

EUROPEAN INVESTMENT BANK

SB/23/18
17 January 2018

PV/17/22

EUROPEAN FUND FOR STRATEGIC INVESTMENTS
STEERING BOARD

Minutes of the Meeting held on 23 October 2017

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

EFSI STEERING BOARD – MEETING 22/2017

Minutes of the meeting held at the EIB Offices in Luxembourg on Monday, 23 October 2017

Those attending:

Steering Board members:

Mr G. Thomas (EC)
Mr B. Angel (EC) – via video conference
Ms I. Schwimann (EC) – via video conference
Mr A. Fayolle (EIB)

Observers:

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

Excused:

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Experts:

Ms S Valtonen (EC)
Mr P. Lombardo (EIB) – for item 5
Mr J.-C. Laloux (EIB) – for items 6
Ms Ivory Yong-Prötzel (EIB) – for item 7
Ms Sabine Bernabè (EIB) – for item 7
Mr Iouri Marounov (EIB) – for item 7
Mr Uros Dravinec (EC) – for item 8

EFSI Secretariat:

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

The Chairperson declared the meeting open at 13:30 on 23 October 2017.

1. Quorum

The Chairperson recorded that there was a quorum.

2. Approval of the agenda

The agenda was adopted.

3. FOR DECISION

Approval of the minutes of the meeting held on 10 July 2017 (PV/17/21)

The draft minutes of the 21st Steering Board meeting, held on 10 July 2017 at the EIB Offices in Brussels were approved with minor modifications.

The Steering Board also approved the summary of discussions held with the stakeholders on 10 July 2017 without comments.

Both the minutes and the summary of discussions shall be published on the EIB website.

4. FOR DISCUSSION

Quarterly reporting from the EFSI Managing Director – Q3 2017

The EFSI 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 described the breakdown by country and by sector. The EFSI Managing Director also presented the total financing by approvals and signatures, data per GDP, EFSI projects involving National Promotional Banks / Institutions (NPBIs), and the combination with European Structural and Investment Funds (ESIF). The presentation highlighted, in particular, that 75% of clients benefitting from EFSI in the IIW and with whom operations have been signed are new counterparts to the EIB and that strong cooperation with National Promotional Banks is taking place.

The Steering Board observed that, in term of geographical diversification of EFSI financings, the top 3 countries accounted for a cumulative 43%, a figure in line with the indicative limits defined by the Steering Board in its Strategic Orientations and fixed at a maximum 45% of the EFSI portfolio at the end of the investment period. Clarifications were provided on the difference between cross-border operations and multi-country operations and it was mentioned that the average operation size in the IIW window with EFSI support was well below the EIB non-EFSI average in the first three quarters of 2017.

The Steering Board welcomed the comprehensive information provided in presentation and requested data also on total financing by disbursement. The Steering Board expressed its satisfaction on the decreasing average size per operation, on the geographical and sectoral diversification and on the good cooperation between the EIB and National Promotional Banks. The Steering Board requested that further information on the collaboration with NPBs be included in the forthcoming quarterly report, in order to better assess the compliance with the rules adopted in February 2016 (document 09-2016).

5. FOR DISCUSSION Supervision of EFSI Risk Profile

The Steering Board took note of the risk profile data as at end June 2017 for the Infrastructure and Innovation Window of EFSI, presented by Mr P. Lombardo, Director of the Operational Department within the Risk Management Directorate.

The Steering Board members discussed the status of the risk profile of the IIW, namely: the overall situation of the debt and the equity portfolios and the share of operations signed as Special Activities or non-Special Activities. At end June 2017, 94% of the outstanding debt operations under the IIW fell under the EIB Special Activity category, while all operations under the equity window fell under this category.

Mr P. Lombardo gave an overview of the loan grading and the expected losses distribution at approval and signature stages, and at the level of the outstanding portfolio. He further elaborated on the migration of operation's loan grading after signature within the outstanding portfolio. Mr P. Lombardo also provided information on the distribution of operations by borrower and product-type and indicated that EFSI had supported the EIB to maintain a high volume of new signatures while increasing the share of riskier financing.

The Steering Board welcomed the detailed presentation and, while observing that most signed operations had not undergone a positive or negative loan grading migration, declared that a continuous monitoring of the weighed loan grading of the portfolio, including loan grading migrations, was desirable.

6. FOR DISCUSSION EFSI Projections

The Director General of Operations, Mr J.-C. Laloux, presented projections for EFSI operations (namely signatures and approvals), as such information is crucial for Steering Board's discussions on EFSI Strategic Orientations. The Steering Board expressed its satisfaction with the overall pipeline development, including the volume of signatures related to EFSI operations, and the effort made to finance smaller-sized operations, while noting that those efforts had an impact on EIB processes.

7. FOR DISCUSSION **EFSI Evaluation**

In line with the EFSI Regulation (article 18.3), the EIB shall publish by 30 June 2018 a comprehensive report on the functioning of the EFSI, which shall include an evaluation of the impact of the EFSI on investment in the Union, employment creation and access to finance for SMEs and mid-companies. This requirement is further elaborated in the Agreement on the Management of the EFSI¹.

The Steering Board took good note of the Approach for the evaluation performed by the Evaluation Division of the EIB. The terms of reference were not consulted with the Steering Board in advance of the evaluation launch.

The Steering Board noted that the evaluation would be prepared for July 2018 and would focus on the relevance, efficiency and effectiveness of EFSI. The Steering Board also noted that the evaluation would make reference to the implementation of the recommendations made in the context of the mid-term Evaluation.

The Steering Board expressed the view that more emphasis could be placed on the European Advisory Hub activities during the Evaluation, and questioned the relevance of taking into account potential changes that could arise from the entry into force of the new Regulation prolonging EFSI, as the cut-off dates would not allow the Evaluation Division to analyse appropriate data.

8. FOR DISCUSSION **EFSI Independent Evaluation**

Mr. U. Dravinec presented the working programme of the European Commission to launch the Independent Evaluation of the application of Regulation 2015/2017 ('EFSI Regulation') as required by its Article 18(6). The European Commission intends to sign a specific service contract with an external contractor to perform this Independent Evaluation, following a call for tender to be issued in November 2017.

The Steering Board discussed a document presenting the main aspects of the Terms of Reference for conducting the Independent Evaluation (its context, scope and objectives, the evaluation methodology, detailed evaluation questions), as well as the evaluation schedule. Contrary to the Evaluation performed by the EIB, the independent evaluation will take into account the European Investment Advisory Hub and the European Investment Project Portal.

The Steering Board enquired about the challenging timeline foreseen for this exercise, especially with an envisaged public consultation, and, in general, noted that both the EIB and Independent Evaluations, but also the Court of Auditors Performance audit running in parallel represent, for various stakeholders involved, a certain workload that has to be carefully managed. The Steering Board also noted that, in line with the EFSI Regulation, the Third Pillar

¹ Agreement on the Management of the EFSI and on the Granting of the EU Guarantee between the EU and the EIB Art. 26(2), 21 July 2016.

implementation is not included in the scope of the independent evaluation. This is an important element in the global assessment of the European Investment Plan in general.

The Chairperson declared the meeting closed at 16:45.

Schedule A

Decisions taken by the Steering Board (Meeting 22/2017)

Agenda Item	Description	Decision taken
3	Minutes of the meeting held on 10 July 2017.	The Steering Board approved the document with minor comments.
3	Summary of Discussion with Stakeholders held on 10 July 2017.	The Steering Board approved the document without comments.

Decisions taken by the Steering Board under Written Procedure in July 2017

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 scheduled for **17 July 2017**

- 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) of the EFSI Investment Guidelines (Annex 2 to the EFSI regulation).

As allowed by Article 8 of the Steering Board Rules of Procedure, two decisions were unanimously taken by the Steering Board, jointly with the EFSI Managing Director, under written procedure with an expiry date scheduled for **31 July 2017**:

- An increase of the InnovFin SME Guarantee Facility ("InnovFin SMEG"), to the COSME Loan Guarantee Facility ("COSME LGF") and to the EaSI Guarantee Instrument ("EaSI GFI").
- A new contribution to Cultural and Creative Sector Guarantee Facility ("CCS GF").