The EIB Group in Portugal: key figures

In 2018, the European Investment Bank (EIB) Group increased its activity in Portugal to provide a total of EUR 1,979 million, equivalent to almost 1% of the country’s GDP and making it possible to roll out 26 projects and transactions in the country. As a result, Portugal was among the top three EU countries that received the most financial support from the EIB Group in terms of GDP.

2018: THE EIB GROUP CONTINUES INCREASING ITS ACTIVITY IN PORTUGAL

- Total EUR 1,979 million of new financing to support 26 projects
- Portugal ranks third among the EU countries benefiting most from the EU bank’s support as a percentage of GDP
- Increased financing to support water and energy infrastructure and action against climate change
- Portugal is third among the countries benefiting most from the Juncker Plan in terms of mobilised investment in relation to GDP

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EIB Group activity in Portugal in 2018:

EUR 1,522 million from the EIB to boost the economy by facilitating the investments of SMEs and promoting the upgrade of infrastructure, climate action and innovation.

EUR 457 million from the European Investment Fund (EIF), the EIB Group subsidiary dedicated to supporting SMEs and microfinance.

Support for SMEs: a substantial part of the EU bank’s funding in Portugal was aimed at promoting small and medium-sized companies in an effort to foster economic growth and employment. The EIB Group dedicated 46% of its activity to supporting Portuguese SMEs, providing EUR 904 million to finance projects that ensure the future and competitiveness of these companies.

- More than 3,950 SME and mid-cap beneficiaries in Portugal, making it possible to support over 153,000 jobs
- Average EIB loan to Portuguese SMEs: EUR 216,000

Focus on environment: EIB financing for environmental projects in Portugal increased in 2018 compared to the previous year, reaching EUR 503 million. This financing is helping to develop projects that foster the use of renewable energy and promote the implementation of more sustainable and energy-efficient production processes.

Strategic infrastructure: EIB financing for infrastructure in Portugal continued to rise in 2018, with EUR 499 million dedicated to water and energy investments, fostering climate action while creating new jobs.

Investments in innovation: EUR 73 million to finance R&D projects of Portuguese companies, in particular SMEs seeking funding to implement state-of-the-art technologies.

1 EIB Group total financing figures exclude a small overlap due to joint EIB/EIF commitments.
I. THE INVESTMENT PLAN FOR EUROPE

By July 2018, the EIB Group and the European Commission had delivered on their commitment to mobilise EUR 315 billion in additional investment under the Investment Plan for Europe, also called the Juncker Plan. Since the initiative was launched in 2015, 1,031 operations have been approved by the EIB Group with financing of EUR 70.4 billion (as at December 2018), which are expected to trigger EUR 375.5 billion in investment across the EU. Given its success, the European Council and the European Parliament agreed to extend its capacity to EUR 500 billion and its duration to end-2020.

The Juncker Plan was designed to help close the investment gap left as a result of the financial and economic crisis. It focuses on removing barriers to investment through complementary actions at EU and national level. The Juncker Plan seeks to promote strategic investments for the future, innovation, corporate investment, climate action and the digital transition, by providing greater regulatory predictability, removing bottlenecks to investment and further deepening the single market.

Impact of the Investment Plan for Europe in Portugal

In 2018, Portugal continued to be one of the top beneficiaries of EIB Group financing under the Juncker Plan. Since its launch, the EIB Group has approved EUR 2,488 million to finance 39 projects in the country under this framework, a volume which is expected to mobilise around EUR 8,830 million in investments. Based on these figures, Portugal ranks third in terms of expected mobilised investment in relation to GDP under the Juncker Plan.

II. SMEs AND MID-CAPS: SUPPORT FOR EMPLOYMENT IN PORTUGAL

In 2018, the EIB Group bolstered the Portuguese economy by making available more than EUR 900 million for SMEs through finance contracts signed with different Portuguese banks. More than 3,950 Portuguese companies employing 153,000 people are benefiting from EIB Group financing provided in cooperation with the local banking sector. This formula combines the advantages of the EIB’s first-rate access to world capital markets, where it raises most of the funds for its lending activity, with the local network and know-how of domestic partner banks. With this model, the EIB is able to grant funding at favourable interest rates and with longer tenors for financing the investments of SMEs and mid-caps in a variety of sectors of the Portuguese economy.

- As a result, the EIB Group provided finance totalling EUR 905 million to SMEs and mid-caps, of which:
  - EUR 448 million from the EIB;
  - EUR 457 million from the EIF, in the form of equity participations and guarantees.
IFD: a strategic EIB partner for supporting SMEs and mid-caps in Portugal

In 2018, the EIB Group signed the first agreements with Instituição Financeira de Desenvolvimento (IFD), the recently created Portuguese National Promotional Bank. These operations marked the beginning of cooperation with this entity, which is becoming a key partner of the Bank in Portugal, and were signed with the objective of making credit available to Portuguese SMEs and mid-caps on advantageous terms. Through this collaboration, EIB and IFD will together provide a total of EUR 400 million, contributing to sustainable economic growth and employment creation in Portugal by supporting investment projects, the reinforcement of working capital, innovative exporting industries and companies working in different sectors, mainly industry, tourism, agriculture and forestry.

Part of this financing also targets the modernisation and capitalisation of Portuguese SMEs and mid-caps that have successfully undergone restructuring processes and are now investing in growth and innovation.

Manufacturing and exporting Portuguese art with EIF support

Castelbel is a Portuguese manufacturer of gifts, set up in Porto. The company’s growth was boosted by an investment from a private equity firm backed by the EIF. Thanks to this support, the company is expanding its production, employing close to 200 people (9 out of 10 are women) and exporting to over 50 countries across all continents.

III.  BOOSTING THE ECONOMY WHILE CONTRIBUTING TO CLIMATE ACTION

In 2018, EIB Group financing for climate action in Portugal increased to EUR 617 million, representing 41% of total EIB Group financing in the country. In particular, the Bank’s support for projects that qualify as purely environmental reached EUR 503 million, financing that is contributing to the development of innovative wind float technologies and the implementation of more sustainable production processes.

The EIB is the world’s largest multilateral financier of climate-related investment. Our climate strategy aims to lead efforts to mobilise the necessary funding to meet the Paris Agreement objectives for limiting global warming to 1.5°C.
Supporting breakthrough wind energy technology in Portugal (EIB: 60 million under InnovaFin)

The EIB is financing a flagship project in the innovative sector of floating wind energy in Portugal. The EU bank provided EUR 60 million to the Portuguese company Windplus to build and operate a first-of-its-kind offshore installation using semi-submersible platforms. Located 20 km from Viana do Castelo, the project will enable the harvesting of abundant wind resources in deep waters where it is not possible to mount foundations on the sea floor. This EIB 60 million financing operation is supported by the InnovaFin Energy Demonstration Project facility, which is funded under the EU’s current research and innovation programme, Horizon 2020.

Major investment in the energy sector: three new dams and hydropower plants on the Tâmega and Torno rivers (EIB: EUR 650 million)

The EIB is financing one of the most important energy initiatives in Portugal: the construction of three new large dams and hydropower plants on the Tâmega and Torno rivers, in the north of the country. The aim is to support a major hydro-electrical project that will increase energy storage capacity in the EU, provide services to the Iberian grid operators and facilitate the increase of the renewable share of the Portuguese energy mix. With an investment of around EUR 1 500 million, the new infrastructure will have a total capacity of 1 158 MW and will start operating in 2023. This investment will reduce the dependence of the Iberian market on fossil energy and lower CO₂ emissions.

Supermarkets, super environmentally friendly! (EIB: EUR 55 million under the Investment Plan for Europe)

The EU bank is financing Sonae MC’s investments aimed at renovating its stores to enhance their environmental sustainability. The EIB support will contribute to installing more efficient energy equipment, and new electricity generation and waste management technologies. The modernisation of Sonae’s supermarkets will help to reduce their electricity consumption by 10% through the installation of energy monitoring and management technologies. In addition, the supermarkets will meet around 8% of their electricity needs by using renewable energy sources, and waste-related investments will enable up to 24% of the total food waste generated to be recycled and recovered.
Increasing competitiveness while reducing the environmental footprint of production processes (EIB: EUR 40 million)

EIB financing is contributing to the modernisation of The Navigator Company’s pulp mill located in Figueira da Foz, in the centre of Portugal. The investments will increase production capacity by 12% or 70 000 tonnes per year while, at the same time, reducing water consumption and pollutant emissions through the deployment of more energy-efficient technologies. The modernisation of the plant will support the replacement of fossil fuels with increased use of renewable biomass energy. In addition, the EIB financing operation will enable the company to serve international markets where there is an increasing demand for renewable fibre. Furthermore, the project will also contribute to supporting indirect employment in the forestry and wood supply chains in rural economies.

IV. INVESTING IN THE FUTURE: INNOVATION AND MODERNISATION OF STRATEGIC INFRASTRUCTURE

In 2018, the EIB Group increased its financing for infrastructure in Portugal and granted EUR 499 million to support the modernisation of strategic water and energy infrastructure, which is helping to generate economic growth and employment in the country.

Providing funds to boost innovation in Portugal is another key priority for the EIB. The EU bank continued to support the R+D+I strategies of Portuguese companies, granting more than EUR 70 million to projects that are helping Portuguese businesses to roll out state-of-the-art technologies in order to boost competitiveness and secure their future.

Renovating irrigation infrastructure to foster economic development in rural areas and resilience to climate change (EIB: EUR 200 million)

The EIB is contributing to the financing of the National Irrigation Programme, supporting modernisation and expansion investments in mainland regions of the country, mostly in the Alentejo region, which is served by the Alqueva water system. The projects implemented with the EIB funding are helping to build and rehabilitate water intakes, pumping stations, collectors and other irrigation equipment. The investments will contribute to water savings, reducing water losses by an estimated 35 million cubic metres, and will benefit Portuguese agriculture by reducing its dependence on rainfall.

The expansion of irrigated areas is increasing and diversifying agricultural production by facilitating the cultivation of olives, maize and wine. This transformation of the country’s agricultural productivity will foster employment on farms in Portugal and generate employment in the local agro-food sector, contributing to the reduction of rural migration and increasing resilience to the effects of climate change, in particular drought. The implementation of the different projects, mainly in the Alentejo region but also in the Algarve, on the northern and central coasts and in the central interior of Portugal, is expected to create employment opportunities for the equivalent of 6 600 full-time workers during the implementation phase.
Modernisation of Portuguese ports to increase capacity (EIB: EUR 40 million under the Investment Plan for Europe)

In 2018, the EIB signed an agreement with the Yildrim Group to grant EUR 40 million for renovating the infrastructure and equipment of the Portuguese ports of Leixões and Alcântara over a period of three years. With the support of the EIB, the two container terminals are expanding their capacity by around 40% and 50% respectively, which will contribute to increasing import and export flows and fostering sustainable economic growth and employment.

Innovative and more sustainable automotive fabrics: exporting premium car interior fabrics from a cohesion region of Portugal to the rest of world (EIB: EUR 25 million under the Investment Plan for Europe)

The EU bank is supporting TMG Automotive, a world-leading Portuguese automotive materials manufacturer, with the conversion of an abandoned textile factory in Vila Nova de Famalicão into an innovative plant. The new facilities will produce automotive materials incorporating new technologies in order to meet stricter environmental requirements while future-proofing the company’s product line and increasing production capacity. The project is boosting economic growth and job creation in a cohesion region. The rollout of the new car interior solutions will contribute to reducing the weight of vehicles, resulting in lower fuel consumption and pollutant emissions.

As a participant in the UN Global Compact, TMG Automotive is committed to the ten principles on human rights, labour, the environment and anti-corruption. The company also supports the United Nations Sustainable Development Goals, aligning human rights with sustainable economic growth and environmental protection.
In 2018, the EIB celebrated 60 years of improving lives in Europe and beyond. The EIB is the lending arm of the European Union owned by its Member States and is the world’s biggest multilateral lender. Since its creation by the Treaty of Rome in 1958, it has supported more than 11,900 sustainable investment projects that make a strong, inspiring impact on people’s lives and contribute to EU policy objectives in Europe and beyond.

The EIB is a long-standing partner of Portugal. The Bank started supporting the Portuguese economy even before the country’s accession to the European Communities in 1986. The EIB signed the first project in Portugal in 1976. Since then, the EU bank has provided over EUR 49 billion to support around 460 projects throughout the country, mainly in the transport, energy and industry sectors, contributing to the modernisation and transformation of the country.
Overall EIB Group achievements in 2018

**EUR 64 190m**

financing volume of which

**EUR 55 630m** from the EIB

and **EUR 10 060m** from the EIF

The EIB Group signed more than **854 operations** in 2018 mobilising

**EUR 230 000m**

**EUR 13 520m** of EIB Group support for **innovation and skills** including education and digital infrastructure

**EUR 12 250m** supporting key infrastructure in the transport and energy sectors as well as urban infrastructure

Climate action accounted for **29%** of total EIB financing, supporting the transition to a low-carbon, environmentally-friendly and climate-resilient economy

**EUR 15 150m** for environmental projects supporting resource efficiency and sustainability

**EUR 23 270m** of EIB Group support for SMEs and mid-caps – the biggest ever volume and the Bank’s single largest policy priority

Investment Plan for Europe projects approved by the EIB Group amounted to **EUR 70 400m** that will mobilise **EUR 375 000m** of investment in the real economy

The activity of the EIB Group in 2016 helped to support more than **374 000** SMEs throughout the EU that are sustaining **5 000 000** jobs

Over **32%** of total EIB financing was dedicated to **economic and social cohesion** to help each EU region achieve its full potential

* EIB Group total financing figure excludes overlap due to joint EIB/EIF commitments on SMEs

For further information on the EIB in Portugal: [www.eib.org/Portugal](http://www.eib.org/Portugal)

Press contacts:

Mercedes Landete
+352 91 4311340
m.landete@eib.org

Press Secretariat
+352 4379-21000
+352 4379-61000
press@eib.org
www.eib.org/press

General contacts:

European Investment Bank in Lisbon
Av. da Liberdade 190-4º A,
1250-147 Lisboa, Portugal

Information Desk
+351 21 342 8989
info@eib.org
www.eib.org