

EUROPEAN INVESTMENT BANK

SB/37/20
17 December 2020

PV/20/37

EUROPEAN FUND FOR STRATEGIC INVESTMENTS

STEERING BOARD

Minutes of the Meeting held on 26 October 2020

Questions concerning this note should be referred to EFSI Secretariat: EFISecretariat@eib.org

EFSI STEERING BOARD – MEETING 36/2020

Minutes of the meeting held by videoconference on Monday, 26 October 2020

Those attending:

Steering Board members:

Ms K. Jorna (EC)
Ms M. Geleng (EC)
Mr J.-D. Malo (EC)
Mr A. Fayolle (EIB)
Mr L. Andor (independent expert appointed by the European Parliament)

Steering Board alternate members:

Ms S. Valtonen (EC)

Observers:

Mr W. Molterer (EFSI Managing Director)
Ms I. Tsanova (EFSI Deputy Director)

Experts:

Ms M. Almodovar (EIB) – for item 5
Mr J. Neuss (EIB) – for item 6
Ms A. Moia (EIB) – for item 6
Mr K. Kuzmanov (EIB) – for item 6
Mr S. Scandizzo (EIB) – for item 6
Mr. N. Bahn (EIB) – for item 6
Mr. JC Laloux (EIB) – for item 7
Mr M. Bertrand (EIB) – for item 7
Mr L. Braun (EIB) – for item 7

EFSI Secretariat:

Ms E. Bois-Willaert (EIB)
Mr R. Wouters (EIB)

The Chairperson declared the meeting open at 09:00 on 26 October 2020.

1. Quorum

The Chairperson recorded that there was a quorum.

2. Approval of the agenda

The agenda was adopted without comments.

3. FOR DECISION

Approval of the minutes of the meeting held on 2 and 22 July 2020 (PV/20/36)

The draft minutes of the 36th Steering Board meeting, held on 2 July and reconvened on 22 July 2020 by videoconference were approved without comments.

The minutes shall be published on the EIB website and will subsequently be communicated to the European Parliament.

4. FOR DISCUSSION

Quarterly reporting from EFSI Managing Director on Q3-2020

The EFSI Managing Director and EFSI Deputy Managing Director presented the EFSI quarterly results for the Infrastructure and Innovation Window (IIW) and for the SME Window (SMEW) to the Steering Board.

Mr W. Molterer and Ms I. Tsanova described the total financing by approvals and signatures, by country and by sector. Following a request by the Steering Board, they elaborated further on the implementation of EFSI within different sectors, including by providing a sectoral diversification by country. The EFSI Managing Director and EFSI Deputy Managing Director further stressed the continued positive evolution that can be observed related to the percentage of EFSI approvals and signatures supporting climate action goals. They indicated that, as at end of September 2020, more than 40% of EFSI financing approved and signed under the IIW, excluding SMEs and small mid-cap companies, continued to support project components that contribute to climate action.

They also elaborated on the geographical spread of EFSI investments and stated that the share of the top three countries, measured by signed amounts remained relatively stable and currently accounts for almost 45% of the total EFSI portfolio and for 48% of the IIW portfolio.

Lastly, they also provided an update in regards the efforts that are being undertaken by the EIB Group under EFSI to mitigate the economic impact of the Covid-19 pandemic.

The Steering Board expressed its strong satisfaction with the continued increasing amount of EFSI financing approved and signed under the IIW, excluding SMEs and small mid-cap companies, that support project components that contribute to climate action. It also welcomed the Covid-19 response under EFSI and expanded on its additionality with national programmes that have been established by the EU Member States.

Steering Board members observed the relative moderate share of the social infrastructure and digital sectors in the sectoral breakdown of EFSI investment and asked to receive more details on how EFSI is supporting the digital sector in its next meeting.

The SB reiterated the importance of the geographical spread of EFSI investments as well as the need to support member states that are heavily impacted by the Covid-19 pandemic. It also asked if more details on multi-country operations could be provided for its next meeting.

5. FOR DISCUSSION **EFSI Projections**

Mr M.Almodovar, Banking and Strategy Officer within the Operational Strategy and Business Development Division within the Operations Directorate, presented projections for EFSI operations on signatures and approvals and the volume of disbursements in the IIW as of September 2020.

He provided the Steering Board with general information on EFSI delivery trends, including by indicating that a sound signature pipeline is expected for the remaining part of the year that would mostly be dedicated to RDI projects, Covid-19 relief for SMEs and Climate projects in the transport and electricity sectors.

Mr M. Almodovar further elaborated on the implementation within the different sub-windows under the IIW and on the efforts that are being undertaken by the EIB under EFSI to mitigate the economic impact of the Covid-19 pandemic. In this respect, he also referred how venture debt, including under EFSI, was directly supporting life science projects engaged in the fight against Covid-19.

The Steering Board thanked Mr M. Almodovar for his presentation and welcomed the information provided. Steering Board members acknowledged the importance of venture debt products to provide direct and targeted support to early stage innovative life science companies and expanded on the use of this product in the remaining investment period of EFSI.

6. FOR DISCUSSION **EFSI Risk Profile – Q2 2020**

Mr K. Kuzmanov, Officer Credit Risk Management and Mr S. Scandizzo, Head of the Regulation & Reporting Division within the Risk Management Directorate and Mr N. Bahn, Head of the Infrastructure and Basic Industries Division within the Counterparty Management Directorate presented the risk profile data for the IIW as at end of June 2020. Mr J. Neuss, Head of Risk Management of the EIF presented the risk profile data for SMEW of EFSI as at end of June 2020.

Mr S. Scandizzo and Mr K. Kuzmanov gave an overview of the EFSI debt portfolios' loan grading and the expected losses evolution since signature. In particular, they elaborated on the migration of the loan operations' internal rating in comparison with the previous quarter.

They also provided information on the classification of EFSI equity portfolios under the IIW and gave the Steering Board an update on the evolution of the Watch List.

Mr S. Scandizzo and Mr K. Kuzmanov emphasised the current economic volatility due to the Covid-19 pandemic, which makes it rather difficult to predict the evolution of the risk profile of the EFSI IIW. Mr N. Bahn gave information on the EFSI Intensive Monitoring List and provided updates on the forbearance measures that the EIB has extended to a number of clients to alleviate the impact of the Covid-19 pandemic in the first half of 2020.

Mr J. Neuss presented the risk profile data for the SMEW for both the debt and equity portfolios, including the evolution of EFSI exposure over time, and provided first updates on the impact of the Covid-19 crisis on the risk profile for the SMEW portfolio.

The Steering Board thanked the presenters for the information provided and recognised the importance of the economic volatility, due to the Covid-19 pandemic, on the data included in the report. It took note of the migration of operations' internal rating and loan grading after signature within the outstanding EFSI portfolio and asked to be updated on the EFSI Risk profile during its next meeting, potentially also including some information in regards the different sectors and countries.

8. FOR DISCUSSION

EFSI Lessons Learnt

Mr J.-C. Laloux, Head of the Operations Directorate and Mr L. Braun, Head of Strategy & Business Development within Mandate Management of the EIF presented the EFSI Lessons Learnt.

They started their presentation by emphasising that EFSI was a tremendous success and stressed the importance of the good cooperation between the EC and EIB Group in the successful implementation of EFSI. They further elaborated on topics where there could be room for further improvement in the future MFF, ranging from EFSI`s product mix (with the need to be able to react to changed circumstances), its policy objectives, EFSI`s governance structure and legal architecture, as well as on transparency and reporting obligations and the role of advisory services.

The Steering Board thanked Mr J.-C. Laloux and Mr L. Braun for the presentation and acknowledged the achievements realised under EFSI. Steering Board members referred to EFSI as a public policy innovation and as an important instrument in bringing EU policies forward.

The Steering Board elaborated on the different aspects, mentioned in the presentation. In this respect, Steering Board members observed that EFSI was a successful appeal product for the EIB to address new needs by providing for new products, structures, markets, and counterparts and discussed the need for flexibility in product development.

Steering Board members also observed that the EFSI SMEW financial architecture proved to be agile, with possibility to accommodate specific policy objectives into an overarching framework, leveraging on standard EIF processes and guidelines.

As EFSI being a public policy innovation, Steering Board members emphasised the importance of increased transparency in helping third parties better understand how the EIB Group and EFSI can make a difference, while understanding the need for streamlining the reporting requirements. Lastly, the Steering Board recognised the significance of advisory services and how their impact could be further enhanced through better prioritisation/focus.

7. Any other business

The Steering Board asked the EFSI Secretariat to prepare a report on the activities of the EFSI Steering Board before its next meeting.

The Steering Board followed up on the general principles of the procedure, prepared by the EIB and EC services, to define criteria and limits under which EFSI Guaranteed Operations approved by 31 December 2020 but not yet signed may

benefit from a derogation referred to in point 7(c) of the Investment Guidelines until 31 December 2022. It was indicated that the Steering Board would make its final decision on the specific criteria and limits in its next meeting.

The Chairperson declared the meeting closed at 11:45.

Brussels, 11 December 2020

Schedule A

Decisions taken by the Steering Board (Meeting 36/2020)

Agenda Item	Description	Decision taken
3	Minutes of the meeting held on 2 and 22 July 2020.	The Steering Board approved the document without comments.