

ANNUAL REPORT 2018

EUROPEAN INVESTMENT ADVISORY HUB



**European
Investment
Bank**

The EU bank

EUROPEAN INVESTMENT BANK

ANNUAL REPORT 2018

**EUROPEAN INVESTMENT
ADVISORY
HUB**



European Investment Bank Annual Report 2018 on the European Investment Advisory Hub

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Flowers from around the world decorate the covers of the European Investment Bank's main publications for 2019. Flowers remind us of life's diversity and beauty, and reinforce the importance of protecting our natural environment.

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This report on the European Investment Advisory Hub

explains how we supported more than 1,000 public authorities and private companies around Europe in 2018.

The Hub is a one-stop gateway to all the advisory expertise that the EIB and its partners offer to help projects get off the ground and reach the financing stage. We provide a comprehensive, bespoke and efficient advisory package throughout all phases of the project cycle.

We work in many sectors, including education, agriculture, health care, the environment, research and innovation, energy, transport, climate action and the circular economy. Our economists, engineers, financial analysts and climate specialists work closely with project promoters across Europe to accelerate the implementation of investment projects.

This report is divided into five sections: the highlights provide a summary of our activities in 2018. Our key numbers show the evolution of our business in the past year, while the section on partners presents our integrated delivery model and our main achievements to strengthen the local delivery of our services. We also give an overview of our flagship projects in the stories section and a series of personal interviews with our experts, explaining how we work together to deliver advice.

This report shows how we go the extra mile to help clients get their projects to the finish line.

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2018 HIGHLIGHTS

Giving advice is not easy. You must be an expert in many fields, but you also have to keep an open mind and respect the client's point of view. The advising process is a collaboration and an exchange; it is what starts and nurtures a professional relationship.

In the past four years, the European Investment Advisory Hub has given specialised guidance to more than 900 companies and public bodies across the European Union. The demand for our expert assistance keeps rising, so we think we are doing a lot of things right.

The European Investment Advisory Hub has been operating since 2015, as a partnership between the European Investment Bank and the European Commission, with the aim of acting as a one-stop gateway to all the

technical and financial expertise that the EIB and its partners can offer to EU project promoters. Since the beginning, our objectives have been the same: to provide comprehensive, bespoke advice by putting the client in touch with the best expertise available. Our advice helps grow a small business, complete an environmental report, plan a budget, deploy an investment strategy, plan research on an innovative product, shift towards a circular economy or develop a smart city investment programme.



“We call the Advisory Hub a one-stop shop for a good reason,” says Simon Barnes, Head of Advisory Services at the European Investment Bank.

“The Hub is a key part of the Bank’s advisory work – helping the mayor of a city, or the owner of a company, or the staff of a ministry make the right decisions while structuring an investment or implementing a project.”



“It’s important to remember that the Advisory Hub takes advantage of the expertise available across the whole Bank,” says Vazil Hudák, the EIB Vice-President responsible for advisory activities.

SINGLE POINT OF ENTRY

With the Hub’s help, clients get access to economists, engineers, financial analysts and climate specialists, but we also bring in outside help from the European Commission, National Promotional Banks and local expertise. We help in every step of the project cycle.

Every project is unique. We tailor our advice to your project’s specific needs.

“The Hub is the single point of entry for our clients, but the advice is integrated and comprehensive and can come from many EIB departments, from our local partners and from external consultants. This is what makes our advisory services so valuable.”

AN EXPERT’S GUIDING HAND

The Hub supports projects across Europe in education, agriculture, health care, the environment, research and innovation, energy, transport, climate action and the circular economy. To give a flavour, in Greece, through our support via the European Bank for Reconstruction and Development (EBRD), the Hub helped a family business prepare for a generational change. We are helping Sofia, Bulgaria, switch to a greener bus fleet. We accompanied Florence, Italy, in preparing for risks related to climate change. We guided the University of Latvia in its project to improve teaching facilities. The list goes on and on.

One of the Advisory Hub’s newest products is URBIS, or urban investment support. This platform, created in 2017, helps cities find the best investment tools for their projects. Urban authorities often need help with translating a number of small projects into a feasible investment plan.

They need a guiding hand to prioritise goals and they sometimes do not know what EU funding and advisory programmes are available or what aid is at hand. They require a simple, integrated package of advice – and this is URBIS’s specialty.

“The Hub can help project sponsors fill specific gaps when they are planning a project,” says Mark Mawhinney, Head of the Hub.

“We can perform an economic analysis, help prepare studies to support grant applications, help form a project implementation team. We take what might seem like a nightmarish process and guide our clients to the finish line.”

THE HUB IN NUMBERS

Since its launch in 2015, the Advisory Hub has received 1 102 requests, including 416 in 2018. Of this 416, the Hub received 78 requests via the website and 338 queries from experts within the EIB or other Hub partners, such as National Promotional Banks and Institutions.

More than 71% of requests required technical and financial advisory input for specific investment projects. The balance of the requests was for general information or funding and financing; such requests were given appropriate guidance and direction. For those cases requiring advisory support, the Hub's advisors worked hand in hand with the requesters to clarify the size, sector, nature of investment and stage of development of each project. This clear overview of the project's status and its advisory needs is a key element for the Hub advisors and allows them to act as champions of the projects within the EIB and create the best advisory package for each request, in collaboration with diverse EIB experts dedicated to supporting the Hub.

Once a request is submitted to the Hub, our advisors work directly with the client to prepare a tailor-made advisory package to support the project.

The Hub's key objectives are to provide the promoter with a comprehensive, bespoke and efficient advisory package as well as consistent contact with the experts providing the advice.

Depending on the needs, the Hub can call on financial and technical experts from across the EIB to help develop the advisory package. The requesters can also be directed to other EU or EIB programmes that can meet their needs more effectively. The requester is kept informed of the status of the request and participates actively in defining the advisory package.

This process allows us to create a bespoke action plan that helps project promoters in a number of ways, not only by identifying what needs to be done to make the project investment-ready, but also by correctly calibrating a plan for the necessary resources. Once there is a formal agreement between the EIB and the project promoter on the advisory package, the agreed services can be delivered by EIB internal experts often working together with external service providers.

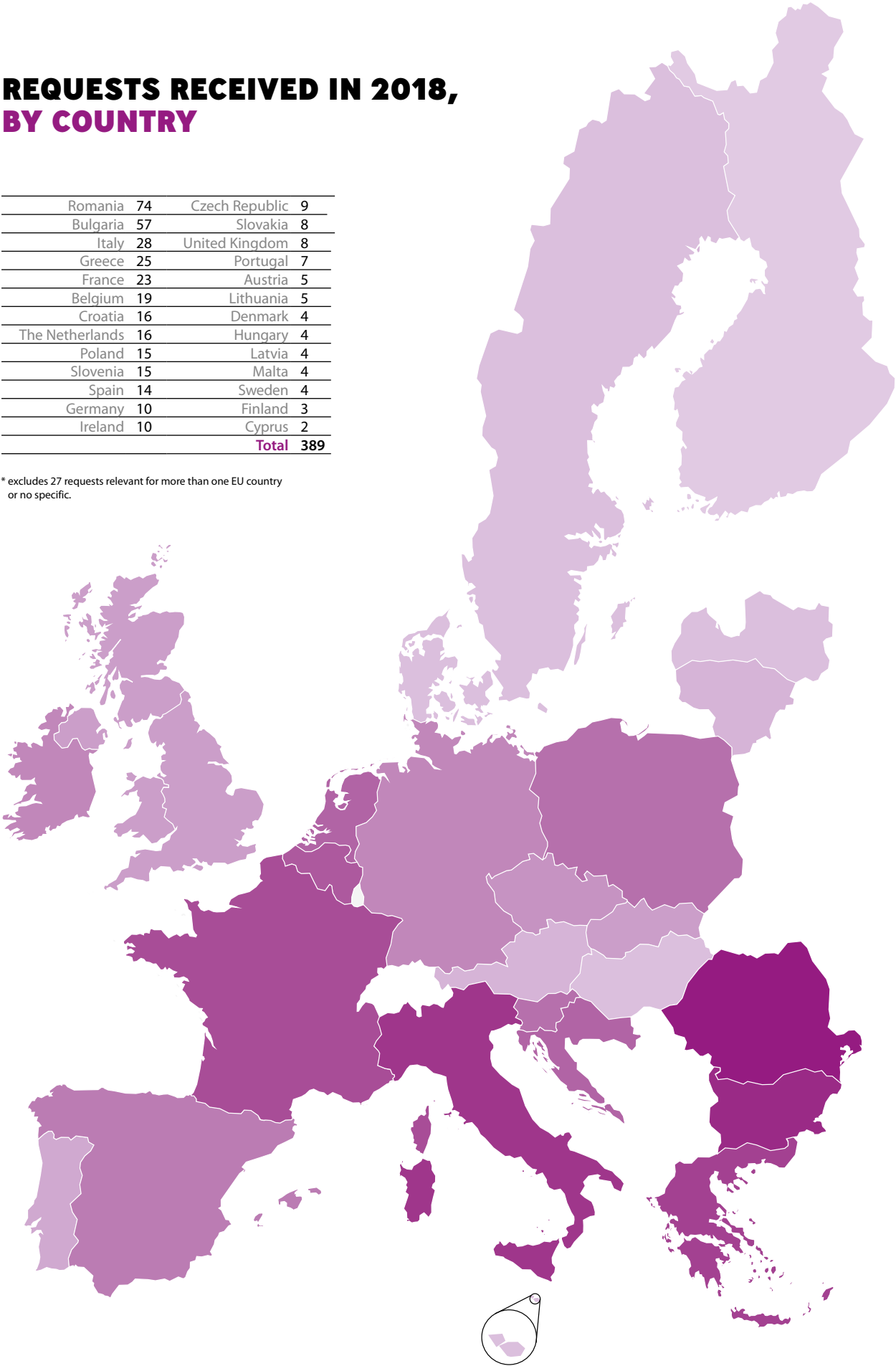
By offering these bespoke advisory services and acting as a single point of access for advice for project promoters across the European Union, the Hub is fully complying with the mandate defined by its legal base ([Regulation 2015/1017, Art. 14.2](#)).

The requests in 2018 covered many sectors, with transport and energy accounting for more than 45% of the total. Half of the requests came from the private sector.

REQUESTS RECEIVED IN 2018, BY COUNTRY

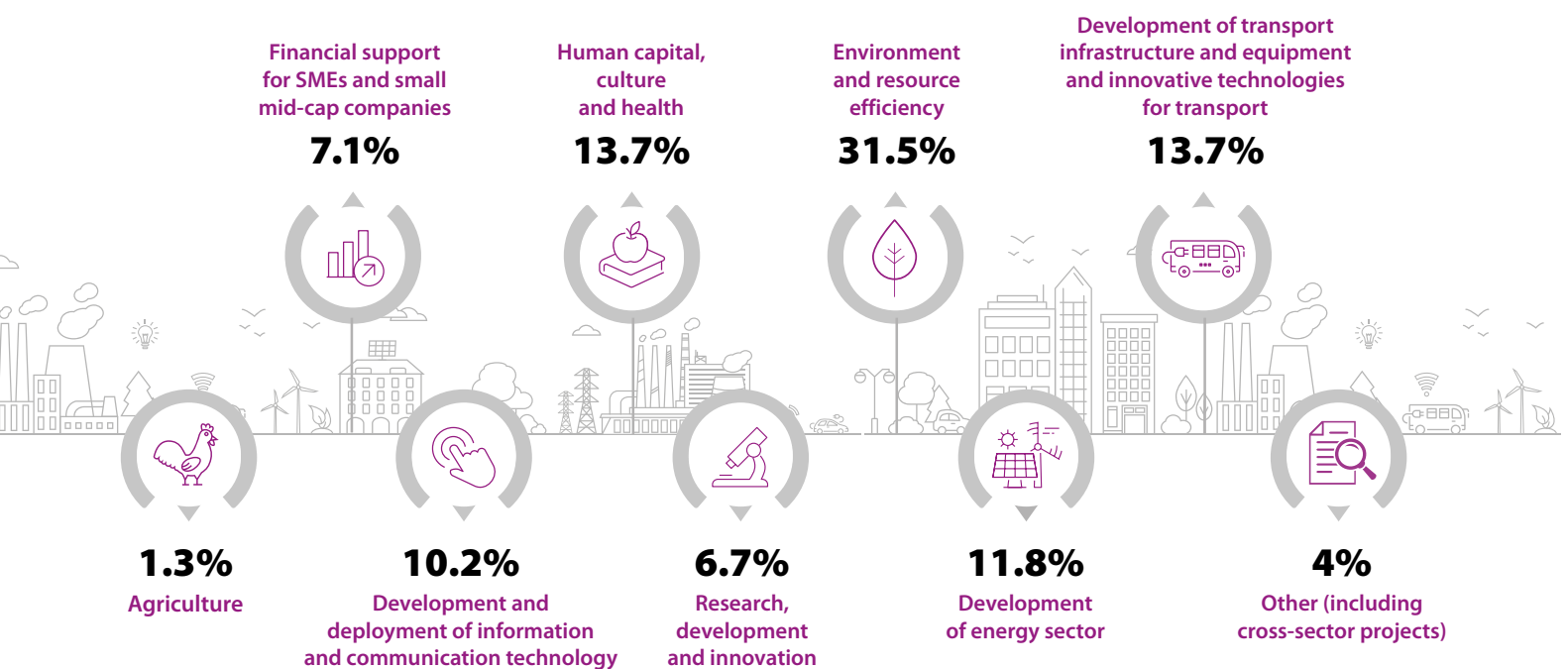
Romania	74	Czech Republic	9
Bulgaria	57	Slovakia	8
Italy	28	United Kingdom	8
Greece	25	Portugal	7
France	23	Austria	5
Belgium	19	Lithuania	5
Croatia	16	Denmark	4
The Netherlands	16	Hungary	4
Poland	15	Latvia	4
Slovenia	15	Malta	4
Spain	14	Sweden	4
Germany	10	Finland	3
Ireland	10	Cyprus	2
		Total	389

* excludes 27 requests relevant for more than one EU country or no specific.





PROJECT-SPECIFIC REQUESTS BY EFSI SECTOR





URBIS TURNS ONE YEAR OLD IN 2018

URBIS is an advisory initiative dedicated to urban investment that was launched in November 2017 by the European Investment Bank and the European Commission.

Incorporated within the Advisory Hub, URBIS addresses the specific needs of cities for place-based advisory support and provides an integrated service, including technical and financial advice as well as awareness-raising activities.

During its first year, URBIS attracted significant interest from a wide range of stakeholders, including national, regional and municipal authorities. 34 requests qualifying for assistance were received in 2018 from 17 EU countries.

The initiative is meeting its goal by reaching large and small cities and comprehensively addressing their needs.

URBIS requests covered a variety of sectors, including energy efficiency, circular economy, urban mobility, smart cities, social housing and urban regeneration. This indicates that the initiative can flexibly support activities in a number of sectors and at different stages of the project cycle.

THE HUB'S PARTNERS

National Promotional Banks and Institutions (NPBIs) are key partners helping the Hub expand its reach and extend advisory support to a wide variety of local project promoters. Several partner organisations are already well on their way to delivering such specialist support in partnership with the Hub, while others are seeking to develop their advisory capacity. Throughout 2018, the Advisory Hub developed and tested several approaches to help NPBIs take an active role in the Investment Plan for Europe.

The Hub has expanded its network of partner NPBIs into 20 EU countries and intensified the knowledge-sharing activities through targeted events dedicated to NPBI discussions, a series of roadshows in EU countries to discuss new investment opportunities, as well as the publication of guidelines, sector studies and project case stories.

The Hub also has provided several NPBIs, particularly those from EU cohesion countries, with support in joint project development and institutional capacity building.

Examples of this include:

- Development of investment platforms in Bulgaria, Croatia, Hungary and Slovakia
- Improvement of strategic investment planning in Croatia
- Streamlining access to finance for Portuguese small businesses
- Financial expertise in support of smart city and circular economy initiatives.

To date, over 60 Hub advisory requests have been channelled through NPBIs. Nearly half of these came in 2018 alone. Nearly one-third of these requests received comprehensive advisory assistance, including 80% in the EU cohesion region.

For those NPBIs developing or expanding their advisory capabilities, the Hub also offers capacity building and funding sup-

port. Nine NPBIs have already developed their advisory programmes and responded to [the open Call for Proposals](#).

The programmes range from setting up investment advisory units and establishing investment platforms, to supporting enterprise growth and developing online project preparation tools. This call will remain open for applications from NPBIs until June 2020 at the latest, or until the budget is exhausted. A funding agreement with the Hungarian Development Bank (MFB) has already been signed.

HUNGARY'S NATIONAL PROMOTIONAL BANK CREATES A PROJECT ADVISORY UNIT

The proposal from the Hungarian Development Bank (MFB) will assist the creation and operation of an advisory unit within the bank. MFB plans to support projects in sectors such as energy, transport, research and development, small businesses and mid-caps. Based on their analysis of the Hungarian market, the unit will help large-scale projects as well as projects for small businesses and mid-caps.

The assignment will begin by establishing a model for setting up the advisory service and mapping the capacity gaps and training needed for the staff. MFB will organise events and workshops to make potential project promoters aware of its new services. The goal is then to identify a pipeline of projects that need advisory support and to help the promoters prepare and implement the projects in cooperation with the Hub.

REINFORCING COLLABORATION WITH THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT IN TARGET COUNTRIES

Responding to the demand for advisory services from small businesses, the Hub has broadly collaborated with dedicated programmes at the European level.

For small businesses operating in more challenging environments in Bulgaria, Croatia, Greece and Romania, with limited access to professional business advice, the Hub has mobilised special advisory assistance delivered through the European Bank for Reconstruction and Development's Advice for Small Businesses programme. Over 130 private companies in the four countries have received tailored advice in areas such as access to finance, export promotion, competitiveness, corporate governance and resource efficiency. These projects are often complemented by training courses for local consultants, awareness-raising amongst entrepreneurs and sector-specific best practice dissemination activities.



KICKING THE TYRES OF A FAMILY BUSINESS GOING THROUGH GENERATIONAL CHANGE

Meidanis Sofos Elastika, a family business in Greece, has been selling tyres since the 1990s. Hankook has been their main supplier for road vehicle tyres, and the Indian company Balkrishna has supplied tyres for agriculture and manufacturing machinery. Over the years, Meidanis has carved out a solid position in the domestic market for road tyres and farming and manufacturing machinery tyres.

While growth was strong, reaching €7.8 million in 2017, the company faced a common problem – transitioning the management from the founder, in this case the father, to the next generation. The company was at a crossroads, with different paths available for growth. The owners needed professional guidance on where to go next, so they brought in consultants for the first time in the company's history.

Under the Advice for Small Businesses programme, a local consultant worked with Meidanis to prepare a market analysis and to look under the hood of the firm's business – its operations, financial position, organisation and strategy. The consultant then presented the findings and the results of a customer survey to evaluate the company's market position and explore its options. Finally, the advisor prepared a five-year business and financial plan, exploring a variety of business and investment possibilities.



PROJECT STORIES



SMALL BUSINESSES GO DIGITAL IN IRELAND

Digitalisation is not only the adoption of digital technologies within existing business processes, but also the use of technology to develop new processes and create new products. Enhancing the digitalisation of small businesses across all sectors is critical for Europe to remain innovative and competitive in a global marketplace.

Ireland's Ministry for Business, Enterprise and Innovation asked the Advisory Hub to help identify barriers to the digitalisation of small businesses and to develop targeted solutions to help small businesses make this transition.

InnovFin Advisory, through the Advisory Hub:

- Analysed the status of business digitalisation in Ireland and the existing government initiatives to address barriers to digital adoption and facilitate digitalisation by SMEs;
- Prepared a cross-country analysis to identify best practices on SME digitalisation worldwide;
- Helped the Irish government to develop concrete initiatives to support the digitalisation of small businesses.

The study carried out by the Hub's experts analysed how to design financial tools that fit the requirements of traditional small businesses that aim to digitalise their operations.



TRINITY COLLEGE DUBLIN: BRINGING TOGETHER RESEARCH AND THE BUSINESS WORLD

Trinity College Dublin plans to develop a campus focused on research, technology and innovation. The Trinity Technology and Enterprise Centre will be located near the main campus at Dublin's Grand Canal Dock. The goal is to turn the area into the city's "innovation district," the Grand Canal Innovation District.

The new space will cluster entrepreneurs, start-ups, venture capitalists, business accelerators, incubators, world-class research and growing global businesses. The campus will be at the heart of the district, enabling people to connect in the fields of research, innovation, talent development and commercialisation at Ireland's leading university and with the world's leading companies. The new centre will be a home to new research institutes that bring together multiple disciplines – engineering, computer science, natural sciences and material science.

Trinity College Dublin asked the Advisory Hub to help assess its business proposals and evaluate funding models that will help the university make decisions on

the infrastructure investments and how to establish the centre. Innovation Finance Advisory, through the Advisory Hub, is helping the university:

- Develop the various projects' business plans and financials;
- Develop a business case and financial model according to best industry practices;
- Determine the most fit-for-purpose financial structure for the centre, including evaluating different capital structures;
- Navigate the process of securing stable, long-term financing to cover the costs of construction and operation;
- Enhance the bankability of the project and evaluate different options for financing, in particular from EIB financial instruments, such as InnovFin and EFSI, as well as from external sources.

The work for this project is in line with the Hub's objective of supporting the use of financial instruments to help regional and local public entities access finance for their investments.





GREENER TRANSPORT IN FLANDERS

The region of Flanders in Belgium has a bus system that operates with about 4,000 buses, and only 10% currently use clean energy. The Flemish Ministry of Mobility and Public Works and the public transport operator De Lijn have a plan to make the fleet significantly greener by 2025. So the Ministry asked the Advisory Hub to help accelerate the process.

Converting to green buses, compared to the continued use of diesel ones, is an expensive investment, since it must include refuelling and recharging infrastructure investments.

The advisory assignment will review the options for converting the fleet to clean buses including technical advisory on the various alternate-fuel vehicles, technical advisory on the refuelling or recharging infrastructure and the location of this infrastructure, and financial advisory on the financial structuring of the conversion programme. The advisory results are expected to support the creation of a master plan for the Greening of Public Transport that will make daily life better for citizens and enable Flanders to speed up its transition to green buses.



INTELLIGENT TRANSPORT SYSTEMS TO MAKE MOBILITY SAFER AND SUSTAINABLE

Intelligent transport systems are advanced applications that provide innovative services for transport and traffic management. They can make transport safer, more efficient and more sustainable by using information and communication technologies in all modes of passenger and freight transport.

These smart systems are vital to increase safety and tackle Europe's growing emission and congestion problems; they also support job creation and growth in the transport sector.

To be effective, intelligent transport systems need to be set up in a coherent and coordinated manner across the EU. There are several hurdles that these intelligent systems must clear in Europe, such as the fragmentation of knowledge about the systems across EU countries, the

lack of expertise to undertake ITS projects using sophisticated communication technologies and the difficulty in deploying them across EU countries.

To meet EU objectives, which include improving the competitiveness, sustainability and safety of the transport network, a comprehensive market study is required to review EU countries' policies, needs and capabilities in this sector. The Hub's experts are carrying out a review of national transport policies, ITS strategies, action plans and regulations at national level in order to identify market needs, potential projects and the technical assistance requirements of each EU country. They will then work to develop a study that will help the European Commission and EU countries accelerate the deployment of intelligent transport systems projects that make transport safer and more sustainable.



INVESTING IN ROAD SAFETY IN GREECE

Greece is developing a plan to manage the safety of national and regional roads, guided by the Road Safety Directive 2008/96/EC. The goal is to reduce the number and severity of road accidents, by identifying hazardous locations and rectifying or reducing the dangers.

In 2015, Egnatia Odos, a state-owned company, examined a network of 15,000 kilometres of roads covering the 13 regions of the country and identified some 7,000 potentially dangerous spots. In parallel with road safety surveys, they developed a number of standard designs that could be used to mitigate the most common safety deficiencies encountered. Road Safety Intervention Design Studies identified accident hotspots and through the application of one or more of the standard designs came up with an initial cost estimate for undertaking these remedial works of €470 million. The proposed works comprise small projects, such as upgrading and replacing road signs, markers and barriers; improvements to the pavement, asphalt, shoulders, and ditches; and intersection projects.

In this initial phase, Egnatia Odos identified “quick win schemes” that are easy to implement, have a limited scope of works and will have a big impact on road safety. In a second phase, medium and long-term remedial measures – such as by-passes, intersections, level crossings, etc. – which require additional detailed designs in order to be implemented, have also been suggested.

Through the Hub’s technical assistance, a review of existing studies has been conducted together with an appraisal of the suitability of the designs and the effectiveness of the optimal safety measures proposed for dangerous road locations. In addition, the Hub’s technical assistance developed a methodology which will allow the appraisal of the economic viability of the project on a regional level as well as for each scheme. The assessment of the economic viability is a critical element in the decision-making process of Egnatia Odos to ensure efficient use of public resources.

The Hub’s support aims to accelerate the project and improve access to finance by supporting the tendering process.



CLEANER BUSES FOR BULGARIA'S CAPITAL CITY

Sofia wants to renew its bus fleet and is considering buying up to 120 buses that use compressed natural gas, 20 hybrid electric buses, 20 fully electric buses and 20 diesel buses.

The selection of buses and the procurement process are in the planning stages; the project would also include charging and refuelling infrastructure. The estimated cost of this new fleet is about €40 million.

The Hub's technical assistance is helping the city decide on options to fund and finance this new fleet and accelerate the investment programme. The Hub will also help Sofia and its bus company plan a potential application for an ELENA grant. ELENA, which stands for European Local Energy Assistance, provides grants for technical assistance for innovative investments in energy efficiency and urban transport.





THE ADVISORY HUB'S SUPPORT TO THE CIRCULAR ECONOMY

WHAT IS THE CIRCULAR ECONOMY – AND WHY DOES IT MATTER?

Global population growth and the unprecedented expansion of a wealthy middle class that is hungry for consumption are significantly increasing demand for our planet's finite resources. In this context, the old economic model known as "take, make, use, dispose" is not sustainable. We need to adopt a circular economic model that minimises waste and makes the most use of limited resources.

In a circular economy, new products and assets are designed in a way that reduces consumption and waste. New business models and strategies are applied to extend the life of products and assets. Products are recycled and reused, rather than thrown away.

Transitioning to a circular economy requires a big economic shift and a radical change in the mind-set of policy-makers, businesses, consumers and financiers to a new type of thinking, where everyone understands that everything has a lifecycle. We all have a role to play!

WHAT ARE THE MAIN CHALLENGES FOR A CIRCULAR ECONOMY?

The circular economy has enormous potential for sustainable growth and job creation. Many companies in different sectors have already started to tap into this potential, with a large variety of innovative business models. However, the transition to a circular economy is not a guaranteed success and needs to clear a number of hurdles to establish a level playing field for the investments required.

An EIB Advisory study in 2015 on access to finance for circular economy projects found that, while market forces related to commodity price fluctuations alone could create a circular economy, there is the risk of a slow transition and high costs. Hence, there is a need for:

Ensuring access to finance for circular projects and businesses during the various growth phases is one of the main hurdles to the circular economy.

- Knowledge development and sharing that aims to support our partners in the circular economy journey
- Dedicated advisory services that support the development of sound circular economy projects by public and private project promoters
- Finance through our risk-sharing instruments such as EFSI and InnovFin, and the development of targeted instruments like the Circular Bioeconomy Investment Platform.

THE ADVISORY HUB RAISES AWARENESS AND CREATES A KNOWLEDGE EXCHANGE ON THE CIRCULAR ECONOMY

In early 2017, the EIB and the European Commission set up the Circular Economy Finance Support Platform to coordinate a knowledge exchange amongst key stakeholders and enhance investments in the circular economy. Using this platform, EIB experts, with support from the Advisory Hub and InnovFin Advisory, are working with a Commission Expert Group to develop a series of recommendations on financing circular economy projects.

The Advisory Hub is also supporting EIB experts working for the Urban Agenda Partnership on Circular Economy. The partnership brings together cities, regions and EU countries committed to formulating a plan that supports cities on how to transition to a circular economy.

THE ADVISORY HUB'S SUPPORT TO CIRCULAR ECONOMY PROJECTS

EIB experts deployed by the Advisory Hub and InnovFin Advisory provide tailored financial and technical advice for circular economy projects. These projects may be financed by the EIB or other partner financial institutions and investors at a later date.

Our advisory services can include:

- screening circular economy projects and business plans
- support in structuring projects and improving business plans. This enhances the bankability of a project and helps it secure finance
- support in identifying financing needs and financing options available from the EIB and/or other market participants

Some examples of supported projects:

- The Hub's experts are helping the city of Kolding, in southern Denmark, to lay the groundwork for the preparation of a circular economy strategy for the city and supporting the inclusion of circular economy principles in the planning of a new urban district, Marina City.
- The Hub is helping the Greek port city of Thessaloniki prepare an investment programme to expand and improve the city's separate waste collection systems and, in this way, recover recyclable materials and bio-waste that would otherwise be sent to landfills. This programme is to be co-financed through an EIB framework loan.
- The Dutch government has an ambitious goal to switch to a fully circular economy by 2050 and to reduce by half the use of raw materials by 2030. The Ministry of Infrastructure and Water Management commissioned a report to identify bottlenecks in this initiative. One bottleneck is the lack of funding for circular innovations, so the report suggests establishing a fund for circular projects to help the country reach its goal. The Netherlands Investment Agency, a National Promotional Institution which will soon become known as InvestNL, helps local and regional governments, public-private partnerships and entrepreneurs gain access to finance. The Ministry has invited InvestNL to consider the establishment of an investment platform for circular economy projects. InvestNL asked the Advisory Hub to help create a country-wide investment platform that offers funding for circular economy projects. The advisory assignment includes the assessment of the need for an investment platform for circular economy projects and businesses as well as assistance in designing the platform.



A BREATH OF FRESH AIR: HELPING MILAN WITH URBAN AIR QUALITY

Clean air is a major challenge for Milan, the capital of the Lombardy region and the most populated city in Northern Italy. Despite the city's efforts to limit vehicular traffic in congested areas and start energy efficiency campaigns, more than 2 million people are exposed to air pollution that often exceeds EU thresholds.

The climate of the Po Valley, where the city is located, limits the effectiveness of efforts to reduce polluting emissions in Milan. The city exceeds the EU air quality limit values on 70 to 80 days a year. Additionally, ozone concentrations reach harmful levels in the summer.

Milan is finalising its first Air Quality Plan outlining measures that will protect the health and improve the quality of life of people in the city. In the context of the

Urban Agenda Partnership on Air Quality, Milan is leading the way on one of the actions identified in the Partnership Action Plan, namely No. 3 – better targeted funding for air quality.

The Hub's support has helped Milan to identify suitable sources of finance adapted to the implementation of the different measures in the city's Air Quality Plan. Building on Milan's example, and with the help of an external consultant, the Hub's experts have developed a guidance document with the aim of helping other cities that have established air quality plans to identify appropriate resources and financial products for air quality measures, making a clear distinction between measures that generate revenue or savings and those that do not. The financial sustainability of the different measures has an impact on which public and/or private sector resources can be invested in them.



ENERGY EFFICIENT STREET LIGHTING IN VILNIUS

Vilnius's street lighting is inefficient and the lighting networks are obsolete, causing poor lighting, continuous failures and high energy and operational costs. UAB, the street lighting company that operates the network, plans to install LED bulbs in 40,000 lamps and replace 10% of cables and supports to improve energy efficiency. This project is part of a three-year energy efficiency programme to upgrade Vilnius's street lighting.

Given the limited availability of public funding for the project, UAB needed to raise money externally. To get financing, the company needed a proper financial

model and financial analysis. Thanks to the Advisory Hub, a team of external experts has helped the company by creating the appropriate financial structure and preparing the ground for investment. The expert team's work helped the EIB and other lenders who might contribute financing.

Modern street lighting will reduce electricity consumption and costs by an estimated 51%, saving about 11 GWh (equivalent to the average energy consumption of almost 3,100 households) and €1 million a year. Maintenance and operational costs should fall by 32%, or €500,000, a year.





CLIMATE ADAPTATION STRATEGY FOR ONE OF ITALY'S TOP TOURIST DESTINATIONS: FLORENCE

Europe's climate is warming faster than in many other parts of the world. The temperature over the past decade in Europe has been on average 1.3°C higher than in the pre-industrial era. Extreme weather events have increased, with southern and central Europe seeing more frequent heatwaves, forest fires and droughts.

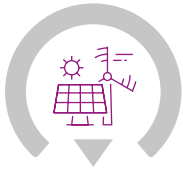
Florence was hit by a big flood in November 1966 that damaged cultural buildings and other public sites. After the approval of the Sustainable Energy Action Plan, the Municipality of Florence reinforced its commitment towards sustainability by joining the Mayors Adapt initiative, the Compact of Mayors and the New Covenant of Mayors for Climate and Energy in 2017. The Municipality is currently working on updating and broadening the Sustainable Energy Action Plan, also considering other components related to climate change adaptation.

The aim of the technical assistance provided by the Hub was to support the Municipality of Florence in mainstreaming climate change adaptation, through the implementation of more resilient projects, adapted to the existing climate risks and vulnerabilities. To do so, climate risks and vulnerabilities were identified and selected projects were designed accordingly, including specific adaptation solutions and relevant costs, the calculation of which was key to allowing the city to include such projects in municipal investment plans.

The Sustainable Energy and Climate Action Plan is expected to be approved in 2019 and will include a set of actions for the city to become resilient to climate change, including the reduction of emissions into the atmosphere.

The city's Climate Adaptation Strategy will identify objectives and describe ways to meet them by 2030. The plan will also outline actions the city can take itself and actions that outside stakeholders could perform.





HELPING NEW ENERGY TECHNOLOGIES TO CROSS THE “VALLEY OF DEATH” TOWARDS COMMERCIALISATION

Research and innovation in energy technologies are essential to unlock the various technological pathways that will lead to a cleaner planet for all, as per the EU 2050 strategy. Investment should target not only the deployment of established renewable energy technologies but also the development and demonstration of innovative solutions.

Energy technologies face long development timelines to traverse the technology readiness scale (e.g. from laboratory to market) and this journey is capital intensive due to the necessary high-end technical equipment and the need for large-scale demonstration of the technologies. The technical risks involved in addition to the institutional barriers of the energy sector can discourage private investors from engaging.

To help these projects, the European Commission and the European Investment Bank launched the [Energy Demonstration Projects](#) financial instrument as part of the InnovFin initiative under Horizon 2020. To be eligi-

ble for this instrument, projects should demonstrate innovative technologies and business models in a commercial environment. This relates to renewable energy, energy storage technologies, carbon capture technologies and others. The technologies considered under the EDP instrument should be innovative compared to the state of the art and be in a pre-commercial or early commercialisation stage.

The Hub's experts are screening projects that demonstrate such “first of a kind” technologies. The scope is to identify and flag the gaps in the preparation of projects. Identification of any additional technical or financial advisory support is also considered. With the Hub's support, these innovative projects are receiving light advisory to support them in accessing financing from sources such as the InnovFin Energy Demonstration Projects product. This work aims to contribute towards achieving the targets of the Strategic Energy Technology Plan (SET Plan) and, subsequently, boost the EU's effort to develop a portfolio of technologies that can take forward the energy transition at a time of rapid changes and risks of technological lock-in.



IMPROVING THE UPTAKE OF EU FUNDS IN THE OUTERMOST REGIONS

The European Union includes nine Outermost Regions located far from the continent. Six of them are French (Guadeloupe, French Guiana, La Réunion, Martinique, Mayotte, and Saint Martin), two are Portuguese (the Azores and Madeira) and one is Spanish (the Canary Islands). Regardless of the distance, these regions are an integral part of the EU and have unique potential and assets that can help the Union.

They provide a European presence in strategic areas of the world, and have exceptional geographical and geological characteristics, which make them useful incubators for research and innovation in industries of the future, such as biodiversity, terrestrial and marine ecosystems, pharmacology, renewable energies, and the space sciences.

Article 349 of the Treaty on the Functioning of the European Union recognises the specific constraints of the Outermost Regions and outlines measures to help them. The European Commission asked the Advisory Hub to do a feasibility study on deploying more finance from the European Fund for Strategic Investments to assist the Outermost Regions.

For the study, the Hub conducted desk research and interviewed local stakeholders on how the Managing Authorities have used financial instruments. This included Managing Authorities, financial intermediaries, chambers of commerce, local associations and National Promotional Banks and Institutions (NPBIs) working in the nine regions. The aim was to find out how to strengthen existing financing instruments and develop new instruments based on the unique needs of the regions.

The study outlined many requirements that were common to the nine regions. In response to these needs, the study proposed a number of solutions on three levels: the European Union or pan-regional level; the national level, preferably via the NPBIs; and the regional or multi-regional level. Some of these proposals can be implemented now, while others could provide a focus for the next EU Multiannual Financial Framework of 2021-2027. The feasibility study was presented to the European Commission and to the authorities of the Outermost Regions in 2018 and 2019. The study, in French, Spanish and Portuguese, may help regions assess how the financing guaranteed by the European Fund for Strategic Investments can support their projects and how they can leverage existing initiatives at the national and EU levels.



NEW CAMPUS FACILITIES FOR ONE OF THE LARGEST ACADEMIC INSTITUTIONS IN THE BALTIC STATES

Founded in 1919, one year after the country's independence, the University of Latvia is one of the largest academic institutions in the Baltic States. It is a renowned higher education institution, offering a wide variety of programmes such as computer science, law, medicine and communications. With over 15,000 students and more than 1,500 academic staff, the university aims to become one of the leading science institutions in the Baltic region and a major innovation centre globally.

The university plans to improve research and development infrastructure, upgrading teaching facilities and providing a richer experience for students and staff. It wants to create a medical centre, new housing for students and apartments for professors, as well as a sports centre and a technology centre.



The new medical centre is expected to contribute to the development of radiopharmaceutical medicine for Latvia and neighbouring countries. This will enable researchers to test new medical diagnostics as well as to study the radio nuclear treatment of cancer patients.

Paying for these plans is a crucial step. The university contacted the Advisory Hub for help to prepare financing for a project that is key for the university as well as for the city and country. The Advisory Hub, through project experts from the Innovation Finance Advisory team, is helping to carry out a market analysis and a business plan and is providing advice on financing options and structuring solutions to support the university's projects.

The Hub's experts are exploring how this project connects with the broader health strategy of the Latvian government and the urban planning of Riga for sports facilities. This will anchor the project to local and national development plans. The project will increase research and development in Latvia and provide a competitive edge to the university. In the long term, it will bring high-quality employment and improve economic growth for the country.

A key part of the Advisory Hub's assignment will be to help the university enhance its long-term fundraising strategy based on partnerships with the government and partners from industry and national and European research institutions.

THE HUB BEHIND THE SCENES

“The Hub gives us the opportunity to engage with a range of stakeholders at the EU level to find joint ways of scaling up the circular transition in cities.”

JONAS BYSTRÖM

Lead engineer,
circular economy expert,
projects



“It is crucial to understand the needs of the promoters in order to pull together our in-house expertise and give them the best possible advice.”

LEONOR BERRIOCHOA

Lead engineer,
urban development division,
projects



See the online version of this report to watch the video interviews.

“It is very rewarding for me to make my technical expertise in the transport sector available to project promoters across all of Europe and help them throughout all phases of the project cycle.”

OZHAN YILMAZ
Smart transport specialist,
projects



“I think the Hub can really have an impact in helping investment projects be more sound, efficient and bankable.”

PATRICIA FERNÁNDEZ
Advisor,
European Investment
Advisory Hub



“I really enjoy working with the Hub and being able to make a difference in getting these amazing projects off the ground across Europe.”

CHRISTOS SONTRAS
Technical assistance officer,
Consultants Video interview:
Procurement and Contract
Management



See the online version of this report to watch the video interviews.



JEAN-MARC MARTIN
Deputy head of division,
lending, Adriatic Sea

CROATIAN PROJECT PROMOTERS HAVE A FRIEND IN THE HUB

“I’ve been at the EIB since 2001, focusing on lending in Eastern Europe – candidate countries and new EU members. Currently, I work on public sector lending in Croatia. I am also the global relationship manager at the EIB for Croatia’s national development bank, HBOR.”

Since its creation as a part of the Investment Plan for Europe, the Hub has been a big topic of interest among project promoters in Croatia. Croatia is the latest country to join the EU. It receives a substantial amount of European Structural and Investment Funds under the Operational Programme called “Competitiveness and Cohesion.” These types of projects need to be prepared locally and implemented in order to make use of the EU support.

Croatian project promoters, in the public or private sectors, have to perform a lot of investment development activities. I guide local promoters through the Hub’s offerings, help them make the right contacts and exchange information so that they get the best out of the Hub.

The Hub certainly has many benefits for my clients, the Croatian project promoters. Indeed, the EIB and the European Commission offer many technical assistance tools and products with specific objectives and eligibility criteria. It may be challenging, at times, for those who are not experts in this field to identify the technical assistance best suited for a project. The Hub, as a one-stop shop for advisory services, is the perfect place to analyse the needs of a promoter and guide them to the best technical assistance instrument available.

A good example in Croatia is the support we provided to the general hospital in Rijeka, an assignment that we hope to develop further in the coming years. Watch this video to see how the Hub is making Rijeka’s hospital a success!

I also manage the relationship with HBOR, Croatia’s National Promotional Bank. My role has been crucial in setting up the EIB’s relationship with HBOR, and I’ve been heavily involved in strengthening the Hub’s local presence in the country.

Promoters will find that working with the Hub is very straightforward and efficient. Promoters should never hesitate to reach out to us and ask for advice if they have a sound project that requires additional support. We can bring the project to the next level of investment preparation.



ANNE MARIE DERANSART

Loan officer
Western Europe

LENDING A HAND TO SUPPORT PUBLIC SECTOR MOBILITY INVESTMENTS

“I joined the EIB in 2005. In my day-to-day work, I am responsible for financing in the public sector in France. I receive financing requests and, depending on the sector, I build a team of colleagues (engineers, economists, lawyers, etc.) to appraise the projects to see if they qualify for financing.”

In 2018, I received two requests. One was from a region in France that wanted support to develop a transport project and integrate the mobility and energy aspects. The other request was from a city that needed help accelerating a mobility project. In both cases, I thought the Hub was the best tool to help the promoters.

The Hub helped the promoters develop their ideas and identify their advisory needs. The Hub’s external consultants and EIB sector experts worked closely with my clients to assess the requests and offer a tailored package of assistance, providing useful insight on the development of the projects.

Developing new investment projects can be challenging and time consuming. Public authorities often have to face several diverse and complex hurdles. The Hub’s experts can help people overcome these difficulties. I believe the main challenge for the Hub is that we avoid becoming a victim of our own success. In a continuously evolving European economy, with the greater demands for an ecological transition and with the obligation to use public money consciously and soundly, the Hub has everything needed to help bring EU projects to life.



ALBERTO CASORATI
Advisor
Innovation Finance Advisory

HELPING INNOVATIVE BUSINESSES PRESENT THEIR BRIGHT IDEAS

“Over the last two years, in my role as advisor in the Innovation Finance Advisory team, I have been involved in several projects with the Advisory Hub. My first project was a cross-country initiative for microeconomics and nanotechnology, a very high-tech sector that offers key building blocks for everyday objects such as smartphones and tablets.”

In very simple terms, my job is to help entrepreneurs and innovative projects raise money for their ideas. Raising funds from financial investors can be very challenging and demanding. We help founders and project promoters understand what investors expect to see, what can get them excited and how to speak their language. Our work has shown that, in order to succeed, the presentation of the business is often as important as the idea.

The Hub offers a unique opportunity for people, businesses and EU countries, and especially for young and innovative companies. The Hub pools resources from the EIB and external consultants. Entrepreneurs cannot get this expert access by themselves. Receiving the right advice at the right moment can be crucial for the success of a venture.

My advice to project promoters in Europe is pretty simple: Don't miss out on this opportunity. And if you send your request to the Hub, do your homework and prepare your application carefully.



WIM LOYAERTS
Loan officer
Infrastructure, new products
and special transactions

MAKING INNOVATIVE IDEAS BANKABLE

“Since 2015, I have worked as a loan officer for early-stage innovative companies. These companies often have difficulties finding financing to support their growth, because of the high risk and a lack of credit history.”

Together with colleagues, I appraise the projects, structure the financing and obtain the required approvals within the bank for the loan. From time to time, I receive financing requests from promoters that have very good technical ideas, but their plans are not structured in way that allows them to qualify for financing.

For these clients, the Hub’s advisory services can play a big role in creating a sound financial plan for the business concept. In addition to the financial structuring and optimisation, the Hub can help promoters get in touch with potential investors. From my experience, I know that this service is very much appreciated, since it can facilitate access to scarce risk capital, one of the main constraints for growth companies in innovative sectors.

As advice to project promoters, I recommend taking advantage of the opportunities offered by the Advisory Hub. Do not hesitate to come forward with project ideas!



EXPERTISE GUIDES OUR ENERGY EFFICIENCY INVESTMENTS



ROBERT PERNETTA
Advisor
Financial instruments

“In my role as a financial instruments advisor, I help national and regional authorities set up loans, guarantees or equity schemes, usually with contributions from the European Structural and Investment Funds. We do market studies, and we design the financial product and the delivery mechanism.”

In 2018, the European Commission asked us to help Eurostat decide how to treat energy performance contracting for government accounts. Even when a private company is investing in energy efficiency intervention in a public building, this expense is counted as a public debt. Since Julia has experience with public-private partnerships, we worked together on this topic.



JULIA KENNEDY
Advisor
Public-private partnership

“I work as an advisor for EPEC, the European PPP Expertise Centre. EPEC’s mission is to help the public sector across Europe create better public-private partnerships in infrastructure investment.”

That help can take different forms – from giving guidance and promoting best practices to advising on government public-private investment policies to supporting promoters on specific projects. Over the past couple of years, I’ve been particularly focused on developing clear guidelines on how infrastructure public-private partnerships impact government deficits and debt. This expertise brought me to Robert’s team, because they wanted to produce similar guidelines for energy performance contracts.

The Hub provided financial support towards our work to produce A Guide to the Statistical Treatment of Energy Performance Contracts. The guide was produced in collaboration with Eurostat, the EU's statistics body and the authority on national government accounts. The end result of our work is a paper that can be used as official Eurostat guidance on these energy contracts. The guide was needed because public authorities were confused about how energy performance contracts impact government balance sheets. These energy contracts are popular because they are an effective way for public authorities to reduce their energy consumption and cut costs. By clearing up this confusion, the guide will help public authorities make good decisions and move forward successfully with their energy efficiency projects.

Our guide on energy performance contracting has created fresh momentum to look at energy efficiency in the public sector. We're assisting about seven projects in this area for seven countries, and we are working on an EU-wide level, with the Commission and other stakeholders, to promote energy performance contracting. The challenge for the Hub will be meeting the demand for help and resources.

The Hub is a great gateway that offers a wide range of skills and expertise to get projects off the ground. On energy performance contracting, for example, the Hub coordinated EIB advice on technical, financial and legal issues. We identified possible projects and prepared a project pipeline, developed a financing mechanism by bringing together EIB and EU financing for public buildings in an EU country, and reviewed terms for a template contract.

We advise promoters from the public and private sectors to come and ask us for help. People who know they need help but do not know exactly what form this could take, they can simply ask us. The Hub can help identify and define what support the project needs.



MARINA ISMAILA
Loan officer
Baltic Sea and Northern Europe

HELPING THE BALTIC STATES ACHIEVE SOUND INVESTMENTS

“I am a senior banker responsible for the financing of public sector projects in the Baltic States. I am from Latvia and since I joined the EIB, I have wanted to work in my region.”

In my previous job with another financial institution, I worked in many countries, including the Balkans, the Caucasus, Ukraine, Moldova, Belarus, Russia and Egypt. This experience made me realise how technical assistance or financial advisory can be decisive for the success of a project, and how capacity building can have far-reaching benefits beyond the single project.

I observed the need for advisory support also among promoters in the Baltic States and saw the Hub as a perfect instrument for this support. The Baltics are a small market, so we work also with small promoters who aren't experienced in finding EU investments. They may be municipal companies or smaller towns that are borrowing for the first time from an international institution. The Hub played an important role in helping us sign deals with these promoters – providing support for financial analysis, financial modelling or financial and operational improvement programmes. The promoters cannot carry out this work on their own. For larger, more ambitious projects, where we are in a way a trailblazer, the Hub's support in the preparation and review of business plans is essential for the project to succeed.

I think the Hub is an amazing tool and is making a great difference for many projects. Some good examples are the expansion of facilities at the University of Latvia or the addition of modern street lighting in the capital of Lithuania.

My advice to project promoters would be to use the Hub more often, especially for financial analysis or other project operational improvement programmes. This is a great help to the loan officer and amazing value for the client.



EUROPEAN INVESTMENT ADVISORY HUB

European
Investment *Advisory Hub*

Europe's gateway to investment support

ANNUAL REPORT 2018

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