



EUROPEAN INVESTMENT BANK

**European Fund for Strategic Investments**

**RATIONALES FOR THE DECISIONS TAKEN BY  
THE EFSI INVESTMENT COMMITTEE IN 2018-2020**

**For projects, previously subject to a confidentiality agreement,  
As of 18 May 2020**

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This document should be read in conjunction with the document: "*DECISIONS TAKEN BY THE EFSI INVESTMENT COMMITTEE IN 2018-2020 - for projects previously subject to a confidentiality agreement, as of 18 May 2020*"

In accordance with article 7.12 of Regulation (EU) 2017/2396, the rationales for the decisions taken by the Investment Committee to approve the use of the EU guarantee for EIB operations are made publicly available, in general after the subsequent Investment Committee meeting, except for projects subject to a confidentiality agreement between the EIB and the promoters. The publication shall not contain commercially sensitive information.

In line with article 30 of the EFSI Agreement and the Transparency Policy of the Bank, the rationales of the Investment Committee for decisions approving the use of the EU guarantee in 2018-2020, which have not yet been disclosed as of 18 May 2020, are published below. This is after the projects have been signed or if these projects are not subject to a confidentiality agreement between the EIB and the promoters anymore.

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Alongside previously disclosed rationales of Investment Committee decisions in 2018-2020, the rationales of the Investment Committee to approve the availability of the EU guarantee for the following EIB operations, which were previously subject to a confidentiality agreement between the EIB and the promoters, are as follow:

### **June 2018**

#### **WALLENSTAM ENERGY EFFICIENT HOUSING (Sweden)**

The IC approved the use of the EFSI guarantee for a proposal targeting an earlier adoption and construction of new residential rental (Near Zero Energy Buildings – NZEB) buildings in Sweden. Buildings account for about 40% of the EU's total final energy consumption and more than one third of its CO<sub>2</sub>-emissions. Sweden is witnessing a strong population growth due to high birth rate and immigration inflows is reducing the availability of housing. The Swedish housing rental market is severely underserved, resulting in years of long queuing times to get access to affordable good quality housing in the larger cities. The NZEB high performance residential buildings are expected to generate a number of benefits (reduced energy bill, lower maintenance costs, longer asset life, and thermal comfort benefits) which will contribute to improving the environment.

The project addresses the market failures caused by the requirements for demand savings of electricity and heat. Energy efficiency projects reduce carbon externalities as well as, in most cases, air pollution and other negative externalities. The borrower is facing a significant sub-optimal investment situation as its financing capacity is limited, preventing the company from realising the full investment potential under a reasonable timescale. Because of this sub-optimal investment situation, investment flows into energy efficiency in buildings are typically below optimum levels from a socio-economic perspective. In spite of the improved general liquidity and financial markets conditions in the EU, availability of long-term financing at acceptable terms and alternative funding

sources for the NZEB sector is still restricted. Due to the expected riskiness of the operation, the loan could not have been carried out to the same extent by the EIB without EFSI support. This support to the operation will be providing long-term financing and a quality stamp on the project that is expected to crowd-in private sector financing. The confidence of the commercial lenders in the promoter and their own engagement in their financing is expected to be reinforced.

## **February 2019**

### **ARIANE 6 EUROPEAN SPACE LAUNCHER PROGRAM (France, Germany, Italy, Regional - EU countries)**

The Investment Committee approved the availability for the proposal, which provides an innovative financing solution for the space industry that is so far absent from the market.

The project supports the development of Europe's next generation launch system, the Ariane 6 rocket platform, which is to provide advanced, flexible and modular launch capacities to respond to the changing requirements of the satellite market. It thereby fosters both continued European leadership in cutting-edge space and manufacturing technologies as well as autonomous access to space. The project is in line with the targets of the Europe 2020 and European Space Strategy and is expected to have significant spill-over benefits to related technology sectors and emerging space ventures ("NewSpace"); the development of the Ariane 6 programme alone requires at least 10,000 person years of highly skilled and technological employment.

The Investment Committee recognised the benefit of the proposed financing structure towards the financing capacity of the sector for the large upfront investment needs of the Ariane 6 development programme beyond scarce public support.

Given the extraordinary high business risk of space related activities, the financing needs of the sector cannot be sufficiently provided by private financing sources. The proposed innovative structure that EIB has been able to develop with EFSI support responds to some of the recommendations of the latest study on "The future of the European Space Sector. How to leverage Europe's technological leadership and boost investments for space ventures".

The proposal falls under the Special Activities classification of the Bank's Statute, which is a strong indicator of additionality in the EFSI regulation.

## **March 2019**

### **A9 AMSTERDAM PPP (Netherlands)**

The IC approved the use of the EFSI guarantee for a proposal concerning the upgrading of the A9 Amsterdam between the junctions of Badhoevedorp and Holedrecht. The project will alleviate persisting congestion and related macroeconomic costs on the last remaining section of the Schiphol-Amsterdam-Almere corridor, which links the conglomeration of Amsterdam, the international airport Schiphol and Amsterdam Harbour and is part of the designated European core TEN-T network. The upgrading works will have to be undertaken under live traffic conditions in one of the most densely populated regions in Europe and their implementation is complex, hence the 6-year build phase required.

The public authority Rijkswaterstraat (RWS) is procuring the project under an availability based PPP project under the Design, Build, Finance and Maintain (DBFM) model. To ensure value for money for the public and optimise affordability for the Dutch taxpayer, RWS is seeking competitive bids from several consortia. Under the proposed financing

with EFSI support EIB will provide financing offers for up to 45% of expected project costs to all bidding consortia in an effort to facilitate as many qualifying offers as possible, including the requirement for fully funded financing plans at the time of submission in Q2/2019. The eventual use of EIB financing will depend on the financing plan of the final qualifying bidder selected by RWS. Without EFSI support EIB would not be able to provide the same extent of financial support to all participating bidders and thereby facilitate the competitive tender process.

The financing of the project is likely alongside NPBs such as BNG, NWB or KfW IpeX, who are also expected to provide financing support to one or more of the participating consortia in the project.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of Additionality in the EFSI Regulation.

### **May 2019**

#### **NEUROSCIENCE R&D AND INVESTMENT PROGRAMME (Spain)**

The IC approved the use of the EFSI guarantee for a proposal concerning research and development focused on therapeutic areas in neuroscience, in particular in neurology, psychiatry, pain management, and gene therapy of rare diseases. The project will also support a company-wide digitalisation programme, the upgrading of the manufacturing facilities, as well as various investments that will bring environmental benefits. The project will enable the promoter to reinforce its knowledge in the pharmaceutical sector, in particular in the field of neuroscience, and contribute to its long-term competitiveness. Thus contributing to Europe's industrial and R&D competitiveness and economic growth, as well as to help to maintain highly skilled staff engaged in R&D activities in Europe.

The financing of this project supports RDI activities, which generate significant positive knowledge and technology externalities, through the creation of innovative processes, products and services and through skills development and upgrading. The pharmaceutical sector is subject to a complex and strict regulatory compliance framework, at European level and globally, with a significant impact on increasing the risks related to R&D results and their economic viability. The promoter is facing a sub-optimal investment situation, led by its condition of privately owned pharmaceutical company, without direct access to financial markets. Long term financing for RDI projects is generally not available from commercial banks to cover the full investment needs, due to the significant size of the investments and the inherent risk of the investments for the newly products under development. The promoter thus needs to make strategic choices regarding the priorities within its pipeline and the development programmes to pursue. The financing provided by the EIB, with the support of EFSI, is expected to result in a quality stamp on the operation. With this first operation with the promoter, the EIB is expected to crowd-in private sector financing and to increase the commercial banks confidence in the promoter's long-term sustainability and its future investment plans.

### **June 2019**

#### **BONFIGLIOLI ADVANCED MANUFACTURING RDI (Italy)**

The IC approved the use of the EFSI guarantee for a proposal concerning research and development focused on the design, manufacturing and distribution of tailored solutions for applications in industrial automation, mobile machinery and wind energy. In line with the EFSI objective of supporting research, development and innovation (RDI) under the scope of the Horizon 2020 programme, the operation will allow to invest in the RDI and the digitalisation of new products and to develop advanced industrial sites. The creation of innovative processes, products and services, skills development, as well as knowledge

sharing through the collaboration with industrial partners, universities and research institutes, will contribute to Europe's industrial R&D competitiveness and economic growth, as well as to help to maintain highly skilled staff engaged in R&D activities in Europe, generating significant positive knowledge and technology externalities.

[...] the project is classified under the EIB's Special Activities category. The financing provided with the support of EFSI, without which the EIB would not be able to provide such type of unsecured long-term financing, is expected to result in a quality stamp on the operation. The EIB presence is thus expected to increase the confidence of the commercial banks in the promoter's long-term sustainability and its future investment plans, hence crowd-in further financing. The operation will be the first for the EIB with the promoter.

### **July 2019**

#### **EFL - ENHANCED SUPPORT FOR SMES & MIDCAPS (Poland)**

The Investment Committee approved the use of the EFSI guarantee for the proposed synthetic securitisation of a granular portfolio of existing corporate leases. The EIB intervention with EFSI support facilitates new financing capacity towards increased access to finance for eligible entities with less than 3,000 employees and particularly microenterprises, with a contractual minimum requirement to support new eligible financing of at least 4x the amount of the EFSI intervention.

The proposal combines the financing capacity of EFSI with the market access of EFL, an important provider of lease financing for SMEs and especially microenterprises in Poland. Leasing remains an important source of investment financing particular for small and young companies that do not have sufficient collateral for traditional bank financing. At full deployment, the new eligible portfolio is expected to benefit SMEs and microenterprises with 216,000 employees in total.

The Investment Committee welcomed the strong focus of the proposal on microenterprises, Cohesion regions and women's economic empowerment.

The Investment Committee recognised the additional contribution by the EIF outside of EFSI, which will mobilise support for an additional 290,000 jobs at full deployment of the new portfolio.

Despite the welcome stabilisation of the economic environment in Europe access to finance for SMEs and Midcap remains constrained, both quantitatively and qualitatively in terms of available terms, tenors and collateral requirements, and its continued support therefore a self-standing objective of EFSI in line with Article 3 (b) of the Regulation.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of Additionality in the EFSI Regulation.

### **September 2019**

#### **BBVA ENHANCED SUPPORT TO SMES AND MIDCAPS (Spain)**

The Investment Committee approved the use of the EFSI guarantee for a de-linked risk sharing operation. The transaction consists of an unfunded guarantee between BBVA and the EIB, aimed at creating additional lending capacity towards increased access to finance for eligible entities with less than 3,000 employees and with a contractual minimum requirement to support new eligible financing of at least 2x the amount of the EFSI intervention.

The Investment Committee noted that around 30% of the total new eligible financing will be allocated to projects in less developed and transition regions as well as riskier SMEs, such as self-employed and microenterprises, and around 11% to innovative companies, two areas where the access to finance remains especially constrained. The operation will also support climate action projects implemented by SMEs and will contribute to sustainable growth and employment in Spain.

The availability of long-term unsecured financing and alternative funding sources for SMEs and Mid-Caps in Spain is still constricted, both quantitatively and qualitatively in terms of available terms and tenors. The operation will address this market failure by enabling BBVA to provide its SME and Mid-Cap clients with additional financing with longer tenors, which would not be possible to the same extent without the participation of the EIB with EFSI support.

The Investment Committee also took note of the achievements of previous risk sharing operations signed between the EIB and BBVA under EFSI, which have already catalyzed over EUR 1.6bn of financing to SMEs & Midcaps in Spain and benefiting over 1,500 SMEs and 180,000 employees.

### **LE POMERANIA WIND FARM (Poland)**

The IC approved the use of the EFSI guarantee for a proposal that comprises the construction and operation of a medium-size onshore windfarm, in Pomeranian Voivodship, in the northern part of Poland. The project was awarded by a feed-in premium during the auction for renewable energy sources by the Polish Energy Regulatory Office. In line with the EFSI objective of the development of the energy sector in accordance with the EU priorities and namely the expansion of the use or supply of renewable energy, this operation will contribute to reducing carbon and air pollution externalities, contributing to the Climate Action target of EFSI. The operation will be fully deployed in a cohesion region, contributing to the Union priorities on convergence and social cohesion, helping reduce regional disparities, supporting less-developed regions and transition regions. The high level of investments needed in order to meet the EU targets for the deployment of renewable energy by 2020 makes the timely deployment of this project essential. The operation addresses market failures and sub-optimal investment situations related to the complexity and high risks in the electricity sector, combined with a new regulatory regime and insufficient investments within the required timeframe. The operation is addressing a gap in the affordable long-term finance for renewable energy generation in Poland. The availability of long-term debt financing supporting a non-recourse project financing will largely determine the project's ultimate viability, as currently alternative sources of suitable financing are scarce. Thanks to EFSI, the EIB will act as a cornerstone financier in this project. Its experience in analysing and structuring a long-term non-recourse project financing is expected to result in a quality stamp on the project for crowding-in private sector, increasing the confidence in the promoter's long-term sustainability.

### **November 2019**

### **COMMERZBANK ENHANCED SME AND MID-CAP SUPPORT (Germany)**

The Investment Committee approved the use of the EFSI guarantee for the proposed synthetic securitisation of a granular portfolio of existing corporate loans. The EIB intervention with EFSI support facilitates new financing capacity towards increased access to finance for eligible entities with less than 3,000 employees, with a contractual minimum requirement to support new eligible financing of at least 4x the amount of the EFSI intervention. It is expected that at least 30% of the final beneficiaries will be innovative entities and 10% located in Cohesion regions.

The proposal combines the financing capacity of EFSI with the market access of

Commerzbank, an important provider financing for SMEs and MidCaps in Germany. At full deployment, the new eligible portfolio is expected to benefit SMEs and MidCaps with 230,400 employees in total.

Despite the welcome stabilisation of the economic environment in Europe access to finance for SMEs and Midcap remains constrained, both quantitatively and qualitatively in terms of available terms, tenors and collateral requirements, and its continued support therefore a self-standing objective of EFSI in line with Article 3 (b) of the Regulation.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of additionality in the EFSI Regulation.

## **December 2019**

### **KASKASI OFFSHORE WIND (Germany)**

The IC approved the use of the EFSI guarantee for a proposal supporting the construction and operation of an offshore wind farm, with an estimated capacity of 325MW, which corresponds to the annual electricity consumption of ca. 371,000 households, in the German North Sea. The project includes the implementation of newly developed and untested wind turbine generators, directly contributing to moving the EU industry forward. The operation is addressing an anticipated gap in terms of availability of affordable and adequate long-term financing for a new national programme of offshore wind development in Germany. The offshore wind farm will also contribute to the reduction of carbon and air pollution externalities, fully aligned with the EIB's Climate Action objective.

Policy makers aiming to meet the EU renewable energy targets put to tender a significant number of projects, which creates a strong demand for long term financing for similar projects, both in Germany and in Europe, over the coming years. The operation addresses this market failure, to which the complexity and inherent high risks of the offshore wind transactions, in a context of capital-intensive operations and a sizeable concurring pipeline are to be added. The availability of large and affordable long-term debt financing from the EIB will contribute to mitigate the sub-optimal investment situation and contribute to the project's viability. The EIB, acting as a cornerstone financier of this project, will contribute to the crowding-in of other lenders into the financing structure and to a timely financial close. In addition, the offshore wind industry remains a relatively young sector and EIB's capacity to appraise the project risks and provide inputs on appropriate financial structuring, can provide comfort to public/private investors considering their participation in the financing of this project. EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of Additionality in the EFSI Regulation.

### **SME DIGITALISATION INITIATIVE (France)**

The Investment Committee approved the use of the EFSI guarantee for the proposed mezzanine participation in the SME Digitalisation Initiative managed by French NPB BPI, which provides intermediary banks with direct loan-by-loan guarantees capped at 70%. With the support of the initiative, which is also an Investment Platform as per the EFSI Regulation, the intermediary banks are enabled to extend EUR 268m of new financing for digitalisation investment of SMEs and microfinance entities, on an unsecured basis.

At current 28% of SMEs and microfinance entities in France cite the availability of financing as a main constraint for investment into digitalisation. This is at least partly due to the reluctance of commercial banks to accept immaterial assets from such investments

as collateral. The initiative will thus address a pertinent constraint especially of small and young entities, which have insufficient available collateral to accelerate their digitalisation investments.

The Investment Committee recognised the Excellent score for the Quality and Soundness of the project and the close cooperation of EIB Group with BPI, leveraging the first loss contribution provided by the French State to BPI, with EFSI support and the comprehensive market access of participating intermediary banks. At full deployment, the initiative is expected to provide targeted support to SMEs and microentities with a combined 21,440 employees.

Despite the welcome stabilisation of the economic environment in Europe access to finance for SMEs and Midcap remains constrained, both quantitatively and qualitatively in terms of available terms, tenors and collateral requirements, and its continued support therefore a self-standing objective of EFSI in line with Article 3 (b) of the Regulation.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of Additionality in the EFSI Regulation.

### **WINDFARMS PRINZENDORF AND POWI (Austria)**

The Investment Committee approved the use of the EFSI guarantee for the proposed financing of three small onshore windfarms in the province of Lower Austria. The operation supports the development of the energy sector in line with EU priorities and the Paris Agreement, and directly benefits Climate Action in its entirety.

The sponsor of the investment is an experienced developer of small and local windparks in the region. However, it is ultimately a joint initiative of local residents organized as a limited liability company, and does not have the financial or borrowing capacity to finance the investments directly, nor a strategic investor from the energy industry. The investment is therefore financed on a non-recourse basis, as a small yet complex project finance operation. Repayment of the financing will be entirely dependent on the future revenues of the windparks, and is subject to initial risks of timely implementation to meet the agreed feed-in conditions, as well as the typical wind yield risk over the lifetime of the project.

The Investment Committee welcomed the direct support to Climate Action priorities, as reflected in the High score for its contribution to EU Policy and the Good score for the Quality and Soundness of the project.

The proposal falls under the Special Activities classification of the Bank's Statute, which is a strong indicator of Additionality as per the EFSI Regulation.

### **March 2020**

### **SANTANDER SUSTAINABLE SME ABS (Spain)**

The Investment Committee approved the use of the EFSI guarantee for the proposed participation in a true sale securitisation of a granular portfolio of existing loans of Santander. The EIB intervention with EFSI support facilitates new financing capacity towards increased access to finance for eligible entities with less than 3,000 employees, with a contractual minimum requirement to support new eligible financing of at least 7.25x the amount of the EFSI intervention. It is expected that at least 20% of the final beneficiaries will be located in Cohesion regions.

The Investment Committee welcomed the special focus of the operation on Sustainability, with a minimum of EUR 100m of financing targeted at supporting SMEs voluntarily undergoing a sustainability assessment and certification process. The assessment, to be

undertaken by an independent third party, will cover aspects of social inclusion, gender equality, as well as environmental and climate related practices. The proposal is a pilot for expanding the emerging concept of financing linked to Sustainability to the realm of small companies.

The proposal combines the financing capacity of EFSI with the local market access of Santander, an important provider of financing for SMEs in Spain. At full deployment, the new eligible portfolio is expected to benefit SMEs and MidCaps with 130,000 employees in total.

Despite the welcome stabilisation of the economic environment in Europe access to finance for SMEs and Midcap remains constrained, both quantitatively and qualitatively in terms of available terms, tenors and collateral requirements, and its continued support therefore a self-standing objective of EFSI in line with Article 3 (b) of the Regulation.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of Additionality in the EFSI Regulation.

Wilhelm MOLTERER  
Managing Director