



Cohesion policy is unique to the European integration process. It aims to help each region achieve its full potential, to bring about a convergence of living standards and prosperity across the European Union. It was one of the original *raison d'être* of the European Investment Bank when it was created in 1958, and continues to be one of its priorities.

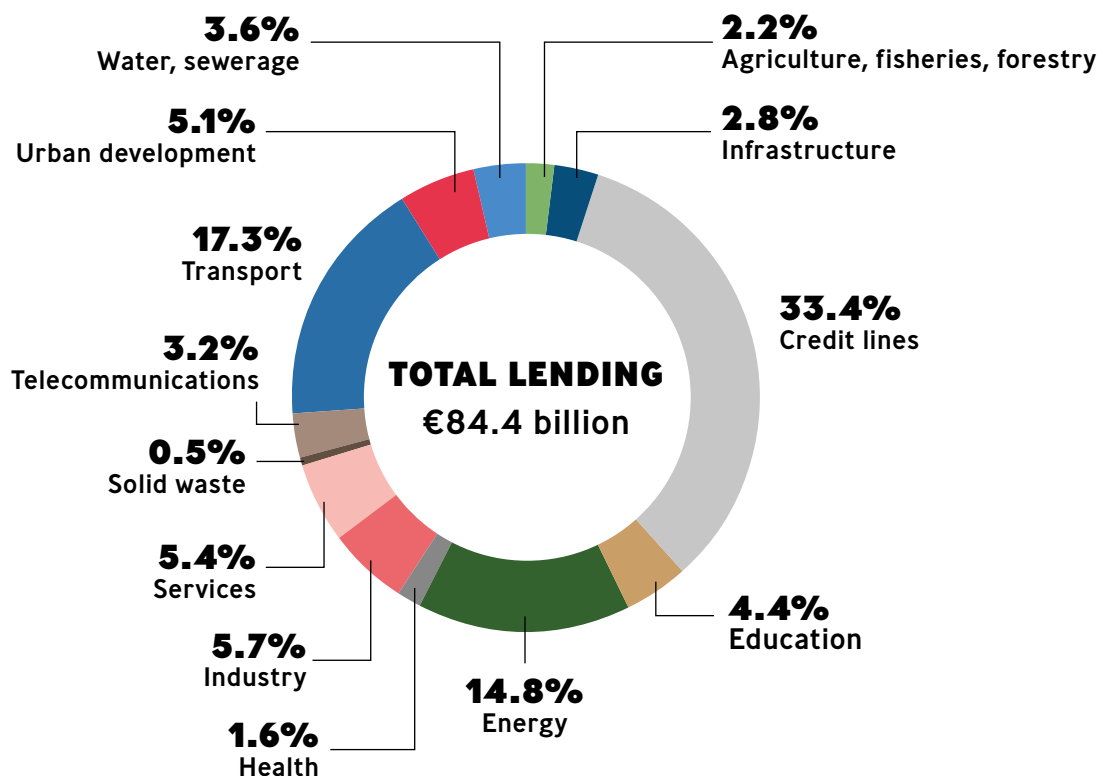
While the cohesion policy covers every EU region, most EU funds are targeted where they are most needed: at regions with a GDP per capita under 75% of the EU average. The EIB complements EU grants with loans and other financial instruments for projects and programmes that support economic, social and territorial cohesion. In addition, the Bank plays an advisory role by helping public authorities in cohesion regions to improve the technical and financial quality of their projects, reinforce their institutional capacity and attract funding.

EIB-supported cohesion projects seek to address inequalities by providing job and education opportunities, access to public infrastructure and services and a healthy and sustainable environment, as well as enabling a thriving economy across the whole European Union. In sum, balanced territorial development that will leave no one behind.

FACTS AND FIGURES

The EIB's annual target for cohesion lending is **30% of all new operations** in the European Union, Pre-Accession and EFTA countries. The Bank has met this target consistently. In the period 2015-2019, the EIB provided **€84.4 billion** to projects in EU cohesion regions. For 2019 alone, this amounted to **€16.13 billion**.

Cohesion lending in the European Union by sector 2015-2019



FINANCING

The EIB has a wide range of financing instruments for municipalities and regional governments, based on their investment needs: framework loans, investment loans, intermediated loans and equity funds. An important part of our lending is also support for European structural and investment fund projects: we finance a share of the national co-financing obligations or manage and invest these funds on behalf of EU managing authorities, through financial instruments. The main purpose is to invest European structural and investment funds into economically viable projects promoting EU policy objectives. We do so in close cooperation with the European Commission, EU national and regional governments, international financial institutions and national promotional banks.

Since 2007, the Bank has complemented these funds with over €28 billion in structural programme loans, primarily in the East and South of the European Union. Moreover, from 2010 onwards, EIB has invested and managed more than €2.6 billion through financial instruments, supporting nearly 3 000 sustainable projects in the European Union, and mobilising over €7 billion over the funds contributed to the EIB.

ADVISORY SERVICES

By involving the EIB, our clients get not only a meaningful financial contribution, but also our technical and strategic expertise. EIB engineers and economists are involved in appraising every project that receives our funds. This is particularly important in those countries where the capacity to implement complex operations is not sufficiently advanced. Over the last 15 years, EIB advisory activities in cohesion regions have supported more than 1 000 projects, representing around 50% of the entire advisory portfolio.

With the support of the EU budget, the EIB offers technical assistance and financial structuring support to prepare and implement projects, to build the capacity of national or regional partners (e.g. managing authorities, national promotional banks or cities) and increase the chances that their projects will be eligible for funding. In cohesion regions, EIB advisory services are crucial for two main reasons: on the one hand, they enhance the administrative and institutional capacity of public entities and private promoters, thus they enable their projects to better contribute to growth and economic convergence by unlocking additional growth potential; on the other, they enable EU funds to be absorbed faster and more effectively.

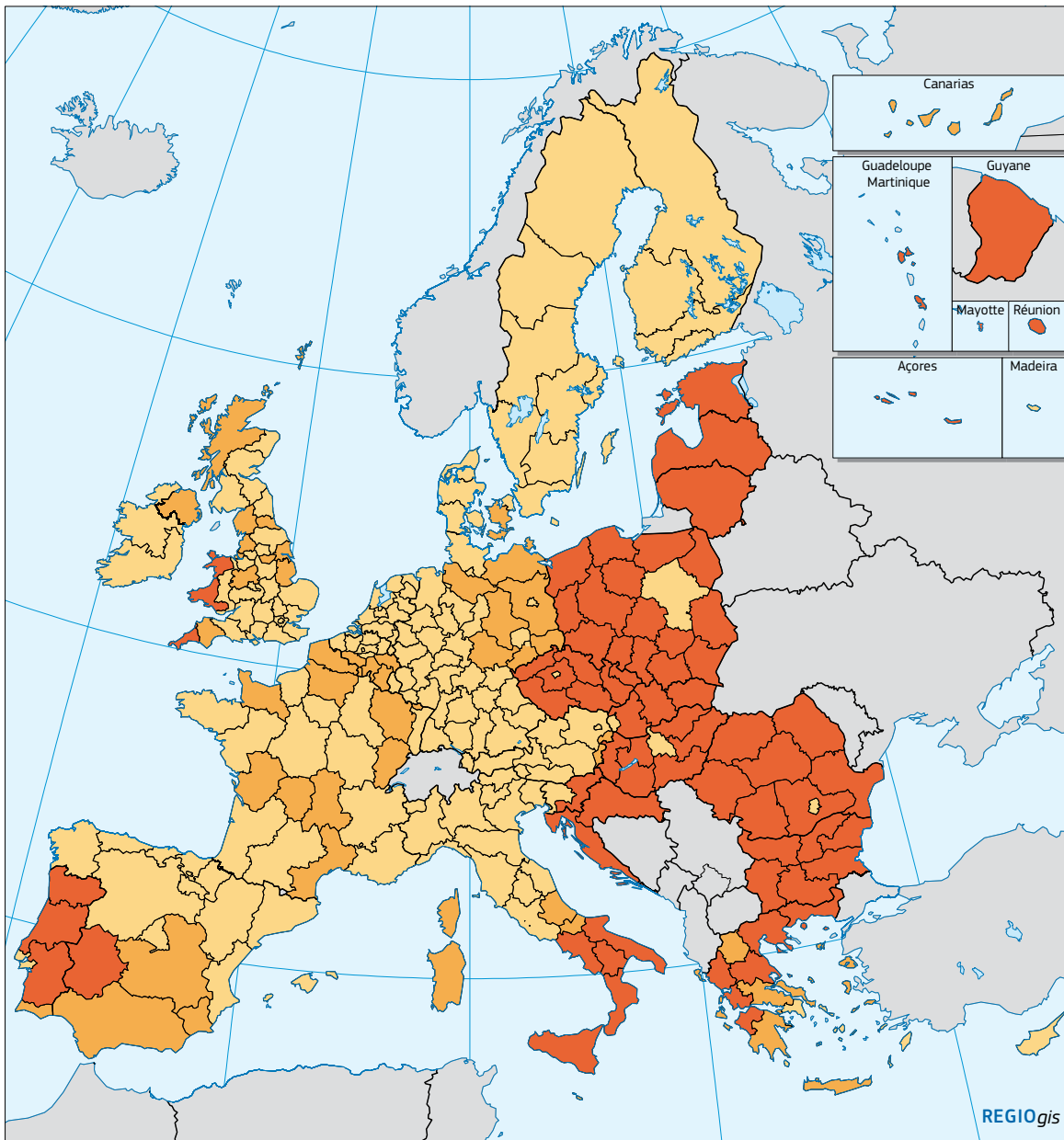
THE EUROPEAN INVESTMENT ADVISORY HUB

The EIB and the European Commission have worked together to launch a number of advisory mandates and programmes to address the specific needs of cohesion countries, such as JASPERS, launched in 2006, and the Project Advisory Support initiative, launched in 2014. In 2015, they launched the European Investment Advisory Hub, which has enabled a broader support package for cohesion regions that includes the programmes mentioned above and other initiatives such as the European Public-Private Partnership Expertise Centre, or EPEC, ELENA, a dedicated programme to support local energy efficiency projects, and URBIS, a dedicated advisory initiative for cities.

The Advisory Hub is also working closely with national promotional banks and institutions to deliver advisory services in EU nations and regions.

To strengthen the local support for the development of projects, including those financed under EFSI, the Advisory Hub is assisting national promotional banks and institutions in enhancing their capacities through a variety of tools. These include a dedicated call for proposals, which provides these institutions with financial support for the development of their own advisory capacity or for the provision of such services.

Applicants from cohesion countries included Hungary, Latvia, Lithuania, Slovakia, Slovenia and Bulgaria. The Hub also provides coaching for national promotional banks and institutions, offers secondment opportunities and organises knowledge-sharing events.



Structural Funds (ERDF and ESF) eligibility 2014-2020

Category

- Less developed regions (GDP/head < 75% of EU-27 average)
- Transition regions (GDP/head between $\geq 75\%$ and $< 90\%$ of EU-27 average)
- More developed regions (GDP/head $\geq 90\%$ of EU-27 average)

Source: DG REGIO



© EuroGeographics Association for the administrative boundaries

Source: **Eurostat**

ERDF: European Regional Development Fund

ESF: European Social Fund

Both ERDF and ESF are European Structural and Investment Funds which are funds to support economic development across all EU countries. [See here](#)

The ERDF aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions.

The ESF invests in people, with a focus on improving employment and education opportunities across the European Union. It also aims to improve the situation of the most vulnerable people at risk of poverty.

FINANCIAL INSTRUMENTS IN THE NEXT EU BUDGET

In the next EU budget, for the 2021-2027 period, the allocation for cohesion and regional policy will likely shrink. This will result in an increasing need for EIB lending and growing use of financial instruments leveraged through the EIB, including using EU structural funds to provide guarantees, creating dedicated revolving (debt/equity) funds for cohesion projects and setting up investment platforms alongside national promotional banks. If a project generates revenues and cost savings, a financial instrument should be the default option for public intervention.

To improve the efficiency of public funds, the use of financial instruments can be a game changer due to their revolving nature and the ability to attract private capital and leverage over scarce public funds. With an emphasis on delivering economic, social and territorial cohesion, financial instruments will trigger investments for revenue-generating and cost-saving activities by maximising private intervention while minimising public support.

The EIB has been a pioneer and leader in the implementation and deployment of financial instruments under shared management since their adoption by the European Commission. These products are a key element of the new mandate landscape inside the European Union, together with InvestEU and other flagship mandates like the Innovation Fund. The EIB is working closely with the European Commission to define a new framework for investments under the InvestEU Fund. The aim is to encourage the combination of resources from European structural and investment funds (including from the Cohesion Fund) in the InvestEU Fund to promote national and regional customisation to support cohesion policy objectives. Financial instruments will play a key role in complementing EIB operations (under EFSI and InvestEU) by enabling impact finance and blending to foster regional cohesion.

The EIB Group can rely on a set of established products, extensive technical know-how and close relationships with all key stakeholders (including managing authorities and the European Commission's Directorate-General for Regional and Urban Policy), which sets it apart from other players in this area of operations. Unlike other budget lines, the volume of financial instruments under shared management is expected to increase in the new 2021-2027 multiannual financial framework, the European Union's long-term budget, underpinned by a new, streamlined set of rules.





PROJECT HIGHLIGHTS

Whether it's about upgrading urban infrastructure in the Czech Republic and Poland, or supporting the rural economy in Spain and Hungary and forestry in Ireland, the EIB invests in Europe's regions, helping to make them inclusive and successful. The EIB also acts as a catalyst for bigger infrastructure projects that need significant financing. Many projects now belong to history and have become part of a local landscape, like the Autostrada del Sole in Italy, which connected the country from north to south in the 1960s, and still does. Other projects are more recent, though no less impactful. The examples below provide a sample of the variety of countries and sectors where a cohesion-inspired loan has benefited local economies and helped lift living standards.

Urban Infrastructure in Plzeň, Czech Republic

Three loans totalling approximately €113 million to the city of Plzeň, in Western Bohemia, to finance municipal infrastructure projects in the areas of transport, environmental protection, water infrastructure, education, cultural heritage and other municipal services.

[More information online](#)

Framework Loan, Greece

€2 billion multi-investment framework loan to support the economic recovery and accelerate transition to a smart, sustainable and inclusive growth path. It targets the priority areas that Greece has identified as crucial for its long-term development, namely innovation, education, digitalisation and the fight against unemployment.

[More information online](#)

Reconstruction Madeira Framework Loan, Portugal

€62.5 million loan to Madeira to rebuild key infrastructure following the natural disaster of February 2010.

[More information online](#)

Bratislava Region Framework Loan, Slovakia

€21 million framework loan to rebuild roads and bridges, upgrade schools and modernise cultural centres.

[More information online](#)

Guarantee for French overseas territories of French Guiana, Guadeloupe, Réunion, Martinique and Mayotte, France

€150 million EIB guarantee under the Juncker Plan for a loan from AfD for investments in urban development, tourism, energy and social services with public and private promoters in French overseas territories. French and other EU Outermost Regions also benefited from support under the Advisory Hub to look at the feasibility of establishing investment platforms and financial instruments in the Regions.

[More information online](#)

Transgaz Brua Interconnection Project, Romania

€100 million EIB loan to build the Romanian section of the Bulgaria-Romania-Hungary-Austria (BRUA) natural gas transmission corridor, thus enabling better market integration and increasing security of supply. This project also benefited from bespoke technical assistance support under the Advisory Hub.

[More information online](#)

Romania Rural Development

€450 million EIB loan to co-finance rural development projects across the whole of Romania supported by EU funds totalling €5.4 billion. It will support the modernisation of 3 000 farms and co-finance 400 projects focused on the processing and marketing of agricultural products and 750 schemes to improve services for the rural population.

[More information online](#)

PROJECT HIGHLIGHTS

Rural Development, Hungary

€400 million EIB loan to Hungary to co-finance priority projects fostering rural development that receive support from the European Agricultural Fund for Rural Development within the programming period 2014-2020. The loan will help safeguard and create jobs in rural areas in the agri-food production and processing sectors, forestry and rural tourism and service provision.

[More information online](#)

Support for the rural economy, Spain

The EIB, EIF and ICO signed an agreement with Grupo Cajamar to provide over €1 billion to the SMEs and self-employed working in rural areas and the agri-food sector.

[More information online](#)

Forestry, Ireland

€30 million with Dasos Capital Oy, an experienced forest investment manager to consolidate a portfolio of around 12 000 hectares of productive forest area in Ireland and ensure its sustainable management.

[More information online](#)





ADVISORY SUPPORT IN COHESION COUNTRIES

Investment platform support: as part of the URBIS initiative, the EIB assisted a national promotional institution in the design and deployment of an investment platform in Bulgaria that seeks to combine ESI Funds with EIB financing (under the EFSI guarantee) in the urban development sector. This may be combined with a technical assistance package for Bulgarian municipalities to help prepare projects for funding from the investment platform.

[More information online](#)

Support for a private promoter: EIB Advisory advised Rimac, a private Croatian company that produces electric vehicle components. After the EIB reviewed the company's business plan and financial model and explored different possible financing solutions, the project was handed over to the EIB lending team and received a €30 million loan signed in December 2018.

Smart taxes to help Romania boost recycling: Romania is racing to catch up with the rest of the European Union on recycling. One of the crucial steps in this waste race was to encourage more environmentally responsible habits by rethinking financial incentives. Romania called on EIB Advisory's largest programme, JASPERS. Over eight months, a team of four JASPERS engineers and economists reviewed all the country's financial incentives in the waste management sector. The team proposed new waste management taxes and fees to reduce waste land-filling and invest in waste collection and selective sorting. In January 2019, Romania adopted a law that included all of JASPERS' recommendations.

EPEC, the European public-private partnership expertise centre hosted in EIB Advisory, provided support to Latvia in preparing its E67/A7 motorway project for market launch, following earlier reviews of the business case, choice of procurement route and appointing transaction advisers. The project was launched for tender in August 2018 and five expressions of interest were received in January 2019.

[More information online](#)

In the Czech Republic, EPEC supported the development of a public-private partnership decision for the D4 expressway project and advised the Ministry of Transport on a number of technical matters related to the preparation of the tender documents. A tender process is currently underway.

[More information online](#)

EXAMPLES OF FINANCIAL INSTRUMENTS UNDER SHARED MANAGEMENT

JESSICA Sardinia

€81.7 million of ESIF contributed by Regione Autonoma della Sardegna to an EIB-managed financial instrument. More than 40 projects of sustainable urban development and energy efficiency have been financed in Sardinia, mobilising nearly €200 million of total investments.

[More information online](#)

Investing EU funds granted to Polish regions via the EIB Group

As of December 2019, 13 operational agreements had been signed with eight financial intermediaries (banks and loan funds) for the amount of €283 million with additional leverage from private funds. By end-2019, Decentralised Financial Instruments (DFIs) supported around 600 SMEs, including 55 start-ups, 59 energy efficiency and renewable energy projects and 12 urban projects for a total of around €100 million. Example: support for renewable energy investment in the Polish region of Pomerania.

[More information online](#)



RESOURCES

PUBLICATIONS

- **Regional development**
- **Cities and urban development**
- **URBIS factsheet**
- **Advisory Hub Report**
- **Győr: How to compete with capital cities**
- **Burgas: Planning a Black Sea smart city**
- **Warsaw: Revival and realignment**

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to stories, brochures
and videos, is available at:

[http://www.eib.org/
cohesion-overview](http://www.eib.org/cohesion-overview)

