



# EIB activity in Luxembourg

## in 2013

Lending in the Grand Duchy of Luxembourg:

- Over EUR 1 billion worth of financing between 2009 and 2013
- In the form of individual loans, loans for SMEs and support for investment funds

The EIB's lending in Luxembourg traditionally focuses on three main areas: the public sector, the corporate sector, and support for SMEs.

### The public sector and support for the development of the EU institutions

It has to be said that economic actors in the Grand Duchy of Luxembourg have not turned to the EIB for assistance much in recent years. It should be remembered, however, that in the past the EIB has financed major projects, such as those mounted by Chemins de Fer Luxembourgeois, in particular to replace rolling stock and increase the capacity of the country's main railway lines. It has also supported the development of the EU institutions in Luxembourg by contributing to the project to refurbish and extend the European Court of Justice and European School buildings. Since 2012, the Bank has been involved in financing the refurbishment and construction of buildings for the European Parliament with a EUR 237 million loan.

The EIB is currently in close and ongoing contact with the country's authorities, which are examining the possibility of drawing on the EIB's finance and expertise to develop infrastructure.



**71.7bn** Overall lending volume (up 37%),

of which **64bn** within the EU (up 41%)

**21.9bn**

EIB Group support for **SMEs and midcaps** in Europe – the biggest ever volume and the Bank's single largest policy priority

The EIB dedicated more than

**9.1bn**

to its **youth employment programme**, preserving and creating around **50 000 jobs** for young people in the EU

### Overall EIB achievements 2013

**19bn**

for **climate action** supporting more resource-efficient and climate-proof solutions



**17.2bn**

EIB Group support for key enabling technologies and technical deployment for an **innovative** Europe

**15.9bn**

supporting key **strategic infrastructure** in transport and energy as well as accelerating the deployment of broadband infrastructure for high-speed internet in Europe

## The corporate sector

The corporate sector has also long been a recipient of EIB loans, although given the relatively small number of local large corporates, the EIB is only occasionally active in this segment. Examples include a EUR 200 million loan to SES Astra for the construction and launch of two satellites covering continental Europe and the financing of a major R&D programme undertaken by ArcelorMittal (EUR 15 million loan for the investments carried out in Luxembourg).



## Support for SMEs

The EIB provides strong support for SMEs throughout the European Union under the growth objective. It particularly targets projects that are likely to create jobs for young people.

In recent years, the EIB has responded to the investment needs of small Luxembourgish businesses by granting to BGL BNP Paribas and ING Bank credit lines that they can use to fund loans for SMEs. In December 2013, a new EUR 17.5 million EIB loan was channelled by ING to Luxembourg's SME market. Over the period 2009 to 2013, EUR 50 million worth of EIB funds was made available to SMEs by ING and another EUR 50 million by BGL BNP Paribas.

## The EIB at a glance

The EIB is the EU's long-term lending institution and is owned by the EU Member States. It makes long-term finance available for sound investment, contributing to growth, jobs, regional convergence and climate action in Europe and beyond.

To maximise growth and job creation, the EIB targets four priority areas: innovation and skills, SMEs, climate action and strategic infrastructure across the EU.

With over a quarter of its lending volume in 2013 – i.e. EUR 18.5bn (EUR 21.9bn including the European Investment Fund) – the EIB gave access to finance to SMEs and midcap companies, which provide around 66% of jobs in Europe.

The EIB's youth employment programme "Skills and Jobs – Investing in Youth" addresses job-related skills gaps and fosters the recruitment of young people in SMEs. In 2013, the EIB dedicated more than EUR 9bn to this programme, well in excess of its target of EUR 6bn.



## EIB loans for SMEs and midcaps

Loans for SMEs are credit lines made available to intermediary banks. They are aimed at SMEs and midcaps (firms bigger than SMEs, with up to 3 000 employees) operating in a broad range of sectors eligible for EIB financing. This lending formula, which is used particularly frequently because of the importance of small and medium-sized enterprises to employment in the EU countries, constitutes a flexible and transparent financing system that allows traceability. The banks tell and show their customers that they are passing on to them the favourable terms granted by the EIB – especially long maturities and low interest rates. These requirements to pass on the funding advantage and guarantee transparency for the end customers form an integral part of the contract between the EIB and the intermediary bank.

## Maintaining Luxembourg's strong position as a financial centre

The EIB also helps Luxembourg maintain its strong position as a financial centre through its fund investment activities, which are often carried out via structures based in the Grand Duchy. Thus, in support of venture capital operations, in 2013 the EIB continued to invest in Progress Microfinance Fund, which targets European microenterprises, to the tune of EUR 22.67 million, so increasing its participation to EUR 100 million over three years. Mention should also be made of the EUR 75 million invested in the European Energy Efficiency Fund, which is dedicated to sustainable energy projects mounted by public authorities in the energy, transport, infrastructure and service sectors. And attention should be drawn to the EIB's participation in Marguerite 2020, a pan-European infrastructure fund set up in Luxembourg with the other major European long-term financing institutions.



### The EIB in Luxembourg

The European Investment Bank in Luxembourg:

- The world's biggest multinational issuer (EUR 72bn in 2013), established in Luxembourg since 1968;
- A workforce of some 2 600; nearly 2 000 employees on the Kirchberg campus;
- A growing group, with the EIF (European Investment Fund) and its 240 employees;
- Close cooperation with the authorities, e.g. the CSSF (Commission for the Supervision of the Financial Sector);
- Strong civic engagement through the EIB Institute based in Neumünster Abbey; numerous joint activities with institutions including the University of Luxembourg and the Bridge Forum Dialogue.



### The European Investment Fund

The European Investment Fund (EIF) is the specialist arm of the EIB providing risk financing solutions to financial intermediaries to support SMEs and foster innovation in Europe. In 2013, the EIF committed a total of EUR 1.46bn for equity in 68 early and growth stage funds, which raised a total of EUR 7.15bn. On the guarantees side, it committed EUR 1.84bn in 69 transactions, which acted as a catalyst in attracting EUR 8.61bn of new loans for SMEs. The EIF's support for micro-enterprises across the EU-28 totalled EUR 53.8m, generating a loan volume of EUR 201.3m. Overall, more than 140 000 SMEs were supported by the EIF in 2013.

For more information:  
[www.eif.org/luxembourg](http://www.eif.org/luxembourg).

For further information on the EIB in Luxembourg: [www.eib.org/luxembourg](http://www.eib.org/luxembourg)

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## Annex: EIB operations in Luxembourg (2009 to 2013)

| Year                      | Project name/Description   | Signed amount<br>(in EUR m) |
|---------------------------|--|-----------------------------|
| <b>Industry/Corporate</b> |  |                             |
| 2009                      | <b>SES ASTRA HIGH CAPACITY SATELLITES:</b> Construction and launch of two satellites covering continental Europe   | 200.00                      |
| 2009                      | <b>AAE EUROPEAN RAILFREIGHT:</b> Purchase of 2 700 intermodal and standard wagons  | 33.00                       |
| 2010                      | <b>ARCELORMITTAL R&amp;D FACILITY:</b> Research, engineering and technological innovation in centres in Ghent and Liège (Belgium); Esch-sur-Alzette (Luxembourg); Isbergues, Montataire, Gandrange, Maizières-les-Metz and Le Creusot (France); and Avilès (Spain) | 15.00                       |
| 2012                      | <b>EUROPEAN PARLIAMENT KAD1 - KAD2:</b> Refurbishment of existing European Parliament building (KAD1) and construction of extension (KAD2)   | 237.00                      |
| <b>Sub-total</b>          |  | <b>485.00</b>               |
| <b>Support for Funds</b>  |  |                             |
| 2009                      | <b>MERIDIAM INFRASTRUCTURE FUND II:</b> Equity participation in pan-European infrastructure fund investing in transportation, social infrastructure and environmental projects   | 50.01                       |
| 2009                      | <b>MARGUERITE 2020 FUND:</b> Participation in pan-European infrastructure fund targeting key energy, environmental and transportation objectives   | 100.00                      |
| 2009                      | <b>DASOS TIMBERLAND FUND 1 SCA SICAV-FIS:</b> Financing of new private equity fund specialising in acquisition of assets in forestry sector in Europe  | 30.00                       |
| 2009                      | <b>GREEN FOR GROWTH FUND:</b> Equity participation in fund specialising in financing small-scale energy efficiency projects in south-east Europe   | 25.00                       |
| 2010                      | <b>GINKGO FUND:</b> Equity participation in private equity fund dedicated to acquiring portfolio of brownfield sites in France and Belgium   | 15.60                       |
| 2011                      | <b>EUROPEAN ENERGY EFFICIENCY FUND:</b> Fund targeting sustainable energy projects proposed by public authorities in EU  | 75.00                       |
| 2012                      | <b>AVIVA HADRIAN INFRA SUB DEBT FUND:</b> Subordinated debt fund enabling capital markets to offer long-term senior debt to infrastructure projects in Europe  | 60.00                       |
| 2010 to<br>2013           | <b>PROGRESS MICROFINANCE FUND (PMF FUND):</b> Investment in fund that provides financing to self-employed persons, microenterprises and microentrepreneurs   | 100.00                      |
| <b>Sub-total</b>          |  | <b>455.61</b>               |

| Years                 | Project name/Description  | Signed amount<br>(in EUR m) |
|-----------------------|---|-----------------------------|
| <b>Loans for SMEs</b> |   |                             |
| 2009                  | <b>BGL BNP Paribas LOAN FOR SMES:</b> Financing of small and medium-scale projects undertaken by SMEs | 50.00                       |
| 2009 to 2013          | <b>ING BANK NV LOAN FOR SMES:</b> Financing of small and medium-scale projects undertaken by SMEs     | 50.00                       |
| 2013                  | <b>ING BANK NV LOAN FOR SMES AND MIDCAPS V:</b> Financing of projects undertaken by SMEs and midcaps  | 17.50                       |
| <b>Sub-total</b>      |   | <b>117.50</b>               |
| <b>Grand total</b>    |   | <b>1 058.11</b>             |

For further information on the EIB in Luxembourg: [www.eib.org/luxembourg](http://www.eib.org/luxembourg).

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