



**European  
Investment  
Bank**

*The EU bank*



# Investment Plan for Europe

## Delivering on the European Fund for Strategic Investments (EFSI)

01/2018

# Why an Investment Plan for Europe?

**Issues: Investment gap, low growth, employment and competitiveness**

**Financial and non-financial barriers to investment**

**Public budget constraints**

**Credit supply: Ample liquidity, but long-term risk-taking constrained**

**Credit demand: High dependence on bank financing**



## **EU Investment Plan**

- EU and Member State policy action
- EU budget guarantee
- EIB capacity to mobilise additional financing

# EU Outlook Macroeconomic Environment

## Investment gaps remain an important topic

- Investment in the EU is picking up gradually in recent years, driven by the corporate sector, though it remains below historical averages.
- Infrastructure investment has suffered considerably following a structural decrease in public capital expenditure, especially in fiscally constrained Member States and which undermines convergence.
- Competitiveness, productivity, climate change and inclusive economic growth remain the key longer-term challenges with demographic developments, technological adaptation, and institutional set-up as critical factors.
- Enhancing competitiveness requires a mix of structural reforms, public + private investment and a well-functioning financial sector.
- In terms of RDI spending, Europe is in risk of falling behind. Ensuring corporates have the means to pursue innovative activities and to renew their capital stocks remains a priority.

# 3 ways to tackle investment gaps

## Investment Plan for Europe



### Mobilise finance for investment

- European Fund for Strategic Investments (EFSI)
- Cooperation with National Promotional Banks



### Support investment in real economy

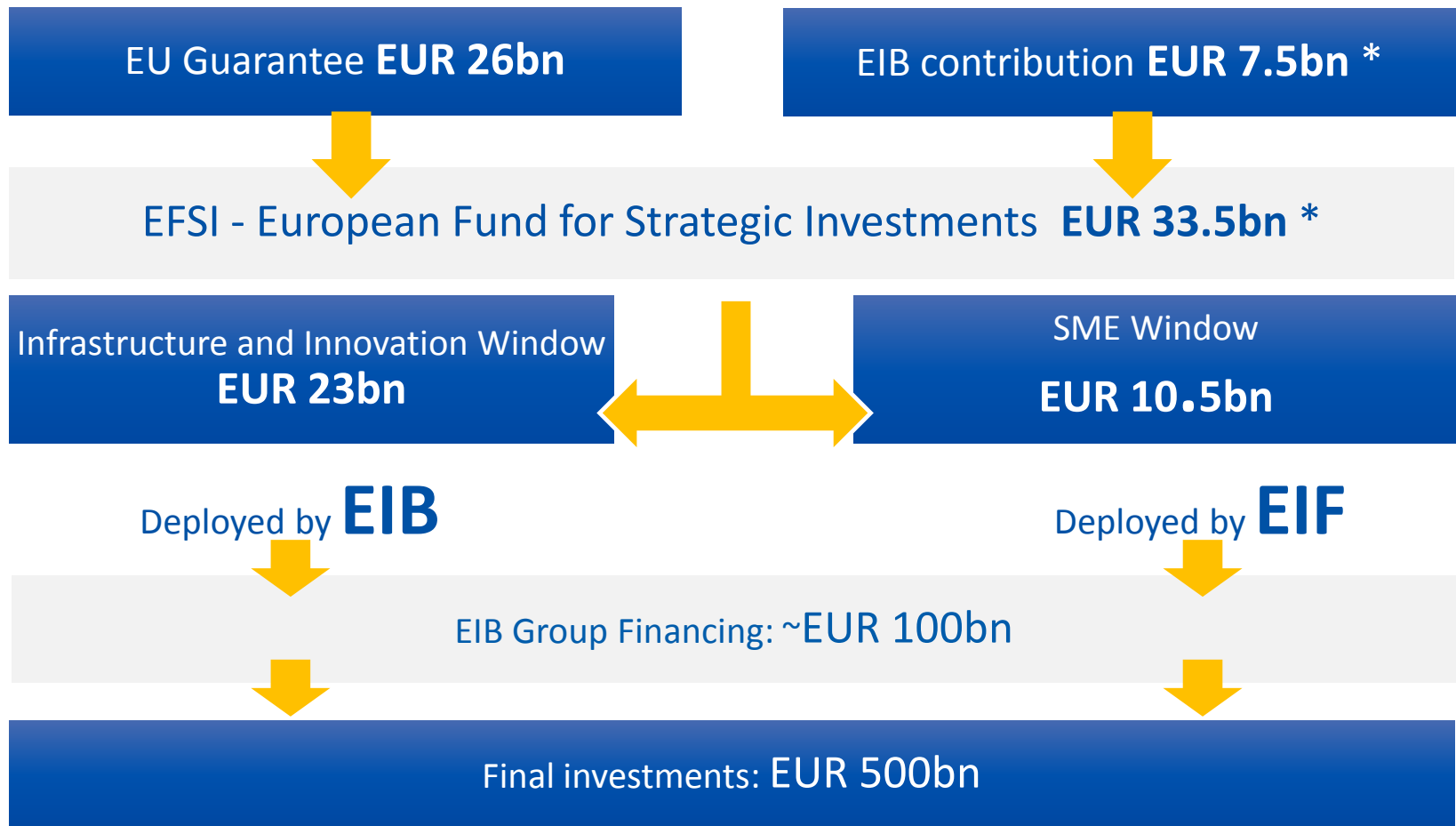
- European Investment Advisory Hub (EIAH)
- European Investment Project Portal (EIPP)



### Create an investment friendly environment

- Improving the regulatory environment
- Structural reforms

# European Fund for Strategic Investments



*\* increase of EIB contribution and allocation to windows still subject to approval by EIB Board of Directors.*

# The extension of EFSI

**EFSI endowment increases from EUR 21bn to EUR 33.5 (26bn EU guarantee & 7.5bn EIB contribution – pending EIB Board approval)**

**Revised investment target: EUR 500bn by end of 2020**

**European Parliament to nominate independent expert for Steering Board**

**Greater transparency on individual EFSI Investment Committee decisions**

**Additional eligibility objectives:**

**Sustainable agriculture, aquaculture and fisheries**


**EU cohesion policy**

**40% target for EFSI financing under the IIW to support COP21 commitments.**

**Re-enforced emphasis on NPB/IP cooperation and on small projects financing**

**Strengthened European Investment Advisory: technical assistance on a broader scale.**

# EFSI Objectives - Eligible areas

 The operations concerned shall be consistent with Union policies and support any of the following general objectives:

- (a) research, development and innovation**
- (b) 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**
- (c) development of transport infrastructures, and equipment and innovative technologies for transport**
- (d) financial support through the EIF and the EIB to entities having up to 3 000 employees, with a particular focus on SMEs and small mid-cap companies**  
*(Financing support through local partner banks and institutions)*
- (e) development and deployment of information and communication technologies**
- (f) environment and resource efficiency**
- (g) human capital, culture and health**
- (h) Sustainable agriculture, forestry, fishery aquaculture and bioeconomy**
- (i) Less developed Regions and Transition Regions (Cohesion)**

A target of 40% Climate Action content in the IIW portfolio has been introduced with the extension of the EFSI regulation at the end of 2017.

## Additionality

Address market failures or sub-optimal investment situations

Operations not possible to same extent without EFSI

Absorb part of the risk to trigger additional investments



## Impact

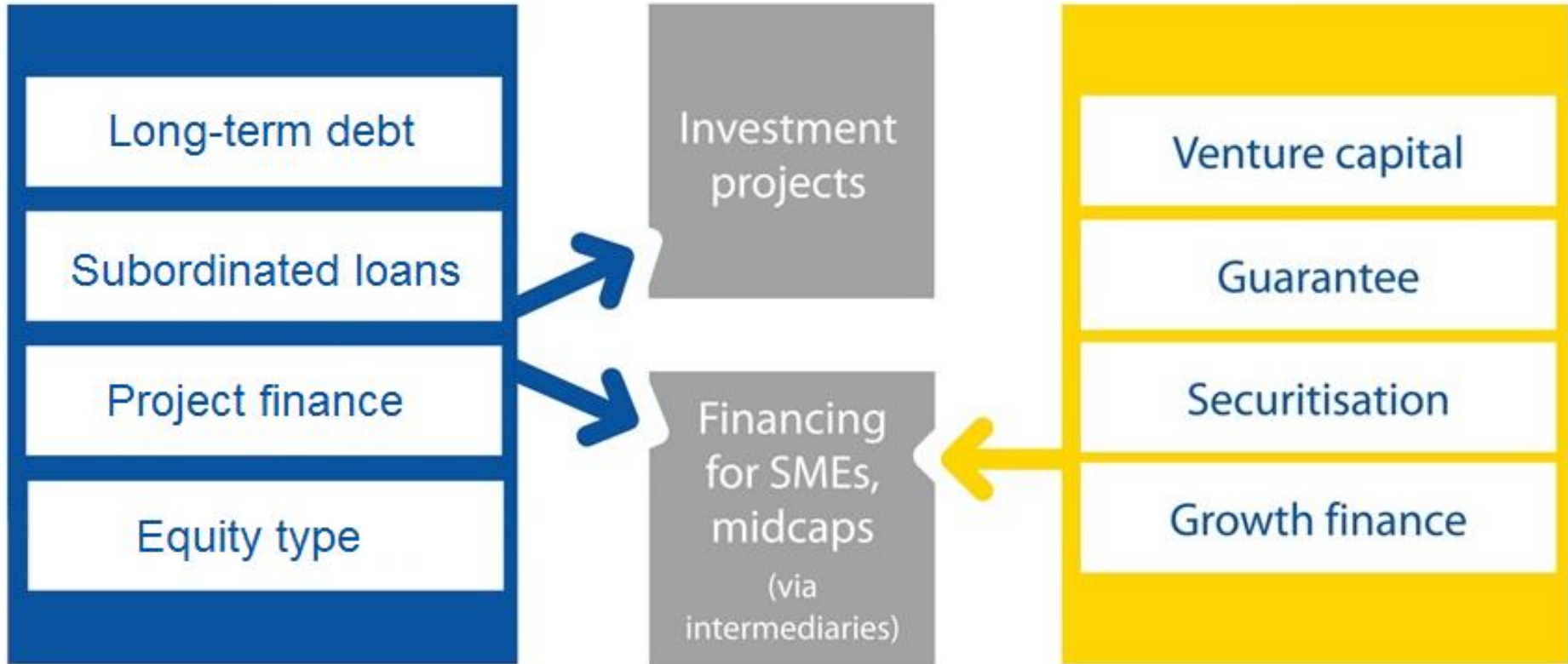
Attracting other sources of finance

Accelerate viable projects

Support productivity, growth and employment

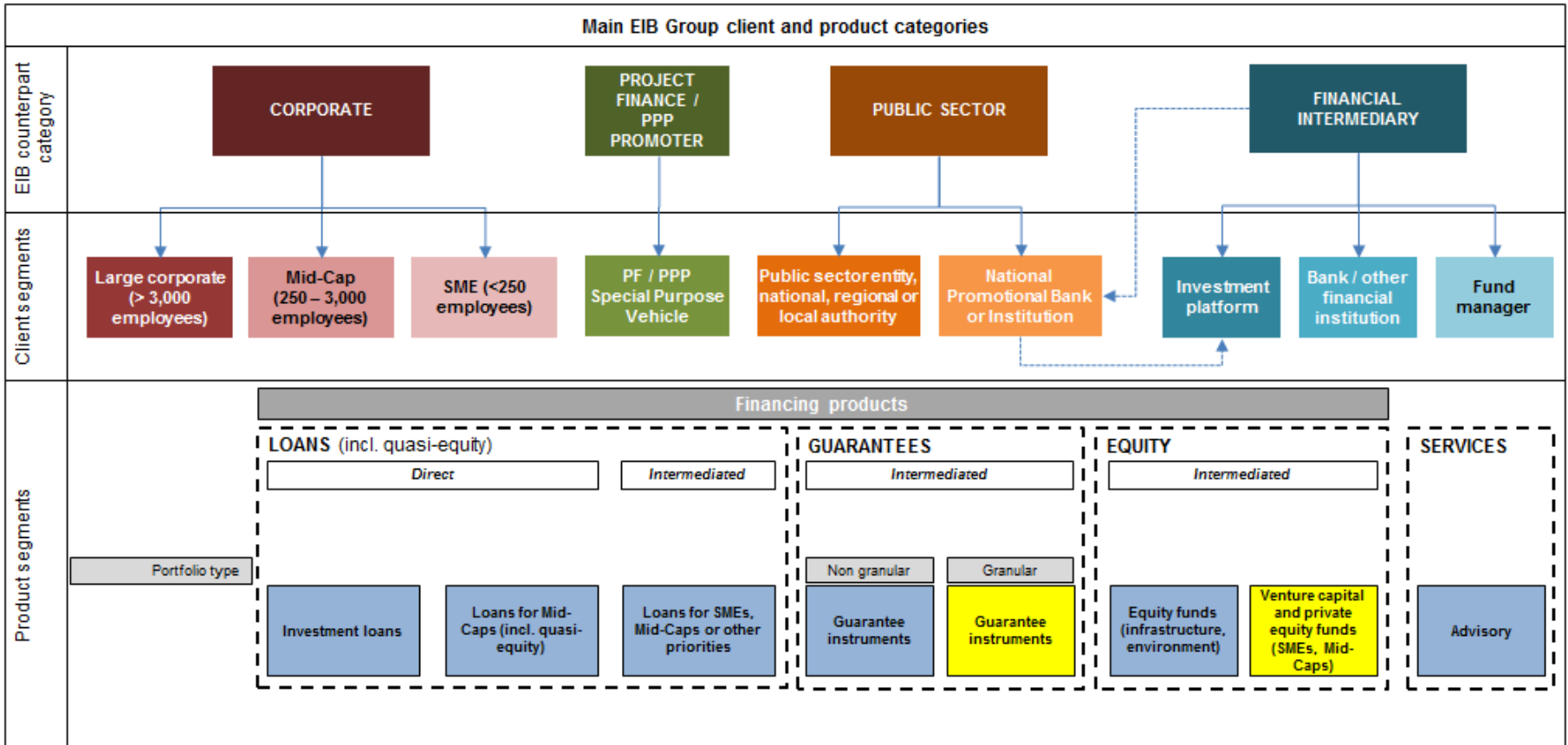


## The EIB Group is developing various new products



- ➔ With the aim to explore and attract new promoters and markets (e.g. MidCaps).  
 Making better use of scarce public resources, leveraging the effect of grants / subsidies, enhancing the multiplier effect of investment.

# ...overview of EIB Group product range by client types



# Opportunities for promoters/investors

- EFSI is **demand driven**, and will provide support for projects everywhere in the EU.
- There are **no geographical nor sectoral quotas**. Projects will be considered based on their individual merits.

## Eligible counterparts

Corporates of all sizes

Utilities and public sector entities (non-sovereign)

SMEs (up to 250 employees) or midcaps (up to 3 000)

National Promotional Banks or other banks for intermediation

Dedicated Investment Platforms

### Contact

EIB Group directly via InfoDesk or relevant Operations Department  
[www.eib.org](http://www.eib.org)  
[www.eif.org](http://www.eif.org)

Of which  
**EUR 37.6bn**  
 signed

# EIB Group figures

As of 31/12/2017

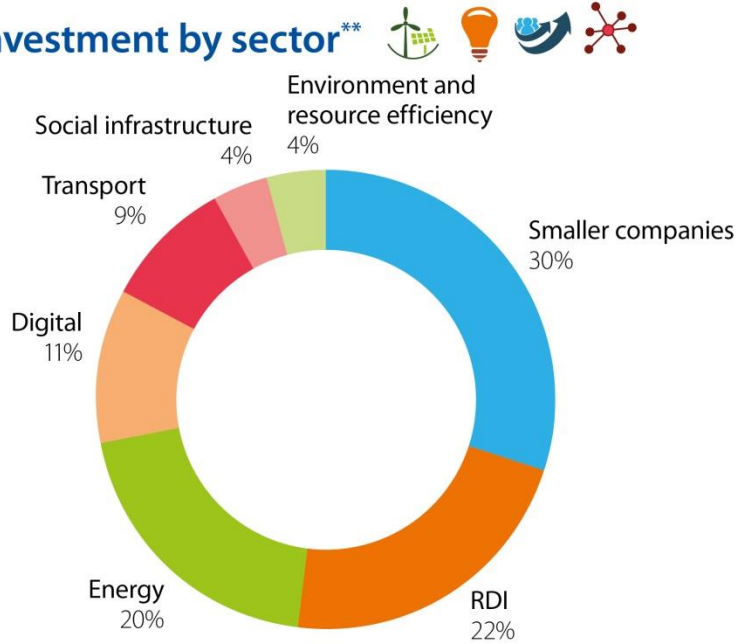


EUR **51.3bn**

EUR **256.9bn**

\* EIB-approved: EUR 39.3bn  
 EIF-approved: EUR 12bn

## EFSI investment by sector\*\*



## EFSI investment relative to GDP\*\*

Darkers colours signify higher investment



# Combining EFSI and ESIF

- ESIF grants remain invaluable – financial instruments / EFSI have complementary uses, they do not exclude or replace each other
  - EFSI and ESIF support mutual objectives
  - Can collectively be deployed to tackle investment gaps at regional and/or national level, creating delivery synergies and efficiencies
  - Mobilise large volumes of development finance for growth and jobs – generating critical mass and creating greater impact
  - Can be deployed to address different risks and support different parts of the capital structure of a project or layered investment platform to provide efficient financing solutions
- 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

# Opportunities exist to combine support from EFSI with ESIF in financial instruments



## European Structural & Investment Funds (ESIF)

- EUR 454bn to be invested for 2014-2020
- 500 ESIF programmes around the EU28
- ESI Funds
  - **European Fund for Regional Development (ERDF) and Cohesion Fund (CF)**
  - **European Agricultural Fund for Rural Development (EAFRD)**
  - **European Social Fund (ESF)**
  - **European Maritime & Fisheries Fund (EMFF)**
- ESI Funds can invest using both grants and financial instruments

## European Fund for Strategic Investment (EFSI)

- Allocated EUR 26bn EU guarantee + EUR 7.5bn from EIB funds (pending approval EIB Board)
- EUR 500bn to be mobilised by 2020
- Debt, equity and guarantees
- No geographical allocations
- Focus amongst others on:
  - Transport, energy and the digital economy
  - Environment and resource efficiency
  - Human capital, culture and health
  - Research, development and innovation
  - Support to SMEs and mid-caps



# EFSI/ESIF combination

## EFSI Operations signed with ESIF combination

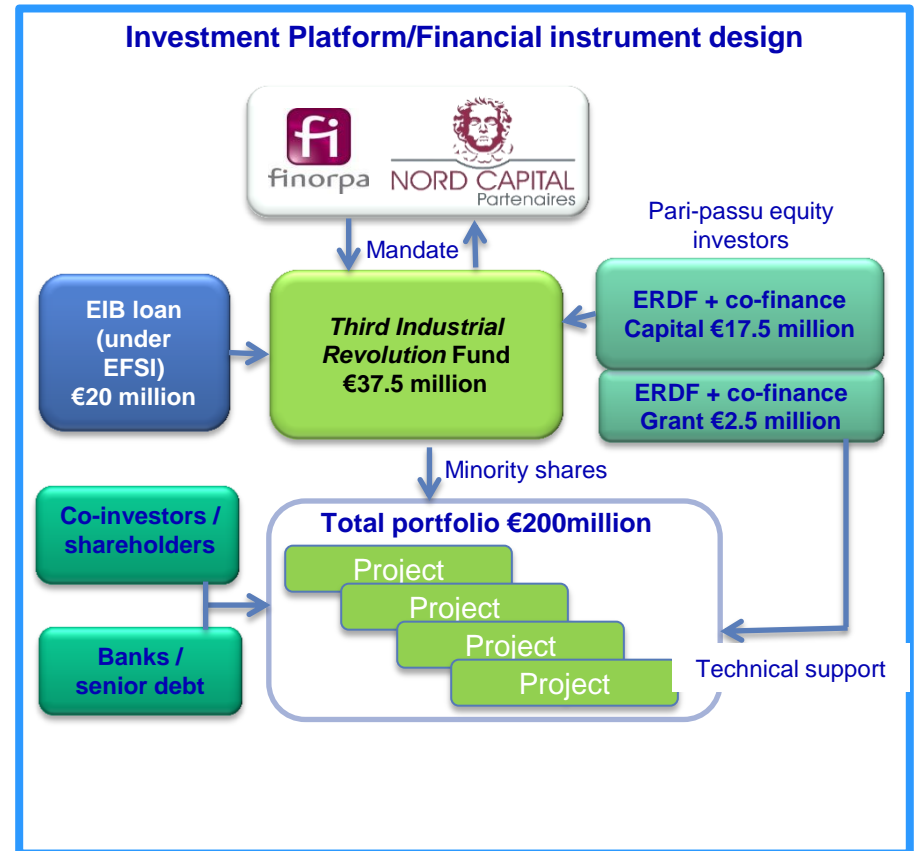
	Number of operations	Signed amount (EURm) of the operations	Investment Mobilised (EURm) of the operations	Share of EFSI (signed)
EFSI IIW Signed	13	2,136	4,899	13%
EFSI SMEW Signed	2	123	455	1.2%
<b>Total EIB GROUP</b>	<b>15</b>	<b>2,259</b>	<b>5,354</b>	<b>14.2%</b>

## EFSI Operations approved with ESIF combination

Item	EFSI Window	PROJECT NAME	COUNTRY	EFSI Objective (%) (as per Regulation)
1	IIW	D4R7 SLOVAKIA PPP	Slovakia	Transport - 100%,
2	IIW	TI - ACCELERATED FIXED HIGH SPEED BB ROLLOUT	Italy	Digital - 100%,
3	IIW	NOVAMONT RENEWABLE CHEMISTRY	Italy	RDI - 100%
4	IIW	LITHUANIAN AIRPORTS	Lithuania	Transport - 100%,
5	IIW	LIETUVOS ENERGIJA VILNIUS CHP PROJECT	Lithuania	Energy - 78%, Environment - 22%,
6	IIW	KUJAWSKO- POMORSKIE HEALTHCARE PROGRAM III	Poland	Social infrastructure - 100%,
7	IIW	FERALPI MODERNISATION PLAN	Italy, Germany	Environment - 32%,Smaller companies - 41%, RDI - 27%
8	IIW	IF TRI EN NORD-PAS DE CALAIS	France	Environment - 100%,
9	IIW	TALLINN AIRPORT UPGRADE	Estonia	Transport - 100%,
10	IIW	ENERGA HYBRID BOND	Poland	Energy - 100%,
11	IIW	UNIVERSITY OF LATVIA RESEARCH AND STUDY CENTRE	Latvia	Social infrastructure - 60%,RDI - 40%
12	IIW	PORTUGAL WATER SUPPLY & SANITATION	Portugal	Environment - 100%,
13	IIW	MAINE ET LOIRE TRES HAUT DEBIT	France	Digital - 100%,
14	IIW	CHARENTE MARITIME TRES HAUT DEBIT	France	Digital - 100%,
15	IIW	FONDS REGIONAL REUNION	France	Smaller companies - 100%,
16	IIW	AQP-WATER SECTOR UPGRADE SOUTHERN ITALY	Italy	Environment - 100%,
17	IIW	WARSAW MEDICAL SIMULATIONS CENTRE	Poland	Social infrastructure - 100%,
18	IIW	TRANSGAZ BRUA GAS INTERCONNECTION PROJECT	Romania	Energy - 100%,
19	IIW	VAR TRES HAUT DEBIT	France	Digital - 100%,
20	IIW	ROLAND GARROS AIRPORT – REUNION	France	Transport - 100%,
21	IIW	KRAKOW BY-PASS - LAGIEWNICKA ROUTE	Poland	Transport - 100%,
22	IIW	ROMANIA REGIONAL WATER PROGRAMME LOAN	Romania	Environment and resource efficiency - 100%
23	IIW	FRENCH REGIONS SME PROGRAMME	France	Smaller Companies - 100%
24	SMEW	SWEDISH VENTURE INITIATIVE	Sweden	Smaller Companies - 100%
25	SMEW	FUND of FUNDS ESIF ESTONIA	Estonia	Smaller Companies - 100%

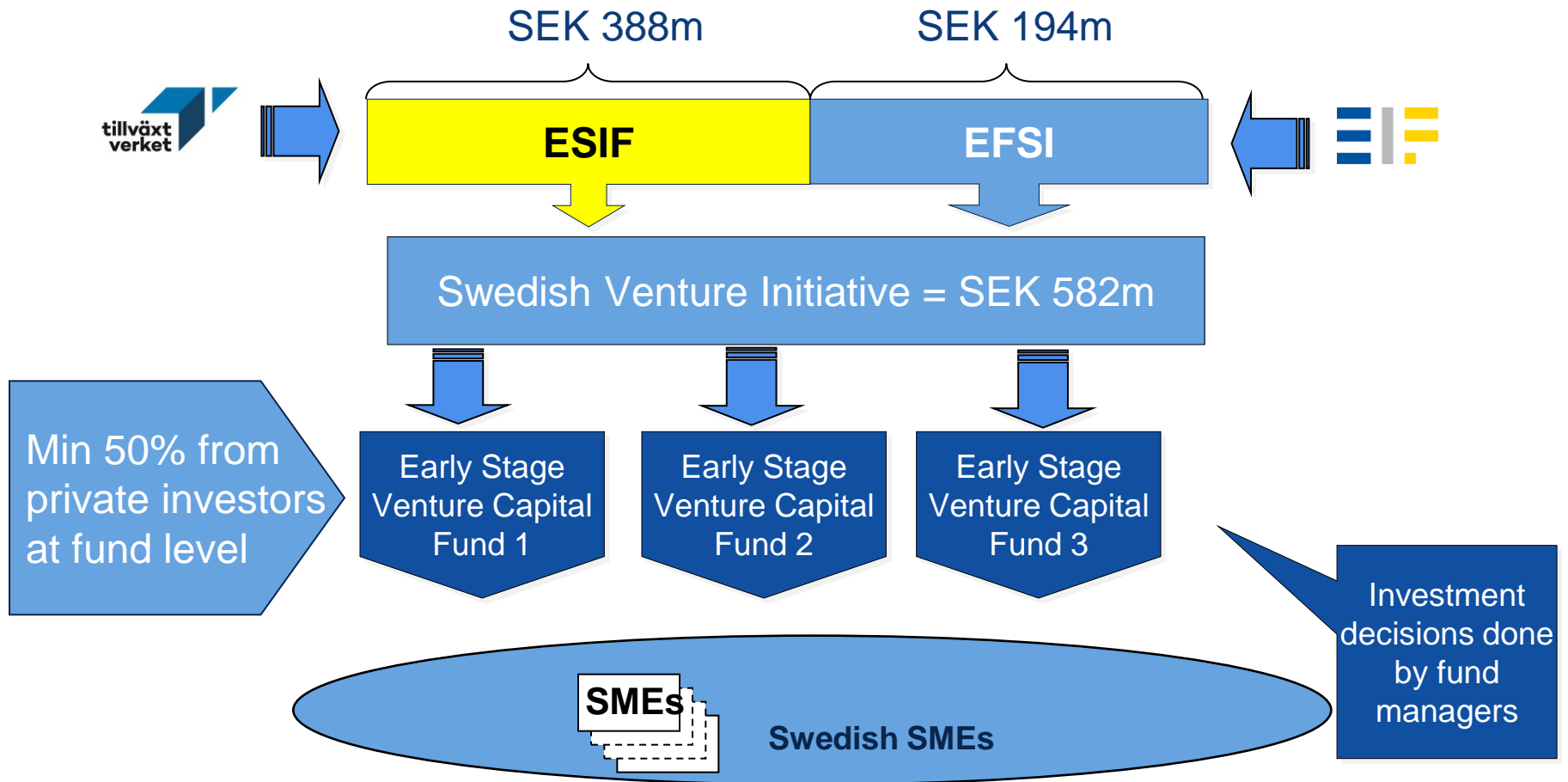
## "TRI" Fund

- Investment platform/financial instrument dedicated to supporting the low carbon economy (energy, mobility, waste) in the region
- Ex ante assessment - demand for equity
- EIB provided advise structuring the fund's design and implementation strategy, as well as a loan facility, under EFSI, of up to €20 million
- Total anticipated investment volume of €200 million
- Technical support facility of €2.5 million for project preparation





# Swedish Venture Initiative



**At least SEK 1 billion expected to be invested in Swedish SMEs**

# Kujawsko-Pomorskie Healthcare Programme

Modernisation of a regional general hospital, Poland

EFSI Financing amount:

**54m** (1<sup>st</sup> tranche)

EFSI related investment:

**101m**

## Financing backs:

- Modernisation and extension of the Rydygier Hospital in Toru to meet new standards by 2019.

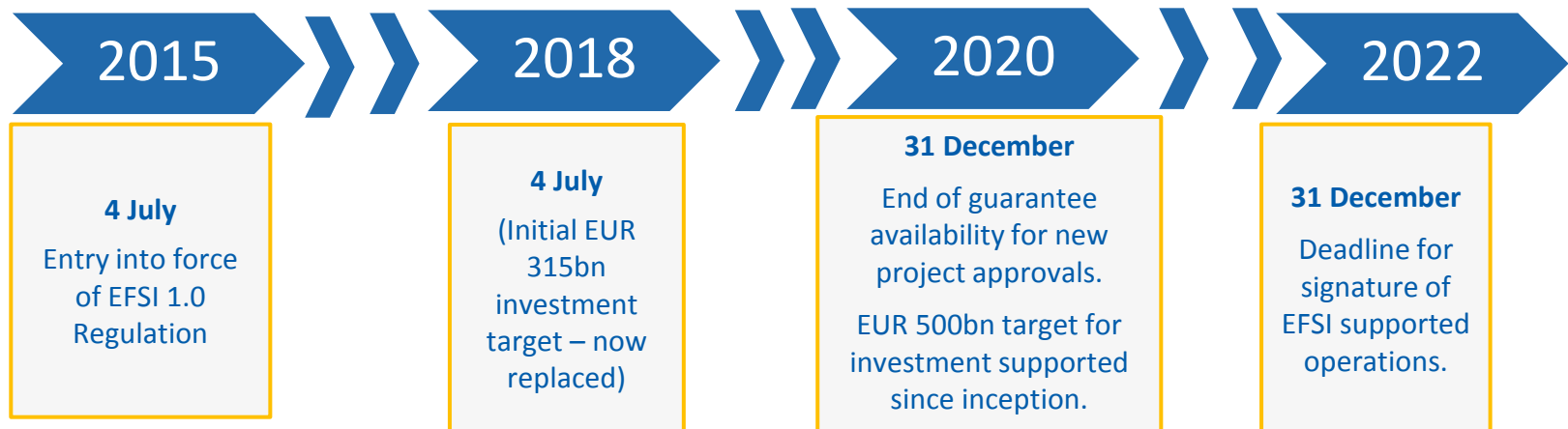
## Barrier:

- Constrained public finances and limited implementation capacity, as well as reluctant commercial lenders.

## Solution:

- Combining EFSI financing with EU grant support in an innovative form to support and accelerate the investment in healthcare infrastructure.
- Debt will be serviced from the remuneration obtained from the Region for services provided and availability payments for health infrastructure constructed.

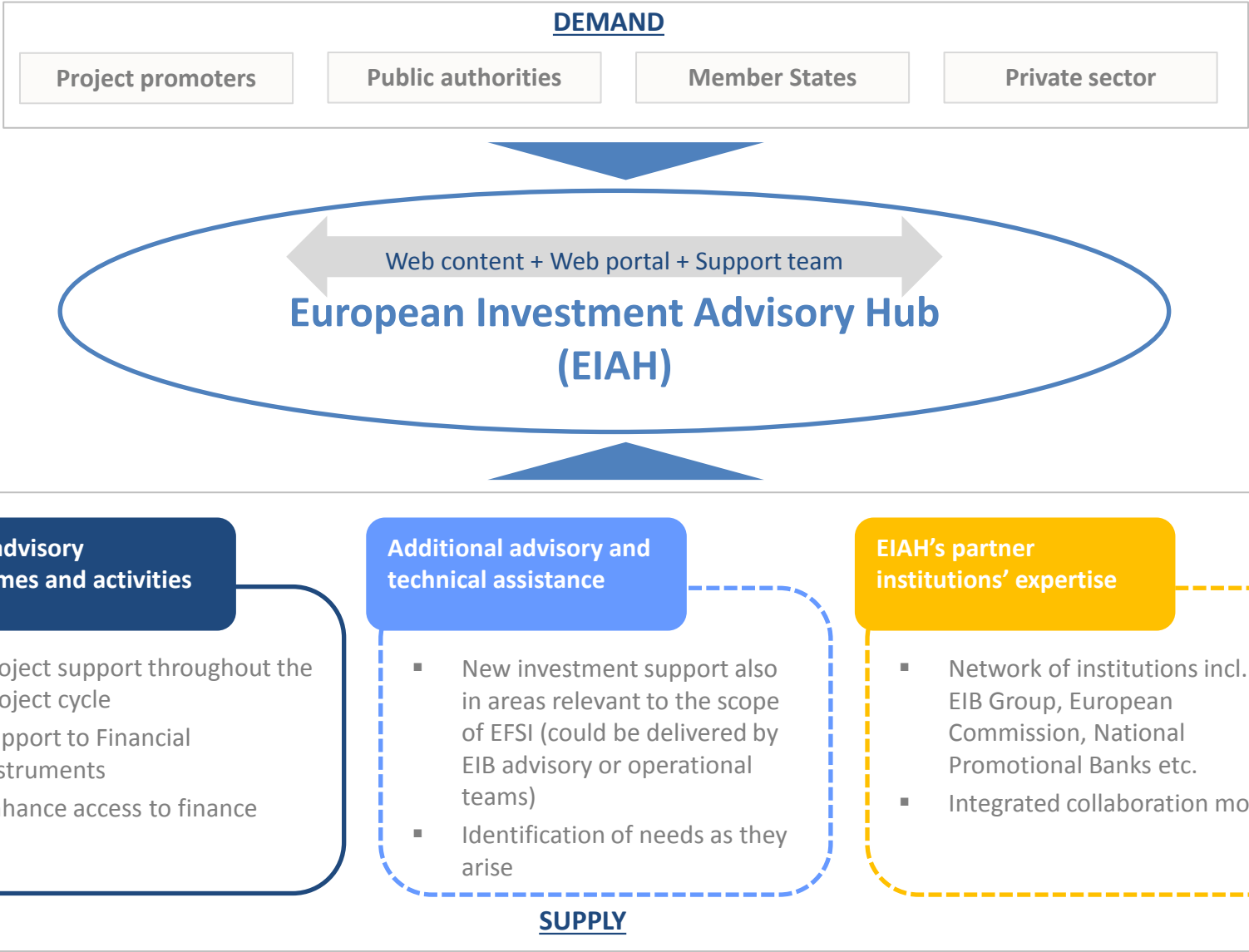
## New regulation extending EFSI has come into force at year-end 2017



# More than just finance - investment support

Access point

Delivery channels



Thank you!

