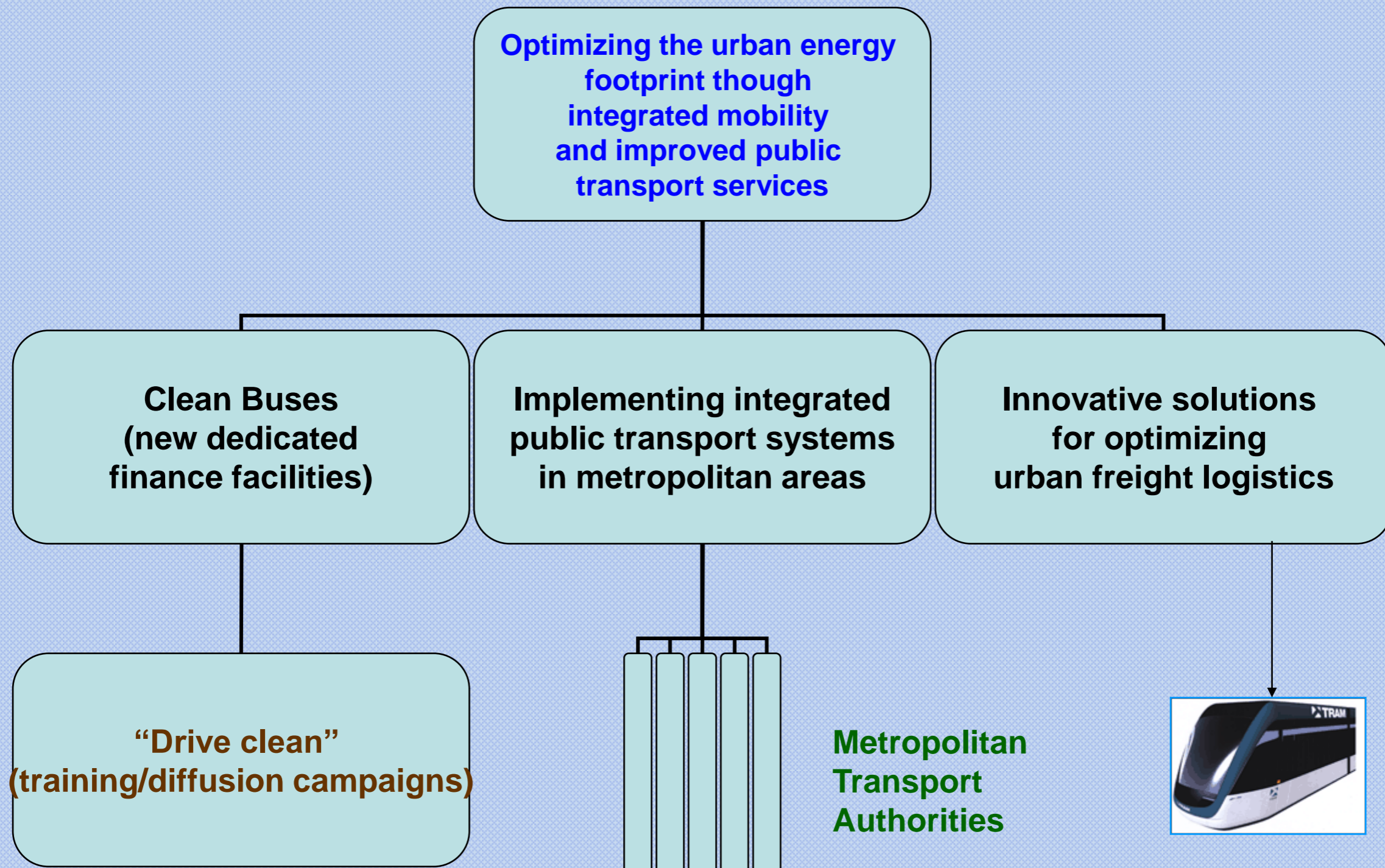


**But, this is not all.** Urban development (including social housing) in the context of integrated plans (Leipzig Charter) and, in general, urban environment enhancement projects are also eligible for the Bank.



New financial instruments, including higher assumption of risks (both during construction and operation), are being developed.

# EIB proposed actions in the field of Urban Transport (under the Covenant of Mayors framework)





The Bank is currently preparing a new loan facility (using leasing financial principles) oriented to provide advantageous long-term financing to urban transport operators replacing or expanding their bus fleets with new vehicles outperforming existing environmental regulations.

## Related issues:

- European label (adherence of the EC)
- Green and/or joint procurement
- Introduction of Euro V and VI standards
- Incentives to R&D (EC framework programs)
- Particular treatment of O&M costs



# The Clean Buses Framework Finance Facility



**The high purchase price and O&M costs of this kind of vehicles (e.g. hybrid, electric) and the concerns of operators about their long-term performance, makes many transport authorities reluctant to consider innovative buses for their fleet renewal. However, many of those authorities, show a strong interest in the introduction of cleaner vehicles.**

**In order to establish an affordable solution, EIB intends to launch a specific introductory study that should include a global presentation of the state-of-the-art of clean bus technologies, an in-depth analysis of the applicable (and foreseen) EU regulations and the elaboration of a proposal of eligibility criteria to be applied to CFFF.**

**The second part of the work consists of a detailed study of the institutional and financial scenarios for one EU transport operator/authority (to be decided by EIB), identifying the barriers to the use of the CFFF, the financial leverage needed to stimulate the renewal of its bus fleet with new vehicles outperforming existing regulations, in particular concerning environmental and energetic performances, and how such leverage could be obtained by the mechanisms proposed by the CFFF.**

## Advisory Services for the Setup and First Implementation of the CFFF (1):

### *Part A - General aspects*

#### **Task 1: Technical and technology issues**

Review of the state of the art of clean buses technologies:

- market offer: major suppliers, technical and environmental characteristics of buses on offer, ongoing new projects
- pros & cons of each technology, in particular concerning level of reliability, purchase cost and operation/maintenance costs.

#### **Task 2: EU standards for buses and CFFF eligibility criteria**

Review of the state of the standards regulating production and operation of buses, with particular reference to technical and environmental aspects

- present and foreseen production standards (Euro V, EURO VI, EEV, future standards)
- first proposal of expectations and standards to be met by buses eligible to CFFF, notably in terms of emissions reduction. Analysis of the interest and implications of including other performance requirements (regarding the infrastructure, comfort, adaptation to disabled users, etc.)
- definition of potential EU market.

#### **Task 3: preparation of ToR for further studies**

## Advisory Services for the Setup and First Implementation of the CFFF (2):

### *Part B - Implementation of first investment facility (I)*

#### **Task 4: Purchase procedures**

With reference to the acquisition of clean buses, assistance to the operator/authority in the:

- identification of the typology of buses to purchase
- identification of the main stakeholders at local level to involve in the implementation process (i.e. supply of energy source, specialized maintenance, parts, etc.)
- definition of mechanisms for bus purchase and financing
- identification of available/potential levels of subsidies and mechanisms to obtain them; technical and legal possibilities to integrate EU/national grants for improved financial conditions; potential for fiscal incentives
- preparation of draft tender documents for clean buses provision, in particular regarding the technical annex; verification of the possibility of using the new EU Directive on the procurement of clean road vehicles.

#### **Task 5: Proposed financial solutions for the local CFFF**

Proposal of possible solutions for CFFF that can really meet the operator/authority's needs and make the project viable and effective:

- compliance with CFFF eligibility criteria identified at point 2.2
- identification of the best solutions for financing the fleet purchase in the analysed context: leasing, loan, other; quantification of their impact on the operator in terms of purchase and operation & maintenance costs; possibilities for compensation, break even point; solutions for the maintenance and guarantee aspects
- analysis of the various possibilities of using CFFF and estimation of their financial impact
- technical/legal and financial possibilities to integrate national/EU funds in the CFFF
- identification of the best CFFF option and of the most interesting potential partners of the EIB in the structuring of the CFFF
- identification of indicators to evaluate the real impact of CFFF application
- preparation of data and results for the following analysis.

## Advisory Services for the Setup and First Implementation of the CFFF (3):

### *Part B - Implementation of first investment facility (II)*

#### Task 6: Evaluation of Project and results

identification and evaluation of impacts of the case study, market reaction

estimation of indicators identified in task 5.6

conditions for market replication and full scale application, recommendations.

### *CFFF planned timetable*

<b>Identification of interested cities</b>	<b>Before summer 2009</b>
<b>Launching the first study</b>	<b>Summer 2009</b>
<b>Setting up CFFF</b>	<b>December 2009</b>
<b>Implementation</b>	<b>Over 2010</b>
<b>Market acceleration results</b>	<b>Mid 2011</b>

**Thank You**



**European  
Investment  
Bank**



**[www.eib.org](http://www.eib.org)**