

EUROPEAN INVESTMENT BANK

PV/20/37

EUROPEAN FUND FOR STRATEGIC INVESTMENTS

STEERING BOARD

**Minutes of the Meeting held on 17 December 2020**

Questions concerning this note should be referred to EFSI Secretariat: [EFISecretariat@eib.org](mailto:EFISecretariat@eib.org)

## **EFSI STEERING BOARD – MEETING 37/2020**

### **Minutes of the meeting held by videoconference on Thursday, 17 December 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:

Mr. Laurent Baun (EIF) – for item 4  
Mr T. Kozlowski (EIF) – for item 4  
Mr T. Kussthatcher (EIF) – for item 5  
Mr K. Kuzmanov (EIB) – for item 5  
Ms A. Moia (EIB) – for item 5  
Mr. N. Bahn (EIB) – for item 5  
Ms. C. Gaye (EIB) – for item 6

##### EFSI Secretariat:

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

The Chairperson declared the meeting open on 17 December 2020 at 10:00.

### **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 26 October 2020 (PV/20/36)**

The draft minutes of the 36<sup>th</sup> Steering Board meeting, held on 26 October 2020 by videoconference were approved with minor 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 Q4-2020**

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 provided a high level report on EFSI results, based on year-end 2020 projections and described the total financing by approvals and signatures, by country and by sector. Following a request by the Steering Board during the October meeting, they elaborated further on the implementation of EFSI within the digital sector and suggested to create a transversal "Digital Objective" category in future programmes to properly account all investments in digital services and processes under a single cross-cutting objective. The EFSI Managing Director and EFSI Deputy Managing Director referred to 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 early December 2020, close to 45% of EFSI financing approved under the IIW, excluding SMEs and small mid-cap companies, are projected to support project components that contribute to climate action.

They also elaborated on the efforts that are being undertaken by the EIB Group under EFSI to mitigate the economic impact of the Covid-19 pandemic and on the

geographical spread of EFSI investments. They also observed that the share of the top three countries, measured by signed amounts remained relatively stable in comparison with previous reports (around 46% for IIW approvals, slightly higher for IIW signatures).

Lastly, they elaborated on their mandate as EFSI Managing Director and Deputy Managing Director and provided the Steering Board with the main findings of their EFSI Legacy report. As such, they elaborated on key achievements in regards the implementation of EFSI, key lessons learnt and indicated some topics where there could be room for further improvement in the future MFF.

Following a request from the Steering Board during its October meeting, Mr L. Braun, Head of Strategy & Business Development within Mandate Management of the EIF, provided some more details on multi-country operations under the SMEW.

While referring to the public policy innovation that was EFSI, the Steering Board expressed its satisfaction with the implementation results that have been achieved under EFSI. The Steering Board emphasised 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. In this respect, Steering Board members observed that EFSI showcased that combining climate goals and sustainability with an economic investment programme is feasible. Steering Board members also indicated that SMEs and small midcaps play a significant role in the green transition, and that this role should be further encouraged and supported going forward.

The Steering Board also welcomed the significant Covid-19 response under EFSI, as well as the number of projects being financed under the RDI and SME sectoral objectives. It also noted an increase in the share of projects being financed under the social infrastructure sectoral objective.

The Steering Board reiterated the importance of the geographical spread of EFSI investments, recognised the efforts that have been undertaken to improve the geographical spread during the implementation of EFSI and indicated the need to continuously look for further room for improvement in the next MFF.

Lastly, the Steering Board welcomed the implementation of multi-country and cross-border operations under EFSI and indicated that operations over different EU Member States or connecting different EU Member States were and remain to be promoted.

## **5. FOR DISCUSSION** **EFSI Risk Profile – Q3-2020**

Mr K. Kuzmanov, Officer Credit Risk Management 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 September 2020. Mr T. Kussthatcher, Head of the Transaction and Portfolio Risk Division within the Risk Management Department within the EIF, presented the risk profile data for SMEW as at end of September 2020.

Mr K. Kuzmanov gave an overview of the EFSI debt portfolios' loan grading and the expected losses evolution since signature. In particular, he elaborated on the migration of the loan operations' grading in comparison with the previous year end. He also gave an update on the evolution of the Watch List.

Mr K. Kuzmanov emphasised the current economic volatility due to the Covid-19 pandemic, which continues to make it rather difficult to predict the evolution of the risk profile of the EFSI IIW. Mr N. Bahn 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. Following a request made by Steering Board during its October meeting, he also provided information on sectoral and country vulnerabilities to the Covid-19 crisis in the EFSI Debt/Hybrid windows.

Mr T. Kussthatcher 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 updates on the impact of the Covid-19 crisis on the risk profile for the SMEW portfolio. He mentioned that, for the time being, the performance is relatively stable with no evident signs of deterioration and explained that this is due to the moratoria measures currently being implemented by governments across Europe. He also mentioned that the portfolio performance might be affected over the course of 2021 due to the phasing out of moratoria measures with a more pronounced impact on subordinated exposures.

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 indicated that the impact of the Covid-19 crisis on the EFSI portfolios will probably be more visible in 2021.

## **6. FOR DECISION**

### **Ex-Ante Derogations from EFSI Limits Post-2020**

While referring to the discussions it held during its meeting in January 2020, the Steering Board approved specific ex-ante criteria and limits under which EFSI Guaranteed Operations approved by 31 December 2020 but not yet signed can benefit from a derogation referred to in point 7(c) of the EFSI Investment Guidelines until 31 December 2022.

## **8. FOR DECISION** **EFSI Steering Board activity report**

As a last agenda point, the Steering Board elaborated on the Steering Board activity report, summarizing the decisions taken and the discussions held by the Steering Board from 2015 until 2020.

The Steering Board members thanked all participants that contributed to the success of the different meetings, as well as the instrumental work performed by previous members and chairpersons.

While asking the EFSI Secretariat to update the report with the latest figures on EFSI implementation before its publication, the Steering Board approved the EFSI Steering Board activity report.

## **7. Any other business**

The Chairperson declared the meeting closed at 11:40.

## Schedule A

### Decisions taken by the Steering Board (Meeting 37/2020)

<b>Agenda Item</b>	<b>Description</b>	<b>Decision taken</b>
3	Minutes of the meeting held on 26 October 2020.	The Steering Board approved the document without comments.
6	Ex-Ante Derogations from EFSI Limits Post-2020	The Steering Board approved the document without comments.
7	EFSI Steering Board activity report	The Steering Board approved the document with minor comments.

### Decisions taken by the Steering Board under Written Procedure in November 2020

As allowed by Article 8 of the Steering Board Rules of Procedure, one decision was unanimously taken by the Steering Board under written procedure with an expiry date, which was scheduled the **9<sup>th</sup> of November 2020**:

- Derogation granted by the EFSI Steering Board for EIB operations to be submitted to the EFSI Investment Committee and to the EIB Board of Directors, having higher amounts than EFSI exposure limits per risk category, in accordance with point 7(b) and (c) of the EFSI Investment Guidelines (Annex 2 to the EFSI regulation).