

EUROPEAN INVESTMENT BANK

**SB/29/18**

14 December 2018

PV/18/28

EUROPEAN FUND FOR STRATEGIC INVESTMENTS

STEERING BOARD

**Minutes of the Meeting held on 18 October 2018**

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

## **EFSI STEERING BOARD – MEETING 28/2018**

### **Minutes of the meeting held at the EC Offices in Brussels on Thursday, 18 October 2018**

#### Those attending:

##### Steering Board members:

Mr G. Thomas (EC)  
Ms K. Jorna (EC)  
Mr A. Fayolle (EIB) – via video conference

##### Steering Board Alternate members:

Ms S. Valtonen (EC)

##### Observers:

Mr W. Molterer (EFSI Managing Director)

##### Experts:

Mr C. Kuhn (EIB) – for item 6  
Mr P. Lombardo (EIB) – for item 7  
Mr R. Charrier (EIF) – for item 10

##### EFSI Secretariat:

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

The Chairperson declared the meeting open at 11h15 on 18 October 2018.

## **1. Quorum**

The Chairperson recorded that there was a quorum.

## **2. Election of a Chairperson**

M. G. Thomas was elected as Chairman of the Steering Board on 15 December 2015 for a three years term.

The Steering Board decided by unanimity to re-appoint M. Thomas as a Chairman of the Steering Board for a new period of three years.

## **3. Approval of the agenda**

The agenda was adopted without comment.

## **4. FOR DECISION**

### **Approval of the minutes of the meeting held on 19 July 2018 (PV/18/27)**

The draft minutes of the 27<sup>th</sup> Steering Board meeting, held on 19 July 2018 at the EIB Offices in Luxembourg were approved with minor comments.

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

## **5. FOR DISCUSSION**

### **Quarterly reporting from EFSI Managing Director on Q3-2018**

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 total financing by approvals and signatures, mentioning the impact of few cancellations. He gave the breakdown by country, including investment relative to GDP and highlighting that the top three countries were accounting for 46%, just above the indicative concentration limits. However, measured against the size of the economy he mentioned that the biggest impact of EFSI is in countries that were hard hit by the crisis, i.e. Cyprus, Greece, Ireland, Italy, Portugal, and Spain. The Managing Director presented the sectoral distribution, where the share of SMEs & RDI increased, and provided data on climate financing under the IIW, on investment platforms and on the combination with European Structural and Investment Funds (ESIF).

It was highlighted that collaboration with NPBIs is strong, with 179 operations signed involving NPBIs, totalling EUR 10.1 bn. The share of new clients remains high: more than 80% of clients benefiting from EFSI under the IIW and with whom operations have been signed at the end of September 2018 are new counterparts to the EIB.

Finally, the Managing Director explained that around 4/5 of the investment related to operations signed under EFSI refers to private projects and that 787,000 SMEs are expected to have benefited from EFSI interventions under the SMEW.

The Steering Board expressed its satisfaction with the information presented and with the progress made on volume, collaboration with NPBIs and cohesion objectives. Acknowledging that cancellations are part of the normal business activity for a bank, the Steering Board requested that forthcoming reports include additional information on operations cancelled, and more detailed information on climate action and new sectors eligible under EFSI (bio-economy).

## **6. FOR DISCUSSION** **EFSI Projections in the IIW**

Mr C. Kuhn, Director of the Mandate Management Department, presented projections for EFSI operations on signatures and approvals for the next six months, and the volume of IIW disbursements.

Mr C. Kuhn indicated a stable overall volume of projected approvals but also a proactive section of operations with high impact on investment mobilised and probability of execution. He mentioned that the pipeline covers every EU country and that there is a significant growth in signature volumes for EU13 countries. He explained efforts currently made on signatures and disbursements.

During the presentation, Mr. C. Kuhn highlighted the substantial increase of approvals for operations in support of RDI and/or Mid-Caps, and added that NPBIs are involved in one in every four EFSI operations, benefiting to small companies, but also in the field of energy and social housing.

The Steering Board expressed its satisfaction with the comprehensive information provided, including on financial products per window, and welcomed the focus on materializing signature and disbursement volumes from the existing portfolio in all EU Member States and sectors.

## **7. FOR DISCUSSION** **EFSI Risk Profile as at end of Q2-2018**

Mr P. Lombardo, Director of the Operational Department within the Risk Management Directorate presented the risk profile data for the Infrastructure and Innovation Window of EFSI as at 30 June 2018.

Mr P. Lombardo elaborated on the higher average risk level of EFSI operations in comparison with the average risk level of non-EFSI EIB operations within the EU, and gave an overview of the loan grading and the expected losses distribution at approval and signature stages, and at the level of the outstanding EFSI debt and equity portfolios. He highlighted a steady increase in risk taking at the time of approval by the EIB over the past two years, which was now translating into a growing watch list. It was also noted that conversion of watch listed cases into impaired operations is difficult to predict, but likely to grow going forward.

Mr P. Lombardo also provided information on the distribution of operations by product-type and borrower, emphasizing the fact that in the overwhelming majority of operations the final beneficiary was a private entity.

The Steering Board expressed its satisfaction with the detailed information provided in the presentation and took note of the risk profile data for the IIW of EFSI. The Steering Board indicated that there was no need to modify the EFSI Strategic Operations as a result of the growing watch list.

## **8. FOR DISCUSSION** **Cross-Border operations under EFSI**

Mr N. Pochettino, Head of the Project Impact & Reporting division within the projects directorate, gave a presentation on investment barriers in cross-border operations under EFSI.

Mr N. Pochettino provided a list of cross-border operations, which have been approved under EFSI until July 2018, and, while emphasizing the importance of market failures, gave detailed information on the main investment barriers in the digital infrastructure, gas and electricity interconnectors and transport sectors.

In particular, he referred to the regulatory framework, the size and structure of markets, including a lack of EU-wide standards, public-sector promoter constraints and difficult access to finance as main barriers for cross-border investments.

During the presentation, Mr N. Pochettino indicated that these barriers lead to projects not being implemented or only to a lesser extent, more slowly and at greater cost, thereby having a lower impact on productivity, growth and employment.

The Steering Board thanked Mr N. Pochettino for the detailed information provided in his presentation. The Steering Board took note of the number of cross-border operations, approved under EFSI. While referring to the updated EFSI Strategic Orientations, currently prepared by EIB and Commission's services, it encouraged the EIB to continue giving specific attention under EFSI to projects with cross-border characteristics.

## **9. FOR DECISION**

### **EIB EFSI Multiplier Methodology Calculation**

Following the discussion the Steering Board had during its meeting held on 19 July 2018 and the approval of the document given by the EIB Board of Directors on 28 September 2018, the Steering approved the EIB EFSI Multiplier Methodology calculation, updated in July 2018, and requested that the document is disclosed on the Steering Board webpage of the EIB Website.

## **10. FOR DECISION**

### **EIF SME Window Facilities**

In accordance with the EFSI Regulation (EU 2017/2396), the Steering Board, jointly with the EFSI Managing Director, approved the EIF SME Window Facilities presented by Mr R. Charrier, including (i) a new contribution to Private Credit Tailored for SMEs ("PC Product") and to EFSI Combination product ("EFSI Combination"), as well as ii) an increase to existing facilities (InnovFin SME Guarantee Facility; COSME Loan Guarantee Facility; EaSI Guarantee Financial Instrument; Cultural and Creative Sector Guarantee Facility; EFSI SMEW Equity Product Sub Window 1 and Sub Window 2).

## **11. FOR DISCUSSION**

### **Stakeholder Consultation event**

The Steering Board discussed the format of its annual meeting with stakeholders, scheduled on Friday 14 December, welcoming the draft programme prepared by the EFSI Secretariat, focussing on achievements, including per beneficiaries, and lessons learnt. It asked the EFSI secretariat to launch the consultation event and to inform regularly the Steering Board on the preparation.

## **12. Any other business**

The Steering Board discussed the need to finalize soon the adoption of the updated EFSI Strategic Orientations, currently still being under preparation by EIB and Commission's services.

The Steering Board took note that the process concerning the appointment of the independent expert is about to be completed.

It also agreed on a tentative calendar for 2019 Steering Board meetings, except for one date (in May) to be modified. The Steering requested that this calendar is communicated to the independent expert to be appointed by the European Parliament.

The Chairperson declared the meeting closed at 13:00.

## Schedule A

### Decisions taken by the Steering Board (Meeting 28/2018)

<b>Agenda Item</b>	<b>Description</b>	<b>Decision taken</b>
4	Minutes of the meeting held on 19 July 2018.	The Steering Board approved the document with minor comments.
9	EIB EFSI Multiplier Methodology Calculation	The Steering Board approved the document without comment.
10	EIF SME Windows Facilities	The Steering Board approved the proposal jointly with the Managing Director and without comment.

### Decisions taken by the Steering Board under Written Procedure in September 2018

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 **7<sup>th</sup> September 2018**:

In accordance with Article 7(4) of the EFSI Regulation, the Steering Board, based on the global assessment contained in the scoreboard, allowed the Investment Committee to examine one operation, whose score on the pillars of the scoreboard was below the minimum threshold, set by the Steering Board.