



EUROPEAN INVESTMENT BANK

**European Fund for Strategic Investments**

**RATIONALES FOR THE DECISIONS TAKEN BY  
THE EFSI INVESTMENT COMMITTEE IN 2018-2020**

**For projects, previously subject to a confidentiality agreement,  
As of 18 February 2021**

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This document should be read in conjunction with the document: “*DECISIONS TAKEN BY THE EFSI INVESTMENT COMMITTEE IN 2018-2020 - for projects previously subject to a confidentiality agreement, as of 18 February 2021*”

In accordance with article 7.12 of Regulation (EU) 2017/2396, the rationales for the decisions taken by the Investment Committee to approve the use of the EU guarantee for EIB operations are made publicly available, in general after the subsequent Investment Committee meeting, except for projects subject to a confidentiality agreement between the EIB and the promoters. The publication shall not contain commercially sensitive information.

In line with article 30 of the EFSI Agreement and the Transparency Policy of the Bank, the rationales of the Investment Committee for decisions approving the use of the EU guarantee in 2018-2020, which have not yet been disclosed as of 18 February 2021, are published below. This is after the projects have been signed or if these projects are not subject to a confidentiality agreement between the EIB and the promoters anymore.

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Alongside previously disclosed rationales of Investment Committee decisions in 2018-2020, the rationales of the Investment Committee to approve the availability of the EU guarantee for the following EIB operations, which were previously subject to a confidentiality agreement between the EIB and the promoters, are as follow:

### **July 2018**

#### **CAIXABANK SME MEZZANINE ABS (Spain)**

The IC approved the use of the EFSI guarantee for the proposed participation in the mezzanine tranche of a synthetic securitisation of an existing granular portfolio of loans SMEs and MidCaps, the first one under EFSI that already anticipates new regulatory requirements for securitisation transactions coming into force from 2019, as part of the CMU completion.

The EIB intervention with EFSI support facilitates lending capacity towards increased access to finance for eligible entities with less than 3,000 employees with a contractual minimum requirement to support new eligible financing of at least 4x -6x the amount of the EFSI intervention, depending on the final risk profile of the mezzanine participation.

The IC acknowledged joint EIB Group intervention with EIF acting as guarantor towards the intermediary, and welcomed the early support of one of the first securitisations in Europe already applying the 2019 regulatory requirements in terms of risk retention by the originator, due diligence and transparency of the underlying risk portfolio.

Despite the welcome stabilisation of the economic environment in Europe access to finance for SMEs and Midcap remains constrained, both quantitatively and qualitatively in terms of available terms, tenors and collateral requirements, and its continued support therefore a self-standing purpose of the EFSI in line with Article 3 (b) of the Regulation.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of Additionality in the EFSI Regulation.

### **April 2019**

#### **FRENCH OFFSHORE ROUND 1 - SAINT NAZAIRE & FECAMP (France)**

The IC approved the use of the EFSI guarantee for a proposal concerning the design, construction and operation of the two first offshore wind farms in France, i.e. the Saint-Nazaire and the Fécamp wind farms, both located off the coast of Pays de la Loire and Normandy respectively. Both wind farms are expected to produce the electricity needs of up to 645,000 households and estimated to save up to 644,200 tons of CO2 equivalent per year. The proposal fully contributes to Climate Action. The wind farms fit the EU policy objectives by way of assisting the development of the energy sector in France, in accordance with the Energy Union priorities, including security of energy supply, and the 2020, 2030 and 2050 climate and energy frameworks, through the expansion of the use and supply of renewable energy.

The operation addresses a market failure and sub-optimal investment situation pursuing the expansion of the use or supply of renewable energy, addressing an anticipated gap in terms of availability of affordable and adequate long-term financing for the launch of the French offshore wind sector. The complexity and inherent high risks of the offshore wind transactions, in a context of capital-intensive operations and a sizeable concurring pipeline, are leaving the proposals for construction of greenfield offshore wind projects without a clear availability of large and affordable long-term debt financing. The EIB through EFSI will contribute to the projects' viability, acting as a cornerstone financier and contributing to the crowding-in of other lenders into the financing structure and to a timely financial close. The offshore wind industry remains a relatively young sector in the EU. The EIB's capacity to advise on the projects' risks and on appropriate financial structuring, can bring additional comfort to public and private investors for considering their participation in the project.

### **October 2019**

#### **ELDERLY AFFORDABLE ASSISTED LIVING (France)**

The Investment Committee approved the use of the EFSI guarantee for the project, which supporting the construction of 356 shared homes offering affordable assisted housing for 2,850 elderly citizens that are no longer able to live at home unaided but do not need permanent care in nursing homes. It provides an important alternative solution that is both more affordable and more inclusive, and reduces the pressure on waiting list for fully-fledged nursing homes, which have been the only available destination for most elderly citizens leaving their homes, so far.

The project homes will be established mainly in small French cities, providing important local employment and designated on-site accommodation also for permanent care staff. Around 39% of the project cost are expected to directly benefit Cohesion regions. All of the buildings will be purpose designed and built and already comply with future NZEB energy requirements, yielding 57% Climate Action recognition.

The Investment Committee recognized the important social need addressed by the project and the Excellent score for the Quality and Soundness of the project, as well as the involvement of CDC, which is providing support via a direct 35% equity contribution to the borrower.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of Additionality in the EFSI Regulation.

## **March 2020**

### **SABADELL LOAN FOR SMES & MID-CAPS CLIMATE ACTION (Spain)**

The Investment Committee approved the use of the EFSI guarantee for the proposed synthetic securitisation of a granular portfolio of existing corporate loans. The EIB intervention with EFSI support facilitates new financing capacity towards increased access to finance for eligible entities with less than 3,000 employees, with a contractual minimum requirement to support new eligible financing of at least 4x the amount of the EFSI intervention.

It is expected that at least 10% of the new financing directly benefits Climate Action investments and at least 20% of final beneficiaries will be located in Cohesion regions.

The proposal combines the financing capacity of EFSI with the local market access of Sabadell, an important provider of financing for SMEs in Spain. At full deployment, the new eligible portfolio is expected to benefit SMEs and MidCaps with 79,000 employees in total.

Despite the welcome stabilisation of the economic environment in Europe access to finance for SMEs and Midcap remains constrained, both quantitatively and qualitatively in terms of available terms, tenors and collateral requirements, and its continued support therefore a self-standing objective of EFSI in line with Article 3 (b) of the Regulation.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of Additionality in the EFSI Regulation.

## **May 2020**

### **MONEGROS WIND (Spain)**

The IC approved the use of the EFSI guarantee for an operation concerning the construction and operation of a portfolio of 487 MW onshore wind farms. The wind farms are all located in the province of Zaragoza, Aragón, in the North-East of Spain. The project is in line with the EFSI objective to the development of the energy sector in accordance with the EU priorities and namely, the expansion of the use or supply of renewable energy and the increased security of supply by reducing dependency on energy imports. As a renewable energy project, the operation fully contributes to the EIB Climate Action objective. CO<sub>2</sub> emission savings are estimated at 532.4 kt of CO<sub>2</sub> equivalent per year.

The project will be financed on a non-recourse project finance basis on a full merchant risk. The operation addresses market failures and sub-optimal investment situations related to the complexity and inherent high risks of the unsubsidised renewable energy market in Spain, in a context of under-investments in the light of anticipated low regulatory support levels. The operation falls under the EIB Special Activity category. In particular because it presents significant risks deriving from its full market exposure, the non-recourse structure, the longer payback period and the very volatile credit market. With EFSI support, the EIB will be the cornerstone lender contributing to a timely financial close. The EIB would not be able to provide this type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI. EIB's expertise in appraising project finance operations in renewable energy across the EU is a key element for other banks and private investors, especially for a project of such size fully open to merchant risk.

**June 2020**

### **HIRSCHMANN AUTO TECH SOLUTIONS (Austria)**

The IC approved the use of the EFSI guarantee for a project that concerns investments in research, development and innovation (RDI) that will contribute to increase the promoter's knowledge and know-how in the field of special and high-voltage cable, plug, connector, wire and sensor product and process technologies. The result of the RDI shall contribute to a future increased deployment of electrified, more connected and safer vehicles, the adoption of new mobility solutions like electric bikes, and the deployment of digital industrial technologies. The project falls under the scope of the EU Horizon 2020 programme and partially contributes to EIB's Climate Action objectives. It will furthermore support knowledge generation and spillovers, thanks to the promoter's collaboration with industrial partners and universities, contributing to the deployment of a more sustainable transport system and the further digitalisation of the wider industrial sector in Europe.

The financing of this project addresses a market failure and a suboptimal investment situation related to imperfect competition, limited investments and incomplete markets in the field of very innovative and still market-entry stage electrification, connectivity, driver-assistance and automated driving technologies. The promoter is a highly specialised niche player under a fierce competition environment that faces the risks of global consolidation and of high upfront inflexible investments in an international manufacturing footprint. The automotive industry is currently facing the double challenge of need of high and continuous RDI spending and of stagnation in key markets globally. The COVID-19 outbreak may exacerbate further the negative curve in the global demand for light vehicles, already in negative trend before the pandemic crisis. Additionally, the crisis may cause some delays in the implementation of some projects due to a later or modified market launch. The financing of the EIB to a new counterparty is classified under the EIB Special Activities category, and is expected to result in a quality stamp on the operation, thus increasing commercial banks' confidence in the promoter's long-term sustainability and its RDI strategy.

### **EIFFEL BIOGAS FUND (France, Regional – EU countries)**

The Investment Committee approved the proposed investment with EFSI support into a dedicated fund supporting the development of small to medium size biogas projects in rural areas.

Biogas installations are a proven method for turning organic waste material into Renewable Energy, which can be easily injected into existing gas infrastructure for buildings and transport, replacing fossil fuel sources. They support the circular economy and provide environmental benefits with respect to the effect of the residual material on soil and water.

However, there is a persistent scarcity of equity capital for small to medium sizes biogas projects in rural areas, which are backed by and closely integrated into rural communities. Given the small ticket sizes and resulting transaction costs, traditional infrastructure funds do not support the sector to the extent needed to reach national and European targets for the development of the biogas sector.

The Investment Committee recognised the innovative investment focus of the proposal and welcomed the early involvement of EIB and CDC in the fund's gestation. It noted the High scores for the Contribution to EU Policy and EIB Technical and Financial contribution, and the Excellent score on the Quality and Soundness of the project.

The proposal support the Climate Action target in its entirety, and is expected to directly benefit Cohesion regions with at least 60%.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of Additionality in the EFSI Regulation.

## **July 2020**

### **BAVARIA SOCIAL AND ENERGY EFFICIENT HOUSING (Germany)**

The IC approved the use of the EFSI guarantee for a project that supports the construction of ca. 1,020 new housing units in Bavaria and Rhineland-Palatia, and the refurbishment of 750 apartments. About 46% of the new units fall under social and/or affordable housing scheme. The housing units will mainly be located in Munich, Nuremberg and Erlangen, characterised by most severe shortages of social/affordable housing in the region. A substantial energy-efficient impact is expected, and up to 86% of the project will contribute to the EIB Climate Action objective; mainly through the construction of new residential nearly zero energy buildings (NZEB) that offer above 20% savings than the legal requirements, hence contributing to the EU and Germany objectives of CO<sub>2</sub> reduction.

Buildings currently account for about 40% of total energy consumption in the EU. Through demand savings of electricity and heat, energy efficiency projects reduce carbon emissions and associated negative externalities, as well as, in most cases, air pollution and other negative externalities. The housing supply in project regions of the project, do not cater for the demand of low-income people, also because projects from private promoters of social housing solutions are facing funding constraints from both private and public funding providers due to mainly the low returns. As a result of these market failures, investments into energy efficiency and social and affordable housing are at sub-optimal levels from a socio-economic perspective. The EIB loan will be complementary to a public financing portion, in the form of intermediated loans from KfW (Germany's national promotional bank) and contributions from local public entities (LBK) supporting social housing, on top of private resources from commercial banks and the promoter. The operation falls under the EIB Special Activities category and the promoter will be a new counterparty to the EIB. The operation will allow the EIB to expand its activity to the private social housing segment in Germany.

### **FONDO DI GARANZIA COVID-19 SME SUPPORT (Italy)**

The Investment Committee approved the use of the EFSI guarantee for the proposed participation in a risk sharing operation with Fondo di Garanzia, a specialised guarantee provider set up by the Italian Ministry of Finance to support new lending to SMEs.

The proposal is part of EIB Group package to provide much needed financing for small and medium size entities who are severely affected to the economic fallout of the Covid-19 crisis, using established products for rapid deployment via partner banks throughout the EU.

The EIB intervention with EFSI support generates new financing capacity to be employed towards increased access to finance for eligible entities with less than 3,000 employees, with a contractual minimum requirement to support new eligible financing of at least 4x the amount of the EFSI intervention.

The proposal combines the financing capacity of EFSI for the mezzanine tranche with a First Loss piece based on the remaining risk capacity of the SME Initiative Italy, creating additional guarantee capacity for Fondo di Garanzia. This will support additional new lending to SMEs and small Midcaps, which have been severely impacted by the Covid-19 crisis. At full deployment, the new eligible portfolio is expected to benefit SMEs and MidCaps with more than 17,000 employees.

The Investment Committee welcomed the innovative combination of EFSI with the SME Initiative to generate crucial risk capacity for Fondo di Garanzia, whose guarantees are instrumental for SMEs to obtain unsecured financing in the current crisis.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of Additionality in the EFSI Regulation.

### **September 2020**

#### **ING BANK COVID19 ENHANCED SME AND MIDCAP SUPPORT (Netherlands, Belgium, Luxembourg)**

The Investment Committee approved the use of the EFSI guarantee for the proposed participation in a synthetic securitisation of SME and MidCap loans originated by ING, a leading provider of financing for SMEs and MidCaps in the BENELUX region.

The proposal is part of EIB Group's package to provide much needed financing for small and medium size entities who are severely affected to the economic fallout of the Covid-19 crisis, using established products for rapid deployment via partner banks throughout the EU.

The EIB intervention with EFSI support generates new financing capacity to be employed towards increased access to finance for eligible entities with less than 3,000 employees, with a contractual minimum requirement to support new eligible financing of more than 7x the amount of the EFSI intervention.

The proposal support additional new lending to SMEs and small Midcaps which have been severely impacted by the Covid-19 crisis. At full deployment, the new eligible portfolio is expected to benefit SMEs and MidCaps with more than 190,000 employees.

The risk profile of the EFSI intervention is Special Activity in line with the EIB's Statute, which is a strong indicator of Additionality in the EFSI Regulation.

### **November 2020**

#### **WACKER CHEMIE SUSTAINABLE SOLUTIONS (Germany)**

The IC approved the use of the EFSI guarantee for a project supporting investments into research and development with focus on increased sustainability in products and processes of Wacker Chemie AG. The project targets improved energy efficiency and related GHG reductions, increased use of renewable materials and circular material loops, as well as better recyclability of end user products.

The Investment Committee recognised the strong R&D track record of the promoter, making it an industry leader towards more sustainable practices and also welcomed the 72% Climate Action contribution of the investment programme. It also recognised the significant share of fundamental research undertaken by Wacker in cooperation with numerous research facilities globally and highlighted the need for ambitious RDI programmes by private sector entities to achieve a lasting energy transition and the European climate goals by 2050.

The project addresses market failures related to insufficient long-term investments in RDI, despite the positive externalities that arise from them, in the form of knowledge and technology spillovers. EIB's support to the project addresses the lack of long-term capital to finance inherently risky private sector RDI, especially in an industry exposed to cyclical end markets.

The EIB would not be able to provide such type of financing support during the period in which the EU guarantee can be used, or not to the same extent, without EFSI.

The operation has a risk profile of Special Activities as per the Bank's statute, which is a strong indicator for Additionality in line with the EFSI Regulation.

## **December 2020**

### **ARCADIS OST I OFFSHORE WIND FARM (Germany)**

The IC approved the use of the EFSI guarantee for a proposal concerning the design, construction and operation of an offshore wind farm off the Baltic coast in Mecklenburg-Vorpommern, a Cohesion region. The project has been allocated capacity in the auction held by the German authorities in 2018. At full capacity the project has a renewable energy generation capacity of 257MW, providing more than 1 046 GWh/annum, sufficient to cover the electricity needs of 339 000 households and yield CO<sub>2</sub> savings of 623 000 tons/annum. The proposal therefore fully contributes to Climate Action.

The operation addresses a market failure and sub-optimal investment situation pursuing the expansion of the use or supply of renewable energy, addressing an anticipated gap in terms of adequate long-term financing, to support the increased German capacity target for offshore renewable energy generation of 20GW by 2030.

The complexity and inherent high risks of the offshore wind transactions, in a context of capital-intensive operations and a sizeable concurring pipeline, are leaving the proposals for construction of greenfield offshore wind projects without a clear availability of large and affordable long-term debt financing. The EIB through EFSI will act as a cornerstone financier and contribute to the crowding-in of other lenders and to a timely financial close. The EIB's capacity to advise on the projects' risks and on appropriate financial structuring, can bring additional comfort to public and private investors for considering their participation in the project.

The operation has a risk profile of Special Activities as per the Bank's statute, which is a strong indicator for Additionality in line with the EFSI Regulation.

Wilhelm MOLTERER  
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