



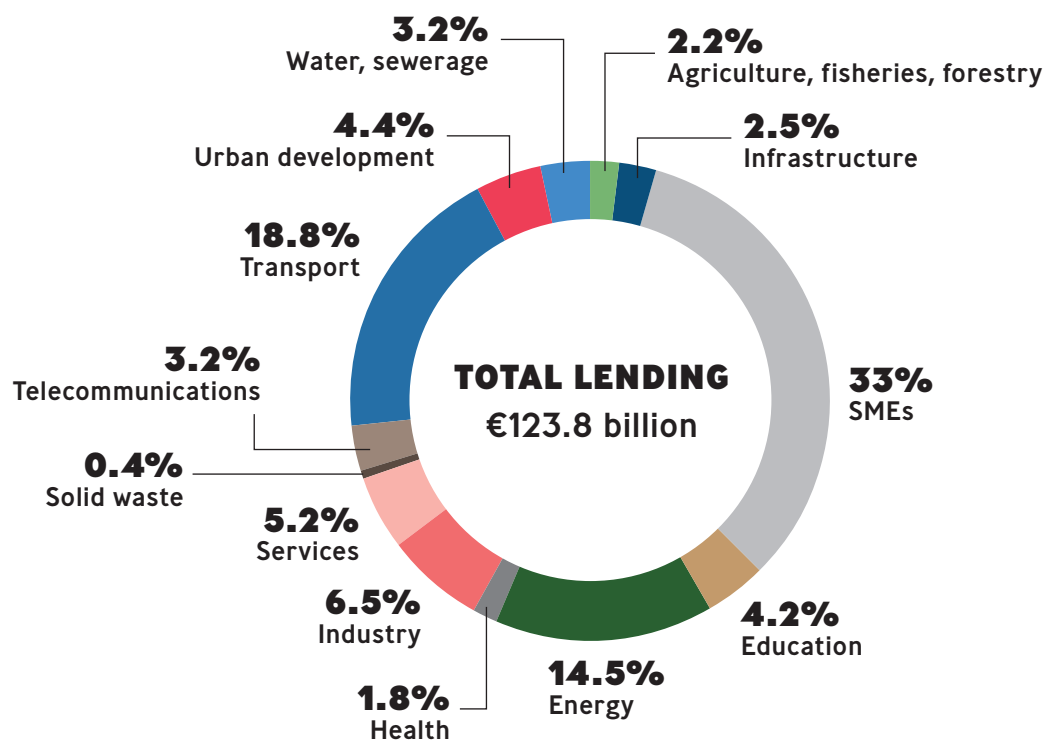
Cohesion policy is unique to the European integration process. It aims to help each region achieve its full potential, and to bring about a convergence of living standards and prosperity across the European Union. Cohesion was one of the original reasons behind the creation the European Investment Bank (EIB) in 1958, and continues to be one of its priorities.

The EIB's cohesion financing supports projects in EU regions with gross domestic product (GDP) per capita below the EU average. These projects must fall under at least one of the EIB's four priorities: innovation, infrastructure, small and medium-sized enterprises (SMEs) and environmental sustainability. 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 advises public authorities and project promoters in cohesion regions on how to improve the technical and financial quality of their projects, adopt successful strategies in areas such as transport and climate, reinforce their institutional capacity and attract funding.

The European Investment Fund (EIF), founded in 1994 as part of the EIB Group, also plays an important role in EU cohesion policy by managing EU funds on behalf of national and regional authorities.

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 entire European Union. In sum, balanced regional development that will leave no one behind.

Cohesion lending in the European Union by sector 2014-2020



Cohesion and Regional Development **OVERVIEW** 2021

FACTS AND FIGURES

In the period 2014-2020, the EIB provided €123.8 billion to projects in EU cohesion regions. In 2020 alone, this lending amounted to €19.5 billion. In October 2021, the EIB approved a new framework for its cohesion action for 2021-2027, increasing its financing for cohesion regions. By 2025, the EIB will aim to dedicate 45% of its annual EU lending to cohesion regions (whose gross domestic product (GDP) per capita is below the EU average) and 23% to less developed regions (whose GDP per capita is less than 75% of the EU average). It will also increase overall support for innovation and private sector development in these regions.

LENDING AND MANAGING FINANCIAL INSTRUMENTS

The EIB has a wide range of financing products for municipalities and regional governments based on their investment needs, from investment loans for large projects to framework loans for smaller multi-sector projects.

Our lending supports the delivery of the EU budget's shared management funds (previously known as European Structural and Investment Funds or ESIF). We finance a share of the national co-financing obligations with our structural programme loans, provide investment loans, and manage and invest these funds on behalf of EU managing authorities through financial instruments. The main purpose of these financial instruments is to invest EU funds in economically viable projects promoting EU policy objectives.

Since 2007, the Bank has complemented these EU funds with over €31 billion in structural programme loans, primarily in the east and south of the European Union. Moreover, the EIB Group has pioneered the implementation of financial instruments under shared management starting with JESSICA and JEREMIE during the 2007-2013 programming period and continuing with a wider thematic range in the 2014-2020 period. The EIB has managed nearly €3.4 billion on behalf of regional managing authorities, supporting some 3 600 projects in the period 2007-2020. The EIF has managed €1.1 billion in ESIF funds, leveraged to an aggregate portfolio of about €2.6 billion of SME financing supporting around 21 000 SMEs during the 2007-2013 period, and 60 500 in the 2014-2020 period. The EIB Group has thus established a unique market position thanks to its extensive experience and technical knowledge covering the entire financial instrument life cycle, from product design to implementation, management and financing.



Rehabilitation of the Simeria railway line, Romania.



Financial instruments under shared management leveraged through the EIB or EIF can be used to provide guarantees, create dedicated revolving debt or equity funds for cohesion projects, or set 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. Financial instruments put EU funds to good and efficient use, ensuring that EU grants are complemented by other financial products so that EU funding can be used again in a revolving fashion. They also have the ability to attract private capital, allowing for even greater impact. Since 2015, the EIB, together with the European Commission, has managed the fi-compass platform, which delivers advisory services on financial instruments under the shared management funds. fi-compass is designed to support managing authorities and other interested parties by providing practical know-how and learning tools on financial instruments.

The EIB Group also stands ready to engage with Member States interested in the InvestEU Member State compartment. EU countries can contribute a part of their shared management funds to the InvestEU Fund by setting up a “Member State compartment”. This contribution is voluntary and enables countries to benefit from the EU guarantee’s high credit rating, which in turn enables higher-risk projects to be financed.

In addition to working with the public sector, we also finance the private sector in cohesion regions: about a third of our lending benefits SMEs and mid-caps thanks to our intermediated loans. We also finance larger corporates in various sectors.

ADVISORY SERVICES

By working with the EIB, our clients not only benefit from a meaningful financial contribution, but also from our technical, financial and strategic expertise. EIB engineers and economists appraise every project that we finance, and the EIB makes this expertise available in the form of advisory support to promoters, regional and national authorities, and financial intermediaries. This is particularly important in those countries where the capacity to implement complex operations is limited. 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 EU budget support, the EIB offers technical and financial advisory services to prepare and implement projects, build the capacity of national and regional partners and increase the chances that their projects will be eligible for funding. Furthermore, EIB Advisory also supports strategic and market development to identify financing needs and gaps and develop the frameworks and instruments to address these needs. In cohesion regions, EIB advisory services are particularly useful: with improved institutional capacity, public entities and private promoters can realise projects that contribute more to growth and economic convergence by unlocking additional growth potential. EIB Advisory also enables EU funds to be absorbed faster and more effectively.

Joint EIB-EU advisory mandates and programmes that address the specific needs of cohesion countries include Joint Assistance to Support Projects in European Regions (JASPERS), launched in 2006, and the Project Advisory Support or PASSA initiative, launched in 2014.

JASPERS works with local authorities, project developers and EU funds’ managing authorities in EU countries to help them prepare strategies and sustainable projects, and build their capabilities in planning, designing, contracting and delivering in areas such as the circular economy, energy efficiency, carbon neutrality, smart cities, applied research and innovation, healthcare systems, connectivity and sustainable mobility, affordable water and sanitation services, flood and disaster risk management, and biodiversity protection. The PASSA initiative combines EIB internal expertise and external consulting to boost the implementation of EU-funded projects, working hand in hand with the promoters and managing authorities.

Cohesion and Regional Development **OVERVIEW**

2021

Other advisory programmes include InnovFin Advisory, which provides guidance to clients with research and innovation projects to improve their access to finance and advises decision-makers on enhancing market and investment conditions, and the European Public-Private Partnership Expertise Centre (EPEC), which assists the public sector in cohesion regions in a range of policy areas and provides strategic support on the preparation, procurement and management of public-private partnership projects.

In 2015, the European Commission and the EIB launched the European Investment Advisory Hub to provide a broader advisory support package that includes the programmes mentioned above and initiatives such as European Local Energy Assistance, or ELENA, which supports local energy efficiency projects, and URBIS, a dedicated initiative for cities.

The Advisory Hub provides expertise in identifying, designing, developing and implementing specific projects and investment platforms. It works closely with national promotional banks and institutions (NPBI) in the European Union, covering their technical preparation and financial structuring. The Hub makes funding and technical support available to NPBI partners to develop their own capacity to deliver advisory services locally and boost investments on the ground. Thanks to this support, for instance, the Slovak national promotional institution SIH is setting up a dedicated advisory team that will help project promoters in the country to deliver energy efficiency projects.

SUPPORTING A JUST TRANSITION FOR ALL TO ACHIEVE CARBON NEUTRALITY

The transition to a net zero emissions economy by 2050 will bring about profound socioeconomic challenges in those regions that heavily depend on carbon-intensive activities today. The likelihood of significant job losses, lower regional GDP and shrinking tax revenues in those regions calls for a strategy that makes the transition just and fair for all.

The EIB will participate in all three pillars of the Just Transition Mechanism, which will generate additional investment to benefit the most affected regions:

- The EIB will co-finance investments under the Just Transition Fund in the same way it co-finances investments for the traditional shared management funds.
- As the main implementing partner of the InvestEU programme, the EIB will be involved in the implementation of the dedicated Just Transition Scheme under InvestEU.
- The EIB will provide lending under the public sector loan facility to support regional authorities. EU grants will complement these loans. The combined resources will be used for investments in energy and transport infrastructure, social infrastructure, district heating networks, and the renovation and insulation of buildings, among others.

EIB Advisory can also play a key role in securing a just transition. This could include support for preparing transition strategies and plans, especially their link to other investment programmes, and for mobilising private sector investment.

The EIB is already working to help countries and businesses throughout the transition. We included a dedicated energy transition package in our new Energy Lending Policy. This means that the Bank will consider financing up to 75% of energy project costs in Central and Eastern Europe, instead of the usual 50%.



The EIB Group has recently adopted its Climate Bank Roadmap to deliver on its ambitious agenda to support €1 trillion of climate action and environmental sustainability investments in the decade to 2030 and to allocate more than 50% of EIB finance to climate action and environmental sustainability by 2025. As part of the roadmap, all new EIB Group operations will be aligned with the goals and principles of the Paris Agreement. The principles of the roadmap will also bring a bigger, more positive environmental impact to cohesion projects, as the Bank will seek to promote not only projects that can bridge economic gaps, but also environmental ones. The Just Transition Mechanism is a good example of how the Bank can contribute to both cohesion and climate objectives at the same time.



Katowice, Poland.

PROJECT HIGHLIGHTS

Whether it is upgrading urban infrastructure in the Czech Republic and Poland, or supporting the rural economy in Romania and Hungary and renewable energy in Spain, 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 from the past have become part of the local landscape, like the Autostrada del Sole in Italy, which connected the north and south of the country in the 1960s and still does today. 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 for their people.

Urban infrastructure – 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](#)

Urban regeneration – Bulgaria

A €25 million loan to Fund FLAG to promote urban regeneration and rehabilitation in cities across Bulgaria, expected to create 1 500 construction jobs. 20% of the investment will go to energy efficiency and climate adaptation projects. This operation is part of a wider collaboration to increase the firepower of cohesion funding for urban development. In 2020, the EIB, the Fund of Funds (Fund Manager of Financial Instruments in Bulgaria) and Fund FLAG [established the Bulgarian Urban Investment and Advisory Platform](#). Financed by the European Investment Advisory Hub, this platform aims to benefit Bulgarian municipalities by coordinating the efforts of funding and advisory partners, both at EU and national level, and bringing together EU cohesion funding with EIB lending and advice via dedicated urban development financial instruments and intermediaries.

[More information online](#)



Social housing – Poland

€34 million in EIB financing for affordable housing in Poznan for the construction of approximately 1 300 housing units. This project also benefited from support by the European Investment Advisory Hub.

[More information online](#)

Framework loan – Greece

A €2 billion multi-investment framework loan to support the economic recovery and accelerate the 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](#)

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

A €150 million EIB guarantee under the Juncker Plan (European Fund for Strategic Investments) 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



Improvement of municipal infrastructure in the city of Usti nad Labem, Czech Republic

Renewable energy – Extremadura, Spain

The EIB and Instituto de Crédito Oficial (ICO), Spain's state-owned bank attached to the Ministry of Economy and Business, signed a green financing deal with Iberdrola for the largest photovoltaic power plant under construction in Europe, in Extremadura.

[More information online](#)

Supporting SMEs – Croatia

A €100 million loan to the Croatian Bank for Reconstruction and Development (HBOR) to accelerate the recovery of Croatian SMEs and mid-caps from the COVID-19 crisis.

[More information online](#)

Supporting businesses – Baltic States

The EIB and the EIF have issued a guarantee to Luminor Bank AS for new lending to SMEs and mid-caps in the Baltic States. This synthetic securitisation transaction with Luminor will help companies through the COVID-19 crisis.

[More information online](#)

Upgrading elderly care infrastructure – Portugal

The EIB and the Instituição Financeira de Desenvolvimento (IFD) provided €200 million in financing to upgrade elderly care infrastructure. The investment programme comprises approximately 150 projects in Portugal, including projects for people with disabilities. It will improve the availability of long-term care services through the construction, refurbishment and upgrade of facilities.

[More information online](#)

benefited from Advisory Hub support for looking at the feasibility of establishing investment platforms and financial instruments in these regions.

[More information online](#)

Rural development – Romania

A €450 million EIB loan to co-finance rural development projects across 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](#)

Rural development – Hungary

A €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](#)

ADVISORY SUPPORT IN COHESION REGIONS – HIGHLIGHTS

Virtual reality lab in Bulgaria

The Advisory Hub's experts are helping the region of Stara Zagora to assess the market potential and build a business case for the development of a laboratory for immersive multi-wall virtual reality that will host research and development activities, fostering collaboration between investors, universities and

innovative industries. The Advisory Hub has helped develop a financial model to generate sustainable revenues and attract further financing sources, ensuring that the project is viable, financially sustainable and delivers economic, social and educational benefits.

[More information online](#)



Virtual reality lab, Bulgaria.



Tailored assistance package to improve healthcare facilities in Romania

The Romanian government has set an ambitious target to build three regional hospitals in strategic areas in the north-west, north-east and south-west of the country. Romanian authorities requested the integrated assistance of the Hub to prepare applications for the European Commission's grant funding allocation and to assist with the procurement of the design and development of the three hospital projects.

[More information online](#)

Smart infrastructure investment in Thessaloniki

Following a €37.5 million EIB framework loan approval in 2015, the Municipality of Thessaloniki asked the Advisory Hub, under the URBIS initiative, to help implement the city's municipal investment programme. This included the finalisation of an investment programme and strategy, project prioritisation and technical assistance for specific investment areas.

[More information online](#)

InnovFin Advisory in Romania and Bulgaria

InnovFin Advisory was very active in cohesion countries, especially in Romania and Bulgaria, providing support to projects in the area of higher education. In Romania, IFA provided advisory support to several universities to assess funding options for their capex programmes. In Bulgaria, it is helping the largest network of electric vehicle charging stations to seek funding to expand its network.

E-School pilot project in Croatia

JASPERS supported an e-School pilot project in Croatia, which was rewarded by the European Commission's Directorate-General for Regional and Urban Policy as one of the best cohesion policy projects in the European Union in 2020. This pilot project, the first phase of a major project aimed at increasing information and communication technology use in primary and secondary education

in Croatia, provided equipment and educational tools to some 50 000 teachers and 500 000 students. JASPERS supported the beneficiary, the Croatian Academic and Research Network (CARNET) during project preparation, providing methodological guidance, including the cost-benefit analysis to measure the socioeconomic impact of the project and the educational outcomes expected from introducing ICT tools (training, materials and equipment) into the learning experience.

E67/A7 Kekava bypass in Latvia

EPEC provided support to Latvia in preparing its E67/A7 motorway (Kekava bypass) public-private partnership project for market launch, following earlier reviews of the business case, choice of procurement route and appointment of transaction advisers. The project was launched for tender in August 2018, five expressions of interest were received in January 2019 and the Government of Latvia approved construction of the bypass in August 2020. In July 2021, the EIB provided €61.1 million to finance the public-private partnership that will design, build, finance and maintain the bypass.

[More information online](#)

Public-private partnership support in Greece

EPEC has been supporting Greece on a range of public-private partnership institutional and policy issues in conjunction with DG Reform. It contributed to a review of the delivery of a public-private partnership schools programme that successfully reached financial close and is providing further guidance on project preparation and procurement for what is expected to be a programme of new school public-private partnerships procured by local municipalities.

ELENA in cohesion countries

ELENA, the European Local Energy Assistance programme, is managed by the EIB on behalf of the European Commission. It offers grants for specific project development and implementation in 10 cohesion countries, with an expected investment of around €1.5 billion.

[More information online](#)

FINANCIAL INSTRUMENTS UNDER SHARED MANAGEMENT – HIGHLIGHTS

Support to Sardinia in Italy in response to the COVID-19 crisis

In May 2020, in response to the COVID-19 crisis, the EIB and the Region of Sardinia signed a funding agreement for a fund of funds called “Emergenza Imprese Sardegna”, with the EIB as fund of funds manager. The €150 million fund is financed by the European Regional Development Fund (ERDF) and regional resources, and supports companies particularly impacted by the crisis and those in the biomedical and health sector. At the end of 2020, €15 million had been allocated to 23 projects. This fund of funds in Sardinia is part of a wider multi-regional fund of funds platform for Italy that was set up by the EIB in response to the COVID-19 crisis.

Support for the Andalusian agricultural sector

In December 2020, the EIB and the Junta de Andalucía signed a funding agreement to manage a fund of funds that will provide up to €250 million in financing. The fund will help to preserve and create jobs in two sectors – primary agriculture and agri-food – which together generate more than 34% of employment in a Spanish autonomous community where over 30% of the population live in rural areas. The regional government of Andalusia will provide a funded contribution of up to €50 million from its 2014-2020 Rural Development Programme funded through the European Agricultural Fund for Rural Development (EAFRD).

[More information online](#)

Support for energy efficiency projects in the Polish housing sector

In 2018, the EIB, acting as fund of funds manager, signed three agreements for €64 million in total with Getin Noble Bank S.A., one of the leading banks in the Polish housing sector, to provide loans to improve the energy efficiency of residential buildings in three Polish regions: Pomerania, Mazovia and Kujawsko-Pomorskie. At the end of December 2020, 79 projects had already been financed.

[More information online](#)

La Financière Région Réunion – Financial instruments to support SMEs in France

The La Financière Région Réunion fund of funds, with the EIF acting as fund manager, was set up in Réunion with resources from the European Regional Development Fund. Its mandate is to implement and manage two financial instruments to support SMEs, including micro-enterprises. The region has established a loan fund of €62 million under separate financial intermediaries (including private co-financing) and an equity fund of €10 million to co-invest alongside private investors.

[More information online](#)

Residential energy efficiency financial instruments in Lithuania

In this fund of funds managed by the EIB, the Lithuanian Ministry of Finance and Ministry of Environment have used financial instruments, in combination with grants, to fund loans to support investment in energy efficiency in apartment block buildings in Lithuania. The financial instruments have supported the development of a single product for homeowners known as the “Modernisation Loan”, which forms the centrepiece of the Lithuanian government’s programme to improve energy efficiency in residential properties. Grants are used in combination with financial instruments to fund technical support, interest rate subsidies and capital rebates.

[More information online](#)



Improving residential energy efficiency, Lithuania.



RESOURCES

PUBLICATIONS

- **EIB Cohesion Orientation 2021-2027**
- **Climate Bank Roadmap**
- **EIB Energy Lending Policy**
- **Coal Regions in Transition**
- **Integrated approach for more impact**
- **URBIS factsheet**
- **EPEC flyer**
- **Towards a new growth model in CESEE**
- **The Eastern Horizon – a Regional Perspective**

WEBSITE

- **Regional development**
- **Cities and urban development**
- **Project Advisory Support Agreement**
- **Fi-compass**
- **Joint Assistance to Support Projects in European Regions (JASPERS)**
- **European PPP Expertise Centre**
- **InnovFin Advisory**
- **European Investment Advisory Hub**

BLOGS

- **Cohesive and creative**
- **How a city can benefit from EU funds**
- **Spend the money well – and fast**



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