



# ***EIB's role in promoting EU Regional Policy***

*Financing Regional Infrastructure*

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# EIB's role in promoting EU Regional Policy

## Outline

- EIB – the Bank promoting European objectives
- EU Regional Policy implementation
- Structural Programme Loans
- Large projects
- Project examples (SPLs)
- Summary

## **EIB – the Bank promoting EU objectives**

- EU's financing arm, established by the Treaty of Rome in 1958
- EIB's shareholders are the 27 EU MS
- Promoting EU objectives
- Provides long term loans both to the private and public sector, with a broad range of currencies
- Total lending in 2009: EUR 79.1bn (EUR 57.6bn in 2008)
- Lending to the convergence objective in 2009: EUR 28.8bn (20.7bn in 2008)

## **EIB – the Bank promoting EU objectives**

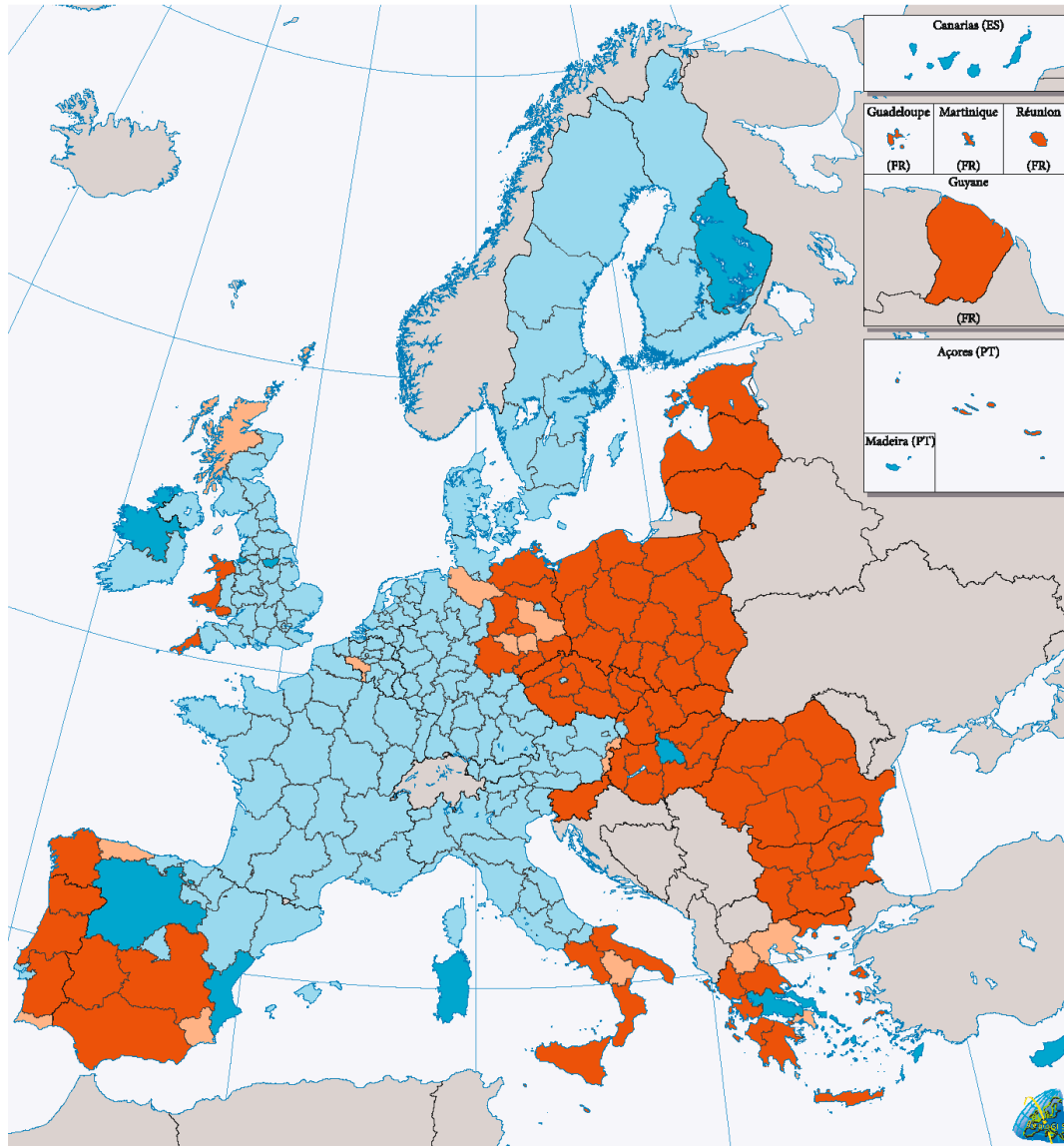
Lending objectives within the EU:

- Cohesion and convergence (“regional development”)
- Small and medium-sized enterprises (SMEs)
- Environmental sustainability
- Knowledge Economy
- Trans-European Networks (TENs)
- Sustainable, competitive and secure energy

# EU Regional Policy implementation

- In 2007-13 there are EUR 347bn of EU Funds available for the Regions:
  - European Regional Development Fund
  - European Social Fund
  - Cohesion Fund
- Cohesion Policy implemented through the NSRF and Operational Programmes
- Decentralisation – Member States and Regions

# EU regional policy implementation



## EIB role

EIB provides long-term finance promoting European objectives

- to Member States, Regions and Beneficiaries,
- blending grants with loans...
- through programme oriented product (Structural Programme Loan)...
- or through Investment Loans for large projects.

# Structural Programme Loans

- Framework Loan (FL)
  - flexible instrument to finance multi-scheme operations
- Structural Programme Loan (SPL)
  - FL co-financing Structural Funds

## Structural Programme Loans

- Key feature: schemes may not be known a priori,
- therefore institutional capacity, quality of the programme...
- and capacity of the promoter are appraised.

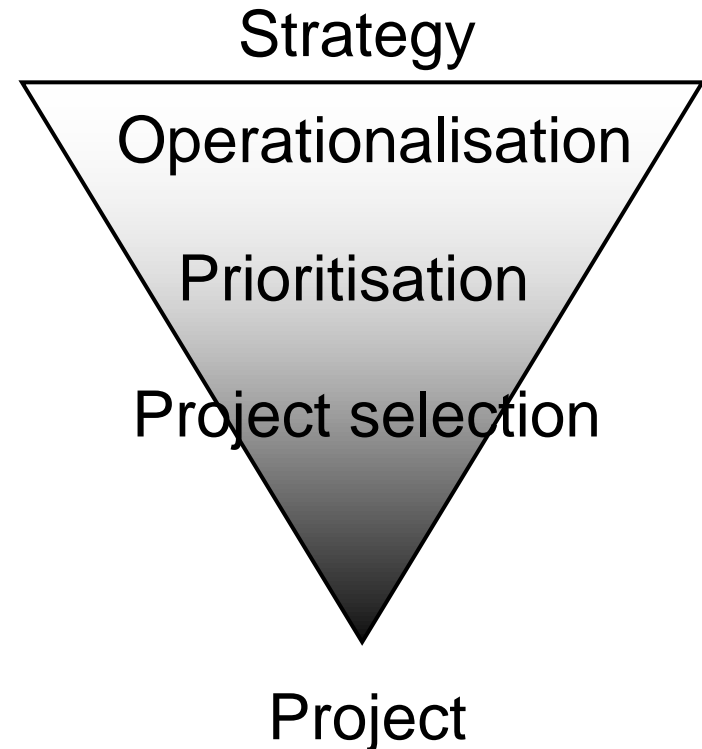
# Structural Programme Loans

Appraisal includes:

- description of programme (eligibility, objectives, consistency of the strategy),
- promoter's capacity (to manage the programme, implement the projects, monitor and report to the EIB),
- project pipeline (selection criteria, eligibility, evaluation of identified schemes),
- environment, procurement, State aid (responsibility delegated to the Borrower/Promoter),
- TA needs.

# Structural Programme Loans

Robust control system and sound investment policy



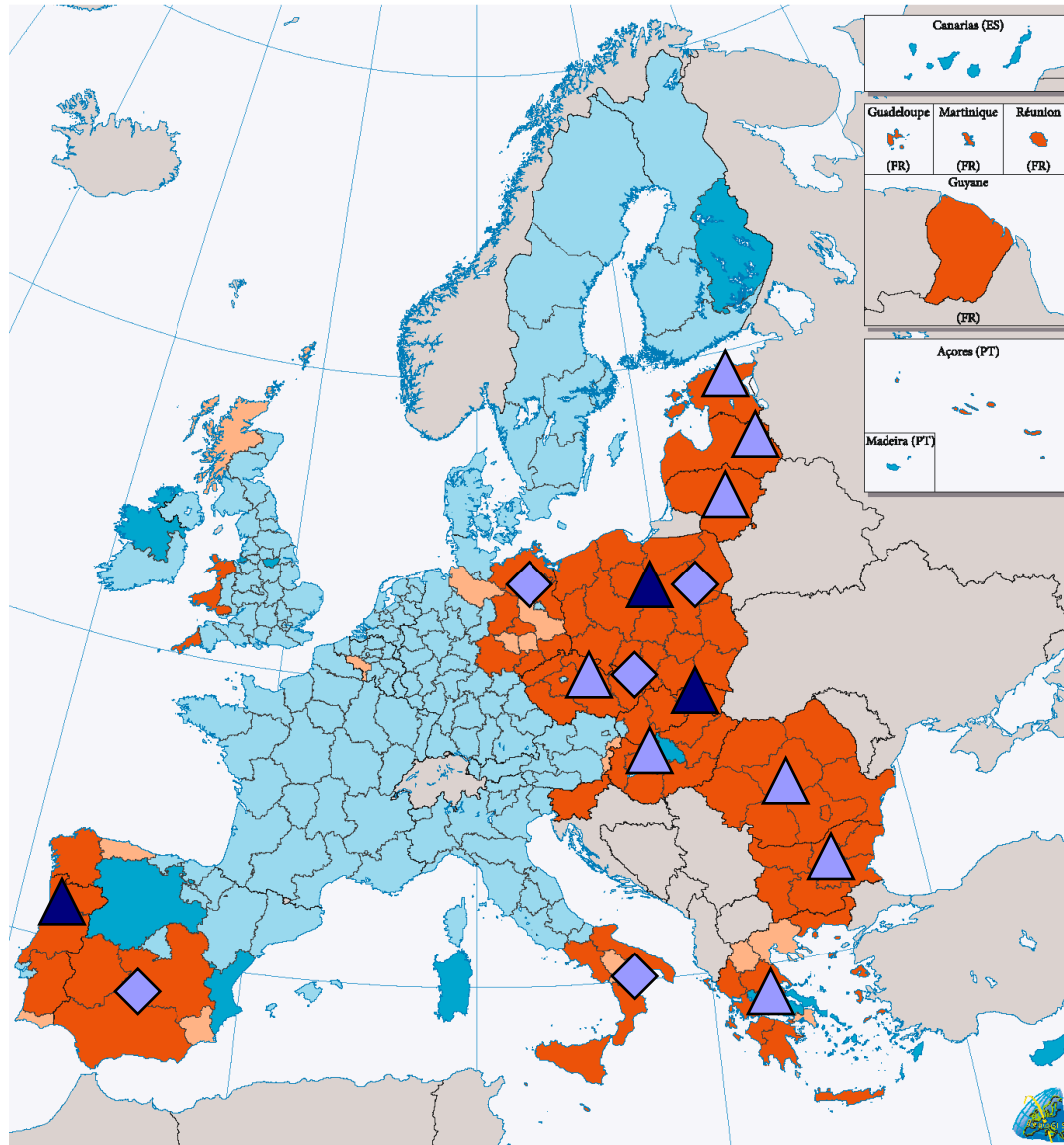
# Structural Programme Loans




- SPL levels:
  - regional
  - multi-regional
  - national
  - sectoral

## Structural Programme Loans

- In 2000-2006 the Bank approved EUR 4.8 bn of SPL operations, corresponding to EUR 75 bn of investment costs
- In the on-going programming period the Bank has already approved EUR 12.5 bn, corresponding to EUR 118.4 bn of investment costs
- On average the Bank supports 11% of the project costs
- Signatures with BG, CZ, DE, EE, EL, HU, IT, LV, LT, PL, RO, SL

# SPL signatures on the regional policy map



-  signed with MS
-  signed with regions
-  to be signed

# Structural Programme Loans

- SPL - a flexible financial instrument
- Common in new Member States in Central and Eastern Europe as well as in Southern Italy
- Experience in a number of countries and regions
- TA available in the form of JASPERS and on specific demand (i.e. Bulgaria)
- Financial engineering instruments: JEREMIE, JESSICA, etc.

## Innovative facilities

Initiatives with the European Commission:

- **JASPERS** – Joint Assistance to Support Projects in European Regions to prepare projects supported by EU Structural and Cohesion Funds
- **JEREMIE** – Joint European Resources for Micro-to-Medium Enterprises in the regions to encourage more business start-ups and new ventures. Managed by the EIF
- **JESSICA** – Joint European Support for Sustainable Investment in City Areas for investment in sustainable urban development

# Large projects

## ■ Large projects

- project cost above EUR 50m
- some 900 expected
- require separate EIB appraisal
- benefit from JASPERS assistance
- or EIB Technical Assistance

# Technical Assistance

## ■ Technical Assistance

- improvement of the quality of projects
- preparation of mature projects
- assistance in implementation

# Project examples

- national

- Lithuania

- Greece

- multi-regional

- Hungary

- regional

- Poland - Westpomerania

## Project examples - Lithuania

### EU Funds Co-financing 2007-2013 – Lithuania

- Project cost: EUR 9.6bn
- Loan amount: EUR 1.132bn (11.84%)
- Duration of loan: 25 years
- Co-financed with the European Commission
- Borrower/Promoter: Republic of Lithuania
- Implementation: 2007-2015



## Project examples - Lithuania

- EIB framework loan will support the implementation of Lithuania's 2007-2013 National Strategic Reference Framework:
  - OP for the Development of Human Resources
  - OP for Economic Growth
  - OP for Promotion of Cohesion
  - CF 2004-2006, Six River Basins Programmes, Water and Wastewater Management projects

# Project examples - Lithuania

## Benefits

- Implementing the OPs is a productive way of counteracting the economic crisis by promoting employment
- Low cost of funding, long maturity, certainty and stability
- High flexibility in both the timing of disbursements and the allocation
- Co-financing/Cooperation with EU Structural Funds, blending (ERDF, ESF, CF), EIB loan used for the national public contribution to the schemes
- Synergies with JASPERS, particularly concerning large transport and environment infrastructure schemes
- Synergies with the JESSICA facility in Lithuania for housing projects – energy efficiency
- Synergies with JEREMIE for SMEs

# Project examples - Greece

## EU Funds Co-financing 2007-2013 – Greece

- Project cost: EUR 21.451bn
- Loan amount: EUR 2.0bn (9%)
- Duration of loan: 25 years
- Co-financed with the European Commission
- Borrower/Promoter: Hellenic Republic
- Implementation: 2007-2015



## Project examples - Greece

- EIB framework loan will support the implementation of the Greek National Strategic Reference Framework 2007-2013:
  - OP Environment and Sustainable Development
  - OP Competitiveness and Entrepreneurship
  - OP Digital Convergence
  - OP Development of Human Resources
  - OP Education and Lifelong Learning
  - 5 regional OPs
  - PATHEP Railway Corridor

## Project examples - Greece

Regional OPs support:

- digital convergence (ICT),
- sustainable development/growth and quality of life (water, waste, energy efficiency and renewable energy, urban development, cultural heritage and tourism)
- transport infrastructure,
- healthcare, social care and education infrastructure.

## Project examples - Greece

### Benefits:

- SPL will cater to the recovery and sustainable development of the Greek economy
- acceleration of implementation
- EU Funds absorption crucial for the Greek economy
- EIB TA assistance, in particular in challenging sectors such as water and waste management
- synergies with JEREMIE and JESSICA

# Project examples - Hungary

## Regional operational programmes 2007-2013

- Project costs: EUR 3.9 bn
- Loan: EUR 450 m
- Promoter: Ministry of Finance / National Development Agency
- Implementation: 2007-2015
- Support for Operational Programmes of 4 Hungarian regions: Central Hungary, West Pannon, Central Transdanubia, North Hungary



## Project examples - Hungary

- Strong points:
  - Adaptation to climate change
  - RDI investments
- Multiregional project feasible due to the centralised governing structures

# Project examples - Poland

## Zachodniopomorskie regional framework

- Project costs: EUR 293.3m
- Loan: EUR 85.3m (29%)
- EU Funds 50%
- Promoter: Westpomerania Region
- Implementation: 2008-2013
- Support for the Multiannual Investment Plan, particularly in the transport, healthcare and cultural heritage sectors



## Project examples - Poland

- Strong points:
  - capacity of the promoter
  - strong strategic framework
- Scope of operation in line with the responsibilities of the Region
- The project benefits from the EU Funds management and control system

# Project examples – sector overview

## Sector issues

- transport – overall good capacity, strong experience, delays in implementation, maintenance often underfunded,
- water and waste management – risk of overcapacity with impact on future operation, appropriate demand analysis and technologies needed,
- education and healthcare – weak strategic basis, assets management better,
- cultural heritage – well implemented.

# Summary

- EIB role
  - classic – leveraging EU funds
  - upstream – project preparation JASPERS
  - implementation – EIB TA/JASPERS
  - proactive – macroregional strategies and Europe 2020
- promoter's capacity is crucial
- and could be enhanced by Technical Assistance
- but also strong institutional environment is important



# THANK YOU

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