



EUROPEAN INVESTMENT BANK

**European Fund for Strategic Investments**

**RATIONALES FOR THE DECISIONS TAKEN BY  
THE EFSI INVESTMENT COMMITTEE IN FEBRUARY 2019**

**EFSI Investment Committee**  
**1<sup>st</sup> February 2019**

Those attending

|                          |     |   |
|--------------------------|-----|---|
| <u>Chairman:</u>         | Mr. | Wilhelm MOLTERER, Managing Director                       |
|                          | Ms. | Iliyana TSANOVA, Deputy Managing Director                 |
| <u>Members:</u>          | Mr. | Gordon BAJNAI   |
|                          | Mr. | Thierry DEAU  |
|                          | Ms. | Dalia DUBOVSKA  |
|                          | Ms. | Vicky D. KEFALAS  |
|                          | Ms. | Andreja KODRIN  |
|                          | Mr. | Fabio PAMMOLLI  |
|                          | Ms. | Nieves RODRIGUEZ VARELA                                   |
|                          | Mr. | Manfred SCHEPERS  |
| <u>Experts:</u>          | Mr. | Marcus SCHLUECHTER, Advisor to the Managing Director      |
|                          | Mr. | Juan Jose FEBLES, Advisor to the Deputy Managing Director |
| <u>EFSI Secretariat:</u> | Ms. | Emilie BOIS-WILLAERT, Head of EFSI Secretariat            |
|                          | Mr. | Renko WOUTERS, Corporate Secretariat Officer              |

## **Rationales for the decisions taken by the Investment Committee in February 2019**

This document should be read in conjunction with the document: Decisions taken by the EFSI Investment Committee in February 2019.

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, except for projects subject to a confidentiality agreement between the EIB and the promoters.

In line with article 30 of the EFSI Agreement and the Transparency Policy of the Bank, the rationales of the Investment Committee decisions for such projects will be disclosed at a later stage by including them in a list of the rationales of Investment Committee decisions taken throughout the year, which is published, in general, twice a year. 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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The rationales of the Investment Committee to approve the availability of the EU guarantee for the following EIB operations in February 2019 are as follow:

### **MID-CAP PROGRAMME LOAN BENELUX 2 (Belgium, Netherlands, Luxembourg)**

The IC approved the proposed increase of the dedicated Programme Loan to provide direct financing for entities up to 3,000 employees, that are innovative, fast growing and / or located in Cohesion Regions, in line with the EFSI objective of increased access to finance for entities having up to 3,000 employees in Art. 3(b) of the Regulation.

The Programme Loan with EFSI support allows EIB to extend its direct lending to small and medium size entities that could not previously supported, with a risk profile of Special Activities as per the Bank's statute. It addresses the persisting constraints to access to finance which affects more than 40% of entities with up to 3,000 employees, particularly with regards to collateral requirements and available loans tenors and sizes, according to the EIBIS Survey.

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.

### **TAALERI ENERGIA SOLARWIND II FUND (Regional, EU-countries)**

The Investment Committee approved the availability of the EFSI guarantee for the proposal, which supports greenfield renewable energy projects in the EU, including a strong focus on cohesion regions in CEE (63% of eligible investment volume).

The underlying project supports in its entirety the Climate Action Objective and supports

the development of renewable energy as part of the energy market and the Energy Union, the EU Energy Roadmaps and the Paris Agreement. At full deployment the investments undertaken by the fund are estimated to provide 697MW of renewable energy capacity in the EU, equivalent to the energy needs of 197,000 households.

The Investment Committee welcomed support of greenfield renewable energy projects already at their early stage, and the expansion of the fund managers activities especially to Cohesion regions in the CEE, which are not sufficiently supported by mainstream investors. It acknowledged the High contribution of the proposal for important EU policy targets and the Good score for the Quality and Soundness of 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.

### **BUCHAREST POLYTECHNIC UNIVERSITY (Romania)**

The IC approved the use of the EFSI guarantee for a proposal supporting higher education and vocational training in Romania, besides featuring state of the art teaching and research facilities. The promoter is a higher education public institution - the Bucharest Polytechnic University, whose existing infrastructures were built between 1886 and 1950, and are no longer fit for effective teaching and research activities. Overall, the project will contribute to human capital formation and RDI capabilities in Romania, which is critical to support the build-up of a knowledge-based economy in the country. The project will enable the university to contribute to the common European Higher Education Area and the European Research, and build-up critical mass in two smart specialisation domains (aerospace, materials) in Romania, expanding research and innovation capacity in a country needing to catch up in RDI performance. The project is expected to generate 25-30% savings in the energy consumption compared to the current situation and will comply with the NZEB regulations concerning the Energy Performance of Buildings Directive (2010/31/EU).

The borrower is facing a significant sub-optimal investment situation, preventing it from realising its full investment potential. The availability of long-term financing at acceptable terms and alternative funding sources is quite restricted in the country. The loan is structured unsecured and with long tenor, and is expected to fall under the EIB's Special Activity category. EFSI would allow the EIB to provide a first direct loan to a Romanian university, which is also a new borrower for the EIB. The financing is expected to provide the necessary comfort to the market to crowd-in additional private sector financing, and to increase the commercial lenders' confidence in both, the promoter and the project. Moreover, the loan constitutes a pilot operation for the EIB, who can provide additional advice for structuring financing models for other universities in Romania, to be potentially replicated across the country.

### **NEW AROMATICS TECHNOLOGY DEVELOPMENT (Spain)**

The IC approved the use of the EFSI guarantee for a proposal targeting positive environmental impact in the petrochemical supply chain of biodegradable household and industrial detergents and other cleaning products. Complemented with an R&D programme in the field of alternative and sustainable chemicals, the operation focuses in the upgrading of an existing LAB (Linear Alkyl Benzene) production plant, through the introduction of new alternative technologies, more efficient and less corrosive, and targeting significant improvements in environmental terms. The project addresses the EFSI objectives of: (i) support of environmental and resource efficiency, (ii) support to research, development and innovation, and (iii) full deployment in a Cohesion region, contributing to the Union's priorities on convergence and social cohesion, for reducing regional disparities.

The operation is addressing a market failure related to financing technological development and innovation of a medium size player, focused in a niche market segment. The financing of the project supports RDI activities, which generate significant positive knowledge, technology and environmental externalities. The combination of the promoter's (i) exposure to volatile oil prices, and (ii) the capital intensive nature of chemical activities, result in an above average operational risk profile, to be added to the borrower's restricted access to financing, creating a sub-optimal investment situation. The backing financial support could not have been provided to the same extent by the EIB without EFSI's contribution. This support shall result in a quality stamp on the project, expected to crowd-in private sector investors, reinforcing their engagement in the financing. Alongside the implementation of the project, at the request of the EIB, the promoter will commit to develop a long term low carbon strategy, which will include measurable actions to increase the company's efforts to shift to alternative/renewable based production. This is a key effect of this financing under EFSI. This effect could also be expected to signal to the market, and the sector as a whole, the commitment to decarbonisation.

Wilhelm MOLTERER  
Managing Director