



# Findings from the EIB Cohesion impact report 2022

Hubert Strauss, Projects Directorate, Regional Development

Committee of the Regions, 4 July 2023



European  
Investment Bank



# Background: EIB Cohesion Orientation 2021-2027



**20%** of EU-27 lending **for less developed regions**, to increase to **23% by 2025**



**40%** of EU-27 lending **for cohesion regions** (transition & less developed), to reach **45% by 2025**



Increase the share of **climate action and environmental lending** across cohesion regions



**Finance directly** the deployment of proven **technologies by mid-caps** in less developed regions



Facilitate access to finance through **direct lending to mid-caps** in cohesion regions



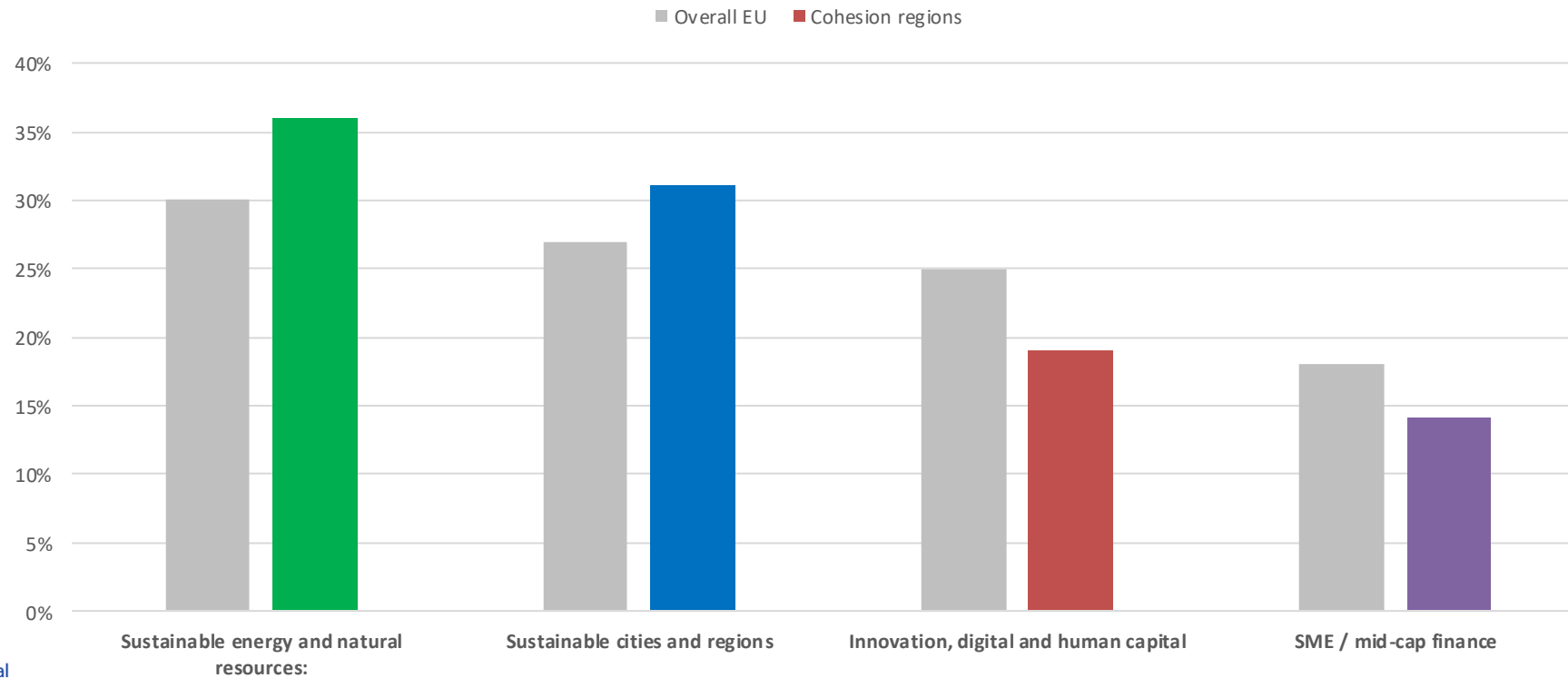
Targeted **advisory support** to cohesion regions

# 2022 Key results by Public Policy Goals (PPG)

## Strong EIB Group contribution

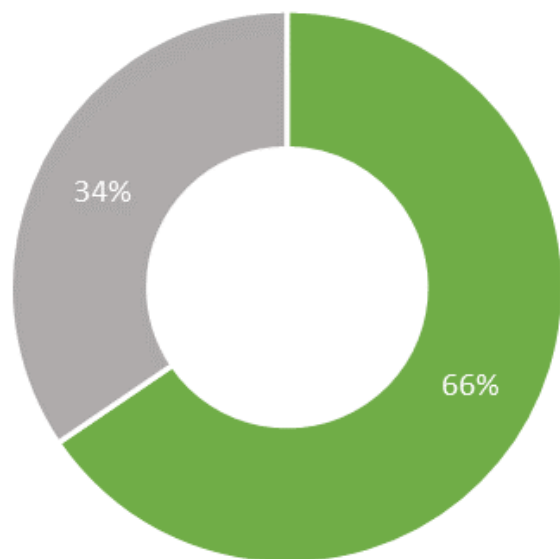
- EUR 28.4 bn lending (EIB Group), i.e. 44% of total EU lending
- Of which EIB: EUR 24.8 bn (46% of total EU lending)
  - Cohesion lending by “vertical” PPGs → see figure

EIB Lending in the EU and cohesion regions in 2022 by PPG



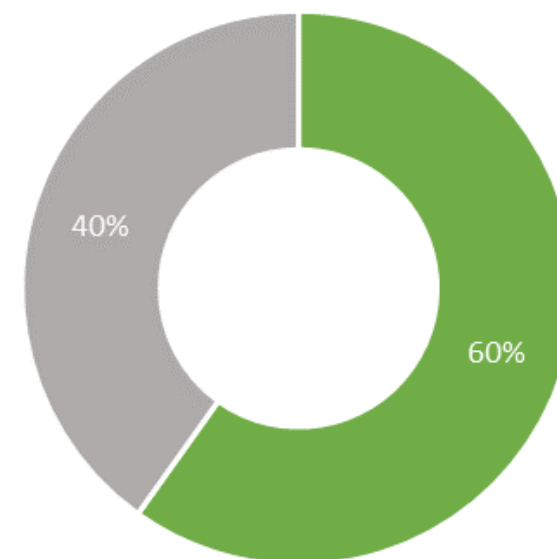
# 2022 Key results by Public Policy Goals (PPG)

EIB's lending in **Cohesion Regions** contributing to CA & ES



- Cohesion lending contributing to climate action and environmental sustainability
- Cohesion lending not contributing to climate action and environmental sustainability

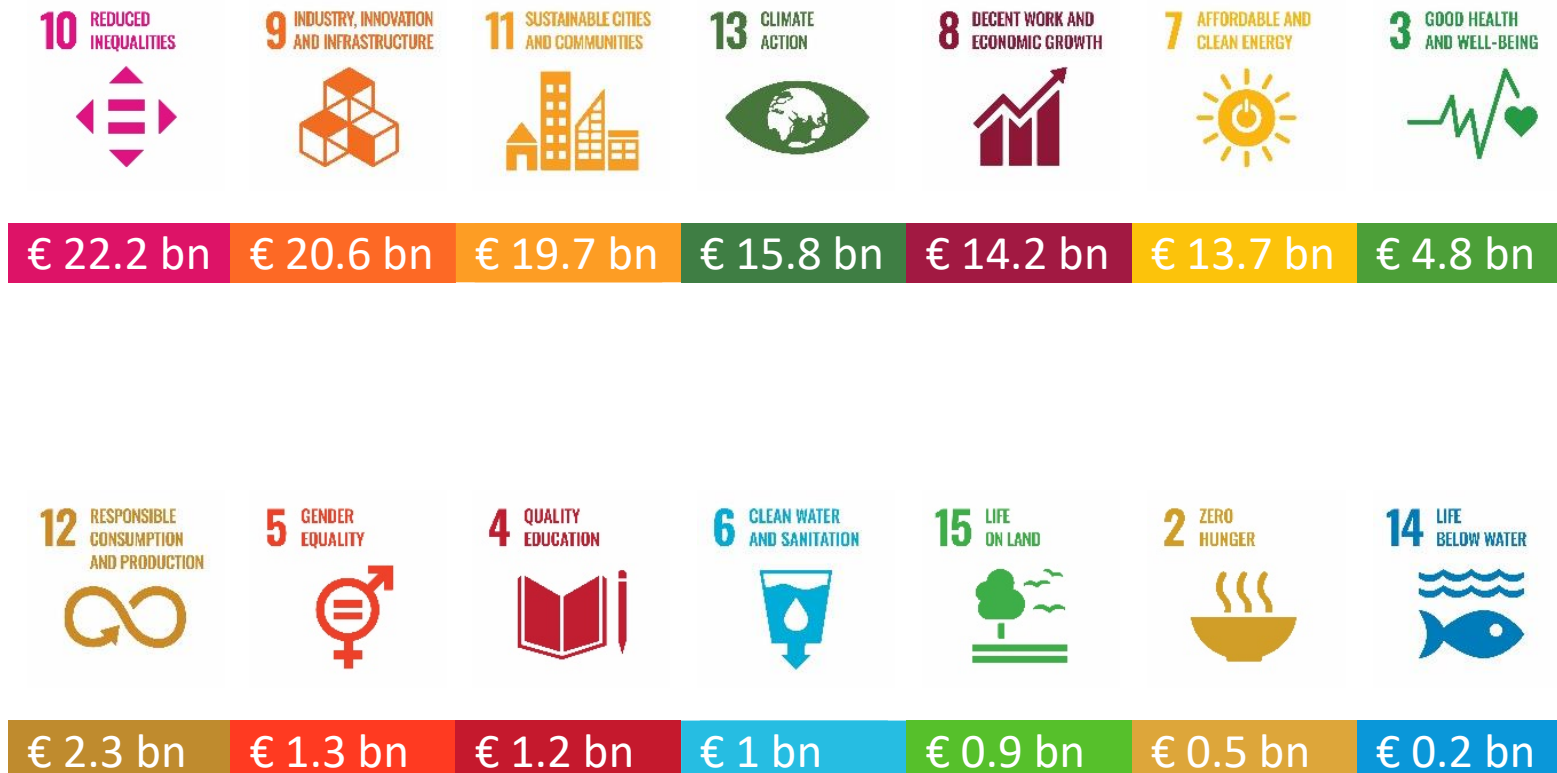
EIB's total EU27 lending contributing to CA & ES



- Lending contributing to climate action and environmental sustainability
- Lending not contributing to climate action and environmental sustainability

In 2022, the share of EIB lending for **climate action & environmental sustainability** was higher in **cohesion regions** than in non-cohesion regions

# Wide Impact across Sustainable Development Goals



# Innovation focus

## Innovation investment crucial to convergence

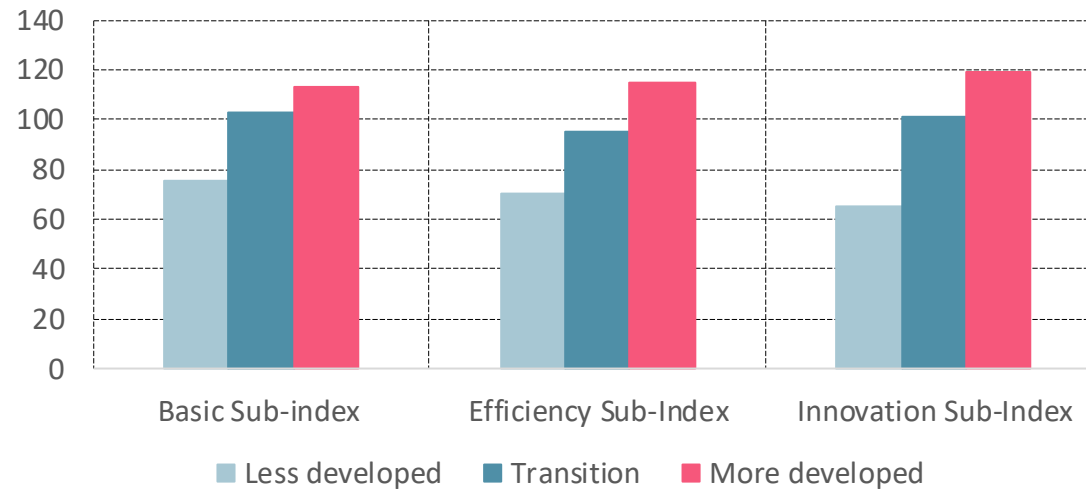
### Trends in regional Cohesion

- Pandemic
- Energy crisis
- Ukraine war

### Widening investment gaps

- Digitalisation
- Fewer skilled staff available
- Green innovation

Regional competitiveness, standardized scale



# Innovation focus

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## EIB Group plays a crucial role

Focus on inclusive digitalisation

- High & very high speed fixed and mobile telephony
- Support to SME and digital innovation hubs
- Integrated finance and advisory support

Supportive ecosystems providing infrastructure

- Innovation enabling spill overs
- R&D and innovation infrastructures

A map of Europe illustrating the distribution of EU member states. The map uses color-coding to represent different groups of member states: blue for the original six (1958), red for the 1981 entrants, green for the 1986 entrants, and yellow for the 2004 entrants. Pie charts of varying sizes are overlaid on several countries, likely representing their relative size or membership status. The map includes labels for major cities, seas, and neighboring countries.

Key countries and cities shown include:

- Scandinavia:** Sweden, Norway, Finland (Helsinki, Helsingfors), Estonia (Tallinn), Latvia (Riga), Lithuania (Vilnius), Denmark (Copenhagen).
- Central Europe:** Germany (Berlin), Poland (Warsaw), Czechia (Prague), Slovakia (Bratislava), Hungary (Budapest), Slovenia (Ljubljana), Croatia (Zagreb), Serbia (Belgrade), Romania (Bucharest), Bulgaria (Sofia), Ukraine (Kyiv), Belarus (Minsk), Moldova (Chișinău).
- Western Europe:** United Kingdom (London), Ireland (Dublin), France (Paris), Netherlands (Amsterdam), Belgium (Brussels), Luxembourg, Switzerland (Bern), Austria (Vienna), Italy (Rome), Spain (Madrid), Portugal (Lisbon), Greece (Athens).
- South and Eastern Europe:** Turkey (Ankara), Syria (Damascus), Jordan, Israel, Lebanon, Nicosia, Cyprus, Tunisia (Tunis), Algeria (Algiers), Morocco (Rabat), Mauritania (Nouakchott), Mali (Bamako), Niger (Niamey), Chad (N'Djamena), Libya (Tripoli).

Seas and oceans shown include the North Sea, Bay of Biscay, Tyrrhenian Sea, Ionian Sea, Mediterranean Sea, and Black Sea.



# Case Studies

## Investment and advisory examples

20 Investment case studies

15 Advisory support assignments

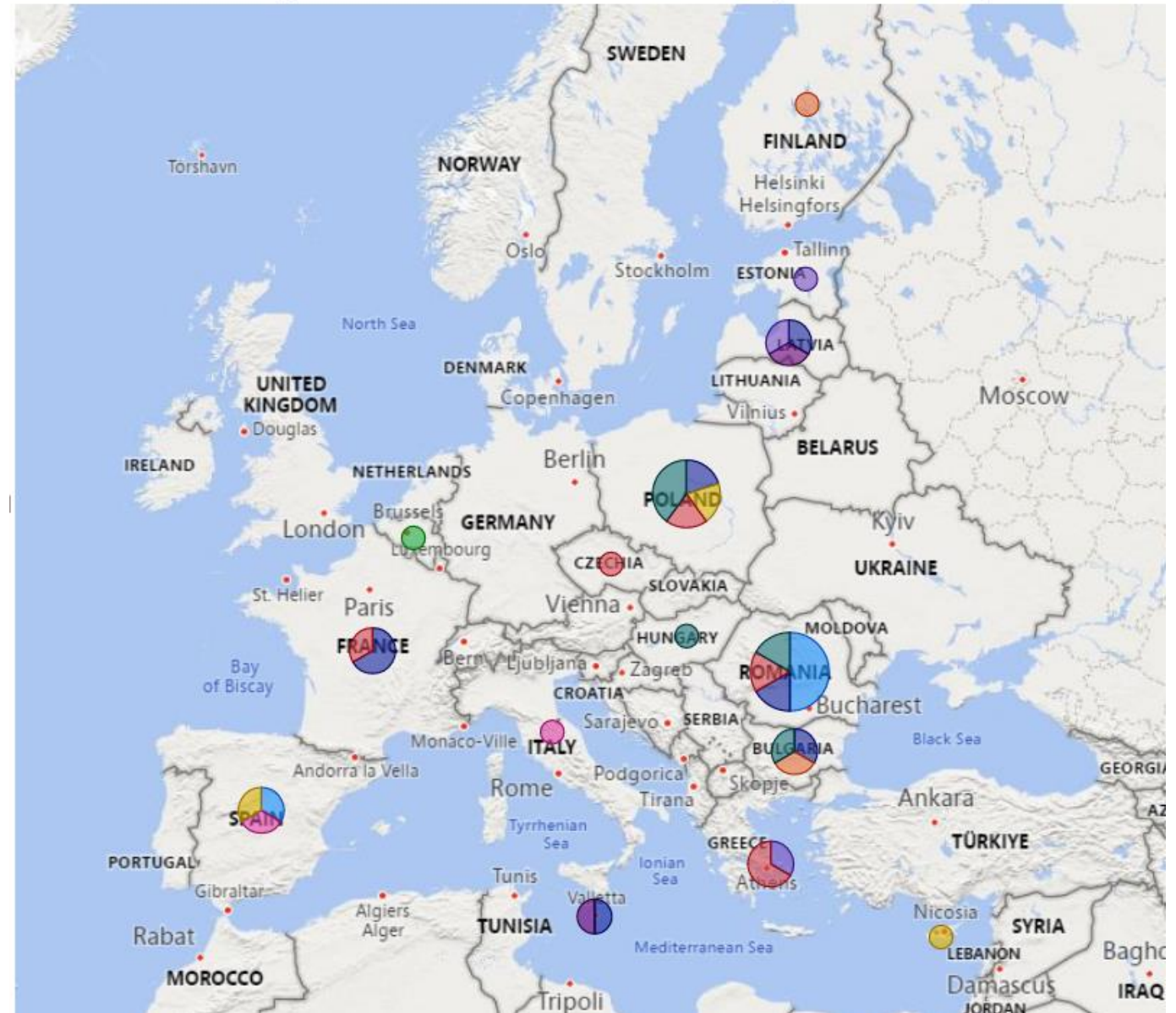
## Wide diversity

10 Sectors

15 Countries

## Case studies and Advisory support by sector

Sector ● Education ● Energy ● Health ● ICT ● Natural Resources ● RDI ● RegDev ● SMEs ● Transport ● Water







# EIB instruments for regional development

Hubert Strauss, Projects Directorate, Regional Development

Committee of the Regions, 4 July 2023



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# EIB operations to support regions and cities in the EU



## LENDING

**Loans:** support regional/urban projects and programmes with or w/o EU funds

Also:

Guarantees + Equity participation



## BLENDING

**Combining** EU grants with EIB loans and financial instruments

Focus on **leveraging** EU and MS budget resources



## ADVISING

**Technical assistance** to prepare & implement projects: JASPERS, ELENA, PASSA

# EIB Products for Regions & Cities - Types

Instrument	Key Features
<b>Investment Loans</b>	<ul style="list-style-type: none"> <li>• Direct loan for a specific investment project or programme</li> <li>• Usually &gt; EUR 100m project cost, minimum EUR 50m</li> <li>• All investment components identified / appraised up-front</li> </ul>
<b>Framework Loans (FL)</b>	<ul style="list-style-type: none"> <li>• <b>Loan to a region/city, programme cost &gt; EUR 100m</b></li> <li>• <b>Finances a 3-5 year investment programme</b></li> <li>• <b>Multi-sector investments (usually small projects) meeting defined criteria but not finally prepared at time of signing</b></li> </ul>
<b>Structural Programme Loan (SPL)</b>	<ul style="list-style-type: none"> <li>• Framework Loan, co-financing EU Cohesion Policy Funds (e.g. ERDF, ESF+, EAFRD)</li> <li>• Pre-fund national contribution</li> <li>• Implementation aligned on Operational Programme management cycle</li> </ul>
<b>Intermediated Loan</b>	<ul style="list-style-type: none"> <li>• <b>Facility for financing smaller regions/municipalities</b></li> <li>• <b>Relies on a good intermediary (e. g. public or commercial bank) which applies financing criteria agreed with EIB</b></li> </ul>
<b>Equity Funds</b>	<ul style="list-style-type: none"> <li>• Investment, e. g. into a regional/urban development, infrastructure fund or brownfield fund</li> <li>• Targeted investment criteria leading to new investment</li> </ul>



# Key thresholds in EIB lending

- EIB loan cannot finance more than **50% of the investment programme / Project Investment Cost** (possible exceptions)
- EIB+EU financing together (“**cumul**”) cannot exceed **90%** of the total investment programme in transition and less developed regions and **70%** in developed regions (possible exceptions require EIB Board approval)
- Individual projects financed must **not** be substantially physically **completed** by the time of the EIB appraisal.

# Zoom on: EIB Framework Loan

- Suitable instrument to finance integrated territorial development/transition strategies
- **Flexibility:** Flexible loan to finance multi-sector and multi-scheme operations
- **Aggregation:** enables the EIB to finance smaller schemes (some only EUR 100,000)
- **Intermediation** possible to reach smaller promoters
- **Pre-financing:** although individual sub-projects may not be known at appraisal, a fraction of the loan can be disbursed right after signature. Further tranches depend on submission of concrete schemes eligible for EIB (“stage-two appraisal”).
- **Proportionality** of EIB information requirements depending on
  - How precisely is investment programme defined at loan approval
  - Promoter Capacity
  - Size of individual schemes
  - Risk profile of individual schemes, the investment programme and the socio-economic context of the region

# BACK-UP slides



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# Additional resources

- [Our latest press releases](#)
- [Regional development and Cohesion EIB page](#)
- [Cohesion and Regional development overview 2023](#)
- [More on our urban development support](#)
- [Invest EU Advisory Hub](#)



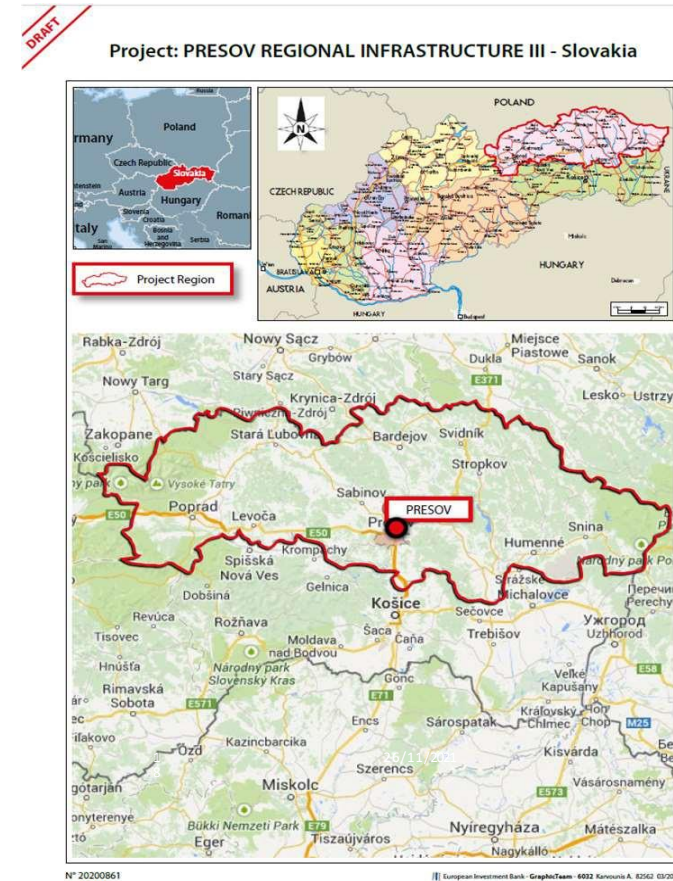
# Ingredients for success

- The city or region has a **good medium term capital investment planning process** linking investment to its overall and sector-specific strategies.
- The key is for a city or region to have a **framework loan coordinator** who can interface with the EIB, as well as with the various city or region departments from which information is needed.
- **Capacity of the Promoter** to implement the programme

# CASE STUDY – Framework Loan - Overview

## PRESOV REGIONAL INFRASTRUCTURE III (SLOVAKIA)

- **Project description:** 109 small schemes implemented under the investment programme of the Region of Prešov that will improve the regional infrastructure, particularly in the sectors of transport, education, culture, social care, public administration and environmental protection.
- **EIB financing type:** Framework Loan.
- **Total investment cost:** EUR 70 m
- **Loan amount:** up to EUR 30m
- **Implementation period :** 2021-2024
- **Borrower/Promoter:** Prešovský samosprávny kraj / Prešov self- governing Region, one of Slovakia's eight self-governing region.





## EIB Advisory support for Financial Instruments

Olivier Dumoulin, Investment Platform Advisor, EIB

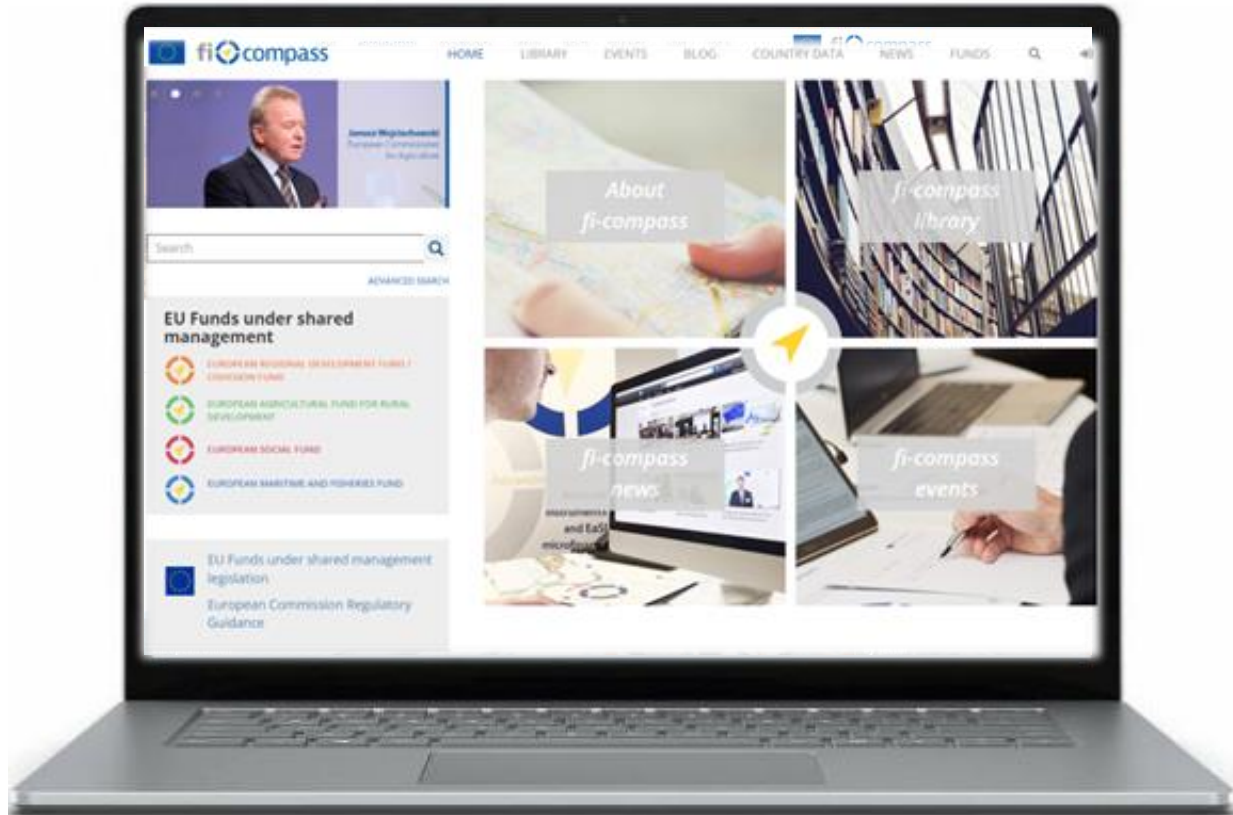
European Committee of the Regions - 4 July 2023

 #ficompass



# fi-compass advisory support for financial instruments

<https://www.fi-compass.eu>



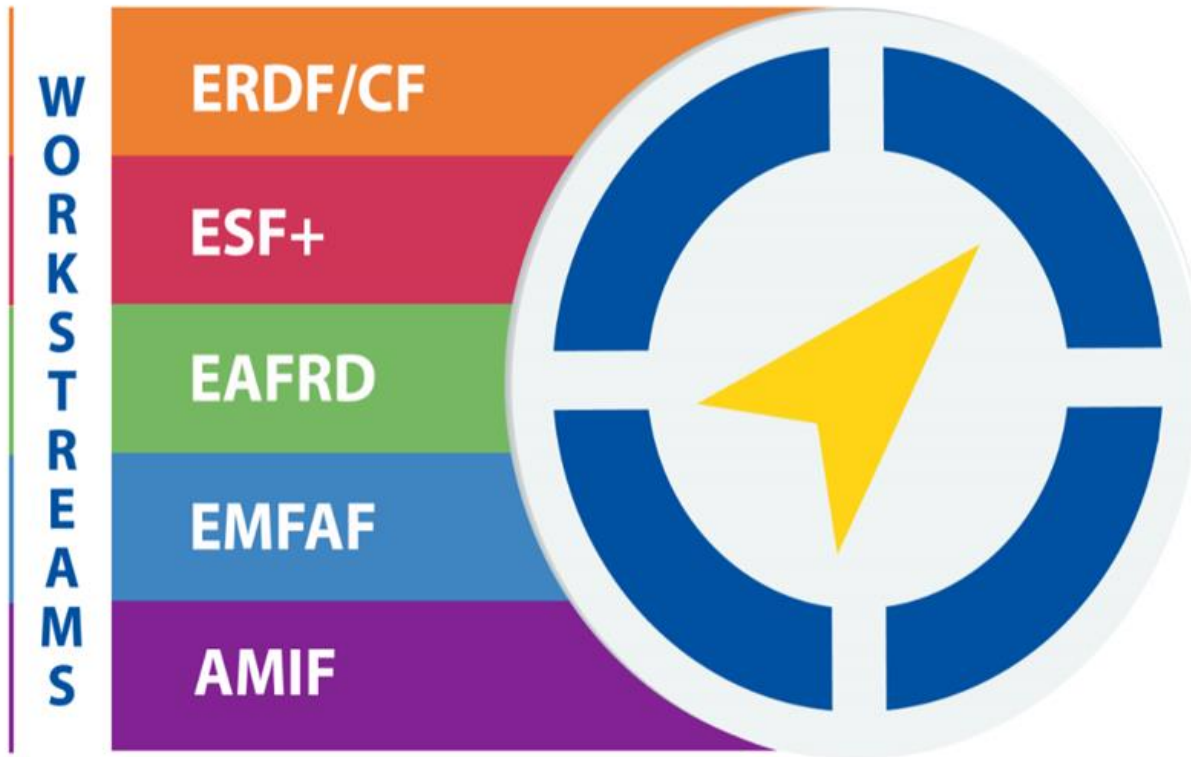
**The one stop shop for resources on financial instruments in the 2021 – 2027 Multiannual Financial Framework (MFF)**





# fi-compass – Scope of support

Capacity building and targeted



- Events – FI Campus 2023 – Financial instruments in changing times
- Sharing expertise – fi-compass Knowledge Hubs
- Studies – agri/agri-food market studies
- Model financial instruments – Energy efficiency, New European Bauhaus
- Member State specific support
- Factsheets, case studies, videos and podcasts

# The benefits of financial instruments



## Revolving effect

Additional flows of money – generated through repayments or cost savings as well as realisation of investments, that can be reused for further investments



## Leverage effect

Capacity to attract additional public and private resources. Combination with grant to support project development or meet part of costs can further enhance the potential range of instruments



## High Impact

Financial instruments are closer to the market and delivered by financial intermediaries with expertise in the sector. Structured investment decisions based on an agreed Investment Strategy can have high impact on the ground

## Examples of financial instruments

- **Ile de la Réunion:** EIF managed financial instrument to support **over 600 SMEs** (99% <10 employees) across all areas and sectors of the island. Continued 2021-2027.
- **Lithuania's Energy Efficiency renovation program:** €400m of ERDF and national funds used to leverage additional €800m of private financing, resulting in almost €1.2 bn of energy efficiency investments by renovating thousands of dwellings and helping families save 50-70% of heating bills.
- **Sardinia:** in 2020, in response to COVID-19 crisis, new instrument combines loans and grants employed under State Aid Temporary Framework. By end of 2022, almost 200 companies received financial support of over €130m.
- **Key to success:** blending FIs with grants & advisory.



# Example: the Energy Efficiency FI model



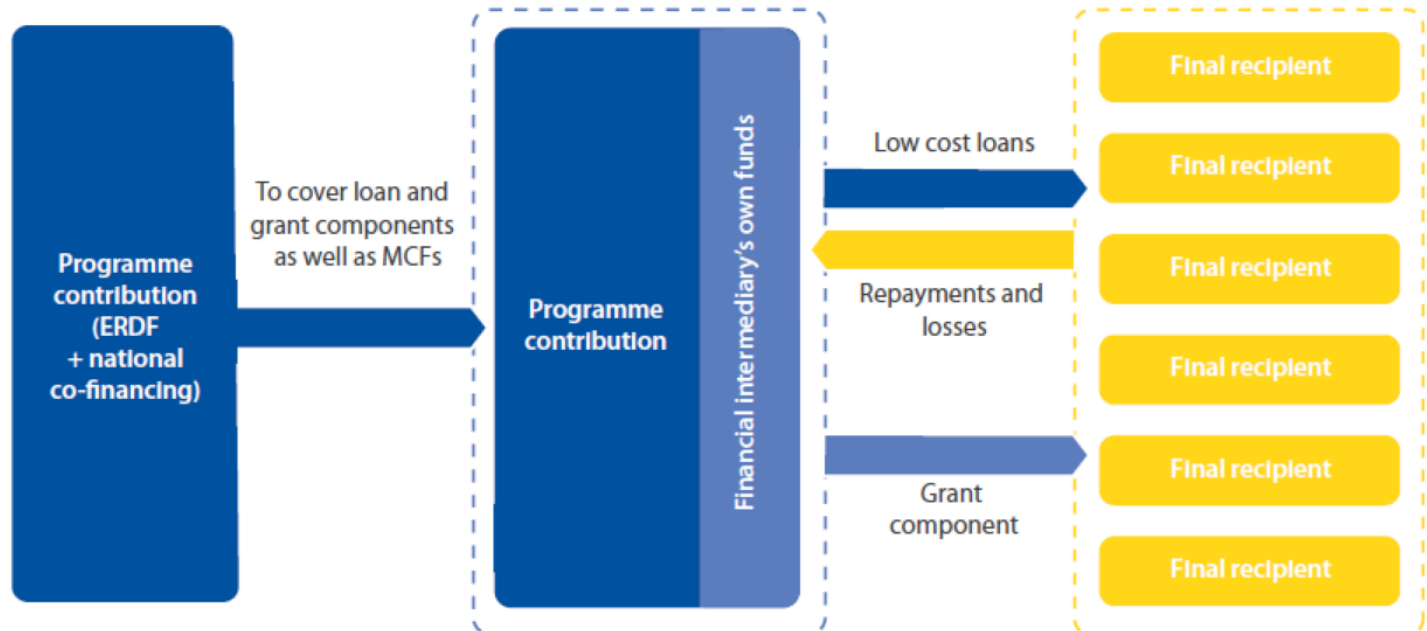
Model for a financial instrument  
with a grant component to  
support energy efficiency

a fi-compass model

May 2022



- 40% of energy consumption and 36% of CO2 emissions in EU currently come from buildings. Over 75% is energy inefficient – renovation rates are low.
- Publication of the model combined financial instruments, in the field of energy efficiency investments in buildings 18 May 2022 and referenced in the EU Save Energy Communication





# New European Bauhaus (NEB) territorial development model FI



New European Bauhaus  
beautiful | sustainable | together

- Based on previous positive experience with FI in urban development
- A flexible financial instrument (FI) model for all stakeholders
- Combination of FIs and grants in one operation
- One-stop-shop for final recipients and project promoters
- Respect of the three core values of the NEB – includes a list of guiding questions to assess alignment
- A new crosscutting policy objective: ‘Policy Objective - Europe closer to citizens’
- Other policy and specific objectives to support actions for integrated sustainable territorial development