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

<table>
<thead>
<tr>
<th>LENDING</th>
<th>BLENDING</th>
<th>ADVISING</th>
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<tbody>
<tr>
<td>Loans</td>
<td>Combining EIB finance with EU budget (Project Bond Initiative)</td>
<td>Prepare &amp; implement projects (JASPERS)</td>
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<tr>
<td>But also: Guarantees (trade financing)</td>
<td>Higher risk projects for innovation (RSFF)</td>
<td>Support for public / private partnerships (EPEC)</td>
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<td>Equity participation</td>
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Attracting FUNDING for long-term growth
A strong response to the crisis

<table>
<thead>
<tr>
<th>Year</th>
<th>Signatures</th>
<th>Disbursements</th>
<th>Exceptional signatures</th>
<th>EIF</th>
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<tbody>
<tr>
<td>2012</td>
<td>55</td>
<td>48</td>
<td>4</td>
<td>3</td>
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<tr>
<td>2013</td>
<td>75</td>
<td>48</td>
<td>69-74</td>
<td>4</td>
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<td>2014</td>
<td>70-75</td>
<td>46</td>
<td>46</td>
<td>5</td>
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<tr>
<td>2015</td>
<td></td>
<td>46</td>
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</tbody>
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+37%
Growth and jobs: four key priorities

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

- **Innovation and Skills**: EUR 17.2bn EIB
- **Access to Finance/SMEs**: EUR 21.9bn EIB
- **Strategic Infrastructure**: EUR 15.9bn EIB
- **Climate Action**: EUR 19bn EIB
2013 in figures

**Strategic Infrastructure**
- 15.9bn
  - EIB investment in European strategic infrastructure
- 4.2bn
  - To support smart European cities

**Finance for Climate Action**
- 19bn
  - Finance to promote climate action
- 1.4bn
  - Record in EIB Climate Awareness Bonds

**Access to Finance for SMEs and mid-caps**
- 21.9bn
  - Group support for SMEs and mid-caps in Europe
- 9.1bn
  - Committed to youth skills and employment in EU

**Innovation and Skills**
- 17.2bn
  - At Group level
  - For innovation and skills in Europe
- 856m
  - For innovative SMEs via the EIF-managed Risk Sharing Instrument (RSI)

European Investment Bank Group
30/01/2015
Recovery-focused investment 2013

Ireland
Signatures EUR 680m
Disbursements EUR 208m
(e.g. SMEs, energy, infrastructure, education)

EIF EUR 40m

EIF EUR 199m

Portugal
Signatures EUR 970m
Disbursements EUR 818m
(e.g. SMEs, energy, infrastructure, education)

EIF EUR 1465m
Disbursements EUR 1174m
(e.g. SMEs, infrastructure, urban development, energy)
Trade finance / SME Guarantee fund

EIF EUR 8m

Cyprus
Signatures EUR 250m
Disbursements EUR 198m
(e.g. SMEs, infrastructure, services)
Trade finance
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.
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.”

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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

EU guarantee

€16 bn*  
EUROPEAN FUND FOR STRATEGIC INVESTMENTS  
€21 bn

€16 bn  
SMEs and mid-cap firms  
circa €75 bn  
x 15

€5 bn  
Long-term investments  
circa €240 bn  
x 15

€5 bn

Possible other public and private contributions***

**315 bn**
total extra over 2015/17

THE INVESTMENT PLAN HAS THE POTENTIAL TO ADD €330 TO €440 BILLION TO THE EU’S GDP AND CREATE 1 TO 1.3 MILLION NEW JOBS IN THE COMING THREE YEARS.

*50% guarantee = 68 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.
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.

www.eib.org