



Investment Plan for Europe

European Fund for Strategic Investments (EFSI)
Response to expectations in Europe and Cyprus

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EIB Group figures

As 04/04/2017

Of which
EUR 23.7bn
signed

Approved EFSI financing*

Total investment related to EFSI approvals

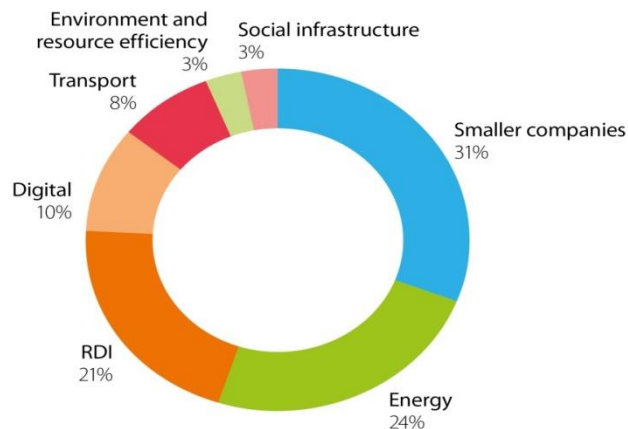
EUR 33.9bn

EUR 183.5bn

* EIB-approved: EUR 25.1bn
EIF-approved: EUR 8.8bn

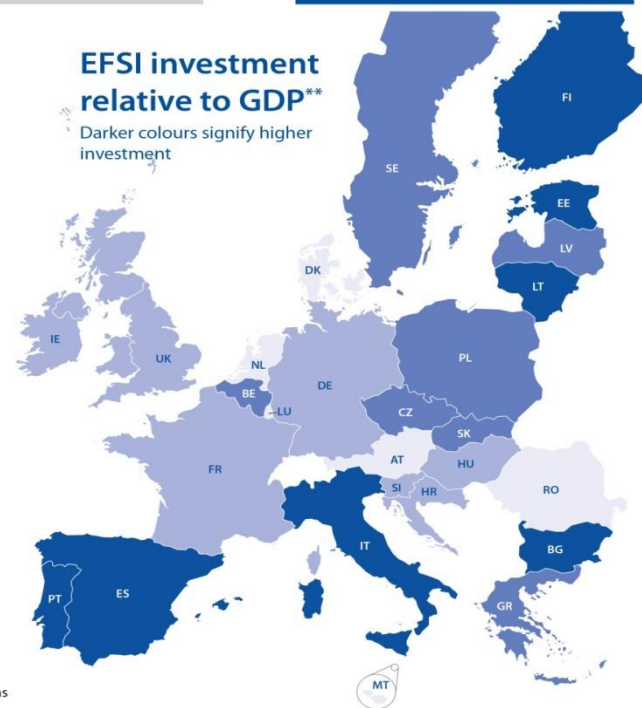


EFSI investment by sector**



EFSI investment relative to GDP**

Darkier colours signify higher investment



**based on approved operations

EIB Group operations under EFSI

- ❑ EFSI – total financing amount close to EUR 34bn
- ❑ Total expected investment related to EFSI close to EUR 183.5bn
- ❑ Total signatures for EIB and EIF stand at ca. EUR 23.7 bn
- ❑ Ca. 428,000 SMEs will potentially benefit from EIF financing alone
- ❑ EFSI multiplier can only be calculated at the end of the investment period, anticipated multiplier effect of EIB Board approved transitional operations is close to target of 15

2014

- ❑ 6th year of the global financial crisis
- ❑ Weak investment ➔ slow economic recovery
- ❑ EU investment ↓ 15% (25%-60% in some countries)
- ❑ Investment gap of **EUR 700 bn**

2014

- ❑ Jean-Claude Juncker is elected President of the European Commission (15 July, 2014)
 - announced to present an investment initiative within the first three months of his mandate

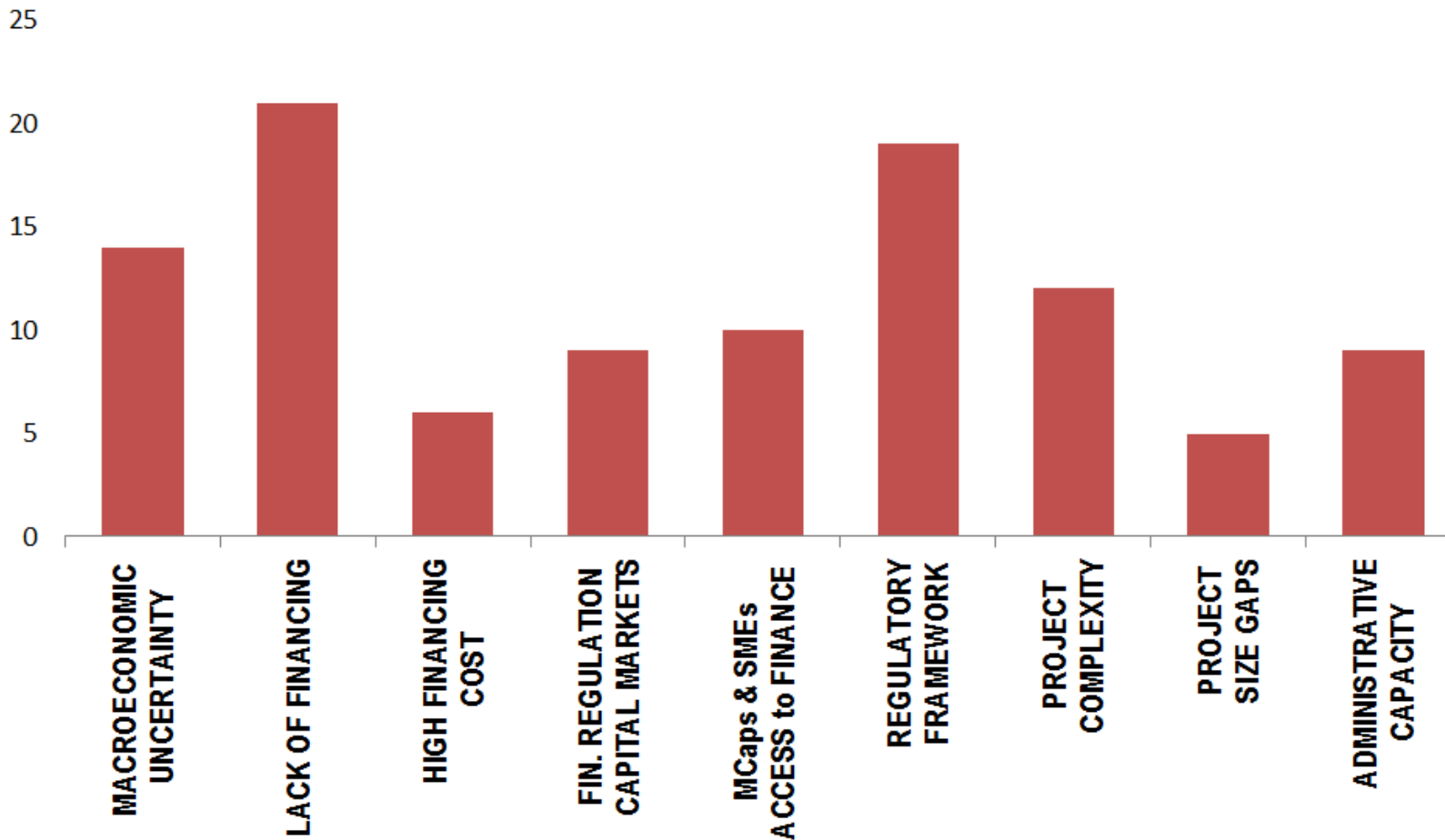
- ❑ Special Task Force (Member States – EC – EIB) on investment in the EU (September, 2014)
 - It was set up at the request of EU Economic and Finance Ministers and was mandated to identify concrete actions to boost investment, including a pipeline of potentially viable projects of European relevance to be realized in the short and medium term

Task Force Tasks:

- Provide an overview of the main investment trends and needs
- Analyze the main barriers and bottlenecks to investment
- Propose practical solutions to overcome those barriers and bottlenecks
- Identify strategic investments with EU-added value, which could be implemented in the short and medium term
- Lay the foundation for developing a credible and transparent pipeline of projects to boost EU competitiveness and growth potential in the medium to long-term (**EUR 1,3 tn**)

SPECIAL TASK FORCE

CROSS-CUTTING STATISTICS: MS REPLIES



3 ways to tackle the investment gap



EIB - Investment Plan for Europe



Mobilise finance for investment

European Fund for Strategic Investments
Cooperation with National Promotional Banks



Give investment advice

European Investment Advisory Hub
European Investment Project Portal



Create an investment friendly environment

Improving the regulatory environment
Structural reforms



Aim: to mobilise at least €315 billion in investment across the EU

Expectations & Challenges:

Expectations:

- ✓ Sustainability
- ✓ Geographical Distribution
- ✓ Additionality
- ✓ Transparency

Challenges:

- Improve sectoral & geographical balance
- Re-direct investments to ensure sustainability
- Ensure additionality

CYPRUS:

- ❑ **25 March 2013**: The Eurogroup has reached an agreement with the Cypriot authorities on the key elements necessary for a future macroeconomic adjustment programme aiming to:
 - restore the viability of the domestic financial sector
 - facilitate a return to sustainable economic growth
 - sound public finances over the coming years
- ❑ The Eurogroup requests the Cypriot authorities and the EC, in liaison with the ECB, and the IMF to finalise the MoU at staff level in early April
- ❑ **May 2013**: first MoU



Cyprus Entrepreneurship Fund (CYPEF)

- ❑ Council of Ministers Decision dated 5/12/2013 to establish CYPEF
- ❑ Risk sharing mechanism with attractive terms of financing
- ❑ Initial capital **EUR 100 mn**

Scheme for granting government guarantees to EIB for financing SMEs and Mid-Caps:



- ❑ Council of Ministers Decision dated 20/02/2014 approved the scheme of **EUR 300 mn**
- ❑ Council of Ministers Decision dated 22/10/2015 approved the increase of the scheme from **EUR 500 ml** - to **EUR 500 mn**
- ❑ Council of Ministers Decision dated 25/11/2016 approved the increase of the scheme from **EUR 500 ml** - **EUR 750 mn**

Cyprus – EBRD Recipient Country in 2014 - 2020



EBRD in Cyprus:

- EBRD Annual Meeting decision that Cyprus become a recipient country in May 2014
- Country strategy for Cyprus approved by the shareholders in May 2015
- EBRD operational priorities in Cyprus:
 - strengthening the financial sector to build up resilience and improve governance
 - supporting the privatisation programme / public private partnerships (PPPs), including Limassol port concession
 - supporting non-financial corporations and small and medium-sized enterprises, emphasis on green economy investments

Cyprus – EBRD activity as of December 2016

EBRD in Cyprus:

- Resident Office in Nicosia opened in December 2014
- Cumulative investments of Euro 200 million in 2 years since the opening of Nicosia office
- Key transactions:
 - equity in two largest local private banks
 - financing for maritime sector / Limassol port concession
 - fifth most active trade finance facilitation programme among EBRD countries of operations
 - financing of solar power generation increase in Cyprus by 20 per cent

EBRD in Cyprus – Bank Recapitalizations

EBRD in Cyprus:

- In September 2014, the EBRD made an equity investment of €107.5 million into newly issued ordinary voting shares in the Bank of Cyprus for a stake of over 5 per cent.
- In September 2015, the EBRD made an equity investment of €20 million into newly issued ordinary voting shares in Hellenic Bank for a stake of over 5 per cent.
- With these investments, the EBRD supports the stabilisation of operations and the implementation of the on-going restructuring plans of the two largest local private banks in the country.
- The stabilisation and successful restructuring of these banks is critical for the full recovery of the country's economy and the rest of the financial sector. As an active shareholder the EBRD works towards improvements in corporate governance.

EBRD in Cyprus – Trade Finance Facilitation

EBRD in Cyprus:

- Covers all types of trade finance instruments: letters of credit including deferred payment/post-financing; bank payment guarantees; bid bonds; performance bonds; advanced payment guarantees; standby letters of credit
- Always involves a local bank (“Issuing Bank”) which issues a trade finance instrument (e.g. a letter of credit) and a foreign bank which confirms it to the beneficiary (“Confirming Bank”)
- Issued only to Confirming Bank, not to exporters or importers, and ensures that the beneficiary receives payment upon or after delivery
- **EUR 20 mn** trade finance limit for Eurobank Cyprus signed in July 2015
- **EUR 50 mn** trade finance limit for Bank of Cyprus signed in December 2015
- **EUR 20 mn** trade finance limit for Hellenic Bank signed in March 2016 in corporate governance.

EBRD Trade Finance in Cyprus – Export of Construction Services

EBRD in Cyprus:

- Export of construction services by a private Cypriot company to Egypt – construction of new road in the length of 90 km
- Issuing Bank in Cyprus – Confirming Bank in Egypt
- Covered by a double default protected guarantee under EBRD Trade Finance Programme
- Guarantee in local currency – Egyptian Pound – with 12 months maturity
- EBRD Trade Finance Deal of the Year for 2015

EBRD in Cyprus – Maritime Sector Financing

EBRD in Cyprus:

- US\$ 11.4 million loan for Interorient Shipmanagement, a leading ship management company headquartered in Cyprus
- Support for the expansion of Interorient fleet under management through a series of investments to enhance the company's capacity to increase its client base
- Financing for Interorient participation in Limassol port concession
- Contribute to the recovery of the Cypriot economy which should also lead to higher levels of activity in the shipping sector

EBRD in Cyprus – Renewable Energy Projects

EBRD in Cyprus:

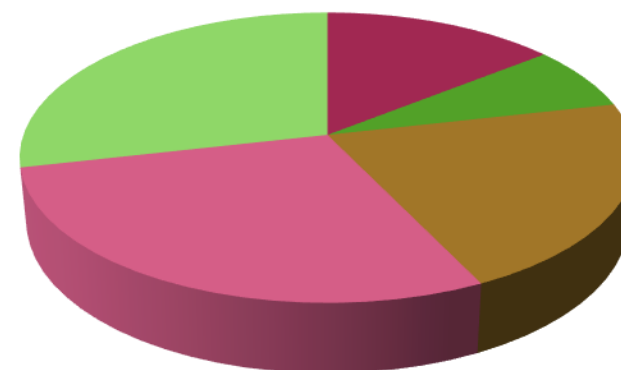
- **EUR 6.25 mn** in non-recourse debt financing to CYPV Energy Ltd, LGEG Photovoltaic Ltd and LGEG Solar Power Ltd for the construction, development and operation of three solar photovoltaic parks of total capacity 7.4MWp located in the areas of Frenaros, Nisou and Dhali.
- **EUR 4.1 mn** in non-recourse debt financing to TPM Abitenergy Ltd and Conbetter Ltd for the construction, development and operation of two solar photovoltaic parks of total capacity 4.5MWp located in the areas of Paliometochos and Malounta.
- EBRD supports renewable energy projects tapping the island's huge potential in the sector and contributing towards Cyprus' 2020 target for power generation from sustainable sources.
- Benchmark transactions for non-recourse financing in the Renewable Energy sector

EBRD in Cyprus – Small Business Support Services

EBRD in Cyprus:

- The know-how to help small businesses grow: The EBRD can help small and medium-sized enterprises access advice as well as finance
- With our help, our clients expand their businesses, often employing more people and accessing external finance
- We also look to the long-term, helping build strong markets for business advice that will thrive long into the future
- Over 50 projects with local consultants:
 - agribusiness companies,
 - manufacturing and services companies,
 - property and tourism companies
- International advisory project with Cypet, a local manufacturing company, focusing on strategic planning, supply chain management, exports, marketing, planning and budgeting

Project type



- Quality management
- Operations
- Organisation
- Marketing
- Strategy

Thank you for your attention!!