



# Lending and Blending in Cities

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# EIB - The EU bank promoting European objectives

## Providing long-term finance and innovative financial instruments

- ❖ As EU's long term financing institution, created in 1958 to spur regional development, EIB has an important role in supporting cohesion, EU growth and employment in EU regions and cities
- ❖ Promoting a broad range of innovative instruments
  - combining grants with loans
  - involving public and private stakeholders
  - further developing co-financing with EU funds
  - deploying financial instruments
  - facilitating new growth and employment initiatives and
  - further highlighting the territorial and urban agendas
- ❖ Involving private and public sector stakeholders calls for closer coordination, cooperation and implementation of innovative measures and projects
- ❖ The Bank's involvement in a number of joint activities with the EC and other IFIs and development agencies is also necessary to facilitate the blending of grants with loans, to leverage EU monies and promote EU objectives



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### Facilitating the recovery

- ❖ Even when underlying investments are sound, projects face difficulties in accessing finance due to
  - heightened degree of risk aversion by commercial banks
  - deteriorating credit rating/debt ceilings
  - difficulties for smaller private-sector providers to access finance
- ❖ As a financial institution rated AAA, the EIB has a crucial role to play in filling the gap and providing the necessary funds
- ❖ EIB will not solve the problem of the crisis, but an enhanced role for the Bank will be an important part of any solution
- ❖ The Bank's broad portfolio allows us to assist on a wide scale and
- ❖ To support continuous development of innovative measures



### LENDING

- ❖ Loans
- ❖ Guarantees
- ❖ Equity participation

### BLENDING

- ❖ Combining EIB loans and EU grants
- ❖ Leveraging EU and Member States budget resources

### ADVISING

- ❖ Strong in-house expertise
- ❖ Technical and financial advice
- ❖ Technical assistance initiatives

**The EIB is NOT using taxpayers' money**



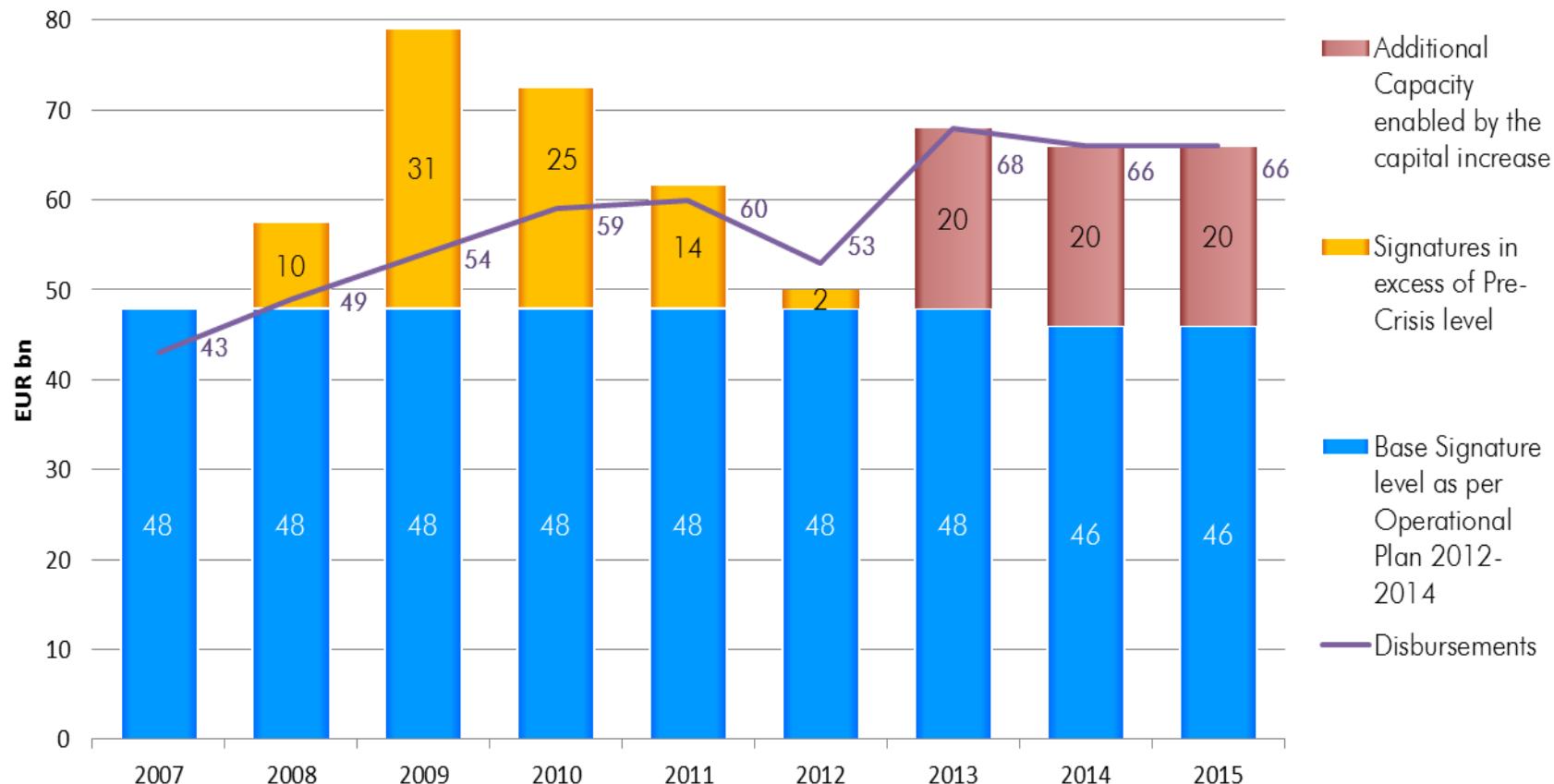
### A significant capital injection

- ❖ The recent Capital injection of EUR 10bn will provide leverage for
  - significant additional borrowing and associated lending opportunities
  - focus on the EU for the creative and sustainable deployment of additional funds
  - promote growth, sustainable development and employment generation
- ❖ Hence the Bank will be able to maintain high lending levels in the coming years; with an additional EUR 60bn until 2015 in order to address growth and employment focusing on innovation and skills, access to finance, resource efficiency and strategic infrastructure.



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### Evolution of EIB lending activity



**The EUR 10bn paid-in capital increase will enable a 40% lending growth over the base signature level foreseen in the Operational Plan 2012-2014**



## EIB's implicit action plan for cities

### Investment for Sustainable for Cities

**Grant Funding**  
**Traditional Borrowing**  
**Structured Finance**  
**Financial Engineering**  
**Technical Assistance**



**Networking/Partnering**  
  
**Targeted investment  
in more sustainable  
urban regeneration  
and renewal**



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### Co-financing with EU funds

- ❖ I would like to highlight the importance of Framework Loans (FL) – a flexible instrument to finance multi-scheme operations, and Structural Programme Loans (SPL) - FL multi-scheme operations financing Operational Programmes blending and leveraging EU funds (>EUR 18bn of SPL lending in the last programming period)
- ❖ These are important instruments which not only allow for financing on the national, multi-regional, regional, urban, and sectoral level, but also cater to smaller scale projects by funding investment programmes
- ❖ FLs also support the Urban Agenda by providing loans to municipalities and cities in support of planning led programmes and projects
- ❖ In view of the forthcoming programming period, close cooperation with the Commission has been initiated to further develop and streamline EIB blending in this context



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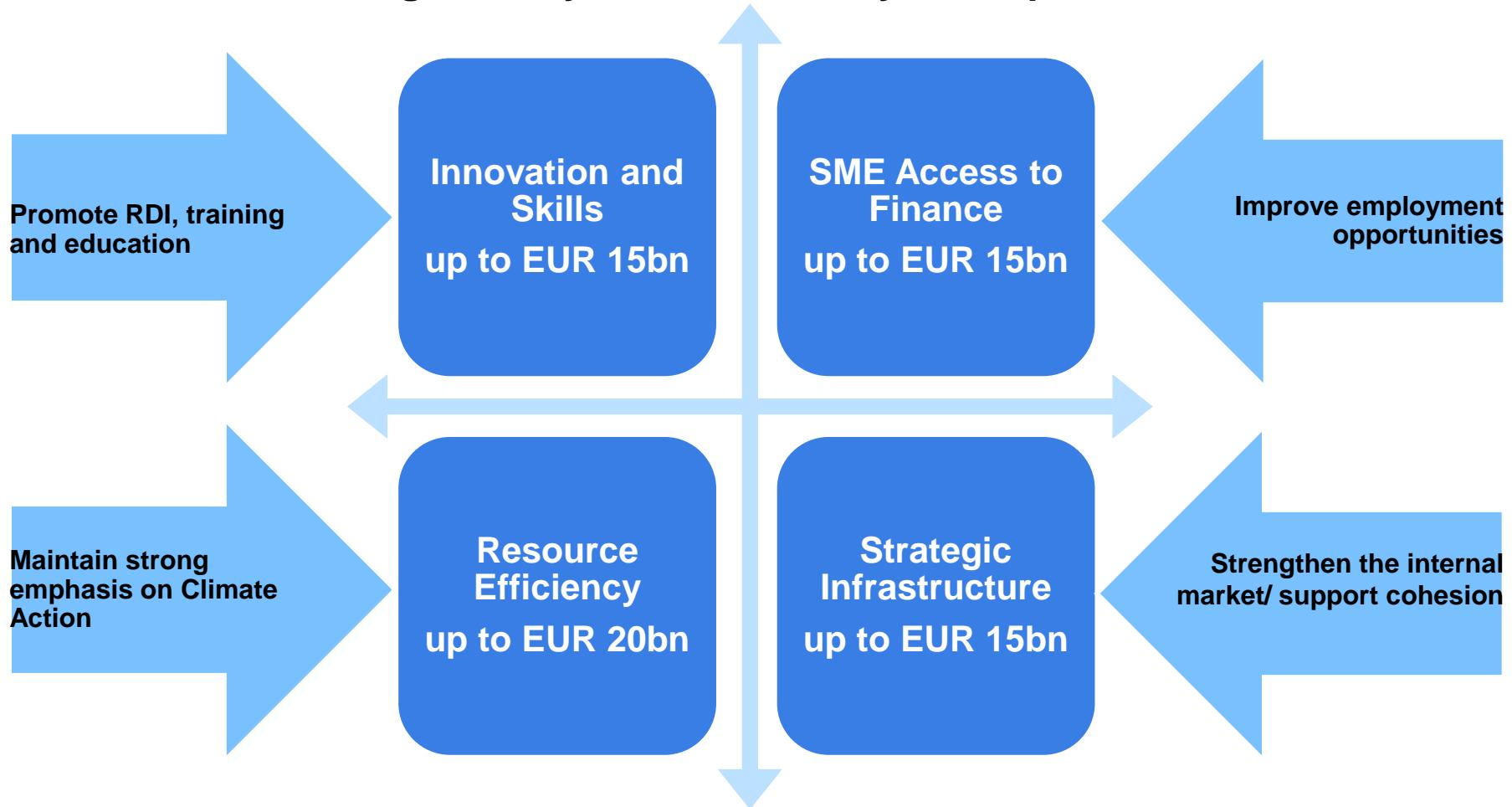
### Financial instruments and advisory services

- ❖ Our extensive cooperation with the Commission over time has allowed the EIB group to deepen its role in EU policy cooperation and EU Cohesion Policy implementation in particular
  - through JASPERS (TA) and a wide range of technical assistance initiatives
  - through financial instruments like JESSICA, JEREMIE and other instruments (RSFF, LGTT ...)
- ❖ The experience gained thus far allows us to enhance the second generation financial instruments and inform ongoing discussions with the EC and other stakeholders on further deepening and developing such instruments
- ❖ The experience in the current programming period has in addition called for a wide range of advisory services in the form of technical and financial advice, e.g. EPEC...a platform for PPP knowledge dissemination



### New growth and employment initiatives

**Additional lending over 3 years, enabled by the capital increase**





## EIB CONTACT INFORMATION

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