

# Cyprus Energy Fund of Funds

## Hotels4Climate

Round Table Discussion – 13 January 2020



# Enhancing Access to Finance – ESIF contribution

- Access to finance remains one of the main challenges of businesses - and particularly SMEs - in the economy of Cyprus.
- In an effort to facilitate access to finance, DG EPCD:
  - In cooperation with the competent Ministries/Services - Has been promoting, in the context of the Operational Programme “Competitiveness and Sustainable Development 2014-2020” (OP), several Grant Schemes as well as other relevant programmes (Advise for Small Business Facility – EBRD).
  - Has placed particular importance in the promotion of financial instruments, with a significant amount earmarked in the relevant OP.



# Energy FoF Cyprus

- Building on the suggestions of the relevant Ex Ante Assessment for the use of Financial Instruments in the context of ESIF, DG EPCD and the EIB have entered into a Funding Agreement on 18 December 2018, whereby the Republic of Cyprus appointed the EIB to manage and operate an instrument in the fields of energy efficiency and RES.
- On this basis, the Cyprus Energy Fund of Funds (Fof) has been set-up as a separate block of finance within the EIB.

The Cyprus Energy Fund - will primarily comprise two sources of public funding, namely:

- ESIF 2014-2020 and national co-financing (EUR 40m),  
and
- Additional national contributions sourced from an EIB sovereign loan (EUR 40m).

Financial Intermediaries are expected to contribute to the Fund an additional amount of EUR 40m.

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ESIF Allocations per OP Special Objectives/Thematic Objectives:

OP Special Objectives		Amount falling under Priority Axis 1	Amount falling under Priority Axis 5	Amount falling under TO3	Amount falling under TO4
3a.3	Promotion of entrepreneurship in special population groups/ enhancing access to finance	10,000,000		10,000,000	
4b.1	Increase energy savings in SMEs	14,200,000			14,200,000
4c.1	Increase energy savings in public buildings.		7,900,000		7,900,000
4c.2	Increase energy savings in households.		7,900,000		7,900,000
<b>Total</b>		<b>24,200,000</b>	<b>15,800,000</b>	<b>10,000,000</b>	<b>30,000,000</b>

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## Priority Axis 1 (ERDF): Enhancing the competitiveness of the economy

***Specific Objective (10m): Promotion of entrepreneurship in specific population groups enhancing access to finance.***

- SMEs may apply for Loans to enhance competitiveness including element of energy upgrading:
  - Any undertaking → energy savings (e.g. purchase of machinery, upgrading of production line)
  - Application of renewable energy technologies (e.g. photovoltaic systems), or
  - Other investments → mitigation of climate change effects (e.g. biological waste treatment facilities, waste recovery / recycling).

***Specific Objective (14.2 m) : Increase energy savings in SMEs.***

- SMEs may apply for Loans for :
  - Installing RES systems (e.g. photovoltaic, solar, wind)
  - Undertaking large-scale (integrated) energy upgrading of their buildings.

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## Priority axis 5 (Cohesion Fund): Promotion of sustainable transport and reduction of carbon dioxide emissions

### *Specific Objective (7.9m): Increase energy savings in public buildings*

- Public entities and local authorities may apply for loans for:
  - Energy upgrading public infrastructure (e.g. large-scale energy upgrading of a building, energy upgrade of public lighting), or
  - Installing RES (e.g. photovoltaic, solar, wind)

### *Specific Objective (7.9m): Increase energy savings in households*

- Household owners/ tenants may apply for loans to:
  - Install RES (e.g. photovoltaic, solar, wind), or
  - Undertake large-scale (integrated) energy upgrading of their house buildings

# Key elements of the final product

The financial product that will be offered through the Energy FoF is loans. Such loans will be provided to final recipients with preferential terms and will comprise the following indicative parameters:

1. Lower interest rates
  2. Longer tenors: Depending on the project, maturities may in principle be longer than the ones provided under commercial terms and extend from 5 to 20 years.
  3. Securities/collaterals: In line with market practice, and in accordance with the financial intermediary's investment strategy, their type and amount will depend on the type of the final recipient and the amount of the loan as well as project characteristics
- The final product particularities will be defined by the selected Financial Intermediaries
  - Compliance with State Aid rules shall be ensured

# Timeframe

The Call of Expression of Interest on behalf of the Financial Intermediaries has been launched in November 2019.

- Deadline for requests for additional information: 17 January 2020
- Deadline for submission of Expression of Interest: 21 February 2020

Next Steps:

- Negotiation of Operational Agreements between the EIB and the selected applicants
- Submission of proposal to the Investment Board of the Energy FoF
- Execution of Operational Agreements





**Thank you for your attention!**