



# EUROPEAN INVESTMENT BANK

*Promoting European objectives*

***Open Days 2010***

***Workshop on JEREMIE, JESSICA, JASPERS***

***Brussels, 5 October 2010***

***OPERATIONALISING THE 3 Js – The Role of the EIB Group***

Guy Clause



- ❖ **EIB's role in promoting EU Regional Policy**
- ❖ **2 Examples of Structural Programme Loans**
- ❖ **EIB Group and the J-ACTIVITIES**

**“interested observer of J - ACTIVITIES”**



- EU's financing arm, established by the Treaty of Rome in 1958
- EIB's shareholders are the 27 EU MS
- Promoting EU objectives
- Provides long term loans both to the private and public sector, with a broad range of currencies
- Total lending in 2009: EUR 79.1bn (EUR 57.6bn in 2008)
- Lending to the convergence objective in 2009: EUR 28.8bn (20.7bn in 2008)



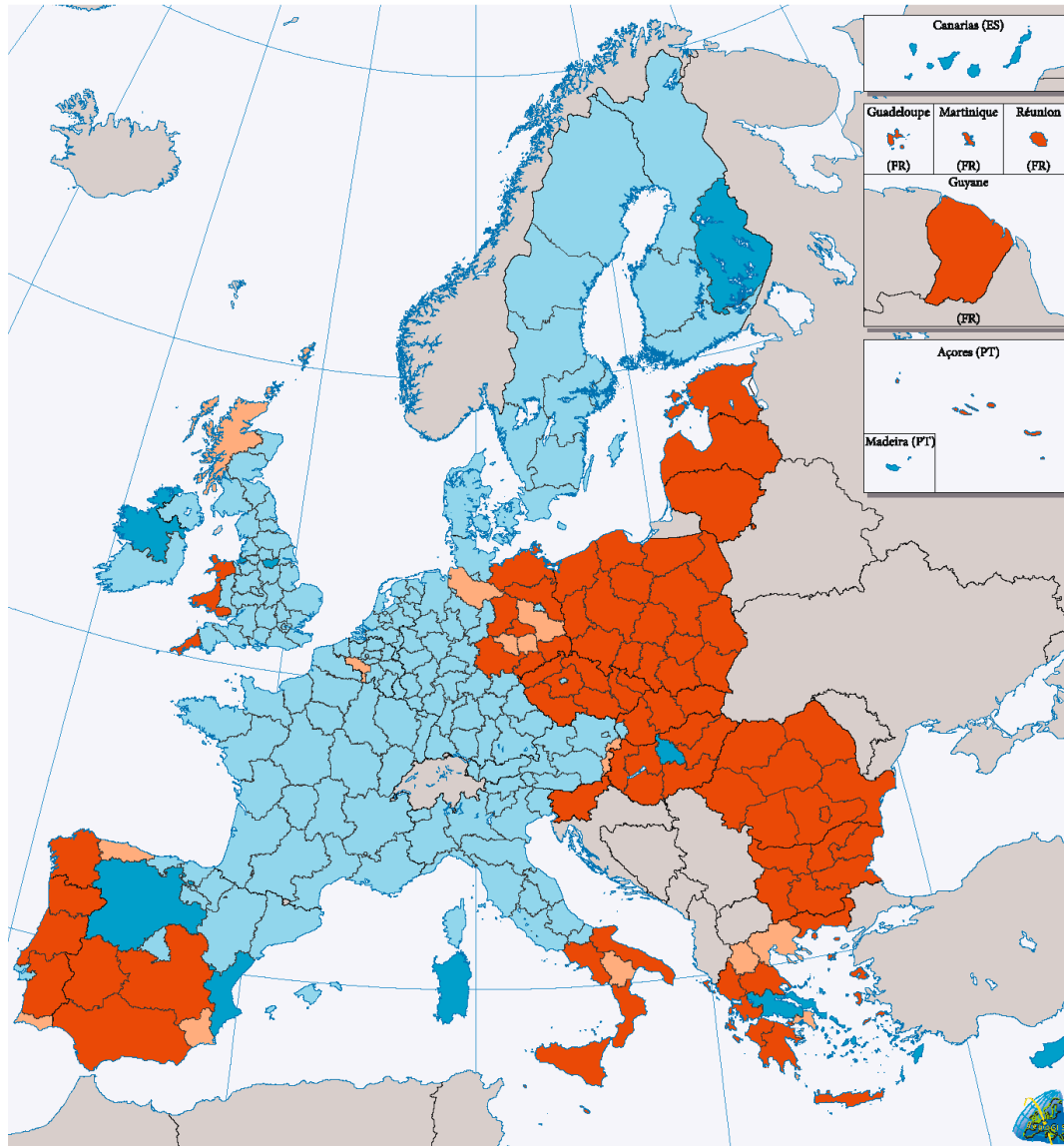
## Lending objectives within the EU:

- ❖ Cohesion and convergence (“regional development”)
- ❖ Small and medium-sized enterprises (SMEs)
- ❖ Environmental sustainability
- ❖ Knowledge Economy
- ❖ Trans-European Networks (TENs)
- ❖ Sustainable, competitive and secure energy



- ❖ In 2007-13 there are EUR 347bn of EU Funds available for the Regions of which EUR 178 bn for EU-12
  - ❖ European Regional Development Fund
  - ❖ European Social Fund
  - ❖ Cohesion Fund
- ❖ Cohesion Policy implemented through the NSRF and Operational Programmes
- ❖ Decentralisation – Member States and Regions

# EU regional policy implementation





EIB provides long-term finance promoting European objectives

- to Member States, Regions and Beneficiaries
- blending grants with loans through a programme oriented instrument - Structural Programme Loan
- Investment Loans for large projects
- Providing technical assistance, where required

Art. 309 EU Treaty

- “In carrying out its task, the Bank shall facilitate the financing of investment programmes in conjunction with assistance from the Structural Funds and other Union Financial Instruments”.

Council Regulation (EC) No 1083/2006

- Whereas # 40
- Articles 36, 40, 41, 44, 45



- ❖ In 2000-2006, Bank's approved EUR 4.8 bn of SPL operations equivalent to EUR 75 bn of investment costs,
- ❖ In the on-going programming period the Bank has already approved EUR 16.2 bn, corresponding to EUR 161.7 bn of investment costs,
- ❖ On average the Bank supports 11% of the project costs,
- ❖ Signatures with BG, CZ, DE, EE, EL, ES, HU, IT, LV, LT, PL, RO, SL.





## EU Funds Co-financing 2007-2013 – Lithuania

- ❖ Project cost: EUR 9.6bn
- ❖ Loan amount: EUR 1.132bn (11.84%)
- ❖ Duration of loan: 25 years
- ❖ Co-financed with the European Commission
- ❖ Borrower/Promoter: Republic of Lithuania
- ❖ Implementation: 2007-2015





- ❖ EIB framework loan will support the implementation of Lithuania's 2007-2013 National Strategic Reference Framework:
  - ❖ OP for the Development of Human Resources
  - ❖ OP for Economic Growth
  - ❖ OP for Promotion of Cohesion
  - ❖ CF 2004-2006, Six River Basins Programmes, Water and Wastewater Management projects



### **Benefits**

- Implementing the OPs is a productive way of counteracting the economic crisis by promoting employment
- Low cost of funding, long maturity, certainty and stability
- High flexibility in both the timing of disbursements and the allocation
- Co-financing/Cooperation with EU Structural Funds, blending (ERDF, ESF, CF), EIB loan used for the national public contribution to the schemes
- Synergies with JASPERS, particularly concerning large transport and environment infrastructure schemes
- Synergies with the JESSICA facility in Lithuania for housing projects – energy efficiency
- Synergies with JEREMIE for SMEs



## Project examples – Greece (1)

# EU Funds Co-financing 2007-2013 – Greece

- Project cost: EUR 21.451bn
- Loan amount: EUR 2.0bn (9%)
- Duration of loan: 25 years
- Co-financed with the European Commission
- Borrower/Promoter: Hellenic Republic
- Implementation: 2007-2015





- ❖ EIB framework loan will support the implementation of the Greek National Strategic Reference Framework 2007-2013:
  - ❖ OP Environment and Sustainable Development
  - ❖ OP Competitiveness and Entrepreneurship
  - ❖ OP Digital Convergence
  - ❖ OP Development of Human Resources
  - ❖ OP Education and Lifelong Learning
  - ❖ 5 regional OPs
  - ❖ PATHEP Railway Corridor



### Benefits

- ❖ SPL will cater to the recovery and sustainable development of the Greek economy
- ❖ Acceleration of implementation
- ❖ EU Funds absorption crucial for the Greek economy
- ❖ EIB TA assistance, in particular in challenging sectors such as water and waste management
- ❖ Synergies with JEREMIE and JESSICA



## EIB Group as the “natural partner” for J-Activities

EIB Group	Lending 2005-09	Lending 2009	J-Activity
EU-12	41.83 bn	13.59 bn	↔ JASPERS
Urban Inv.	28.5 – 57 bn	7.5 – 15 bn	↔ JESSICA
SMEs	35-40 bn + EIF	12.7 bn +EIF (4,1 bn VC + 12.5 bn guarantees)	↔ JEREMIE

### EIB cooperates with

- EU Commission: DG Regio, DG Move, DG Research ...
- IFIs : EBRD, CEB....
- BFIs : KfW.....



## Where to locate J-Activities in EIB Group Structure ?

	Main objective:	Location at EIB:
JASPERS	Project preparation	EIB Project Directorate Special Department 85+ Staff (with support from EBRD + KfW) + Consultants External Offices: Bucharest/Sofia, Vienna, Warsaw
JESSICA	Financial Engineering: Urban Investment	EIB Lending Directorate Special Unit within “New Products & Special Transactions” Department, with support from Project Directorate 30+ staff (incl. support from CEB) Local staff appointed: Guimarães, Praha, Sevilla, Scotland, Vilnius, (Athens)
JEREMIE	Financial Engineering: Support to SMEs	EIF Regional Business Development Division 25+ staff Local staff appointed: Riga, Vilnius, Athens, Bratislava, Bucharest, Roma, Sofia

Different J-Activities require different solutions, adapted to specific nature + needs of each J-activity





## Where do J-activities interact with EIB activities?

### **JASPERS**

EIB can co-fund “large” projects (at project or programme/SPL level)  
EIB sector specialists coordinate with JASPERS experts  
EIB undertakes own assessment, notably also “bankability”  
EIB may intervene after or before JASPERS  
EIB can provide additional technical assistance  
Cooperation with EPEC (grant blending for PPP)

### **JESSICA**

EIB can co-fund national contributions to JESSICA Holding Funds (within SPL) “Blending”  
Ex: Lithuania, Greece  
EIB can co-fund UDFs, incl. self-managed ones (e.g. Wales)  
EIB can co-fund individual investments generated by UDFs  
Cooperation with EPEC, ELENA

### **JEREMIE**

EIB can co-fund national contributions to JEREMIE Holding Funds (within SPL) “Blending”  
Ex: Lithuania, Latvia, Greece  
EIB can co-fund JEREMIE HFs, incl. self-managed ones (e.g. Wales, NE England)  
EIB GLs and JEREMIE can combine in financing SME intermediary activity



2010-2013:

- Existing Financial Perspectives + Europe 2020
- Develop + “fine-tune” existing J-activities, pilot actions?
- Generate more results “on the ground”
- Contribute to preparation of 2014-2020 Programming of SF (OPs + large projects)

2014-2020:

- New Financial Perspectives, New Legal Base
- Less EU budget for Cohesion?
- Higher share for “Financial Instruments” (efficiency, leverage, revolving funds)?
- New priorities: EE/ RE, climate change ....
- More coordination/ synergy between DG’s?
- What kind of “large projects” in the future?

## Future perspectives (2)



- JASPERS
  - include project implementation?
  - widen geographical coverage (e.g. Croatia)?
  - include capacity building to prepare graduation for mature countries/ regions?
  
- JESSICA
  - include new fields (EE/ RE in urban context, backlog in infrastructure maintenance, “digestive system of cities”)?
  - “roll-over” of HFs or UDFs, especially post n+2 (i.e. post-2015)?
  
- JEREMIE
  - “roll-over” of HFs or UDFs, especially post n+2 (i.e. post-2015)?
  - Introduce cross-border HFs ?
  
- JASMINE
  - (micro finance) move from pilot to full deployment ?
- other Js?



For more information...



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