

# Evaluation of the contribution of Structural Programme Loans to EU Cohesion Policy, 2007-2016

DG REGIO – Evaluation Network Meeting

Michel Marciano (Team Leader)

Emmanuel Pondard (Evaluation Expert)

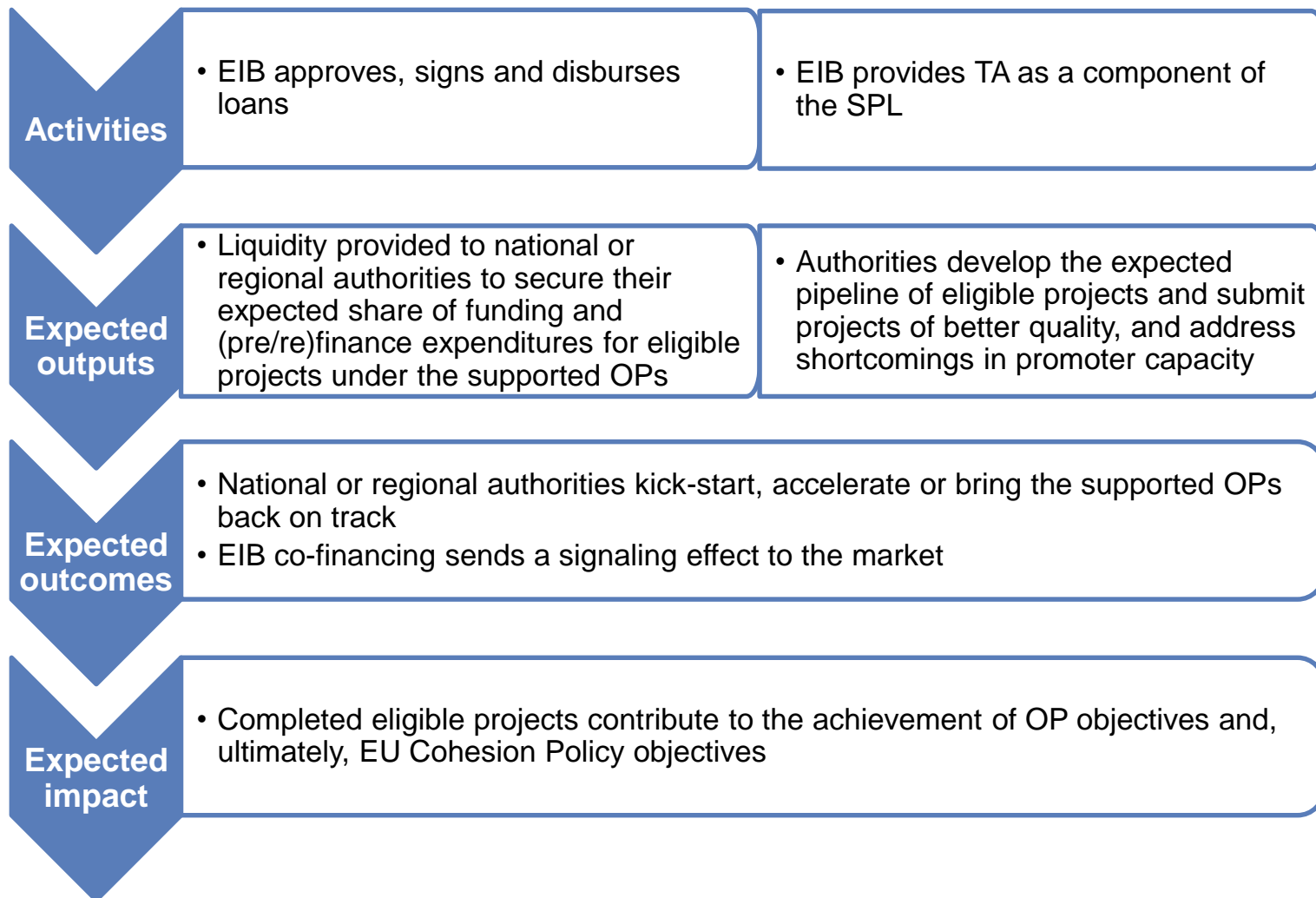
- SPLs in a nutshell
- Evaluation objectives and approach
- Overall conclusions
- Recommendations
- Looking ahead: SPLs in the next MFF

# SPLs in a nutshell

A **Structural Programme Loan (SPL)** is a type of **EIB Framework Loan** that supports the **national co-financing** of a set of projects within an **Operational Programme(s)**

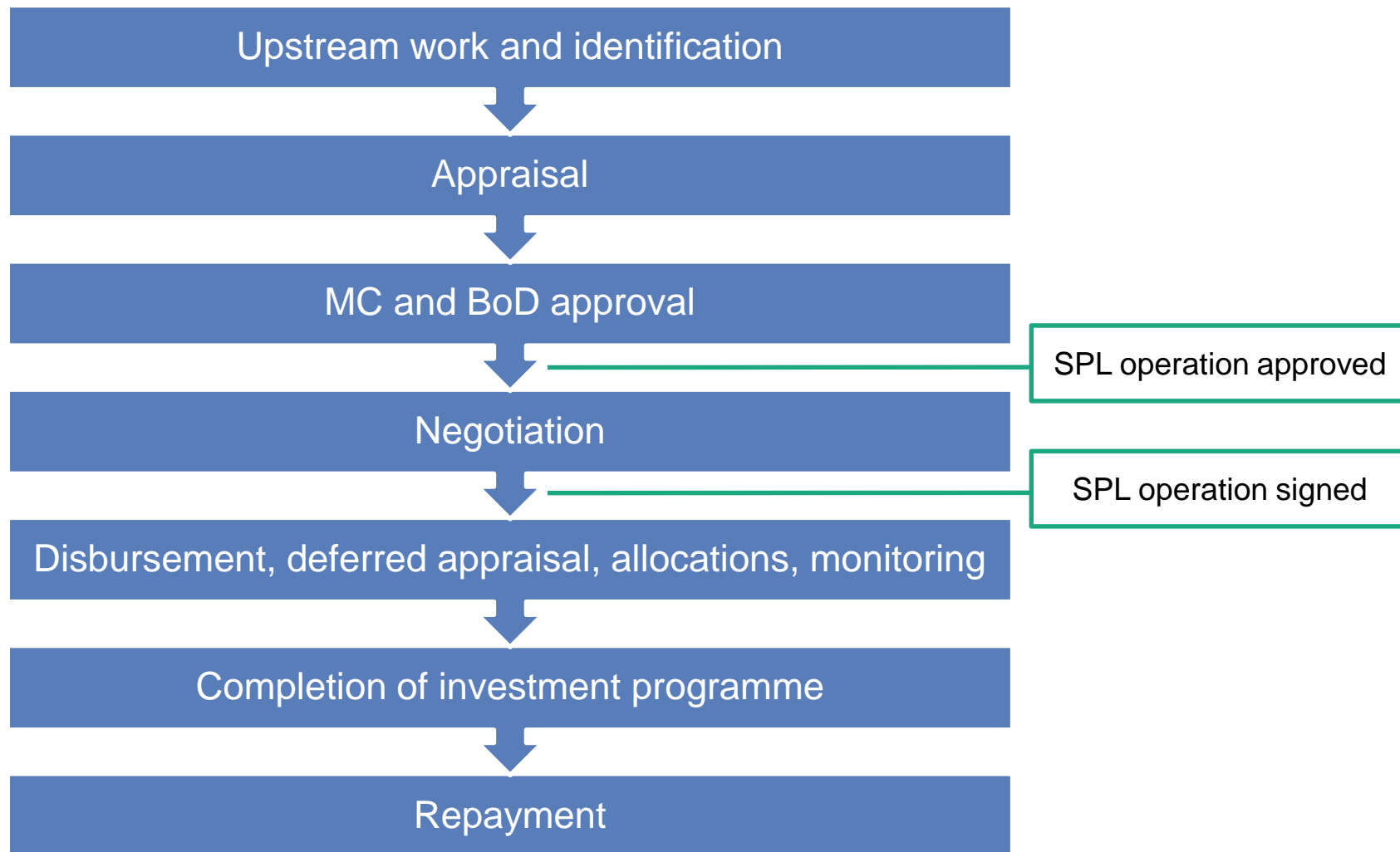
# Simplified intervention logic

## What are SPLs expected to achieve?



# The SPL product

## The lifecycle of an SPL operation



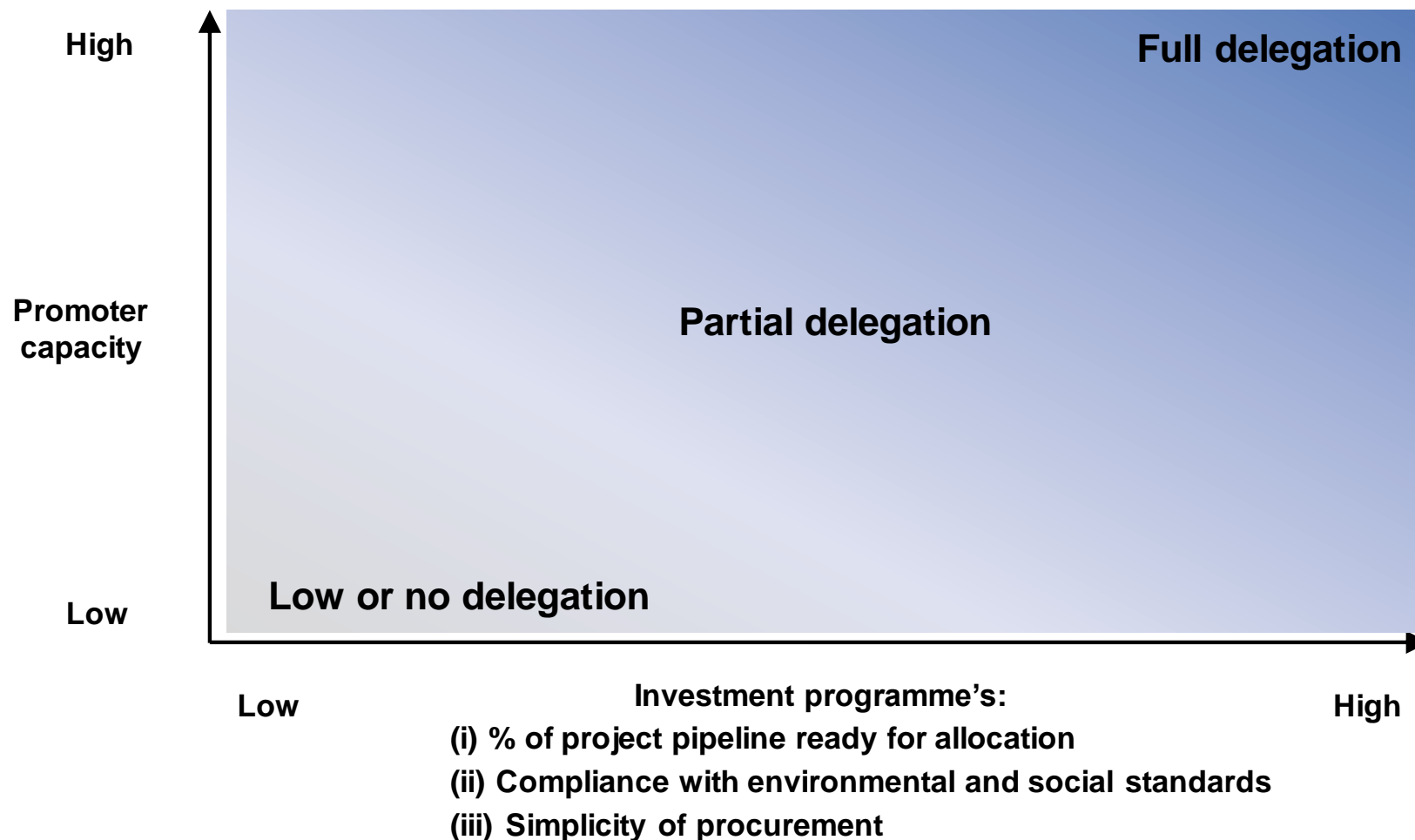
# The SPL product

## Allocation stage: procedure by project size

| Area                               | Small                    | Medium               | Large  |
|------------------------------------|--------------------------|----------------------|--|
| Project investment cost threshold  | < EUR 25m                | EUR 25m – 50m        | > EUR 50m                                    |
| Timing of confirmation of approval | Ex post                  | Ex ante              | Ex ante                                      |
| Level of approval                  | Authorised EIB staff     | Authorised EIB staff | EIB BoD                                      |
| Basis of approval                  | Row of key data in Excel | Project fiche        | Appraisal akin to those for Investment Loans |

# The SPL product

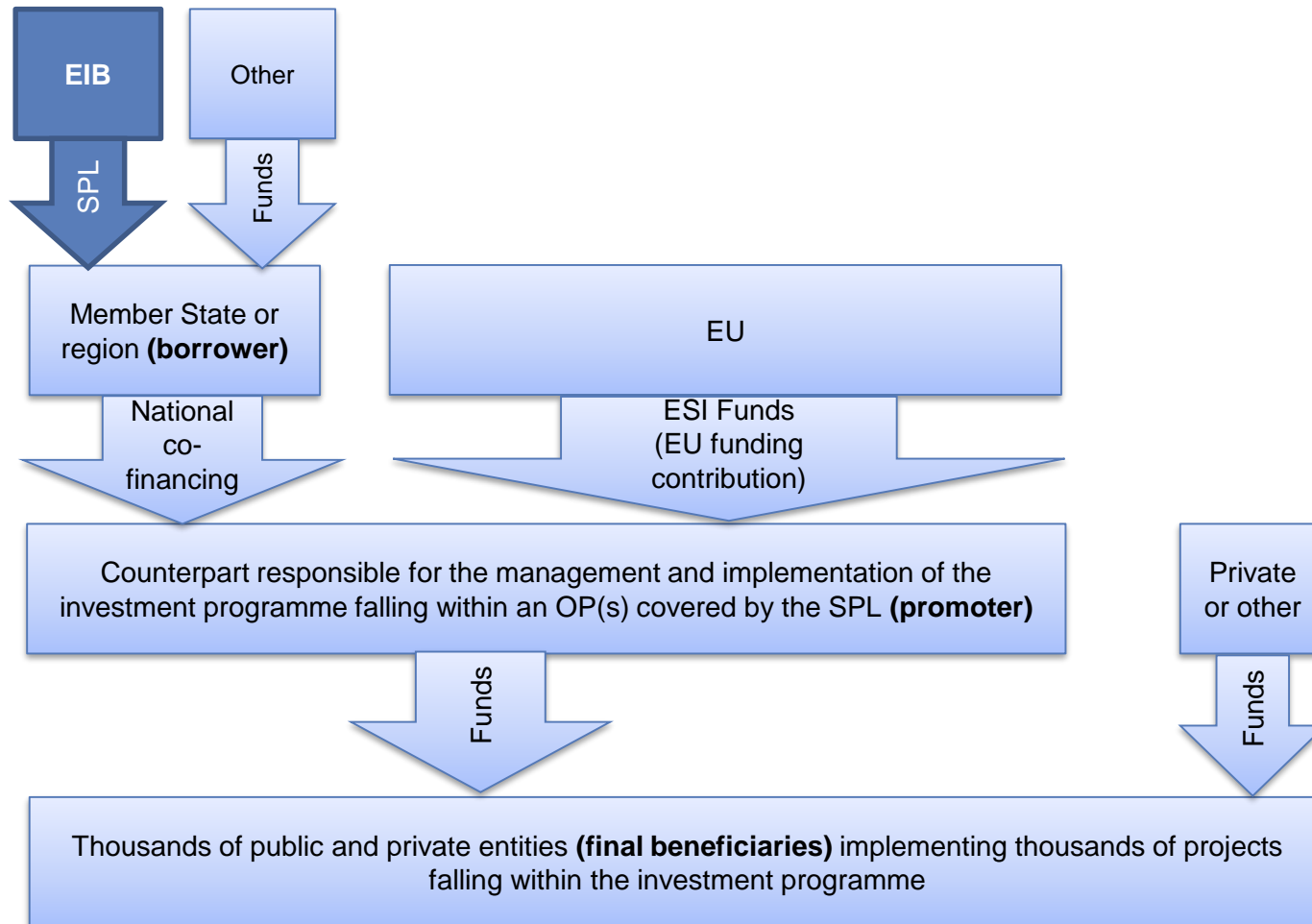
Appraisal stage: determining the degree of delegation





# The SPL product

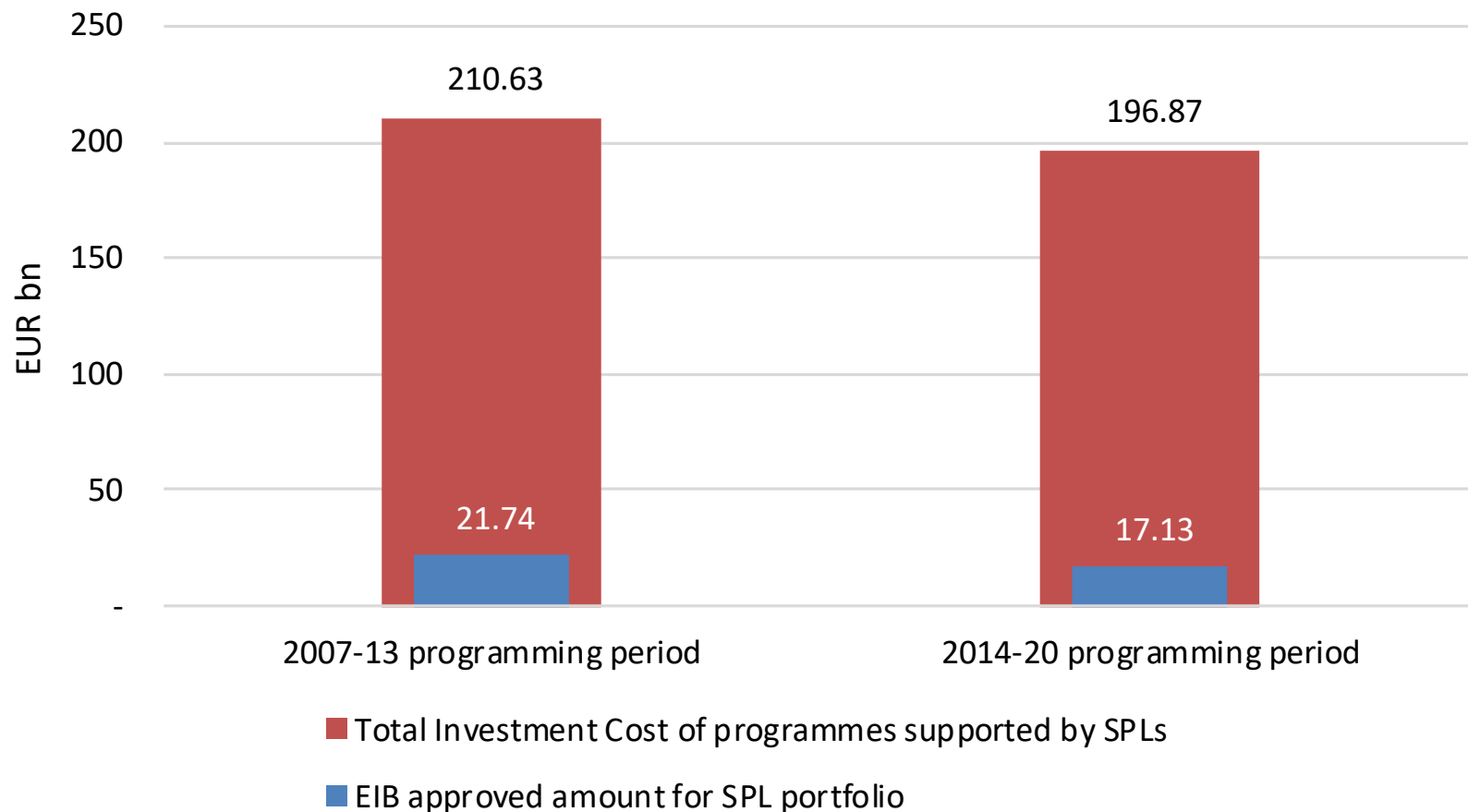
## The flow of funds



*N.B. this graphic is illustrative and not to scale*

# The SPL portfolio

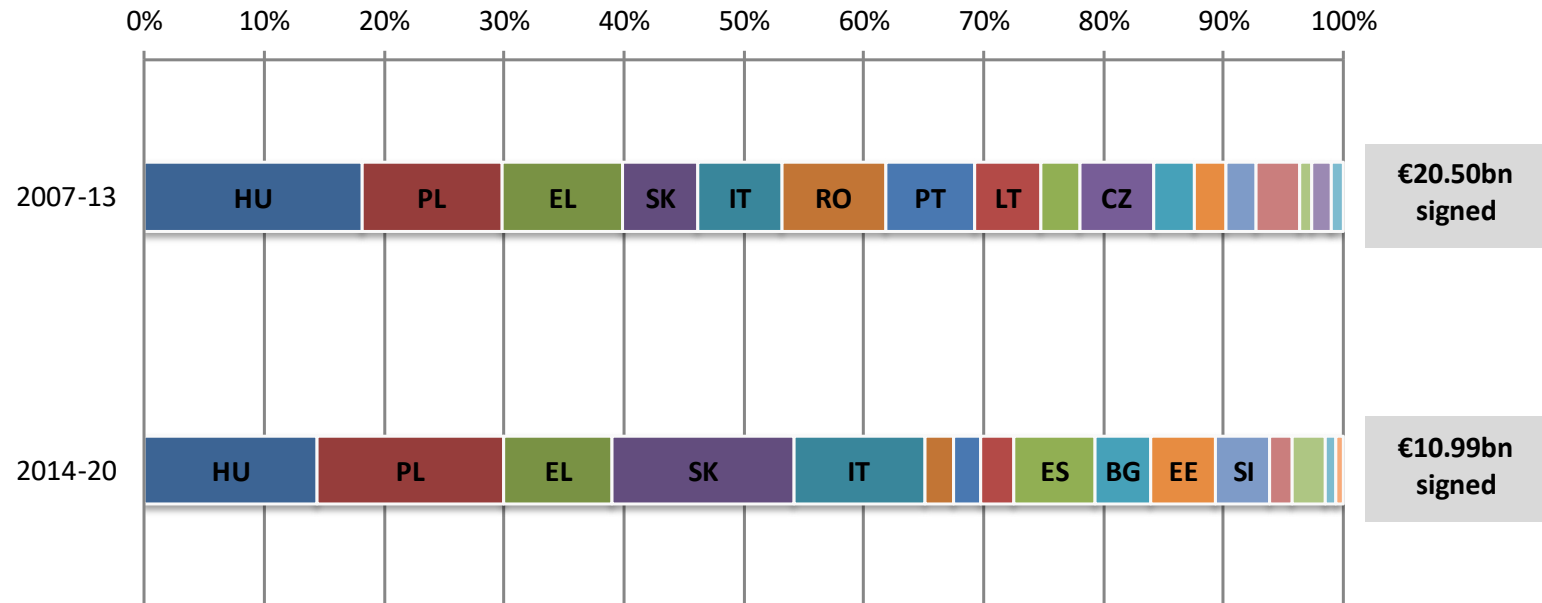
## Approved amounts by period



Data as of 31 December 2016

# The SPL portfolio

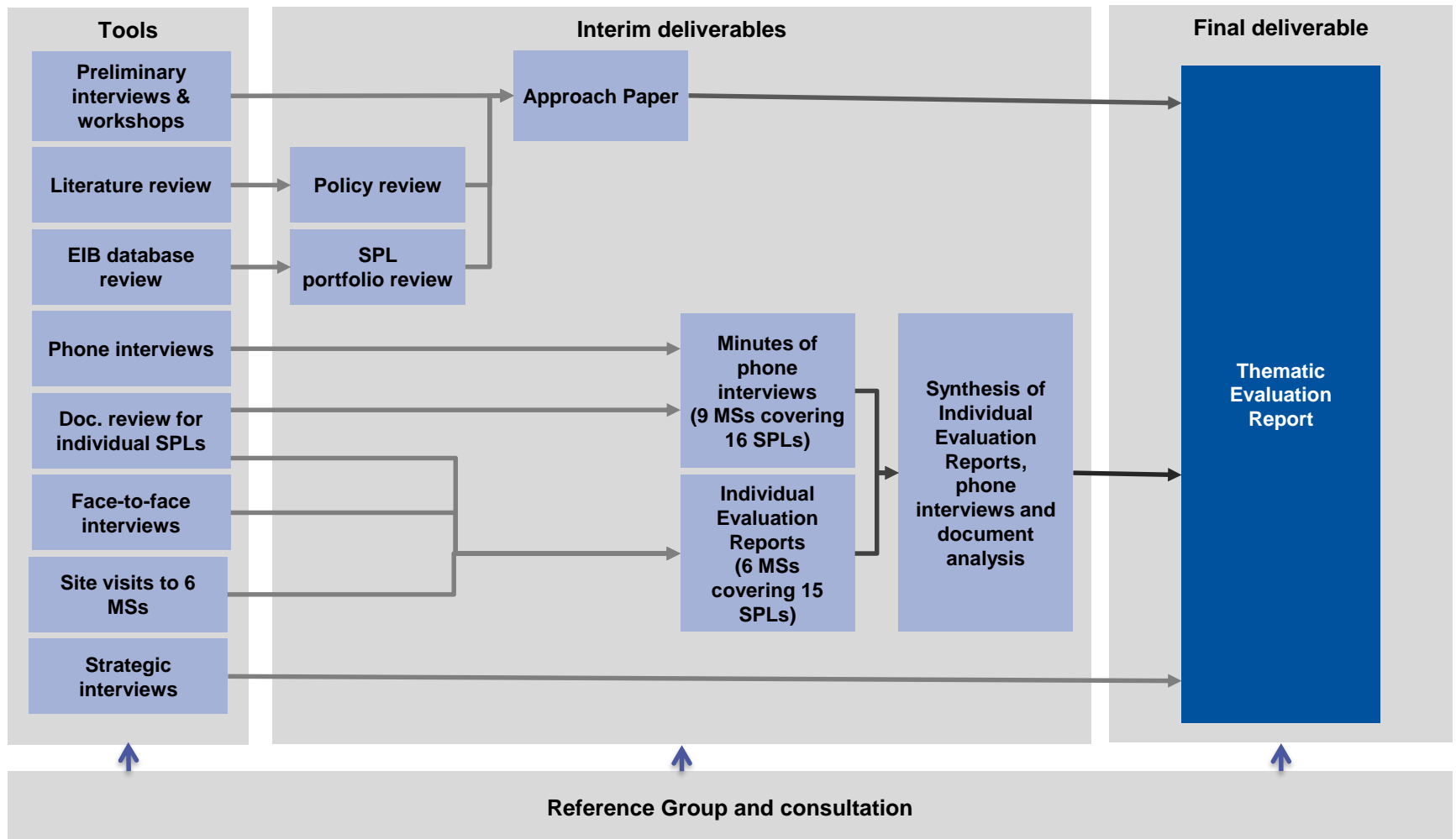
## Signed amounts by MS and period



Data as of 31 December 2016

# Evaluation objectives and approach

- Assess the **relevance** of the EIB's SPL product and the performance (**effectiveness, efficiency and sustainability**) of SPL operations during the 2007-13 and 2014-20 programming periods
- Assess the extent to which SPL operations, **blended with EU grants**, ultimately allow the EIB to contribute to EU Cohesion Policy objectives
- **Identify lessons** for improving the contribution of SPLs to EU Cohesion Policy for the remainder of the 2014-20 programming period, and **provide input** for the design and use of SPLs during the next programming period



# A few snaps of projects from the site visits

New rolling stock in Tallinn Estonia



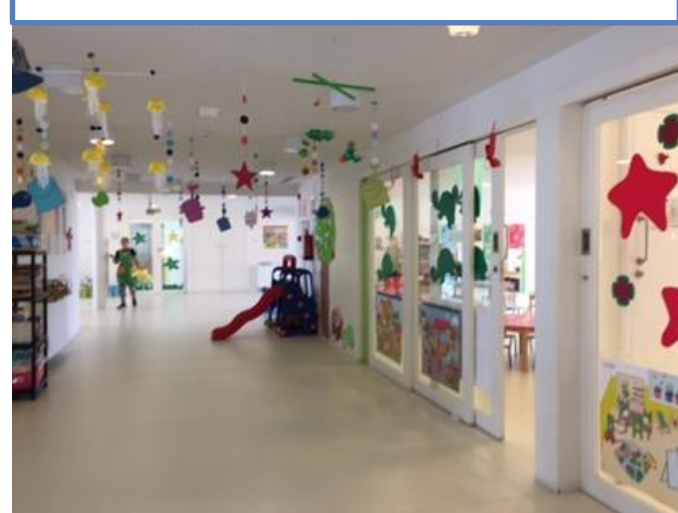
Research infra at Uni. Of Rijeka, Croatia



On-site crane for sorting waste in Pecs, Hungary



Nursery school, in Galicia, Spain



# Overall conclusion



## Overall conclusion

The EIB's SPL product has been...

### Relevant

- Well-designed to support the EIB's contribution to EU Cohesion Policy
- Enables borrowers to respect their national co-financing obligations, facilitating the implementation of OPs
- Deferred appraisal process and product flexibility is fit-for purpose

### Effective

- Has made a sizeable contribution ( $\approx 10\%$ ) to the total cost of the investment programmes that they support
- Has had a decisive effect in kick-starting investment plans and programme-based plans, particularly in smaller EU economies
- Enabled large projects to be deployed at a faster pace

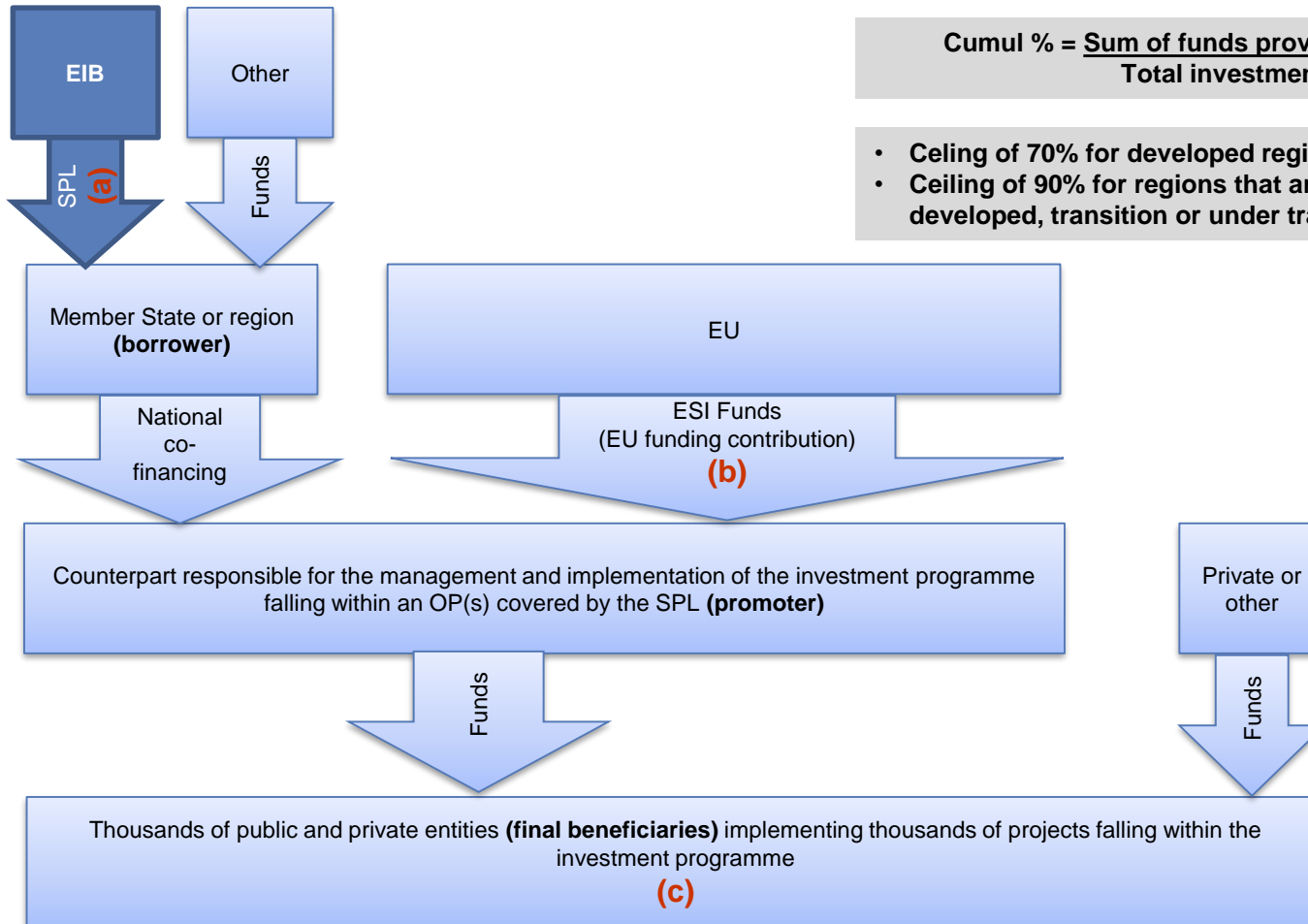
### Efficient

- Proactive EIB staff, knowledgeable of geographies in which SPLs intervene, supported implementation
- Additional level of scrutiny for large projects is justified

# Recommendations

# Recommendation #1

Consider the pros and cons of applying the cumul rule to SPL operations



$$\text{Cumul \%} = \frac{\text{Sum of funds provided by (a) and (b)}}{\text{Total investment cost of (c)}}$$

- Ceiling of 70% for developed regions
- Ceiling of 90% for regions that are considered less developed, transition or under transitory measures

*N.B. this graphic is illustrative and not to scale*

## Recommendation #1

Consider the pros and cons of applying the cumul rule to SPL operations



### Pros

- Not just EU & EIB financing, as Member States or regions are encouraged to put “skin in the game”
- Encourages Member States to increase their fiscal capacity
- EIB can finance entirety of national co-financing

### Cons

- Limits the degree to which the EIB can support EU Cohesion Policy and the Bank’s “task”
- Borrower may have to find alternative sources of finance at less favorable terms
- Has been waived for certain Member States
- EIB is the only IFI that applies such a rule

## Recommendation #2

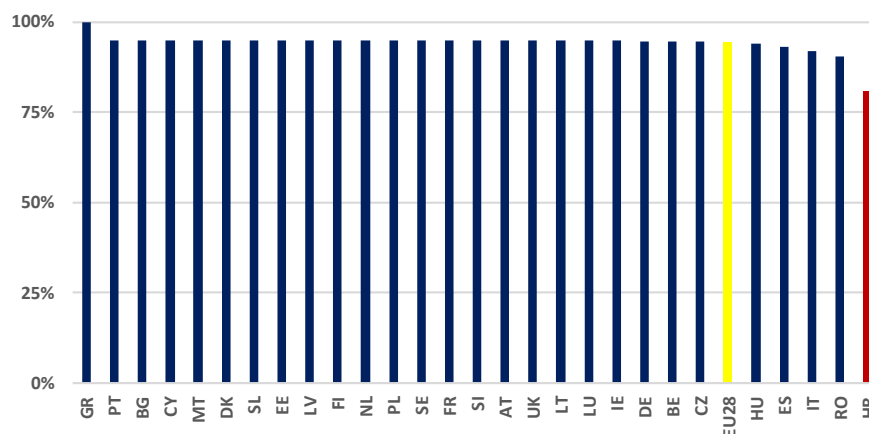
### Consistently build the capacity of weaker promoters

- Promoter shortcomings for SPL in Greece for the 2007-13 programming period were mitigated through TA
- Outside of SPLs, the EIB has also provided Project Advisory Support Units (PASUs) to Bulgaria and Romania to support the implementation of OPs
- But identified risks in terms of the technical capacity of the promoter have not been systematically mitigated (e.g. via provision of TA and advisory support)

#### The case of Croatia

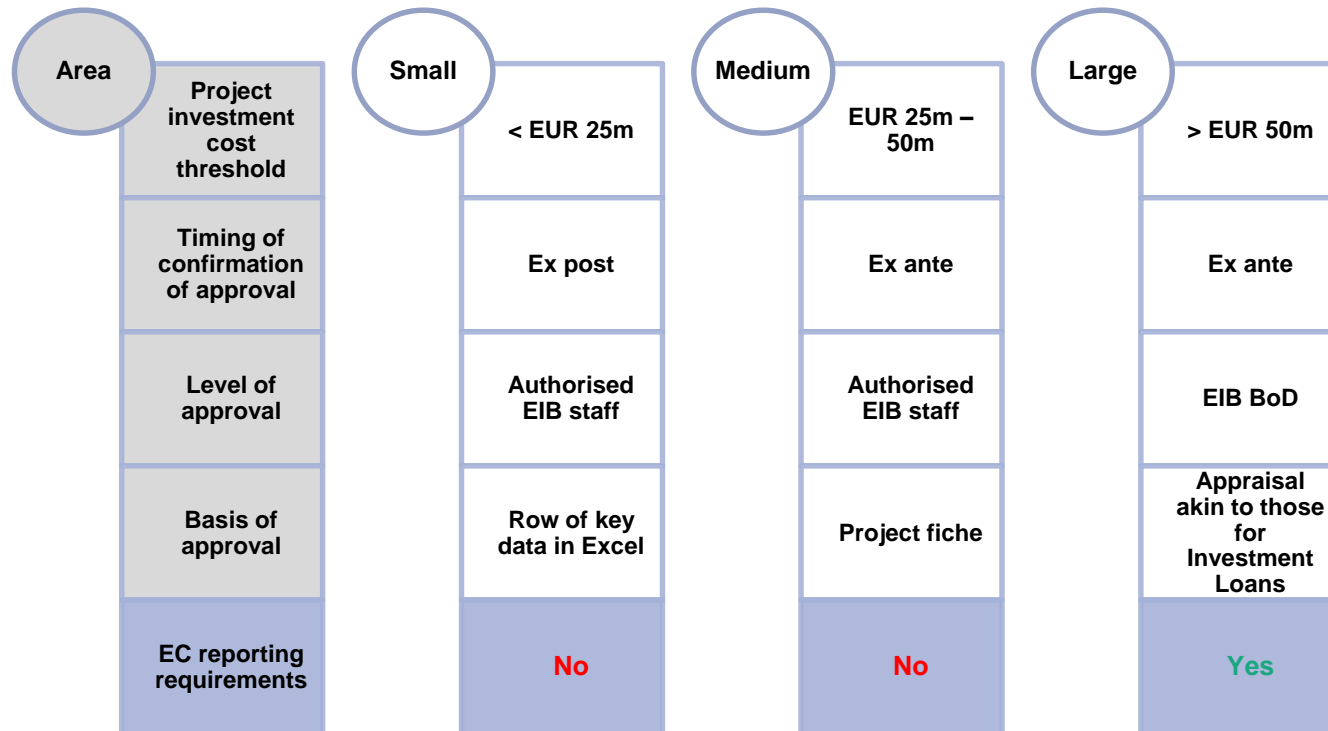
- Appraisal identified that promoter would be challenged in meeting implementation deadlines, linked to fragmentation of competent authorities
- Need for additional TA and training was identified but not converted into a disbursement condition in the SPL finance contract
- Lack of capacity contributed to relatively low absorption rate

Absorption rate of each Member State for the 2007-13 programming period



## Recommendation #3

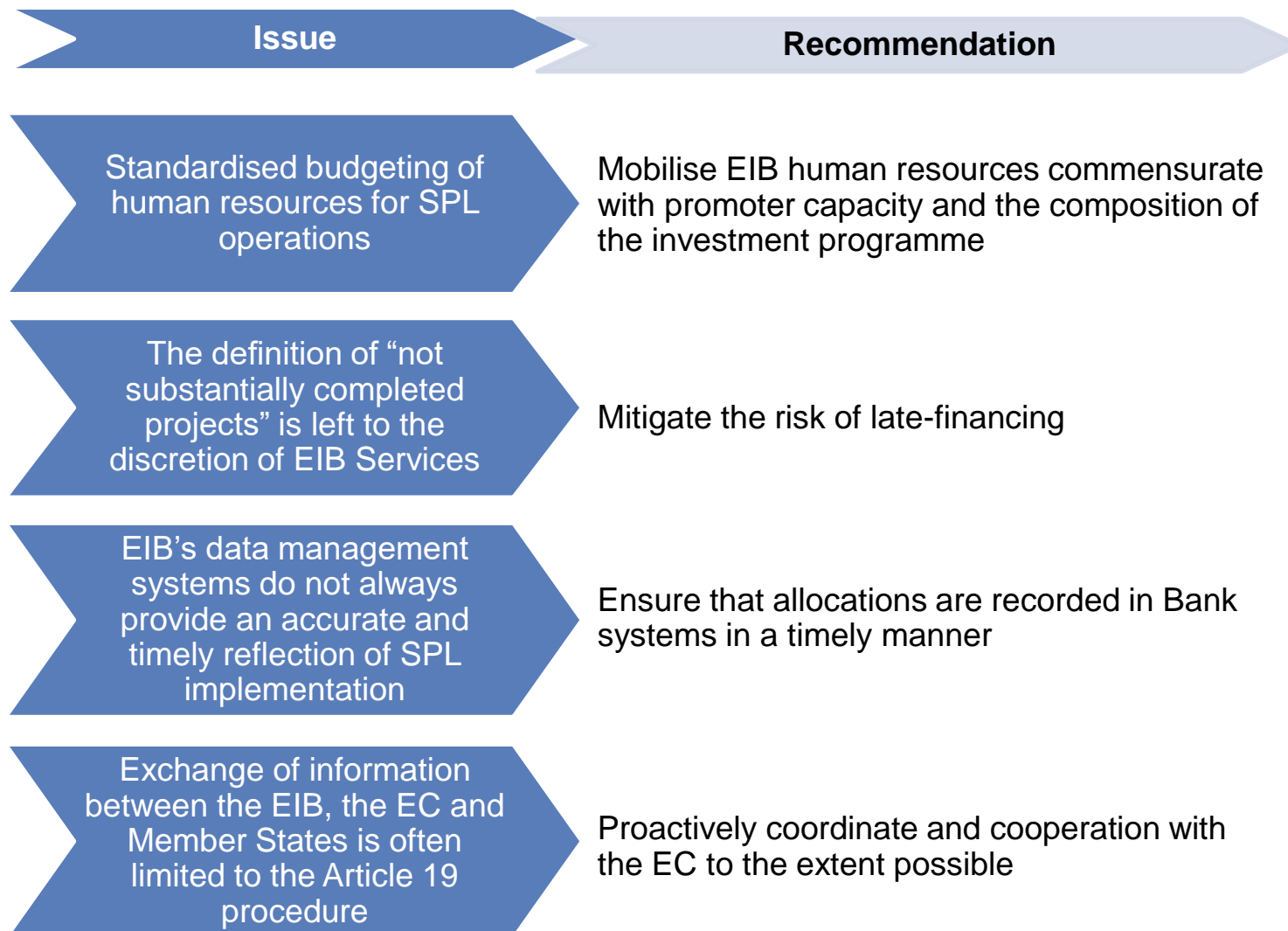
Providing promoters have demonstrated a high-level of capacity at appraisal stage, consider reducing reporting requirements for mid-sized projects



- Align with EC project size definitions and their corresponding reporting requirements where possible

## Recommendation #4

### Improve EIB monitoring of SPL operations



## Recommendation #5

### Consider increasing the visibility of EIB and SPL operations

- The visibility of the EIB as a financier of OPs through SPLs is very limited as it is for the most part restricted to:
  - Borrowers receiving the EIB loan
  - Promoters implementing the investment programme supported by the SPL
  - Entities responsible for the physical implementation of large projects

#### The case of Patras-Athens-Thessaloniki-Promahonas (PATHEP) Railway Corridor in Greece

- The visited sub-projects included the Piraeus railway station, Athens Central Railways Station, Tris Gefires and the Acharnes Traffic Centre SKA
- EUR 1 bn allocation within Greece's EUR 2.05 bn SPL operation for 2007-13 programming period
- But no EIB visibility on EU signboards

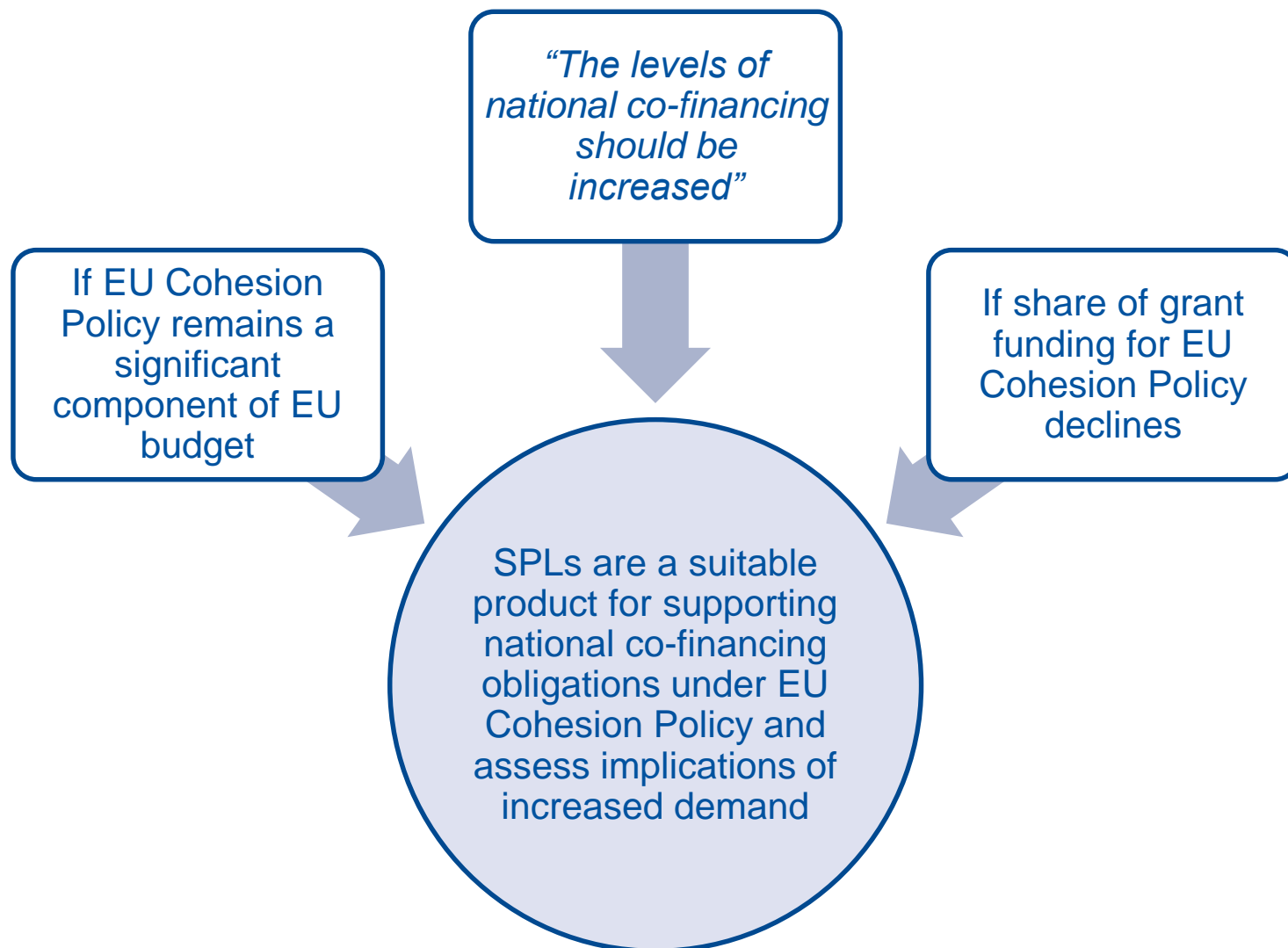




# Looking ahead: SPLs in the next MFF

## Recommendation 6

### SPLs expected to be relevant for post-2020 EU Cohesion Policy



# Thank you for listening...

## ...Now time for some Q&A