The role of EIB in the Atlantic Strategy

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Outline of presentation

- Intro to the European Investment Bank, the EU's long-term lending institution: Who we are and how we operate
- Our mandate within the Atlantic Action Plan
- Example of innovative financing of urban investments: JESSICA
- New developments: the ambitious Investment Plan for Europe. Relevance for Atlantic Region?

The EU bank

- Natural financing partner for the EU institutions since 1958
- More than 90% of lending is within the EU
- Shareholders: 28 EU Member States

Investing in Europe's growth

The EIB at a glance

- Largest multilateral lender and borrower in the world
  - Raise our funds on the international capital markets
  - Pass on favourable borrowing conditions to clients
- Some 440 projects each year in over 160 countries

- Headquartered in Luxembourg and 28 local offices
- Around 2 100 staff:
  - Not only finance professionals, but also engineers, sector economists and socio-environmental experts
  - More than 50 years of experience in financing projects

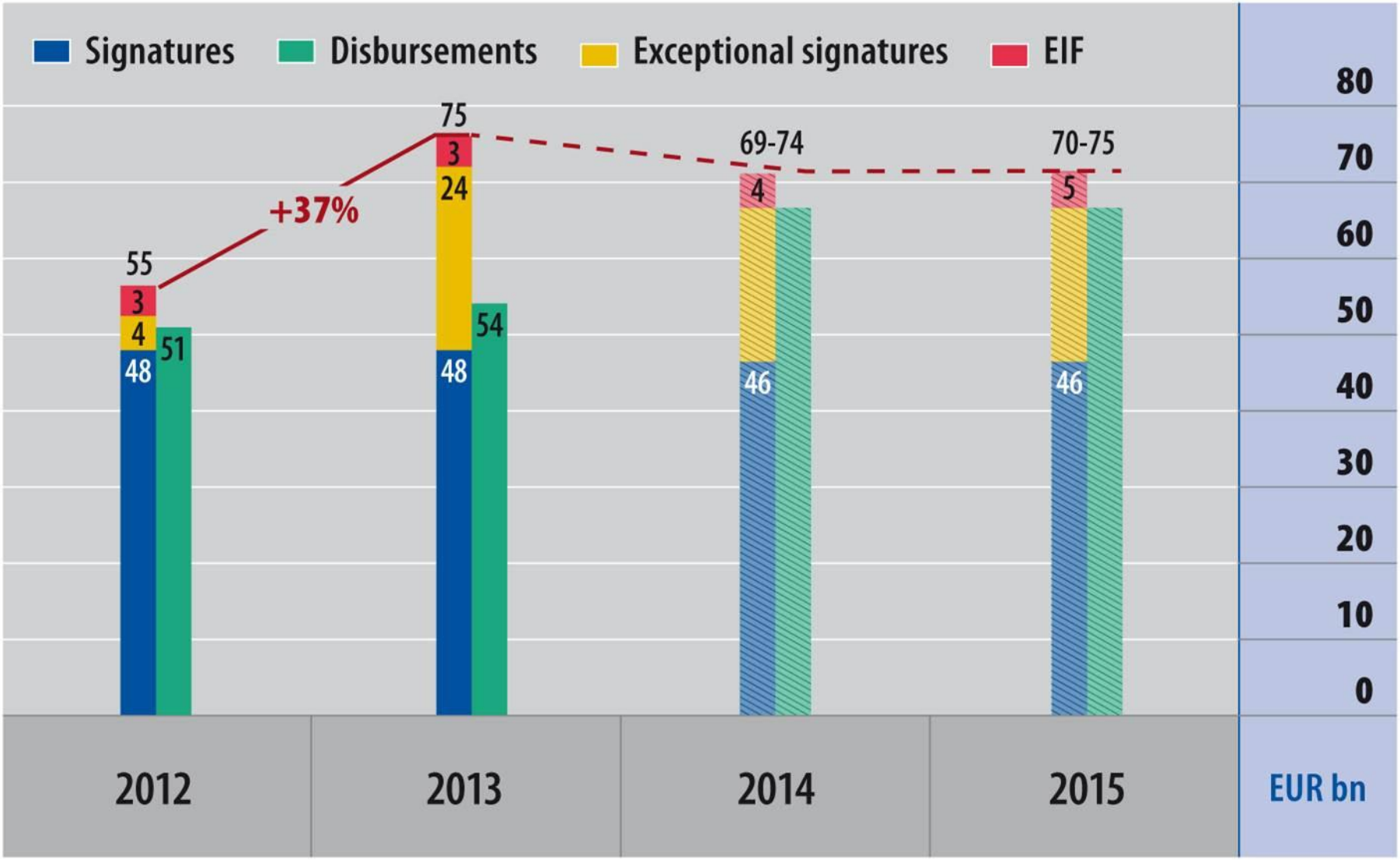
Our products

We help catalyse investment

LENDING	BLENDING	ADVISING
Loans But also: Guarantees (trade financing) Equity participation	Combining EIB finance with EU budget (Project Bond Initiative) Higher risk projects for innovation (RSFF)	Prepare & implement projects (JASPERS) Support for public / private partnerships (EPEC)

Attracting FUNDING for long-term growth

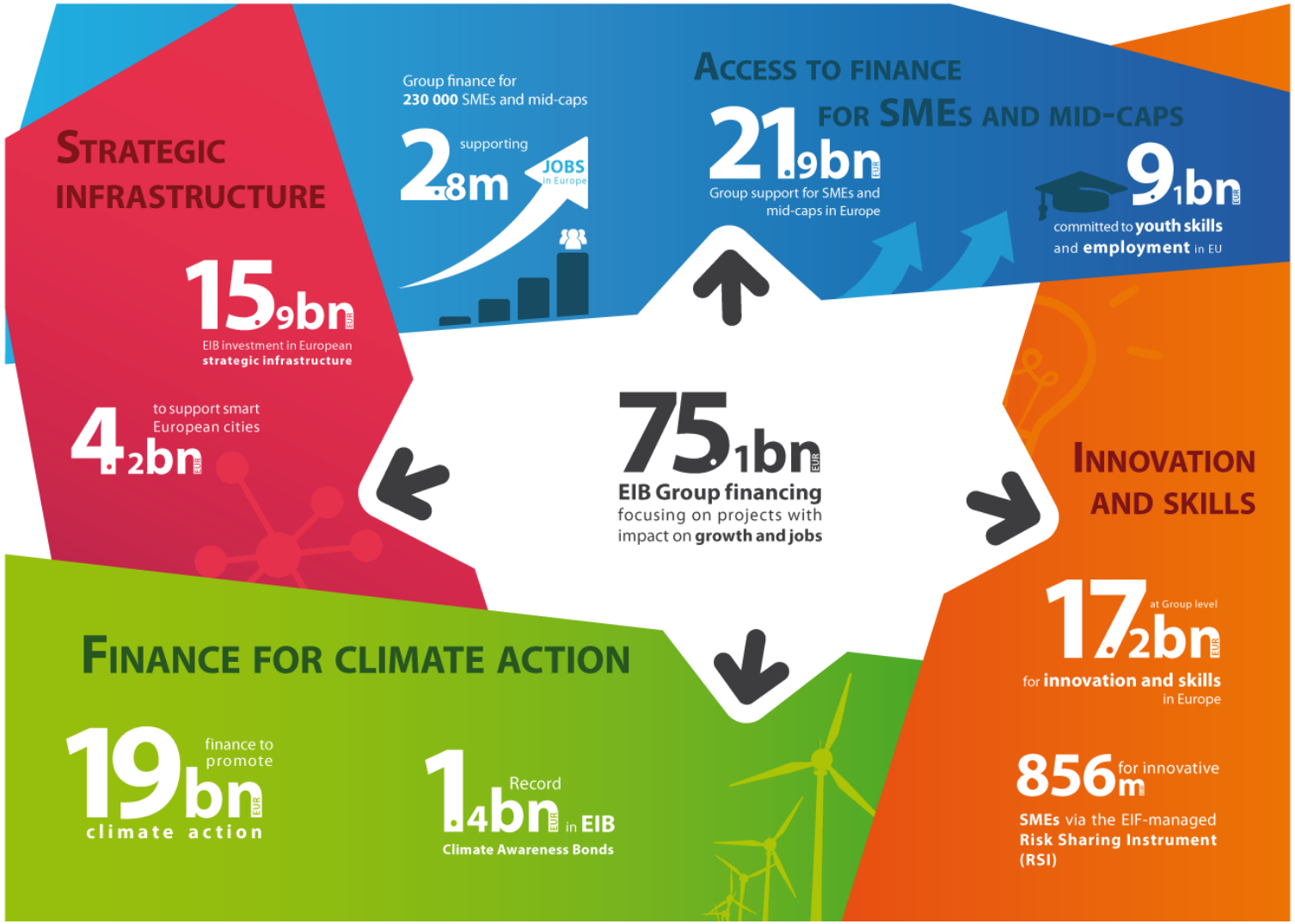
A strong response to the crisis



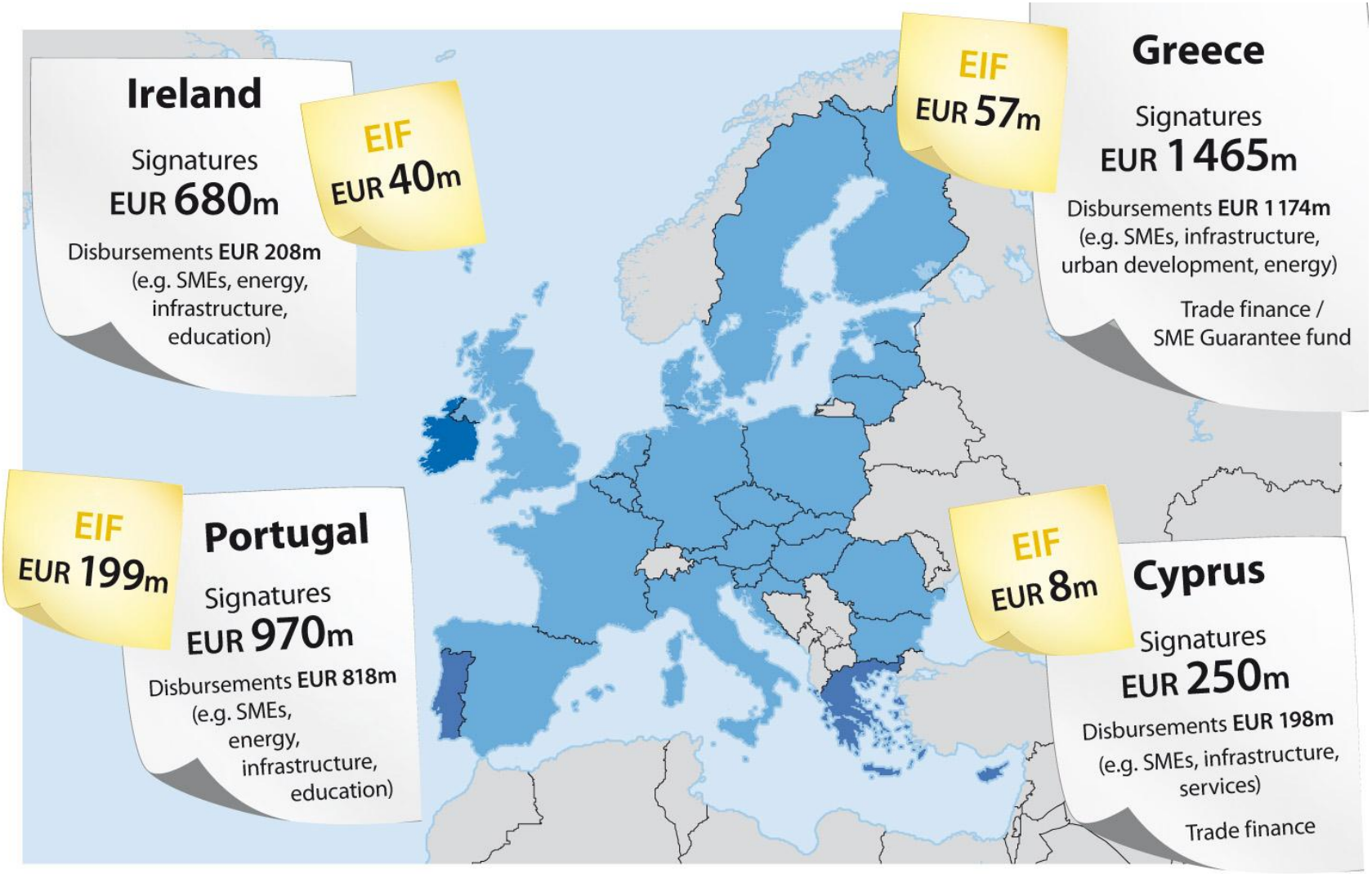
Growth and jobs: four key priorities

We work to promote sustainable growth and job creation in Europe and beyond

2013 in figures

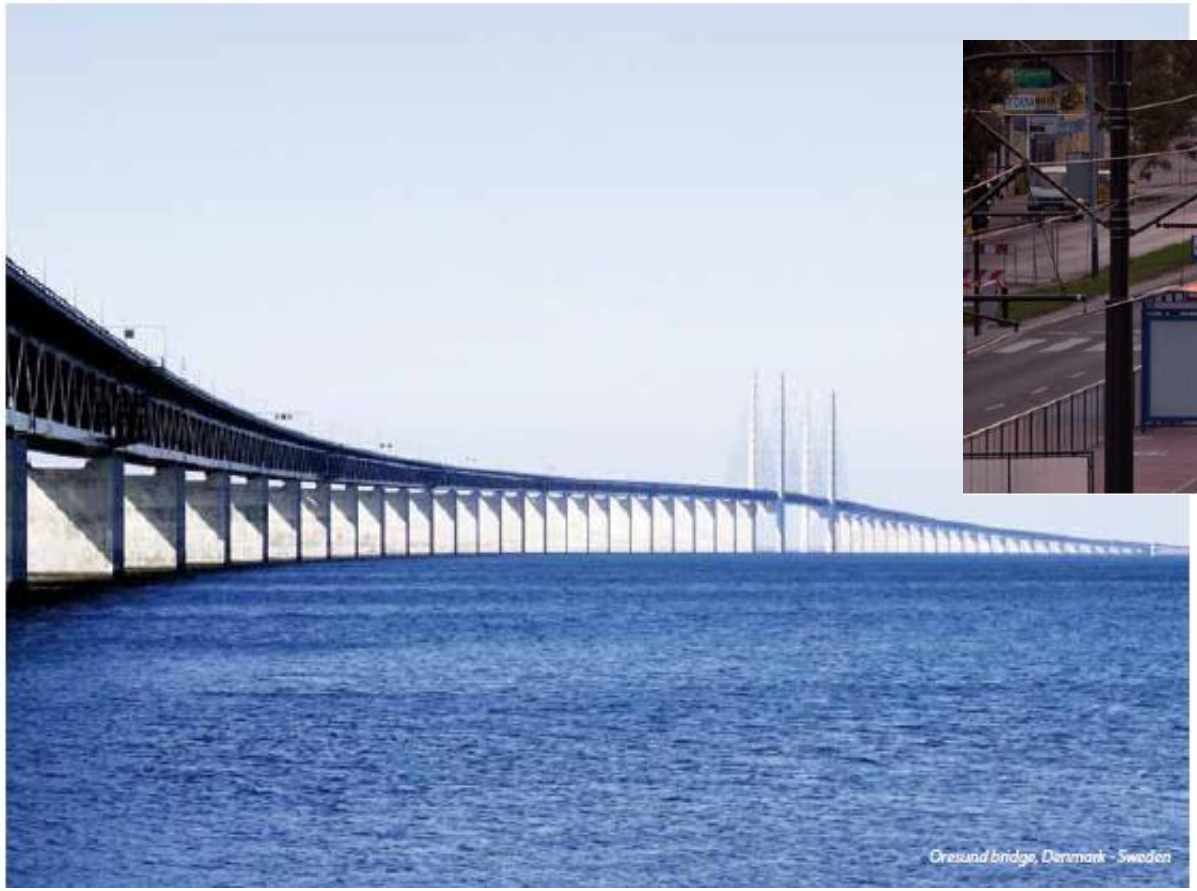


Recovery-focused investment 2013



Other examples of EIB support to sea basin strategies: EIB in the Baltic Sea Region

The EIB supports the Baltic Sea Region's long tradition of cross-border cooperation by financing long-term projects involving transport, energy, the environment, research, development and innovation (RDI), climate action and SMEs.



EIB: Stimulating and facilitating private sector involvement

- EIB financing is attractive to the private sector due to e.g. grace periods and long loan tenor
- Need to understand diversity of financing needs: venture capital, microfinance, grants, loan finance, guarantees
- Revolving funds: a valuable tool
- Potential for greater use of public-private partnerships.

Supporting urban development: JESSICA

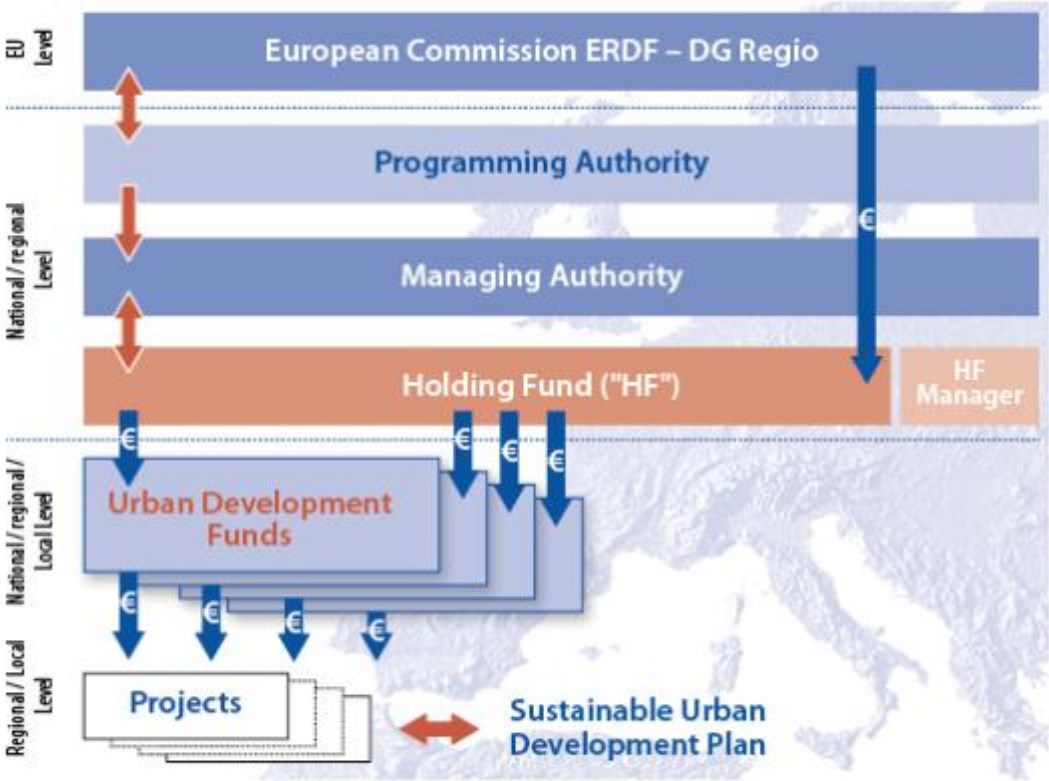
JESSICA: Joint European Support for Sustainable Investment in City Areas
Supporting integrated, sustainable urban-renewal projects
Sophisticated financial tools including equity investments, loans and guarantees, offering new opportunities for the use of EU Structural Funds during the 2011-2014 period.

The main benefits of JESSICA

Making Structural Fund support more efficient and effective by using "non-grant" financial instruments, thus creating stronger incentives for successful project implementation.

Mobilising additional financial resources for public-private partnerships and other urban development projects with a focus on sustainability/recyclability.

Using financial and managerial expertise from international financial institutions such as the EIB



EIB in the Atlantic Action Plan

- Section 3.1 on funding mechanisms for Action Plan implementation:
  - European Structural and Investment Funds
  - Directly managed Commission funds
  - Private sector investment and business initiatives
  - European Investment Bank

Reference to the EIB in the Atlantic Action Plan

- "The European Investment Bank Group (EIB Group)[1] stands ready to mobilise its financing tools and expertise in support of suitable projects in order to further the Action Plan's priorities.
- The EIB can extend support to both public and private sector activities in the form of lending, blending[2] and technical advice.
- It offers a variety of financing instruments, ranging from investment loans for both direct and indirect financing to equity funds via the EIF, in order to support activities across a range of sizes."

[1] European Investment Bank (EIB) and European Investment Fund (EIF)

[2] Blending: EIB loan finance to complement grant support from either EU or other public sources

The Juncker Investment Plan for Europe: Contribution to the Atlantic Strategy?

4 Action Plan priorities:

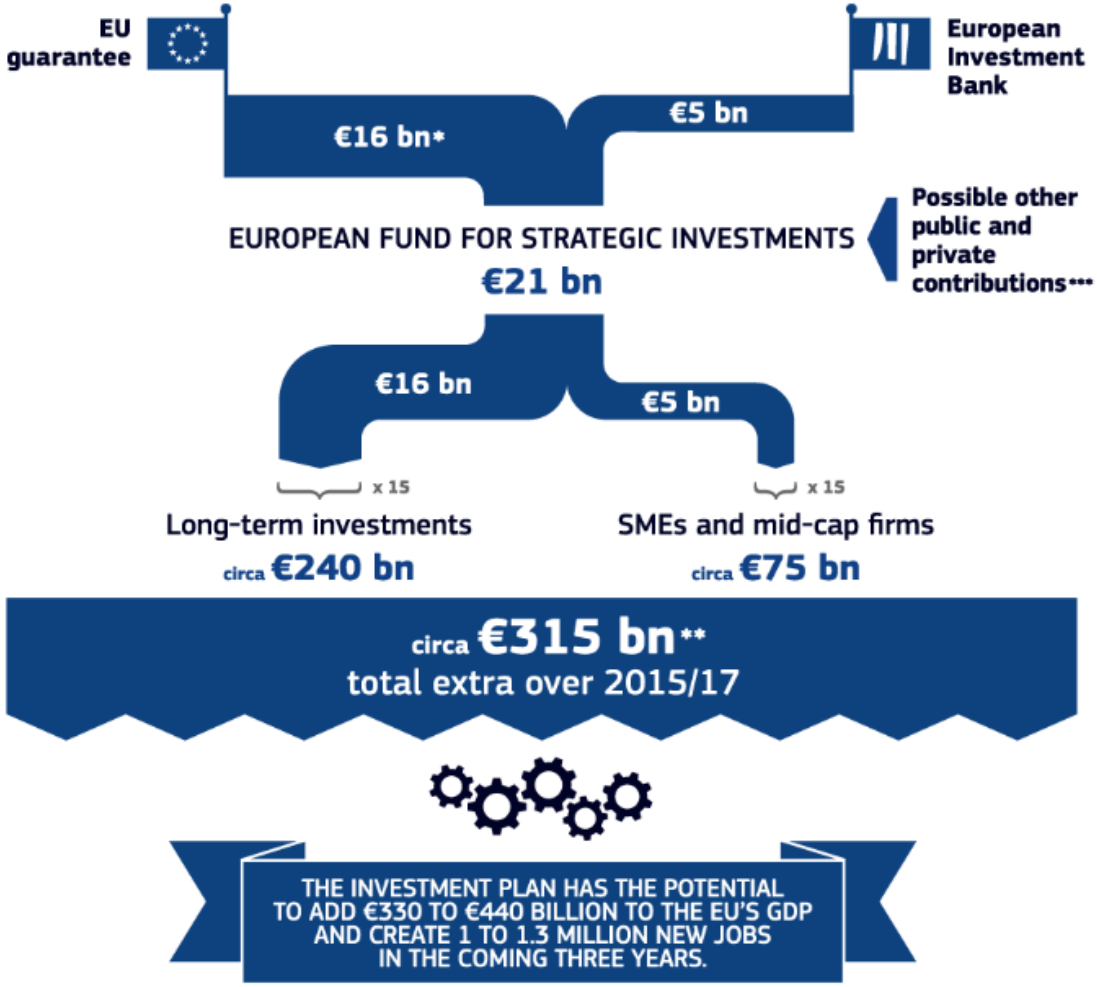
- Entrepreneurship and innovation
- Marine and coastal environment
- Accessibility and connectivity
- Social inclusivity and sustainability

5 Juncker Plan sectors:

- Knowledge, innovation and digital economy
- Resources and environment
- Transport
- Energy union
- Social infrastructure

…With higher risk profile than EIB's traditional portfolio

INVESTMENT PLAN FOR EUROPE



*50% guarantee = €8 bn from Connecting Europe Facility (3.3), Horizon 2020 (2.7) and budget margins (2).
**Net of the initial EU contributions used as guarantee: €307 bn.

***In the context of the assessment of public finances under the Stability and Growth Pact, the Commission will take a favourable position towards such capital contributions to the Fund.

Investment Plan for Europe project lists

- Member State and Commission project selection criteria
  - Perceived economic viability
  - Potential to start in 2015-2017 period
  - Larger project focus, with acknowledgement of SME role
- 2,000 potential projects identified comprising investment of EUR 1.3 trillion
- Approx. 150-200 projects (EUR 230 billion) of potential relevance to target AAP regions / sectors

Potential project examples 1

- France oceanograph monitoring system (coastal defence, maritime safety, marine renewables)
- France port development: Dunkirk, Calais, Le Havre container, bulk and LNG developments
- Ireland fishery harbour centre network (offshore fishery support and processing)
- Irish digital ocean observation and prediction (R&D and capacity development)
- Ireland SME funding: Development of state SME intermediated lending organisation

Potential project examples 2

- Portugal Forum for Research Infrastructures: 40 R&D infrastructure projects supported to 2018
- Portugal VTS, port and rail development: Vessel traffic services, 7 ports, coastal and inland rail
- UK Swansea Bay Tidal Lagoon: Proof of concept for up to 240MW generation capacity
- UK flood and coastal protection: capital investment pipeline developed
- EU Vessels for the Future: innovations in improved vessel safety, emissions and efficiency

Investment Plan for Europe: conclusions

- Projects require full appraisal, as other projects financed by EIB
- Forecast: EUR 15-20 bn / y, on top of existing pipeline (depending on risk profiles)
- Greater ability to handle *riskiness*
- Increasing importance of loans, guarantees and participation in equity to leverage private sector investment
- Continued importance of EU structural and other funds
- Key role of member state authorities, as well as private sector and SME stakeholders

Conclusions

- EIB already a leading lender to flagship projects
- Make full use of tried and tested financing tools
- Ensure that potential project promoters are aware of EIB's financing options; improve access for bankable projects
- Actively consider how existing tools may be adapted to best meet needs of maritime sectors

- EIB, a natural partner for Atlantic Strategy investment projects

Thank you

The EIB is the EU instrument for lending, blending and providing technical advice to finance sustainable solutions.