

# Investment Plan for Europe The first year

**European Fund for  
Strategic Investments**





One hundred  
billion reasons  
to celebrate  
this one year

The European Commission and the European Investment Bank proposed the Investment Plan for Europe in November 2014, as an initiative to fight economic weakness lingering from the 2008 financial crisis. The aim: to relaunch investment and restore EU competitiveness, thus increasing growth and creating jobs. One major pillar of the Plan is the European Fund for Strategic Investments (EFSI), which combines an EU budget guarantee and EIB resources. The other two pillars involve regulatory reform and technical assistance. The EFSI pillar finances a greater number of operations with a higher risk than the EIB previously did, attracting private investment and targeting market failures. The investments are intended to trigger EUR 315 billion in investment in three years.

The European Commission and the EIB Group officially kicked off this part of the Investment Plan for Europe in summer 2015. After one year, the combination of a EUR 16 billion guarantee from the EU budget and EUR 5 billion of EIB resources has sparked investment with the potential to trigger **the first EUR 100 billion of its target**. It is a major achievement for the EIB

Group that we have already put together 289 approved transactions under this pillar of the Investment Plan in 26 EU countries, potentially leveraging 37% of the full EUR 315 billion envisaged. So far these transactions have hit every one of the target sectors, with 23% of the investment mobilised in the energy sector, 25% in RDI, and 12% in digital. Smaller businesses account for 26% of the total additional investment expected as a result of EFSI support. We are confident we can continue to build its impact.

The EIB is not doing this alone. The key to making this Investment Plan pillar work is to crowd-in public and private investment alongside the EIB's own funds and the EU budget guarantee. The bottom line: the Investment Plan for Europe's EFSI pillar is a tool for doing more deals with higher risk – and doing them faster.



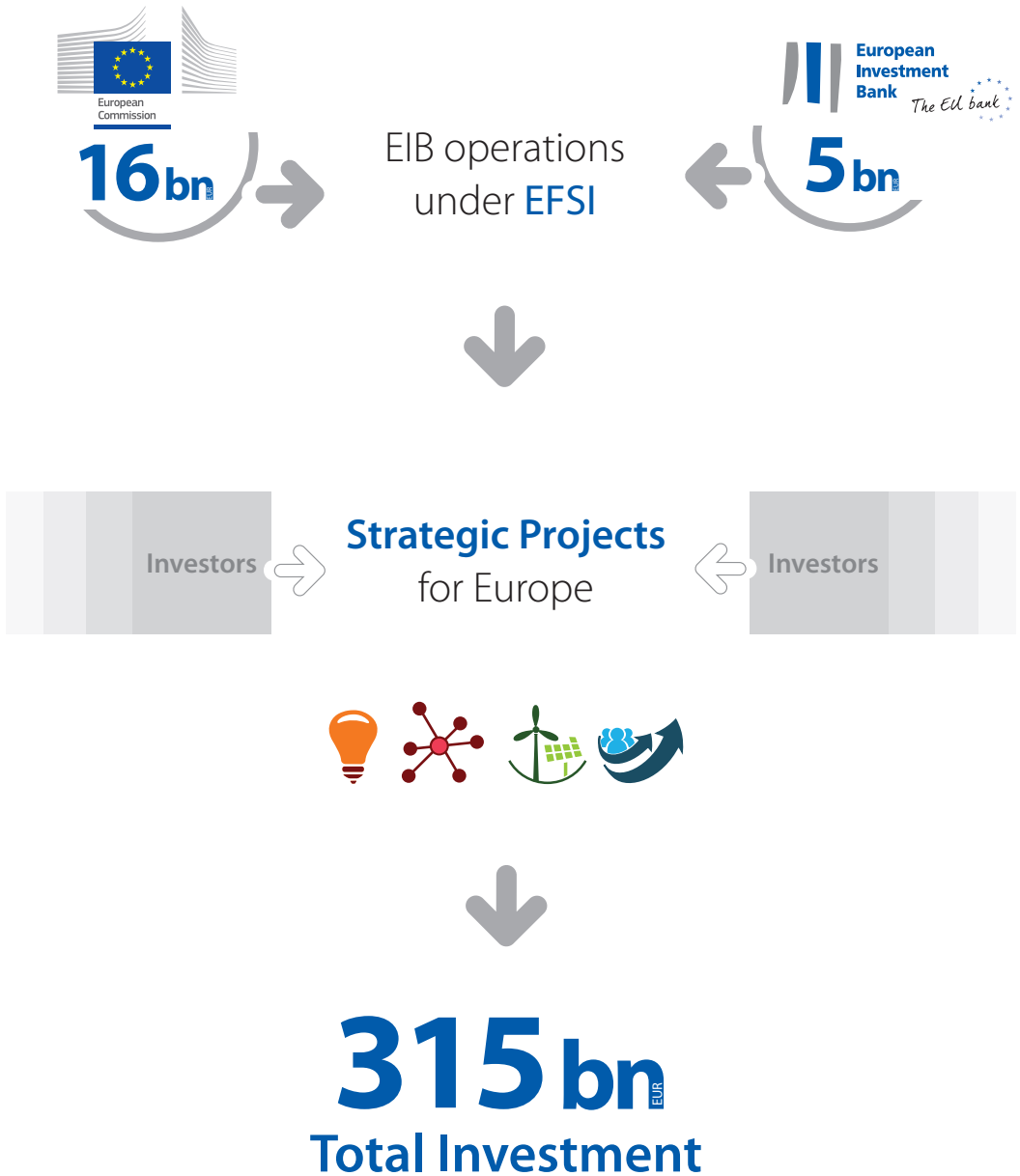
## The Investment Plan for Europe's three pillars

**The European Fund for Strategic Investments (EFSI)** to address the market failures in risk-taking that hold back investment

**The European Investment Advisory Hub** as a single point of entry for technical assistance and advisory services

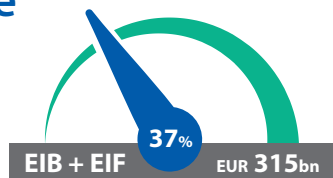
**Regulatory and structural reforms** to remove bottlenecks and ensure an investment-friendly environment

## The European Fund for Strategic Investments



# Investment Plan for Europe Statistics

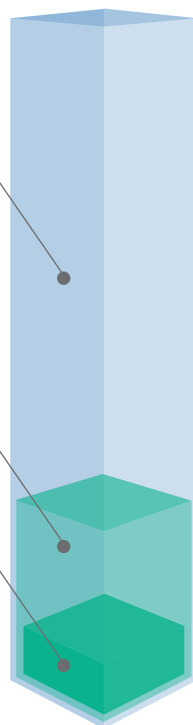
Data as of 19/07/2016



Total investment related to approvals: **EUR 115.8bn**

Approved\* financing: **EUR 20.4bn**

Of which **EUR 10.9bn** signed



\*EIB approved: EUR 13.6bn – EIF approved: EUR 6.8bn

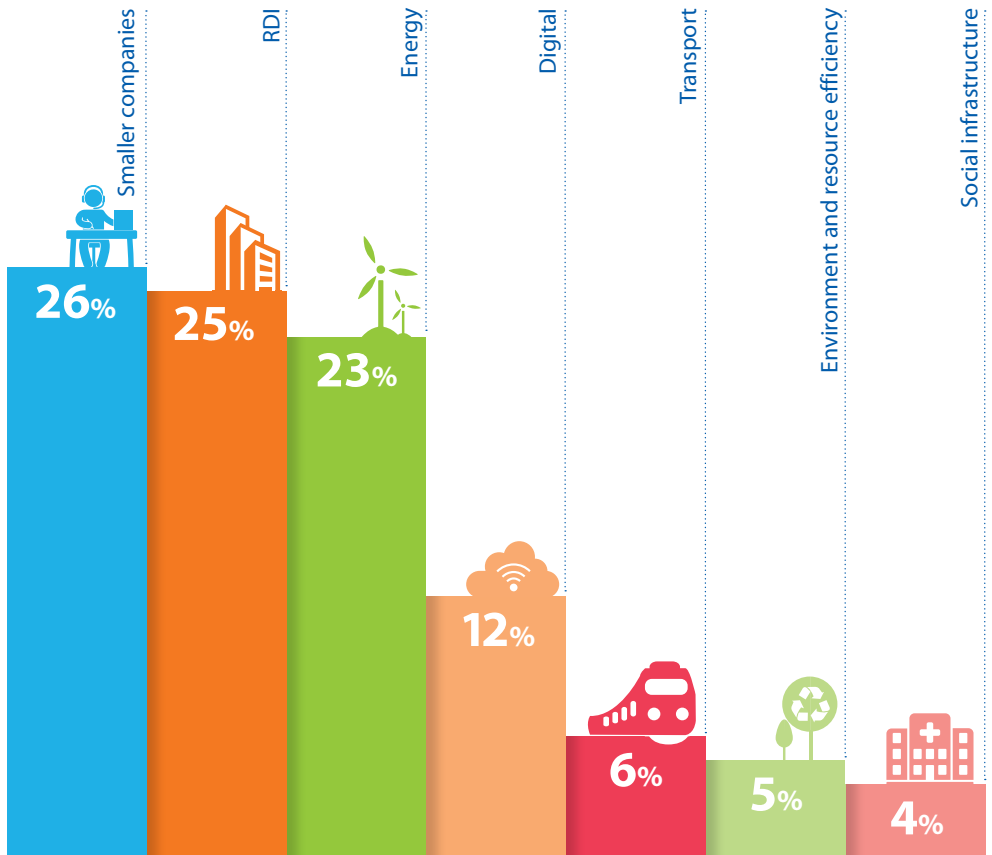


**More than 202 000 SMEs**  
will benefit from EIF financing –  
support that will strengthen Europe's  
economy and create jobs

**289 approved**  
transactions in

**26** of 28  
EU countries

## Financing by sector







# A New Equation

Every business decision includes an assessment of the risk involved. At the EIB, we have long had clear guidelines about the risks we may take. These guidelines include factors such as leverage (the amount of debt compared to investment costs) and the financial strength of any project.

The Investment Plan for Europe's EFSI changes the risk equation.



**E**IB loans made under the Investment Plan for Europe's EFSI are backed by a guarantee from the EU budget and some of the Bank's own resources. This allows the EIB to accept a greater number of higher risk transactions. These deals are "additional," meaning that they address a market failure and would – in principle – not have been financed in the same way or perhaps to the same extent by the EIB without the Plan's support. Of the deals signed so far, there are ten times as many with new counterparts as there are with existing EIB clients.

Generally, deals under the Investment Plan's EFSI pillar fall into the risk category called "Special Activities" by the EIB. In the last year the Bank signed 50% more Special Activities deals – including EFSI projects under the Investment Plan. For 2016 Special Activity signatures are targeted at comprising as much as EUR 24 billion out of total projected lending of EUR 71 billion. This is quadruple the 2015 level for Special Activities and seven times historical average levels.

There are a lot of different ways to structure a Special Activities deal. You'll read about some of them in the pages that follow. But, for example, take the deals the EIB has done with Austrian wind farm company Energiepark Bruck. Several years ago, the EIB fi-

nanced the first phase of Bruck under the standard Bank guidelines of the time. The EIB limited the amount of its own participation and required a guarantee for its financing.

Compare that to the EUR 40 million loan the EIB signed with Bruck in June under the Investment Plan's EFSI. The EIB's strong commitment to funding a large share of the expansion of Bruck without a third-party guarantee accelerated the financing. Furthermore, the Bruck expansion is highly leveraged in comparison to standard non-re-course projects, because it is largely financed by external debt. All this would have been more difficult for the Bank to accept without the Plan. Even if the two transactions might look similar on the surface, a deeper understanding of the different financing concepts between the first and second Bruck deals demonstrates the impact of the Investment Plan. The bottom line is that the Plan's EFSI pillar helped the Bank back an important project delivering 39 MW of renewable energy capacity, increasing security of supply in two Austrian regions.

The EFSI pillar of the Investment Plan gives the EIB the flexibility to structure deals in new ways. This ultimately allows the EIB to support EU policy aims geared towards encouraging innovation and creating jobs.



Mont-Saint-Guibert,  
south-east of Brussels

“ France loses the equivalent  
of one department to urban sprawl  
every ten years. The solution is to  
build the city upon itself.

Bruno Farber,  
*Managing director of Ginkgo Advisor*



# A green answer to urban sprawl

**The Investment Plan for Europe speeds up decontamination of old urban industrial sites and turns them into good places to live and work**

General contractors, earth-movers and diggers will start the construction of 300 apartments and homes in spring 2017 on the site of a 19th-century paper mill in Mont-Saint-Guibert, south-east of Brussels. Not long after, buildings will go up on a disused foundry in the Paris suburb of Choisy-le-Roi, and then in the heart of Lyon on the grounds of the former Brandt washing machine factory. It is important for the sustainability of our environment to reclaim polluted industrial sites like these – there are 3.5 million in Europe's cities. "France loses the equivalent of one département to urban sprawl every ten years," says Bruno Farber, managing director of Ginkgo Advisor, the fund decontaminating these sites. "The solution is to build the city upon itself."

Farber's Ginkgo Fund raised EUR 80 million for seven decontamination and redevelopment projects in Belgium and France, all of which are on course to be cleared for construction by the end of 2018. The fund included EUR 15.6 million from the EIB. This success led Farber to start raising money for a second fund, which would expand Ginkgo's reach to the UK, Luxembourg and Spain. EIB investment officers were keen to get on board again.

mately have held up the fund's decontamination work. EIB loan officers recognised that Ginkgo I's path had been smooth. The EIB was able to go quickly into the second fund with a larger amount than it would otherwise have been able to because of EFSI. The Bank signed a EUR 30 million investment in Ginkgo II in February. "We can already see how well Ginkgo I is doing," says James Ranaivoson, the EIB managerial adviser who led the deal. "It's very important that we continue to support the investments targeted by Ginkgo with the second fund right away. The Investment Plan's EFSI gives us that acceleration."

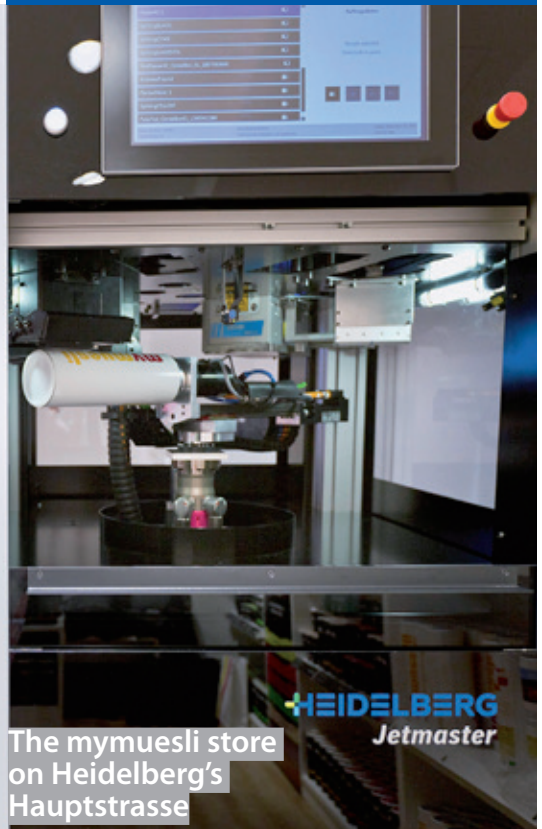
In turn that makes it easier for Farber to raise even more money for Ginkgo II and reach his EUR 140 million funding target. "As a cornerstone investor in Ginkgo II, the EIB's presence shows other institutions that real, in-depth due diligence has been carried out, and that the predecessor fund had been well managed in a challenging economic context." That means Ginkgo II will soon be able to turn from money-raising to decontamination – and that is good for our cities.

But without the Investment Plan's EFSI, the EIB wouldn't have been able to invest as much in Ginkgo II as it has – and that would ulti-

“

This is industry 4.0. Heidelberg Druckmaschinen is making dramatic changes in where we bet the future will be. It has bet its future on digital.

Jason Oliver,  
*Head of Digital, Heidelberg Druckmaschinen*



The mymuesli store  
on Heidelberg's  
Hauptstrasse

**HEIDELBERG**  
Jetmaster

# Muesli and the future of innovation

**The Investment Plan's EFSI joins the race to make digital printing faster and more efficient**

The mymuesli shop on Heidelberg's quaint Hauptstrasse stands on the edge of the city's historic old town and just across the Neckar River from Germany's oldest university. But it's at the forefront of the future of digital printing and industrial innovation. Choose a tube of muesli, and a pink-shirted mymuesli worker slips it inside a tall, black machine. Enter a personalised message on a touchscreen and upload a photo – say, a picture of your kids. The machine rolls the tube under a violet light that is actually an innovative piece of ink-jet technology, and seconds later you have a customised muesli can with the picture and message printed directly onto the container. But it is more than just a quirky can of muesli. Europe's competitiveness in the digital printing market depends on the company that made this sleek black printer, Heidelberg-er Druckmaschinen. "This is industry 4.0," says Jason Oliver, head of digital at the company. "Heidelberg Druckmaschinen is making dramatic changes in where we bet the future will be. It has bet its future on digital."

It's a smart bet in which Heidelberg Druckmaschinen is carving a new path for itself, after years in which it was hit by a declining market for printing machinery and by the economic downturn after the financial crisis of 2008. To secure its future and fund its development of innovative new technologies, Heidelberg

Druckmaschinen signed a deal in March with the EIB for a EUR 100 million Investment Plan EFSI loan.

After all, Heidelberger Druckmaschinen isn't just a manufacturer of printing machinery. By necessity, it is also a software company, with engineers developing programs for the operation of that machinery. "Ultimately we want to create a system that can actually decide for itself," says Oliver. In the future, programs written by Heidelberg Druckmaschinen's software engineers will allow manufacturing to be as customisable as that canister of muesli in Heidelberg's old town.







“Until now we couldn't provide financing for condominiums. We weren't deploying our complete business model. Now we can give owners the entire package. It makes it very simple for us. We'll be able to get more energy efficiency work done in a very short time.

José Lopez,  
*President of Énergies POSIT'IF*

A Paris apartment  
building gets energy  
efficient

# The Investment Plan meets the neighbours

## Thousands of Paris apartments get an energy efficiency renovation from the Investment Plan

If you've ever had neighbours who couldn't get along, spare a thought for José Lopez. He has 3600 neighbours and it is his job to bring them together.

Lopez is president of Énergies POSIT'IF, a public-private company that aims to make condominium buildings in the Île-de-France more energy efficient. It is hard work, because José and his team have to persuade every apartment owner in a condo building to go along with the plan and to finance their share of the renovation work.

Still, Énergies POSIT'IF got a big helping hand in December 2015 with a EUR 100 million Investment Plan EFSI loan from the EIB. The loan means Énergies POSIT'IF doesn't have to spend time negotiating with a range of commercial banks on a lending plan for each individual apartment-owner in a building. Énergies POSIT'IF will now be able to use the EIB loan to offer financing to the owners. "Until now we couldn't provide financing for condominiums," says Lopez. "We weren't deploying our complete business model. Now we can give owners the entire package. It makes it very simple for us. We'll be able to get more energy efficiency work done in a very short time."

That is important in the Paris region, where three-quarters of homes are either condomini-

ums or social housing. Apartments built in the 1960s and 1970s – before oil shocks prompted energy efficiency regulations – simply leak heat. Énergies POSIT'IF's renovations can save those buildings between 40% and 75% of energy use.

The difference the Plan's EFSI makes, then, is this: in the last three years, Énergies POSIT'IF carried out energy efficiency renovations on 1500 apartments. After the loan under the EFSI pillar of the Investment Plan, it expects to renovate 2100 apartments in the next year.

The EIB is working on similar deals in three other French regions.



“ We wanted to make these types of investments attractive and accessible to institutional investors.

Stephanie Bendorff Røpcke,  
*Copenhagen Vice President*



Seajacks Scylla will put the fund's turbines into the sea



# Low leverage draws high investment

## The Investment Plan for Europe gets pension funds into renewable energy

Putting 67 wind turbines, each 90 m tall, in the raging North Sea is tricky. Turning waste wood into electricity isn't exactly child's play either. But try raising billions of euros to do these things from investors who typically don't take big risks. That requires some innovative thinking. Copenhagen Infrastructure Partners, a Danish renewable energy infrastructure fund manager, did it – with the help of the Investment Plan for Europe's EFSI.

"We wanted to make these types of investments attractive and accessible to institutional investors," says Stephanie Bendorff Røpcke, a Copenhagen Vice President. So Copenhagen Infrastructure II funds its share of a project with preferred equity, or a combination of equity and debt. That makes the level of leverage far below similar infrastructure funds and "de-risks" the fund so that relatively conservative institutional investors – including pension funds – can participate.

By the time it completed fundraising in July 2015, Copenhagen had 19 investors, including the EIB, whose EUR 75 million was the first equity participation under the Investment Plan for Europe. (Previous EIB equity investments were usually no more than EUR 50 million, but the Plan allowed the Bank to increase the size of its stake.) A major aim of the Plan's EFSI pillar is to draw private investors into areas where

they typically fear to tread. Institutional investors are often wary of relatively untried technologies. They look for dependable investments, because they have to protect people's pension money. The structure of Copenhagen Infrastructure II "channels their liquidity into investments they wouldn't usually fund" says Barbara Boos, co-head of equity funds in the EIB's climate change and environment division.

Early investments by the fund include projects in the UK and Germany, which it expects to hold on to for 20 years. "For the kind of investors we have, the fund is more of an alternative to a bond," says Copenhagen's Bendorff Røpcke, "rather than a highly leveraged private equity investment."

**“ We created the company to translate the research from the bench to the hospital. The objective is to develop a molecule that will help many, many people.**

*Angelita Rebollo,  
Co-founder, PEP-Therapy*

Angelita Rebollo in  
her Paris laboratory





# A cancer killer moves from a Paris university towards the market

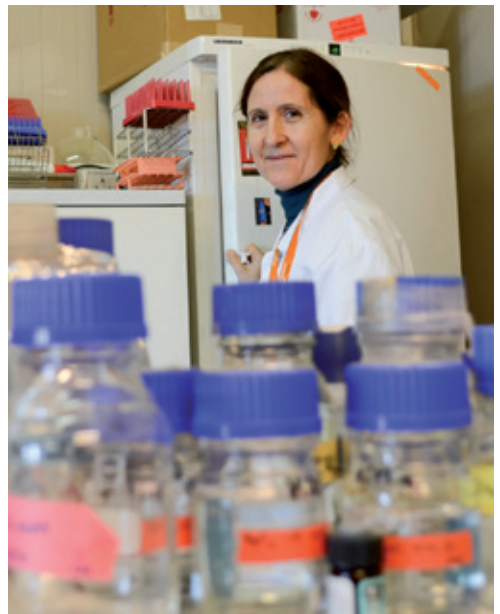
France's first academic spinouts fund gets Investment Plan for Europe backing

**A**ngelita Rebollo is a fun-loving Spaniard with a brilliant scientific mind, which she uses to kill – cancerous cells, that is. In her laboratory at Université Pierre et Marie Curie in the historic Pitié-Salpêtrière Hospital near the banks of the Seine in central Paris, Rebollo has developed a technique for blocking specific functions of proteins that turn a healthy cell into a cancer cell. The treatment could help people with a range of illnesses, though initial results suggest it will first be used to treat ovarian cancer and severe types of breast cancers. While chemotherapy causes numerous side-effects by destroying good cells, Rebollo's targeted therapy kills only the cancerous cells. Her research into the topic started 17 years ago in Madrid and led her to found PEP-Therapy with a few other scientists working at prestigious French research institutions. “We created the company to translate the research from the bench to the hospital,” says Rebollo. “The objective is to develop a molecule that will help many, many people.”

PEP-Therapy received EUR 1 million of support from Quadrivium 1, the first French investment fund to provide seed funding for life sciences and digital technology projects that start out at a dozen French academic research institutions. It is a model pioneered by US universities, and in Europe it has been taken up most strongly in the UK. [But it hasn't been done be-](#)

[fore in France.](#) “It has been challenging to introduce this concept to France,” says Philippe Tramoy, the Quadrivium 1 partner who manages its life sciences portfolio. “We’re the first one, so everybody is watching us to see if this is something they can follow.”

The European Investment Fund, a part of the EIB Group, has been watching. It put up EUR 20 million from the Investment Plan for Europe to take Quadrivium 1's total financing to EUR 56 million.





When you eat these  
meats, you experience indulgence  
with less guilt.

Konstantinos Frouzis,  
*General Manager, Creta Farms*



# Innovating with the Mediterranean diet

## Greek meat firm injects olive oil for health – and gets an Investment Plan cash injection

When you think of business innovation, you probably envision the fancy apps and gadgets of high-tech start-ups or drugs crafted by pharmaceutical companies. Important stuff. Sometimes even quite exciting. But super-tasty sausages – now that’s really exciting.

As the biggest cold-cuts company in Greece, Creta Farms spends five times as much as food industry peers on innovative ways to produce healthier meats. Creta Farms’ inventiveness focuses on a complex, proprietary technology that allows the company to remove saturated animal fats from its meats and, instead, to inject extra virgin olive oil, which includes unsaturated fat and is the thing that makes the “Mediterranean diet” actually taste good. That makes the meats healthier because it lowers “bad” cholesterol, but it also keeps them tasty. “When you eat these meats, you experience indulgence with less guilt,” says Konstantinos Frouzis, the company’s general manager.

This “oliving” technology, as company officials call it, has made Creta Farms the biggest player in the Greek cold-cuts market. But the company wants to expand further into the worldwide snack-food business. Greek banks are reluctant to lend in the wake of years of economic upheaval. So, in June, Creta Farms secured the first major financing for a Greek company

under the Investment Plan’s EFSI pillar, a EUR 15 million quasi-equity loan.

Creta Farms believes it can use “oliving” to make healthier pizza and cheese too, because the Mediterranean diet has been shown to cut the risk of heart attack. The EIB’s in-depth due diligence on the deal is good for Creta Farms’ reputation, says Frouzis, and for Greek companies in general. “Investors have many doubts about Greece just now,” he says, “but this deal proves that Greek companies can be built on very solid foundations.”



“The money will help us  
to fulfil our mission: to  
heal better.

Ondrej Tomsik,  
Chief Operations Officer,  
Elite Dental Prague

# Big money for small companies

## The Investment Plan reaches SMEs across Europe

Loans are hard to get for small businesses across Europe. Banks have plenty of money on hand, but perceive smaller companies as bigger risks than large ones. The Plan's EFSI aims to make banks and private investors feel more secure about putting their money to work. That's the situation in the Czech Republic, where the EIF signed a deal in August 2015 to counter-guarantee the guarantees made by CMZRB, a state-owned development bank based in Prague. "There's enough liquidity, but banks require collateral, and that's missing," says Lubomir Rajdl, deputy chief executive of the bank. **"Our programme is really filling a market gap"**

Elite Dental Prague, a specialised dental clinic, received a EUR 111 000 loan from CMZRB to invest in state-of-the-art equipment. "We received our loan at an interest rate that was not even a third the one on our previous loan," says Ondrej Tomsik, Elite's chief operations officer. "When we learned that we would get the support backed by the EU guarantee we were excited. The money will help us to fulfil our mission: to heal better. We are planning to invest in another treatment room and to hire an extra dentist and one more dental nurse."

CMZRB has guaranteed loans for almost 900 small businesses in the Czech Republic with the backing of the Investment Plan's EFSI.

In the next two years Rajdl expects the programme to support loans for 1 400 small businesses with a value of EUR 160 million.

These small loans, counter-guaranteed by the EIF, extend the reach of the Plan to every corner of Europe. On the Bulgarian bank of the Danube, Georgi Dikov runs a factory that makes scaffolding and construction equipment. He received a EUR 34 000 loan from Cibank in Sofia for the purchase of a second-hand harvester from Germany. "In Bulgaria it's good to have more than one source of revenue," says Dikov, who employs 45 people in his factory and five others working a 100-hectare plot of agricultural land. "If things are not so good with one business, the other one supports it until things get better."

The 39-year-old Dikov's firm, Dzhodi Ltd., is located in Oryahovo, a town of 5 000 people where the unemployment rate is higher than the Bulgarian average and wages are half the national average. It is an area with relatively few highly trained workers. "I train people with no education," says Dikov, "and I turn them into specialists."

By the end of the programme, Cibank officials expect to support 700 small and medium-sized businesses in Bulgaria.





**“** We may even save lives by reducing the complications that are sometimes associated with lengthy treatment.

Dr Roger Stedman,  
Medical Director,  
Sandwell and West Birmingham NHS Trust



# Where the need is acute

## Aiming to make the EU economy healthier, the Investment Plan funds Britain's biggest accident and emergency hospital

If you were in Birmingham and you happened to experience numbness in one side of your body, trouble speaking, and blurred vision, you might head for the City Hospital. The Emergency Medicine Team there would recognise that you were having a stroke and stabilise you. But for specialised treatment, you'd have to make a ten-minute journey by ambulance to the stroke unit at Sandwell Hospital in West Bromwich, some five miles away. That's crucial time lost for a patient with an acute condition.

The Trust operating the two hospitals aims to solve the problem of its split emergency services by building the GBP 350 million Midland Metropolitan Hospital half way between the existing facilities. The new hospital will focus on acute cases, so everyone in the area will know where to go when they're hit by a sudden serious illness, and when they arrive they'll have immediate access to the full range of medical specialists. This will have a real impact on the health – and sometimes the survival – of the 550 000 residents of the area it serves.

"Quicker access to the right emergency care means patients recover more quickly and more fully," says Dr Roger Stedman, medical director of the Sandwell and West Birmingham NHS Trust. "We may even save lives by reducing the

complications that are sometimes associated with lengthy treatment."

The 669-bed Midland Metropolitan will have Britain's biggest Accident and Emergency facility and will be only the second UK hospital to specialise in the treatment of acute illness.

The EIB is financing GBP 120 million of the total cost through the Investment Plan's EFSI.

Midland Metropolitan will be built in Smethwick, west of central Birmingham, on a site first used to manufacture nuts and bolts in the 1840s and, more recently, as a car factory. When it's completed in October 2018, it will house nine operating theatres, a large intensive care unit, and a maternity unit with two specialised operating theatres. "We will aim to assess, investigate and treat our patients quickly so that they don't have to stay in hospital longer than necessary," says Dr Matthew Lewis, the Trust's director for medicine and emergency care. "We will certainly provide better care in this new environment."

# European Investment Advisory Hub

## Support for potential Investment Plan deals

**T**he European Investment Advisory Hub is a partnership between the EIB and the European Commission. The EIB manages the Hub, which is jointly funded with the European Commission.

The Hub is a single point of entry to comprehensive advisory and technical assistance. It provides targeted support for the sourcing, preparation and development of investment projects across the European Union.

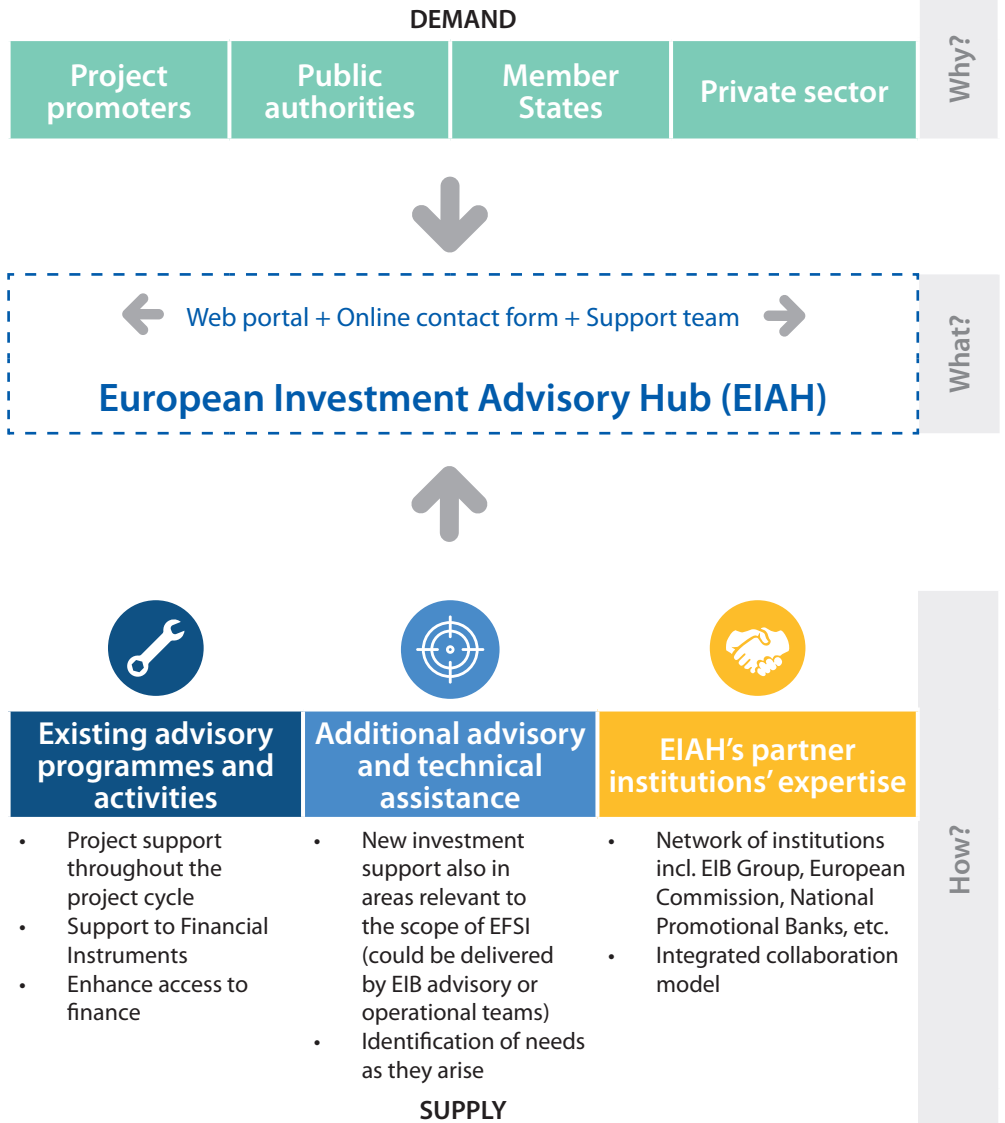
The Hub's services include project development support throughout all stages of the project cycle (from pre-feasibility to financing), as well as upstream and policy advice on market studies, sector strategies, and project screening. Financial advice is also provided to enhance a company's ability to access adequate sources of financing. More horizontal assistance can be obtained via process and methodological guidance and training related to investment projects (e.g. tendering process, cost benefit analysis), access to finance and use of EU funds.

The Hub's support is not limited to projects that might be eligible for backing under the Investment Plan's EFSI pillar. But by leveraging its network of partner institutions the Hub can play an important role in promoting EFSI. The Hub can help source, identify and support pro-

jects that may be eligible for financing under EFSI by mobilising targeted support at different points in the project lifecycle.

The Hub's services are available to public and private entities, which can reach it through the online contact form ([www.eib.org/eiah](http://www.eib.org/eiah)), or through the EIB or its local partners.

# What is the Advisory Hub?



# Outlook

The EU budget guarantee and the EIB's own funds have been at work together for a year. The entire decision-making structure behind the deals has been fully in place for only the latter half of that year. So the deals are now coming more quickly. We look forward to a larger number of deals, processed more quickly and covering all countries in the EU. The Commission intends to extend the operation of the Investment Plan's EFSI pillar beyond the three years initially foreseen.

The pipeline of projects to be funded will also potentially be bolstered by the European Investment Advisory Hub, which will help develop projects that in some cases may end up being funded by the EIB under the Plan's

EFSI. The Hub is building contacts with a number of partners in EU Member States, including national promotional banks, which will provide more targeted, local outreach.

We continue to look for new ideas and fruitful new directions. Together with the EC, we are shifting some EFSI resources towards investments in small and medium-sized businesses, where the initial demand for deals has been great. This will mean a significant increase in operations financed by the EIF, though the Investment Plan's EFSI pillar will retain a considerable focus on innovative companies.

We also expect to develop new financial products and structures. These will accelerate the investment triggered still further and increase the impact of the Investment Plan for Europe in a wider range of sectors.



## European Investment Bank

98-100, boulevard Konrad Adenauer

L-2950 Luxembourg

☎ +352 4379-1

☎ +352 437704

[www.eib.org/efsi](http://www.eib.org/efsi)

## Information Desk

☎ +352 4379-22000

☎ +352 4379-62000

✉ [info@eib.org](mailto:info@eib.org)

## European Investment Fund

37B, avenue J.F. Kennedy

L-2968 Luxembourg

☎ +352 2485-1

☎ +352 2485-81200

[www.eif.org](http://www.eif.org) – ✉ [info@eif.org](mailto:info@eif.org)



[facebook.com/EuropeanInvestmentBank](https://facebook.com/EuropeanInvestmentBank)



[twitter.com/EIB](https://twitter.com/EIB)



[youtube.com/EIBtheEUBank](https://youtube.com/EIBtheEUBank)