



Cohesion and regional development OVERVIEW

2023



The European Union's cohesion policy — of investing in its economically weaker regions to raise their living standards — aims to help each region achieve its full potential and bring about prosperity among all EU members. Cohesion was one of the original reasons for the creation of the European Investment Bank (EIB) in 1958 and continues to be one of its priorities.

The EIB's cohesion financing supports projects in EU regions with a gross domestic product (GDP) per capita below the EU average. These projects must fall under at least one of the EIB's priorities: innovation (digital and human capital); sustainable cities and regions; sustainable energy and natural resources; and small and medium-sized enterprise (SME) and mid-cap finance. The EIB provides loans and other financial instruments for projects and programmes that support economic, social and territorial cohesion. In addition, the Bank advises public authorities and project promoters in so-called cohesion regions on how to improve the technical and financial quality of their projects, adopt successful strategies in areas such as transport and climate, reinforce their institutions and attract funding.

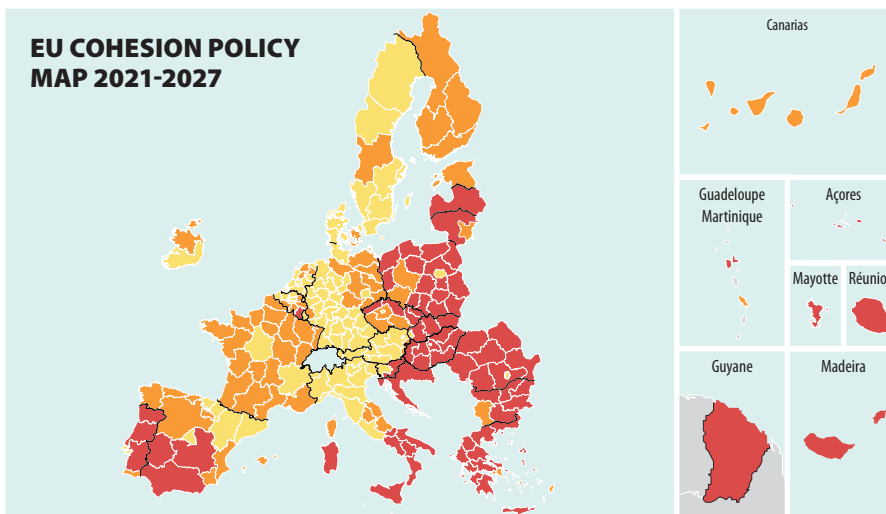
The European Investment Fund (EIF), founded in 1994 as part of the EIB Group, also plays an important role in EU cohesion policy by managing EU funds on behalf of national and regional authorities.

EIB-supported cohesion projects seek to address inequalities by providing job and education opportunities, access to public infrastructure and services, and a healthy and sustainable environment. This helps economies to thrive and fosters balanced regional development that leaves no one behind.

FACTS AND FIGURES

EIB cohesion priority regions encompass less developed regions (with a GDP per capita of less than 75% of the EU average) **and transition regions** (with a GDP per capita between 75% and 100% of the EU average), as defined by the EU Cohesion Fund's eligibility policy map. In its [Cohesion Orientation](#) for 2021-2027, the EIB has committed to stepping up its support for these regions. The Bank will dedicate at least **40% of its total financing in the European Union** to projects in cohesion regions during 2023-2024, and at least 45% from 2025. At least half of this share will be devoted to Europe's less developed regions. The Bank is committed to **increasing the share of its climate action and environmental lending** across transition and less developed regions.

In the two years since the beginning of the European Union's current seven-year programming period, the EIB has provided €44.7 billion to projects in cohesion regions. This includes €24.8 billion in 2022 alone, equivalent to 46% of total EU signatures. In 2021 and 2022, the percentage of contribution to climate and environmental objectives was higher in cohesion lending than in overall EIB lending. During the previous seven-year period (2014-2020), the EIB provided a total of €123.8 billion to projects in EU cohesion regions.



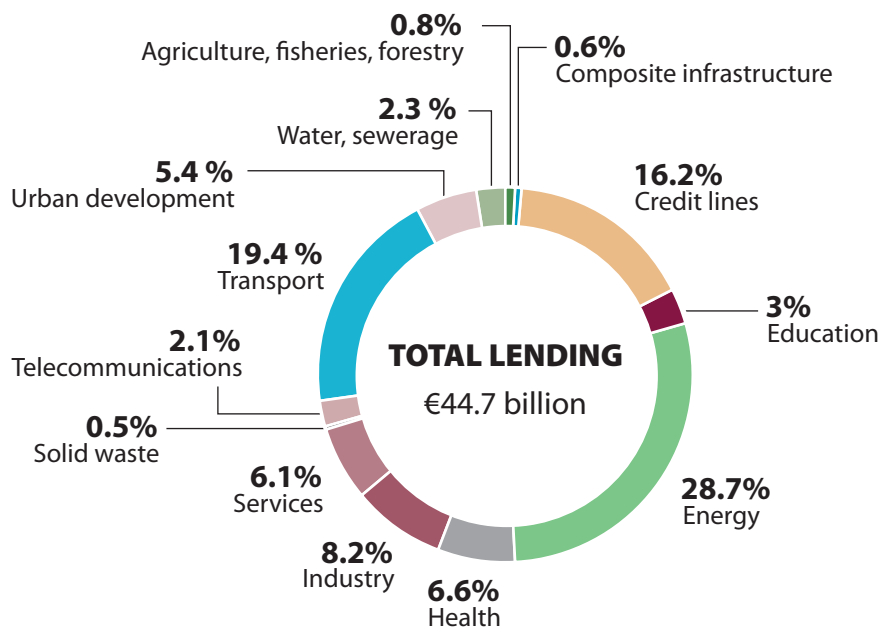
Source: European Commission Department for Regional and Urban Policy, available at europa.eu

Note: Thick borders separate countries and thin borders delimit regions of the Nomenclature of Territorial Units for Statistics 2 (NUTS 2). Less developed regions are in red, transition regions in orange and more developed regions in yellow.

Categories of regions

- Less developed regions (GDP/head (purchasing power standards — PPS) less than 75% of the EU-27 average)
- Transition regions (GDP/head (PPS) between 75% and 100% of the EU-27 average)
- More developed regions (GDP/head (PPS) above 100% of the EU-27 average)

COHESION LENDING IN THE EUROPEAN UNION BY SECTOR 2021-2022



LOANS AND FINANCIAL INSTRUMENTS

The EIB has a wide range of financing products for national and regional governments and municipalities, based on their investment needs, from investment loans for large projects to framework loans for smaller multi-sector projects. We also finance a share of the national co-financing obligations with our structural programme loans.

In addition to working with the public sector, we also finance the private sector in EIB cohesion priority regions. About one-third of our lending benefits small firms and mid-caps with our intermediated loans. We also finance larger corporates in various sectors.

The EIB Group also supports EU Member States and regions by investing public funds through **the establishment and management of financial instruments**. These instruments are mainly funded by EU shared management funds (previously known as European Structural and Investment Funds)¹ and the Recovery and Resilience Facility.² Targeting economically viable projects, financial instruments support investments by way of loans, guarantees and equity. They address market failures and sub-optimal investment conditions, contributing to the economic, social and territorial cohesion of the European Union and to its green and digital transitions.

Unlike grants, financial instruments have a revolving feature, as the invested funds are eventually repaid and can be reused to support new projects. Financial instruments also create strong incentives for successful project implementation. They are effective at mobilising additional financial resources from the private sector to leverage and maximise the impact of public funds.

The EIB manages nearly €10 billion on behalf of EU members and regions, with funds from the 2014-2020 and 2021-2027 multiannual financial frameworks and the Recovery and Resilience Facility. Some 6 600 projects in Greece, Italy, Poland, Spain, Portugal, Lithuania, Romania and Cyprus have so far benefited from these instruments. Furthermore, the EIF manages almost €7.8 billion of financial instruments using EU funds. These instruments have supported about 95 000 small firms and have catalysed almost €14 billion of financing.

1 More information online: [Shared management funds and financial instruments](#)

2 More information online: [Recovery and Resilience Facility and financial instruments](#)



EIB Group support through financial instruments combines fund design, set-up and management with co-financing and dedicated advisory services. The target sectors, which include energy efficiency, renewables, research and innovation, urban development, agriculture, human capital and skills, are of particular importance for cohesion regions.

EU countries can contribute part of their shared management funds to the [InvestEU Fund](#), which combines 13 centrally managed EU financial instruments and the European Fund for Strategic Investments into one instrument. This contribution is voluntary and enables countries to benefit from the EU guarantee's high credit rating, which in turn enables the financing of higher-risk projects.

ADVISORY SERVICES

By working with the EIB, our clients not only benefit from a meaningful financial contribution but also from our technical, financial and strategic expertise. EIB engineers and economists appraise every project that we finance, and the EIB makes this expertise available in the form of advisory support to promoters, regional and national authorities, and financial intermediaries. This is particularly important in countries where the ability to implement complex operations is limited. Over the last 15 years, EIB advisory activities in cohesion regions have supported more than 1 000 projects, representing around 50% of the entire advisory portfolio.

Joint EIB-EU advisory mandates and programmes that address the specific needs of cohesion countries include Joint Assistance to Support Projects in European Regions ([JASPERS](#)), launched in 2006, and the Project Advisory Support or [PASSA](#) initiative, launched in 2014.

Other advisory programmes are [InnovFin Advisory](#), which provides guidance to clients with research and innovation projects to improve their access to finance and advises decision-makers on enhancing market and investment conditions, and the [European Public-Private Partnership Expertise Centre](#), which assists the public sector in cohesion regions in a range of policy areas and provides strategic support on the preparation, procurement and management of public-private partnership projects.

In 2015, the European Commission and the EIB launched the European Investment Advisory Hub to provide a broader advisory support package that includes the programmes mentioned above and initiatives such as European Local Energy Assistance, or ELENA, which supports local energy efficiency projects, and URBIS, a dedicated initiative for cities. Building on the success of the European Investment Advisory Hub, the [InvestEU Advisory Hub](#) now acts as the single entry point for project promoters and intermediaries seeking advisory support related to centrally managed EU investment funds.

Since 2015, the EIB, together with the European Commission, has also managed the [fi-compass](#) platform, which delivers advisory services on financial instruments under the shared management funds. fi-compass is designed to support managing authorities and other interested parties by providing practical know-how and learning tools on financial instruments.

SUPPORTING A JUST TRANSITION TO ACHIEVE CARBON NEUTRALITY

The transition to a net-zero emissions economy by 2050 will bring about profound socioeconomic challenges in regions that heavily depend on carbon-intensive activities today. The likelihood of significant job losses, lower regional GDP and shrinking tax revenues in those regions calls for a strategy that makes the transition just and fair for all.

The EIB Group is the main partner of the European Commission in implementing the Just Transition Mechanism, which supports the regions and communities worst affected by a structural shift away from fossil fuels. In 2022, it published a comprehensive proposal to support the mechanism's three pillars:

- The Bank co-finances investments under the Just Transition Fund (which primarily provides grants), just as it co-finances investments for the traditional shared management funds.
- As the main implementing partner of the InvestEU programme, the EIB finances projects under the dedicated Just Transition Scheme to attract private investments, including in sustainable energy and transport.
- The EIB provides lending under the public sector loan facility to support investment projects by public entities in the most affected regions. EU grants will complement these loans.

In addition, the Bank will consider financing up to 75% of energy project costs in Central and Eastern Europe, instead of the usual 50%, according to the dedicated energy transition package included in the Energy Lending Policy published in 2019.

PROJECT HIGHLIGHTS

Extending the metro in Athens

The European Investment Bank is supporting the construction of the first section of the new Line 4 metro in Athens, which will run between the neighbourhoods of Alsos Veikou and Goudi, with a 30-year loan of €730 million. The project will contribute to a reduction of 53 000 private vehicles circulating in Athens, resulting in 318 tonnes less of CO₂ emitted daily, helping the city meet the environmental and energy challenges of the 21st century.

[More information online](#)

New regional hospitals in Romania

Romania is investing in three new regional hospitals offering modern centralised medical services to improve healthcare. The four year-long project is expected to cost around €1.6 billion, with the EIB lending close to €930 million and providing technical assistance.

[More information online](#)

Water infrastructure in Sardinia, Italy

Sardinia's main water company, Abbanoa, received a €200 million EIB loan to support a multi-year investment plan to fix the island's leaking water pipes, which lose around 60% of the water that passes through them.

[More information online](#)

Scaling up space solutions in Bulgaria

The EIB signed a venture debt financing agreement of up to €10 million with EnduroSat, a fast-growing Bulgarian company providing solutions for the global space market. The investment will support EnduroSat's growth and ability to further develop the company's innovative, high-performance and affordable nanosatellites and space services for business, exploration, and science teams across the globe.

[More information online](#)

Bioproduct mill in Kemi, Finland

The Finnish company Metsä Fibre Oy, a part of Metsä Group, is increasing the production of pulp and other bioproducts, such as tall oil and turpentine, at its site in Kemi, northern Finland, through state-of-the-art technology. The EIB is backing the Kemi mill with a €200 million loan signed in February 2021, a key element in the project's total cost of €1.85 billion.

[More information online](#)



New Athens metro line to ease commutes and cut emissions with the support of a €730 million EIB loan.



ADVISORY HIGHLIGHTS

Ensuring ongoing water services in Sofia, Bulgaria

Sofiyska Voda, the company running Sofia's water utility, has managed the water supply and treatment for 1.4 million residents for over two decades. Sofia has asked the EIB's advisory services for technical assistance to ensure continuity of water and sewerage services when the company's contract expires in a few years. EIB experts alongside local consultants explored several options to help Sofia continue to deliver water services.

[More information online](#)

Polish city turns over a new leaf

Wrocław, in the historic region of Lower Silesia, is building on its heritage as a large industrial centre with booming education and technology sectors. But some parts of the city, the fourth largest in Poland, are struggling to keep up with its fast-paced growth. Społeczny Square, a multilevel hub made up of streets and underpasses, is one such area, so Wrocław has asked EIB Advisory to help plan a major development project there. In addition to identifying the project's characteristics and timeline, EIB experts helped the city estimate project costs and design a roadmap. The vision is to turn the 30-hectare area into a multifunctional, modern district, a comfortable place to live and work, designed so that people have everything they need within a 15-minute walk or cycle.

[More information online](#)

Avoiding wrong turns in Malta

Malta is the smallest country in the European Union, with only 316 square kilometres. But its roads span 3 096 kilometres, and road traffic is showing no signs of slowing. The government transport authority has asked for help from the [Safer Transport Platform — Road Safety Advisory](#), a joint initiative of the European Commission and the European Investment Bank, to improve the country's roads and road safety. EIB Advisory experts and external consultants reviewed the existing system for managing road safety and provided a framework to perform safety rating assessments, including training and knowledge-building requirements. With this assistance, Malta can now effectively implement the requirements of its new Road Infrastructure Safety Management Directive.

[More information online](#)



FINANCIAL INSTRUMENTS — HIGHLIGHTS

Recovery and resilience in Greece

In September 2021, the EIB and Greece signed an agreement for a new €5 billion fund to back strong, sustainable, inclusive recovery and growth in the country. This instrument is supported with resources of the Recovery and Resilience Facility and finances projects in accordance with Greece's National Recovery and Resilience Plan. These include public and private investments in priority sectors contributing to digital and green transition, including renewable energy, energy efficiency, sustainable transport, environmental protection and the renewal of urban areas. Projects supported by the facility's financial instrument may also benefit from the EIB's own financing. The first project under the facility was signed in January 2023.

[More information online](#)

Support for Andalusia's agricultural sector

To promote the development of Andalusia's agricultural and agri-food sectors, the EIB was mandated by the regional government to establish and manage a financial instrument of up to €50 million in the form of a guarantee. The objective is to mobilise private resources of up to five times the amount of public funds contributed.

[More information online](#)

Residential energy efficiency in Lithuania

The EIB set up a financial instrument on behalf of Lithuania's finance and environment ministries to support energy efficiency projects in apartment buildings. The instrument used €250 million from the [European Structural and Investment Funds](#) and successfully mobilised an additional €480 million in private co-financing. By the end of 2022, the fund supported the financing of more than 1 800 projects for a total of €585 million.

[More information online](#)

Financial instruments to support small firms in Réunion, France

The Financière Région Réunion fund of funds was set up in Réunion with resources from the European Regional Development Fund and the EIF acting as fund manager. Its mandate is to implement and manage two financial instruments to support microenterprises and small and medium-sized firms. The region has established a loan fund of €62 million under separate financial intermediaries (including private co-financing) and an equity fund of €10 million to co-invest alongside private investors.

[More information online](#)



Greenhouse farming in Almeria, Andalusia, Spain.



RESOURCES

PUBLICATIONS

- [EIB Cohesion Orientation 2021-2027](#)
- [EIB Group Activities in EU cohesion regions in 2021](#)
- [Supporting the Just Transition Mechanism – comprehensive proposal of the EIB Group](#)
- [Climate Bank Roadmap](#)
- [EIB Energy Lending Policy](#)
- [Coal Regions in Transition](#)
- [Towards a new growth model in CESEE](#)
- [The Eastern Horizon – a Regional Perspective](#)

WEBSITES

- [Regional development and cohesion](#)
- [Urban development](#)
- [Project Advisory Support Agreement \(PASSA\)](#)
- [Fi-compass](#)
- [Joint Assistance to Support Projects in European Regions \(JASPERS\)](#)
- [European PPP Expertise Centre \(EPEC\)](#)
- [InnovFin Advisory](#)
- [InvestEU Advisory Hub](#)

ARTICLES AND BLOGS

- [Cohesion is green](#)
- [Modernising cohesion policy to help fight climate change in poorer EU countries](#)
- [Putting our money where the gap is](#)
- [Cohesive and creative](#)
- [A bridge to the future](#)
- [Sardinia's most precious resource](#)
- [How Romania rolls](#)



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This overview, with links to stories, brochures and videos, is available at:

www.eib.org/cohesion