

2020

EUROPEAN INVESTMENT ADVISORY HUB



European
Investment
Bank

The EIB bank

EUROPEAN INVESTMENT BANK

2020

**EUROPEAN INVESTMENT
ADVISORY
HUB**



European Investment Advisory Hub Report 2020

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Our investments support sustainability everywhere, including in the oceans, where the rich diversity of coral reefs is threatened by human activity and climate change. Coral reefs are an essential ecosystem. About 25% of all ocean fish depend on them. They protect the coasts and provide a source of income for millions of people. For a long time, their degradation was ignored. Now they symbolise the shift in thinking needed to stop climate change. That's why they deserve a place on the covers of our major reports this year.

The EIB wishes to thank the following promoters and suppliers for the photographs illustrating this report.

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A CHALLENGING YEAR

No one could have predicted the effect that the COVID-19 outbreak in 2020 would have on our daily lives. It upended normal life and forced us to rethink the way we went about our day-to-day activities. The inability to travel and meet with colleagues, contractors and clients slowed down activity across the board. Despite the many complications, there were some silver linings: communities came together, we developed cutting-edge technologies and digital solutions, and made great strides in healthcare and vaccines.

REBUILDING TO COME BACK STRONGER

To help ease the pandemic's impact on society and the economy, we offered many advisory solutions that shortened the path to recovery. In doing so, we did not stop our work on climate change, but integrated it into new priorities. Our advisory services have been key to helping our clients keep their long-term investment plans on track, laying the foundations for a green and digital recovery.

The European Investment Advisory Hub, funded and managed by the European Commission and the European Investment Bank, helps identify, prepare and implement investment projects across Europe. Since its launch in 2015, we have received requests for support, either directly or via our partner networks, from more than 3 300 project promoters. The Advisory Hub works on projects across a breadth of sectors, including climate and environment, innovation, infrastructure and small and medium-sized enterprise (SME) access to finance. By working closely with public authorities and partner institutions, we support all phases of the project cycle and facilitate access to finance. With our help, more than 220 projects have qualified for EIB lending, with estimated total project investment costs of close to €50 billion. Around half of these projects were also considered eligible for support from the European Fund for Strategic Investments.

We place our clients' needs at the centre of what we do, devising support packages that are enriched by the EIB's long-established experience in providing technical and financial advice, as well as financing sustainable long-term investment.

NO PAUSE ON CLIMATE ACTION

The Advisory Hub plays a key role in building awareness and capacity in the market about green finance. For example, we helped a consortium of German public and private sector stakeholders plan a network of hydrogen refuelling stations, encouraging greater use of cleaner vehicles. In Athens and Thessaloniki, electric buses will be added to the transport network, lowering CO₂ emissions and reducing noise. Our advice also helped the Greek local authorities secure EIB financing and funding from the European Union for their projects. Our work increases sustainable finance, supports Europe in meeting the Green Deal's goals, and helps the EIB follow the Climate Bank Roadmap.



Liliyana Pavlova, EIB Vice-President responsible for advisory activities.

“ With a strong commitment to climate action in the crucial decade ahead, advisory services will continue to play a vital role at the Bank. Our advisory work identifies the best path forwards to create a greener future. ”

We recognise the value of providing services locally, helping cities and regions build their own advisory teams and boosting sustainable investments on the ground. The Advisory Hub is making funding and technical support available to our national promotional banks and institutional partners. Using this support, Banque des Territoires, one of the five arms of the Caisse des Dépôts et Consignations, launched a programme called S'GREEN+ to provide 25 French municipalities with hands-on support for climate-change adaptation projects. Similarly, Slovakia's national promotional institution—Slovak Investment Holdings—received help from the Advisory Hub to enhance its own advisory work by recruiting experts in sustainable investments and energy efficiency to renovate more buildings and reduce pollution.

With an increasing number of national promotional banks and institutions' advisory programmes now being funded by the Advisory Hub, we will be able to help even more sustainable projects over the remainder of the Hub's mandate, as we transition towards InvestEU.



Simon Barnes, Head of Advisory Services.

“ A digital recovery has moved towards the top of the agenda of many countries and businesses. The Hub’s advisory services seek to help Europe’s entrepreneurs overcome barriers to invest in new technologies and reach their maximum potential. ”

THRIVING THROUGH DIGITALISATION AND INNOVATION

Digital technology has become increasingly important as businesses strive to recover from the pandemic. In this area, small businesses are at a distinct disadvantage. Already greatly hurt by the lockdowns, small and medium businesses often lack the digital tools necessary to get back on track. Businesses that adopt digital technologies tend to invest more money, innovate more and grow faster. They often enjoy first-mover advantages. The Advisory Hub is making it easier for small and medium businesses to take advantage of digital technologies and be better prepared for challenges such as the coronavirus crisis.

Giving people the right skills and research facilities is fundamental for innovation. Recognising the importance of education, the Advisory Hub devised business plans and financing models to help two Romanian universities modernise teaching facilities and services.

THE ADVISORY HUB LOOKS TO THE FUTURE

Building upon the success of the European Fund for Strategic Investments, the European Commission's new InvestEU programme¹ will bring together many previously separated financial instruments and make funding for projects simpler and more flexible.

The future InvestEU Advisory Hub will also be the entry point for project promoters and intermediaries seeking advice and technical assistance for their initiatives, investment platforms and projects. The new structure, to be led by the European Commission, will offer an integrated package of advisory support, with an increased focus on project-related advice to underpin investment and related financing opportunities.

The EIB will remain the European Commission's main advisory partner under InvestEU, helping to support the climate, digital and social objectives of the European Union over the coming years and building on the experience and success of the European Investment Advisory Hub.

¹ InvestEU is a programme set up by the European Commission to help recovery, green growth, employment, and improve the wellbeing of people across Europe in the next multiannual financial framework from 2021-2027. The European Investment Bank Group, national promotional banks, and other institutions, will work with the European Commission to provide support to investment projects across the continent. InvestEU will focus on sustainable infrastructure; research, innovation and digitisation; small and medium businesses; and social programmes and skills.



THE ADVISORY HUB IN NUMBERS

We provide support in three key ways: we offer comprehensive information and guidance via our website; we give tailored assistance to develop and implement projects and investment platforms; and we offer light advisory support when projects just need that little extra push to move forward. Additionally, we build clients' and partners' knowledge by hosting events, workshops, training and coaching across a breadth of topics.

NOT ONLY A POWERFUL COMMUNICATION TOOL

Our website not only guides the requests for advisory support, but it also encourages our clients to explore a range of advisory alternatives and funding programmes offered across the European Union.

We had almost 30 000 visits to our website in 2020, more than double that of the previous year. Our online feedback form showed that more than 90% of users were satisfied with the information they received. This gives us a clear indication that we are on the right track and providing the information they need.

LIGHT STRATEGIC ADVISORY SUPPORT

Though we tend to concentrate our resources and efforts in support of larger assignments, in some cases clients only require a couple days of advice to get their projects on the right track. We call this light strategic advice. The Advisory Hub has provided such support to more than 1 400 project promoters in the transport, energy, innovation, and circular economy sectors.

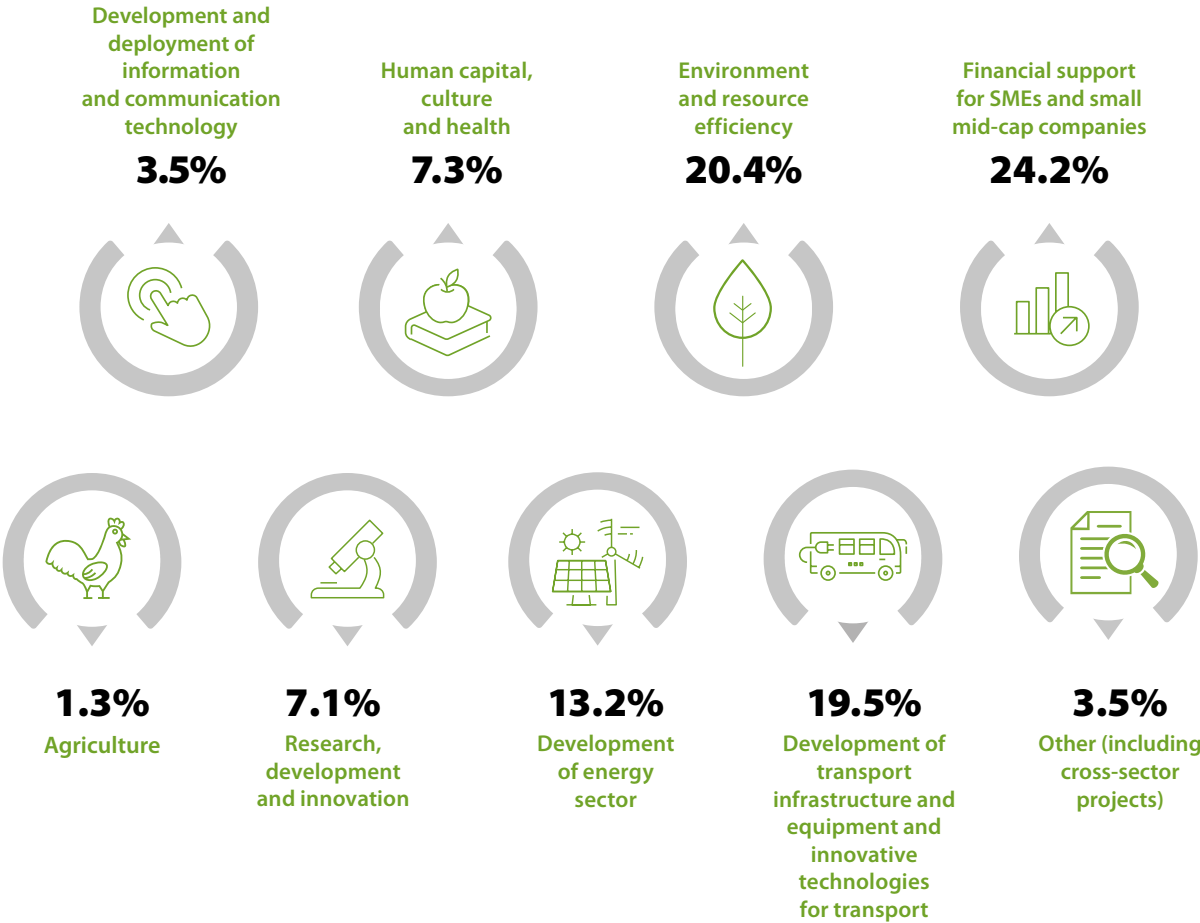
IN-DEPTH SUPPORT

Since its launch, the Advisory Hub has received almost 2 000 direct requests for more in-depth support. In 2020, cohesion countries continued to submit the highest number of requests, seeking assistance to identify, prepare and implement many innovative investment projects.

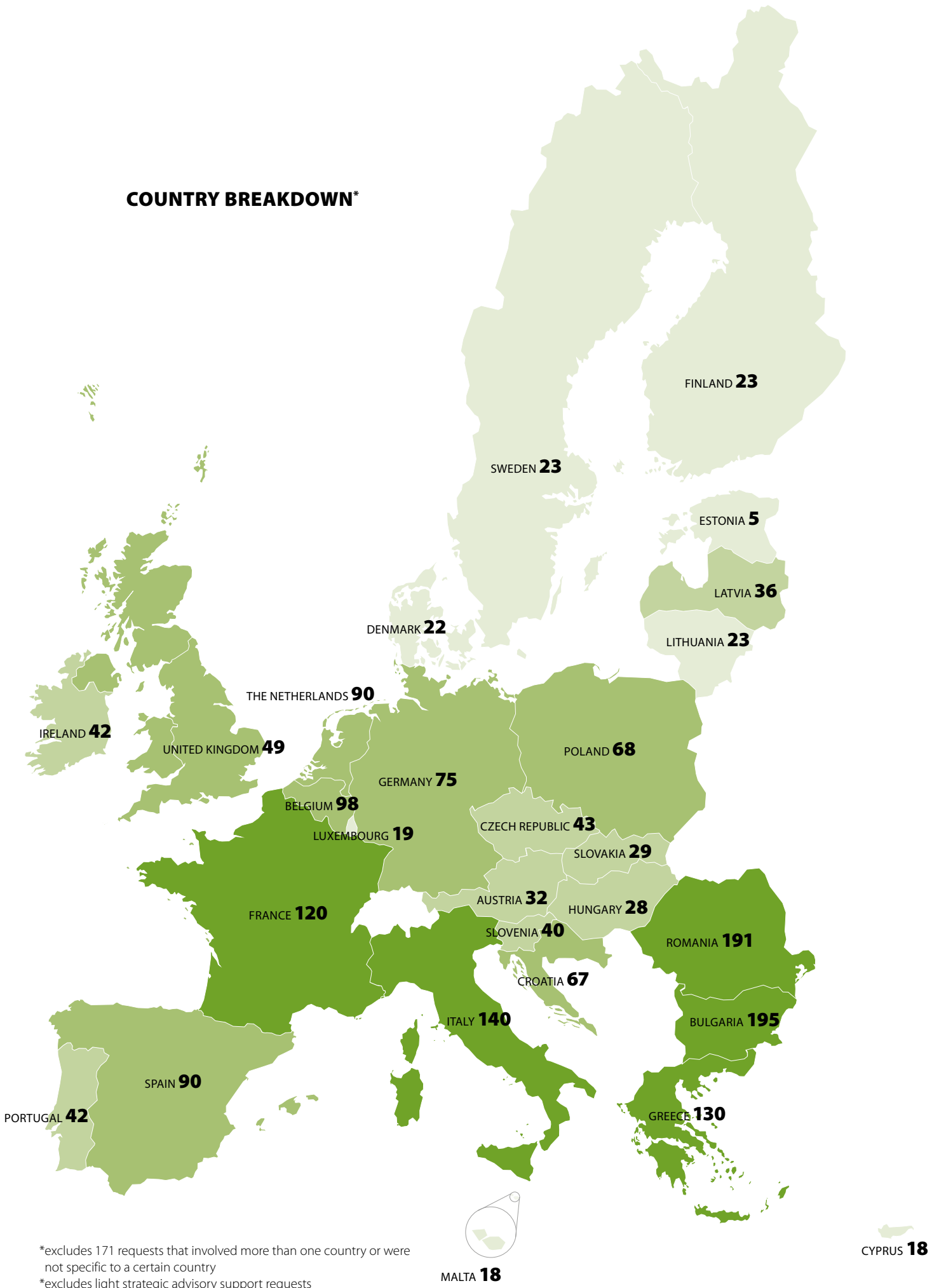
When a request is received at the Advisory Hub, we work closely with the client to design a tailor-made support package. An expert will be delegated to establish the details of the assignment, including the sector, scope, development stage and nature of the underlying investment. Achieving a clear overview of the project and determining the advisory needs are vital for an assignment to be impactful. This background allows us to customise each advisory package to the needs of the requesters and reach out to EIB experts, local consultants and partner organisations to deliver.

The graphs below show the breakdown of those assignment requests that have received specific EIB and/or partner in-depth support.

BREAKDOWN BY SECTOR



COUNTRY BREAKDOWN*



*excludes 171 requests that involved more than one country or were not specific to a certain country

*excludes light strategic advisory support requests



The European Investment Bank and the European Commission join forces to support investments in transport safety with special focus on roads.

Apart from direct support for project promoters, the Advisory Hub also engages in more “horizontal” initiatives, often in collaboration with the European Commission. It also supports other sector-specific mandates by providing complementary or reinforcing assistance. We also work with local partners to strengthen our local presence and ability to help smaller promoters and their projects. What follows is an example of some of these.

SAFER TRANSPORT

In spite of great progress in the reduction of road deaths and injuries, there are still too many accidents, causing not only human suffering but also negatively impacting the economy. The Advisory Hub was approached by the Directorate-General for Mobility and Transport of the European Commission (DG Move) to establish a one-stop shop for road safety investment advisory, called the Safer Transport Platform.

The Safer Transport Platform—Road Safety Advisory offers guidance to the public and private sectors. We help promoters identify sources of funding for their projects, such as grants from European Union programmes, including the European Structural and Investment Funds and the Connecting Europe Facility.

Project promoters can access many advisory services to improve the quality of their projects. From feasibility studies and the development of project concepts, to improved bankability and increased eligibility to receive European Union funding, our support is a game changer for road safety.

ENERGY-EFFICIENT PROJECTS BOOSTED BY ELENA

EIB experts, funded by the Advisory Hub, are helping many clients get support from the ELENA programme. ELENA, which stands for European Local Energy Assistance, provides grants for technical assistance in energy efficiency and urban transport, primarily for cities and regional projects.

Applicants who need help preparing proposals for ELENA grants can request guidance from the EIB experts, who will give a helping hand to prepare a sound application. This increases the applicants’ chances of eventually receiving the ELENA grant.

Most projects relate to energy efficiency in public and private buildings. In 2020, 17 ELENA grant contracts were signed, worth €35.2 million and supporting over €1 billion in underlying investment.

RESIDENTIAL REFURBISHMENT IN HELSINKI, FINLAND

An ELENA grant helped Heka, the municipal housing company of Helsinki, improve the condition of its rental housing. Heka manages the city’s rental property and is financed by the state. A €1.83 million technical assistance grant will help the company renovate nearly 170 residential buildings containing around 4 200 apartments. The additional support provided by the ELENA grant will make a stronger business case for investment in energy efficiency and renewable energy, ensuring that the refurbishment of these buildings is more sustainable. The total investment in this project is expected to be around €70 million. The renovations, encompassing building envelope, heat recovery systems and solar panels, should cut energy use by about 40%.



A glazier working on an energy-efficient, triple-gazed window.

ENERGY-EFFICIENT AND SUSTAINABLE HOMES FOR ZUID-HOLLAND

As part of a national effort to phase out natural gas, the Province of Zuid-Holland will help nine local authorities offer cleaner heating in residential areas. The existing gas heating will be replaced with low-temperature, renewable energy heating networks. An ELENA grant of €2.7 million will support the complex coordination, stakeholder engagement, feasibility studies and procurement for the project. The total investment is estimated at nearly €94 million. In addition to helping 3 600 homes become energy-efficient, the grant will help install 28 km of district heating networks.

A SENSE OF SECURITY

Security threats are rapidly evolving, complex and often cross-border in nature. These threats can be handled more effectively with a unified response to investments in security projects. The EIB responded by setting up the European Security Initiative at the end of 2017. The Bank defined three focus areas under this initiative: research, development and innovation for civilian and defence-related activities; cyber security; and civilian security.

To help identify projects for the initiative, the Advisory Hub established a benchmarking system to ensure a common definitional approach to parts of projects related to security. Bank experts developed a method to identify security-related investments for each sector and project type, and show how these projects' elements might qualify for the initiative and be eligible for support under other relevant EU programmes.

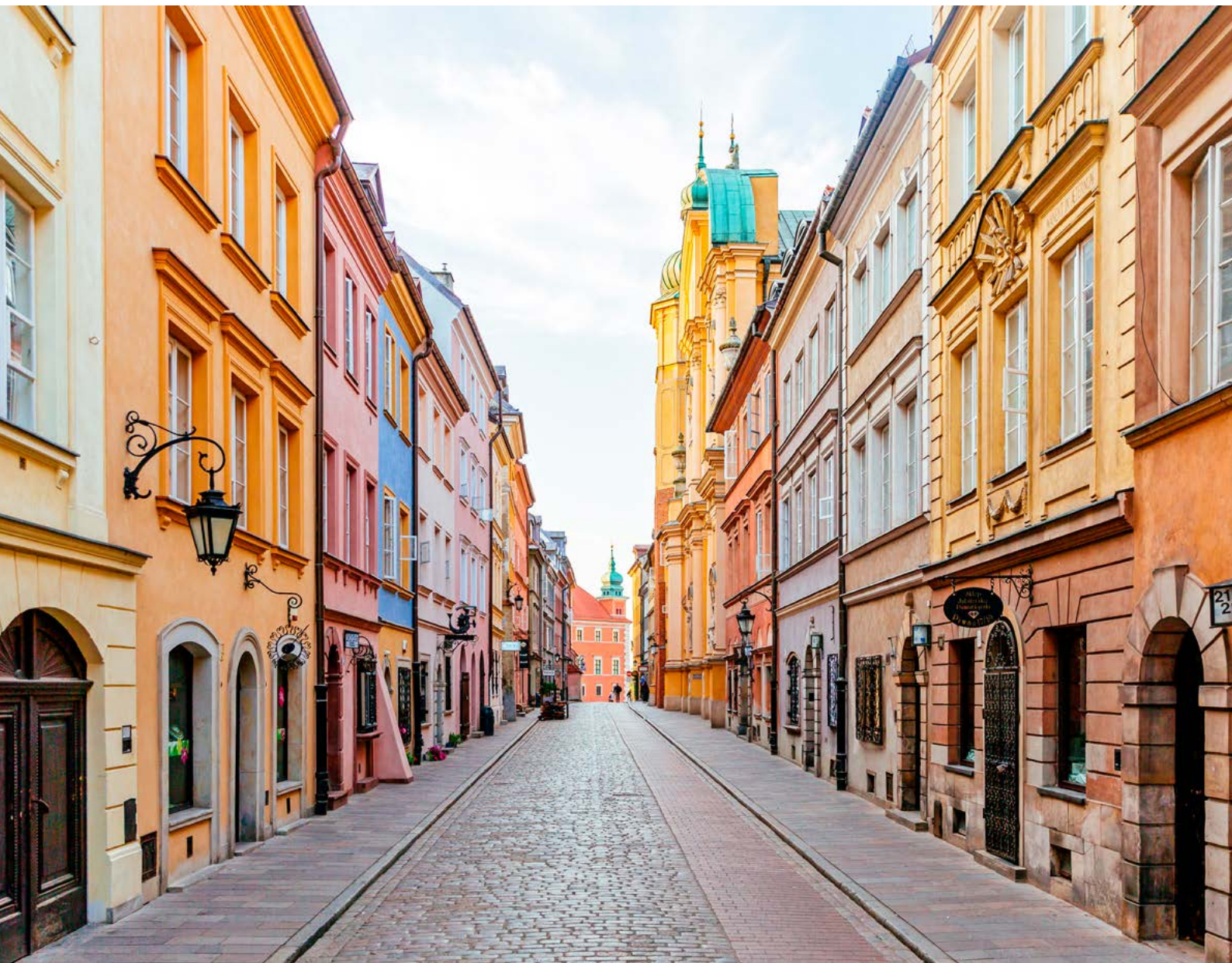
With the help of EIB experts mobilised by the Advisory Hub, project promoters will be able to more consistently report the security components of projects, and their costs, defining the best way to measure returns on security investments across different sectors.

URBIS—SUPPORTING URBAN INVESTMENT

URBIS is an urban investment advisory platform established within the Advisory Hub. A joint initiative by the European Commission, the Directorate-General for Regional and Urban Policy, and the European Investment Bank, it was launched in 2017 to provide a more holistic advisory service to cities, recognising their very diverse sectoral and project cycle needs, and the importance of integrated territorial development.

Despite the effects of the COVID-19 crisis on municipal investment priorities, by the end of 2020 URBIS had received around 45 eligible requests for support from municipal authorities in some 20 Member States. So far, 15 of these have already been completed. URBIS has helped large and small cities with projects in areas such as energy efficiency, the circular economy, urban mobility, smart cities, social housing and urban regeneration.

Warsaw, Poland.





Local partners from across Europe join forces with the Advisory Hub.

PARTNERS

STRENGTH IN NUMBERS

The Advisory Hub has made it a priority to work with local partners across Europe. In 2020, we expanded our network even further and improved ways of collaborating to give more assistance on the ground to advisory clients.

The Advisory Hub's partner network includes more than 40 institutions. By the end of 2020, almost 30 cooperation agreements were signed with national promotional banks and institutions and other local partners. More than 90 advisory requests originated from national promotional banks and institutions. These requests involved specific projects, capacity building or an exchange of information and best practice. More than 80% of these requests came from partners located in cohesion countries, helping to deliver on one of the Advisory Hub's priorities to raise awareness and deliver more support in these regions.

INSTITUIÇÃO FINANCEIRA DE DESENVOLVIMENTO TURNS INTO A DEVELOPMENT BANK TO HELP MORE COMPANIES AND THE ECONOMY

Portugal's national promotional institution, the Instituição Financeira de Desenvolvimento, recently merged with other national institutions to become the Portuguese Development Bank (Banco Português de Fomento), offering financing solutions that address market gaps. To prepare for this merger and the InvestEU programme, the bank approached the Advisory Hub for guidance on how to expand its activities beyond small and medium companies.

To prepare for the next multiannual financial framework, EIB advisory experts analysed the existing financial instruments in Portugal, identifying instruments that could be replicated and adapted under InvestEU. The team also described other financial instruments in the investment windows of InvestEU with the most potential to help the market. Thanks to the Advisory Hub, the new Banco Português de Fomento will be better prepared to harness opportunities from InvestEU and other European Union funding programmes going forward.

A CALL FOR COLLABORATION

The Advisory Hub has provided both bespoke assistance and grants under a call for proposals from national promotional banks and institutions. The call will support partner banks that express interest in creating or improving advisory services to help local projects.

The call for proposals was open until June 2020. During this period, the Advisory Hub received 21 applications. Of these, 16 moved forward to negotiations. The total value of underlying programmes undertaken by the partner banks is expected to be around €10 million.

By the end of 2020, 11 funding agreements had been signed, and the remaining agreements are expected to be concluded in 2021.

Despite the challenges in 2020, the Advisory Hub team worked hard to keep providing hands-on support to partner bank applicants, offering guidance and support to help develop programmes and negotiate funding agreements.

Clients appreciated this versatility, especially during the COVID-19 crisis, and this helped grow these partnerships. With funding allocated under this call, around 150 advisory assignments have been undertaken by the partner institutions thus far. Below are some examples of this support.

HUNGARY'S DEVELOPMENT BANK CREATES AN ADVISORY SERVICE

Hungary's development bank, Magyar Fejlesztési Bank Zártkörűen Működő Részvénytársaság, received support to create an advisory unit that will help clients implement investment projects in the transport sector and also assist small and medium companies and mid-caps. With its new advisory unit, the development bank hopes to prepare better projects and help more clients get financing.

With the support of the call, the Hungarian bank designed an implementation model for the advisory service, including the introduction of legal and operational procedures and staff training. Additionally, workshops are being organised for project promoters. There are also activities designed to find new projects that need advisory support.

With the help of the grant and the additional guidance from the Advisory Hub, the Hungarian bank can support more sustainable and smart projects. This will be the focus of a second programme supported by the Advisory Hub, which the Hungarian bank is planning to launch in 2021.



An anaerobic digestion toolbox helps small agricultural businesses reduce carbon emissions and cut their use of fossil fuels.

BANQUE DES TERRITOIRES SUPPORTS SUSTAINABLE AGRICULTURE

Agriculture technologies and related infrastructure are facing complex challenges linked to global problems such as climate change and food security. More agricultural innovation is needed, so countries are often looking for new investment ideas in this area.

Thanks to funding from the Advisory Hub, the Banque des Territoires, one of the five arms of the Caisse des Dépôts et Consignations (CDC), developed an anaerobic digestion toolbox to help small agricultural businesses reduce carbon emissions and cut their use of fossil fuels, while producing biogas at the same time. Banque des Territoires' support for small-scale anaerobic digestion projects is part of its drive to create more attractive and sustainable regions across France.

In anaerobic digestion, products such as food waste and manure are broken down by microbes to make biogas. This process also has many benefits for businesses and the climate. It reduces greenhouse gas emissions, helps waste management, and improves animal and human health by preventing the spread of pathogens.

The toolbox, launched in early 2021, will help structure projects and serve as an advisory service to clients running small, regional anaerobic digestion projects. The advisory service will offer help in the areas of technical, legal and financial structuring and it will especially help clients find bank loans and other financing. As these small anaerobic digestion projects are considered risky by banks, Banque des Territoires will help clients follow the best standards to make sure the projects are strong candidates for financing. With the help of the Advisory Hub, Banque des Territoires assessed the market and developed various templates and guidance materials for the toolbox. The tools are [available online](#) and project promoters can use them to prepare biogas projects.

Moreover, with the support of the Advisory Hub, Banque des Territoires has launched the S'GREEN+ programme, an initiative to help 25 medium-sized French cities prepare climate adaptation projects.

S'GREEN+ wants to boost public and private investment in climate-change adaptation projects and preserve biodiversity in medium-sized cities, which are especially important in the fight against climate change.

Experts mobilised by the Advisory Hub will work with these cities to develop bespoke action plans and identify steps to be taken to implement the projects. Additionally, all the work carried out by the experts will be available online in order to share experiences with other communities both in France and throughout the European Union. This strong alliance with the Banque des Territoires helps Europe in its pursuit of the Green Deal.



A technician installing a heating system.

SLOVAK INVESTMENT HOLDING PUTS SUSTAINABILITY AND ENERGY EFFICIENCY FIRST

Energy efficiency helps us use less energy to complete the same tasks. Using energy in the most efficient way has many benefits. It lowers greenhouse gas emissions, reduces demand for energy imports, supports the economy and cuts expenses. Improving energy efficiency is often the most immediate way to reduce the use of fossil fuels, particularly in the building sector.

Slovak Investment Holding, a state-owned stock company, identified buildings as an area where more energy efficiency could help the community. Answering the Advisory Hub's call, Slovak Investment Holding received support to enhance its advisory services by recruiting expertise in sustainable investments and energy efficiency. The primary focus has been to increase awareness of ways to renovate buildings using energy performance contracting (EPC). EPCs are arrangements between building owners and an energy service company. The company carries out energy efficiency projects and guarantees a certain amount of savings over the duration of the contract. This is a crucial way to increase energy savings, because payments by the building owner to the service company are based on the energy saved. Thanks to the support provided by the Advisory Hub, Slovak Investment Holding can help public project promoters in Slovakia make more use of energy performance contracts.

This funding included advisory support for the design and implementation of financial instruments in the sector, advice on a template for energy performance contracts, and support for identifying smart-city investment projects across Slovakian municipalities.

STRUCTURAL REFORM SUPPORT SERVICE

The European Commission's Directorate-General for Structural Reform Support (DG REFORM) helps countries implement reforms to create jobs and sustainable growth. A partnership with DG Reform and the Advisory Hub has been developed to help promotional banks and national authorities in this area. DG Reform's Structural Reform Support Programme and its successor, the Technical Support Instrument, aim to improve the investment environment.

Our work with DG REFORM began in 2015 when we helped its Structural Reform Support Service in Greece. Over time, we have strengthened cooperation and coordination with them, marked by the signing of a declaration of intent to work together on more advisory requests in September 2019. The Advisory Hub has supported more than ten assignments from this collaboration. Most of these involve strategic advice, where EIB experts provide added-value guidance and additional input on the work of consultants contracted by DG REFORM.

PUBLIC-PRIVATE PARTNERSHIPS IMPROVE GREEK SCHOOLS

Under the collaboration with DG REFORM, the Advisory Hub has helped develop public-private partnerships (PPP) in Greece. Experts from the European PPP Expertise Centre (EPEC) at the EIB have been providing technical support to assist one of these assignments in Greece. The assignment involves the development of an assessment tool and detailed project delivery guidelines for a nationwide investment programme to improve schools in Greece.

The Advisory Hub has helped DG REFORM procure consultants as well as review and monitor their work. The Greek government has received high-quality, fit-for-purpose PPP project delivery tools that will substantially help the country invest European Union funds in Greece.

Technical assistance to support nationwide investment programme to improve schools in Greece.



ADVICE FOR SMALL BUSINESSES

EBRD and the Advisory Hub work together to offer expert guidance to a wide range of companies

The European Investment Advisory Hub, through its partnership with the European Bank for Reconstruction and Development (EBRD), provides advisory support to many small businesses that often have a hard time finding professional business advice and appropriate financing. The COVID-19 pandemic is making it harder for companies to remain in business, so this support is now even more important.

The Advisory Hub relies on the experience of the EBRD in terms of advisory support for small companies in certain parts of Europe. The EBRD's Advice for Small Businesses programme uses a combination of hands-on business advice from local and international consultants as well as training and market development activities to help small businesses transform and grow. The programme chiefly involves local teams identifying and screening clients, connecting these businesses with consultants, developing terms of reference, and monitoring the advisory work. The programme is available in Bulgaria, Croatia, Greece and Romania.

This cooperation has supported the delivery of almost 300 advisory assignments, funded by the Advisory Hub. The vast majority of these were undertaken using local consultants, and local programme teams have organised a number of training sessions for consultants and SME entrepreneurs. To keep helping companies during the COVID-19 crisis, the EBRD has also offered online advisory assistance and training and prioritised COVID-19-response assignments focused on financial management, balance sheet restructuring, financing, business continuity and supply chain, and protective equipment. Some examples of these are presented below.

GREECE'S TETRAFORM SHIFTS GEARS TO FIGHT COVID-19

Tetraform, a small company based in Kilkis, in Central Macedonia, seized a business opportunity and changed production to respond to COVID-19. In a show of resilience and determination, the company shifted away from the thermoforming of plastics, digital printing, silk screen printing and construction of refrigeration gaskets. Instead, it began making face shields to protect people during the pandemic, with a goal to produce 4 000 shields per day. The family-owned company's face shields were supplied to healthcare workers and institutions at the frontline of the fight against COVID-19.

In a project that ended in April 2020, the European Bank for Reconstruction and Development, with the support of the Advisory Hub, helped Tetraform create a new business plan and develop a new sales strategy, ensuring that the business remained competitive and viable during the crisis.

Until mid-2019, Tetraform's sales deals were conducted purely by word of mouth. In June 2019, the company launched its website and hired a salesperson. Consequently, the company needed expert advice in order to develop a more structured sales strategy and increase revenue. With advisory support provided, the company implemented a new methodology for researching and categorising target groups, as well as coming up with innovative ways of communicating its technologies.

Acting upon the advisory support the business received—and after discussions with the Panhellenic Medical Association—Tetraform started designing and producing easily assembled, adjustable face shields that protect from air droplets, have a modern design, are very light, and use recyclable materials.

With funding from the Advisory Hub, the EBRD was able to provide Tetraform with specialised advisory services designed to help small businesses succeed. Tetraform's successful remodelling has resulted in thousands of orders for face shields from three medical associations, one hospital and one private client who will donate the face shields to three other hospitals. This shows how the right advice can inspire endless opportunities.

PAPUCEI CREATES NEW LINE OF BUSINESS DURING CRISIS

Many businesses have been severely impacted by the pandemic. A company that felt this pain first-hand was Angela International, a family business producing shoes and leather goods under the brand name Papucei (little shoes). Based in Iasi, Romania, Papucei had around 250 international customers, and exports accounted for 95% of production. In 2020, the business came under immense difficulty because of COVID-19, reducing international orders and limiting online sales significantly. Shoe production had to be stopped and many employees lost their jobs.

In response, the company restructured its production lines and started manufacturing protective equipment for the COVID-19 pandemic, such as face masks, disposable coveralls, aprons and face shields. Daily output soon reached 900 masks and 1 500 face shields. However, the products were not certified and therefore could not be sold on the wider market. Papucei needed to adapt to meet a number of standards. It decided to implement the EN ISO 9001 standard, to prove that its products met customers' demands and regulatory requirements.

With the funding of the Advisory Hub, the EBRD worked with a local consultancy to help Papucei implement the new standards. Because of COVID-19, the work was done online and included the preparation of the necessary documentation, staff training, application of relevant procedures and preparation of an internal audit. The company was finally certified by the external certification body in May 2020.

With this support, Papucei produced and sold thousands of pieces of protective equipment on the Romanian market, established a sales agents' network and received new orders from Germany and Italy. By summer 2020, Angela International was also able to resume its regular shoe production and is now successfully managing two business lines.



Thanks to the support of the Advisory Hub and the EBRD, Papucei produced and sold thousands of pieces of protective equipment on the Romanian market.



PROJECT STORIES

A RENAISSANCE FOR A FORMER EPICENTRE OF CULTURE

Advisory Hub helps revitalise famous Różycki quarter in Warsaw

At the legendary Różyckiego market, it used to be possible to buy anything, from a crisp white wedding dress to a new firearm. This lively market in one of Warsaw's historic quarters was once regarded as the city's most popular bazaar and the epicentre of culture during the communist era. Close to a railway and metro station, the Różycki quarter is well connected, but the area is a shadow of its former self.

While the shiny veneer has faded over the years, the soul and spirit of the quarter remain strong. Różycki houses many of Warsaw's historical buildings, dating back from before the Second World War. Using the district's historical architecture as a foundation, and with the right guidance, this area can once again be a vibrant gem in Poland's capital city.

Urban quarters such as Różycki give the city a sense of identity. Preserving the heritage of the area is important because it offers cultural and historical links that strengthen residents' connections. Warsaw is using the Różycki quarter as a pilot project under a larger city revitalisation programme that runs to 2022. The project will focus on renovating buildings while taking care to preserve the cultural and national heritage of the area. The goal is to breathe life back into the area while ensuring that its original sparkle is not corrupted.

A SHOWCASE FOR THE CITY AND COUNTRY

It will be a difficult project, so the Warsaw authorities reached out to the Advisory Hub for support in crafting a feasibility study to revitalise this neighbourhood.

Using an analysis completed by the Warsaw authorities, the Advisory Hub looked carefully into background information, conducting studies into the feasibility and financial aspects of the project. The city will be able to use the Advisory Hub's findings and the Bank's credentials to attract private investment, showcasing the benefits of public-private partnerships.

Thanks to the Advisory Hub's help, projects like this will attract new life to the area by bringing in more workers, tourists and shoppers, helping to restore the north city district's vivacity. The success of this project can also serve as a good example to revitalise other districts in Warsaw and perhaps other cities in the country.



Athens and Thessaloniki replace old, polluting bus fleet with greener alternative.

A HERCULEAN TASK FOR GREEK TRANSPORT

Athens' and Thessaloniki's road to sustainable buses

With Greece still reeling from a long economic recession, the country's public transport is suffering. Today, in Thessaloniki and Athens, bus fleets are old and causing a lot of pollution. Currently, it can be hard for some people to find a bus and the number of people employed by the bus service companies has been declining due to a lack of recruitment over the last ten years. The bus system is expected to get worse unless action is taken.

To improve transport, Athens and Thessaloniki are developing the Bus Fleet Renewal Action Plan for 2021-2030. To make public transport sustainable and meet the requirements of the EU Clean Vehicles Directive, these Greek cities have a big hill to climb.

The Greek Ministry of Transport is working closely with the urban transport authorities of the two cities to improve bus services, which involves the purchase of around 1 500 green buses over the next ten years. The Transport Ministry looked at European Investment Bank financing and EU Structural Funds to support the project. JASPERS, the Joint Assistance to Support Projects in European Regions programme, which is an advisory initiative run by the Bank and the European Commission, supported the ministry in developing a ten-year fleet replacement plan and defining a scheme for the first investment phase in 2023-24, with a view to making future applications for European Union grants.

To complement JASPERS' support on structural funds, the Advisory Hub accelerated the implementation of the project in the two cities. In collaboration with external service providers as well as JASPERS, the Hub's experts evaluated bus technologies and their effectiveness, fleet sizes to accommodate efficient levels of bus route services, maintenance strategies, and more, laying the groundwork for the preparation of a feasibility study and an analysis of the risks, benefits and costs. Our advisory input will be key to speed up the project, making the bus renewal plan investment-ready.

The combined support of the Advisory Hub and JASPERS will help Athens and Thessaloniki to meet their climate objectives. Cities should integrate environmental issues into their urban transport planning and accelerate their transition to sustainable development. By planning and investing wisely in green technologies, Athens and Thessaloniki can provide their citizens with cleaner and more comfortable urban transport in an environmentally-friendly fashion.



Road safety investments in Cyprus.

KEEPING SAFETY ON THE RIGHT TRACK

Advisory Hub helps Cyprus improve roads and reduce injuries

In recent decades, road safety in Europe has improved greatly. With an average of 51 fatalities per 1 million people, Europe has some of the safest roads in the world. In 2019, there were almost 7 000 fewer road fatalities than in 2010—a decrease of 23%. Unfortunately, this progress has slowed in most European countries for a variety of reasons, including a slight increase in the number of cyclist fatalities in urban areas.

The European Union launched a road safety policy for 2021 to 2030 that seeks to reduce deaths and serious injuries by 50%. The Strategic Action Plan on Road Safety and the new Road Safety Policy are designed to lead to zero road deaths by 2050. This is also called Vision Zero.

The European Union works closely with city and regional authorities on road safety issues. The Safer Transport Platform, hosted by the Advisory Hub, helps public and private sectors develop road safety projects. Using expert advice within the Advisory Hub, the platform helps projects meet European and national safety goals. A good example of this support is the work done for the Cypriot Ministry of Transport, which asked the Safer Transport Platform for advice on improving road safety.

FIXING PROBLEMS ON PRIMARY ROUTES

The Public Works Department in Cyprus is developing a road safety programme across the region. Like many European Union countries, Cyprus has made great strides in road safety in the last decade, but this progress has stagnated in recent years. Cyprus now is trying to find out how it can improve the safety of road infrastructure.

The Advisory Hub is working closely with Cyprus officials to plan and implement a new national road safety programme, which will help the nation meet new European Union directives. The Hub's experts, supported by an external consultant, are helping Cyprus identify the most important projects on the country's primary roads. After conducting a safety rating survey, the experts will prepare a programme that will enable Cyprus to implement the new programme on the primary road network by 2030. A "safe system approach" aims to offer a combination of measures to reduce road deaths, such as safer road infrastructure, safer vehicles and measures to address speeding, drinking, wearing seatbelts and the use of helmets for cyclists.

With the Advisory Hub's support, the Public Works Department has a better chance of getting financing for this project. Increasing investment in safer travel is a key step of the EU Sustainable and Smart Mobility Strategy and the Strategic Action Plan on Road Safety. The services provided by the Advisory Hub, through the Safer Transport Platform, help raise awareness about the various instruments available and solutions that can assist road safety programmes. This will lead to fewer fatalities and safer roads.

INVESTMENTS IN KNOWLEDGE PAY THE BEST INTEREST

Romania modernises universities to improve education

Education plays a central role in shaping society. Through teaching and learning, we are able to learn new skills and improve people's day-to-day lives. At the heart of the education system are its institutions. In an effort to improve education, Romania requested support from the Advisory Hub. Our experts helped the country's universities define good business plans and financing models to make their projects succeed. Thanks to this advice, the universities were successful in getting approval for a Bank loan.

REHABILITATING THE CAROL DAVILA UNIVERSITY OF MEDICINE AND PHARMACY

The Carol Davila University of Medicine and Pharmacy, named after the founder of the country's first National School of Medicine and Pharmacy, focuses on high-quality, student-centred medical training and research. To improve the learning and research environment and increase its international visibility, the university wants to modernise its building. The project will preserve the architectural heritage of the building and develop a centre for interdisciplinary and translational cardio-cerebrovascular research.

The university's project fits more broadly into the Bank's Romanian higher education programme loan that focuses on the construction, extension and renovation of a number of Romanian universities. It includes the renovation of the Faculty of Medicine building and the construction of two research centres for cardio-cerebrovascular studies.

The projects come with considerable costs and organisational requirements. For this reason, the Advisory Hub was brought in. Experts brought together by the Hub worked with the university to establish a solid investment plan and financial model to maximise investment opportunities, including potential European Union support. The Advisory Hub's help, delivered in collaboration with innovation finance advisory experts, accelerated and improved the investment plan.

“ Working with the Hub has enhanced the planning of the new investment and facilitated our dreams of improving medical scientific research and harnessing the potential of digital technologies. ”

Professor Viorel Jinga, rector of the Carol Davila University of Medicine and Pharmacy



Better facilities at Cluj's Technical University

Viewed as Romania's leading hub of technology and innovation, the city of Cluj is bursting with new residents who are waiting for opportunities to explore and demonstrate their talents. Last year, Cluj made it to the final stages of the European Capital of Innovation competition, cementing its standing alongside global technology and innovation hub giants.

The city's Technical University, TUCN, has proposed a big upgrade programme. In order to continue its high-level academic offerings and research, the university plans to expand and improve research facilities and other services for students and faculty members. These enhancements include the construction and refurbishment of research and teaching facilities, such as an Artificial Intelligence Research Institute, and the refurbishment of the electrical engineering faculties.

The institution's management board established the core criteria for the plans and asked the Advisory Hub to structure the investment plans and discuss possible funding at European Union level. Experts mobilised by the Advisory Hub helped the university define business plans and financing models, which improved their chances of getting finance. The university also benefited from Bank funding under the Romania Higher Education Programme Loan.

Investment in education strengthens democracy, enriches civic life and helps the economy by cultivating young talent and inspiring the next generation.



The Advisory Hub helps Romanian universities renovate their educational facilities.



Thionville, France, expands green public transport network.

ALL ABOARD PROJECT CITÉZEN

Thionville, France, moves towards greener transport

Our quality of life can be improved a lot when it is easy and fast to find public transport. Good public transport also helps fight climate change, lower air pollution and reduce road noise. Transport consumes one-third of the energy used in the European Union and is responsible for about a quarter of our greenhouse gas emissions.

Thionville Fensch, France, wants to help fight climate change by finding new methods of public transport. Its public transport network, called Citéline, is made up of more than 50 lines, and includes services for students and an on-demand service for people who have trouble using public transport. SMiTU, the city's public transport authority, has launched Project Citézen, a plan to offer two transport lines with electric buses, adapted to the needs of residents. These two electric bus lines will lower CO₂ emissions and reduce bus noise, serving seven municipalities via 67 stations and providing transport for as many as 20 000 people a day. To set up the lines and the recharging equipment, many technical and financial options had to be taken into consideration.

To ensure full understanding of the risks and opportunities of operating electric bus lines, SMiTU asked the Advisory Hub to help devise the strategic, technical, legal, economic and financial cases of the project. Through a study conducted by SMiTU, in which it used the existing system to identify weaknesses and opportunities, Bank experts provided deeper insight on both the technical and financial structures available for the new plan. The feasibility study facilitated by the Advisory Hub's experts also assessed options to renew the existing fleet with electric buses.

A team of technical consultants selected by the Advisory Hub analysed the geography of the municipality and route planning, the size of the buses and battery power, passenger load, depot location, and refuelling/recharging infrastructure to identify challenges and propose solutions. Additionally, our specialists identified financial solutions. A business plan and a financial model were designed, taking into account aspects such as affordability and feasibility. The report looked into questions on ticket prices in relation to the budget, ensuring that the plan is affordable for the city and bus passengers. The review conducted by the Advisory Hub helped shape many areas of the project to address the high level of upfront costs compared to diesel buses, one of the main hurdles in switching to electric buses. This work will lower operating costs over time and bring substantial benefits to the community and the environment.

With the help of the Hub, SMiTU improved its financing proposition, ultimately making the project eligible for Bank financing. The Hub's support was also key in helping the city prepare an application for the CEF Transport Blending Facility, launched by the European Commission in 2019 to encourage private sector investors and financial institutions to support projects that enhance the environment and make transport more efficient.

Project Citézen will not only improve public transport, but it will also make it easier to travel between France and Luxembourg, encourage new travel practices, promote environmentally-friendly transportation and cut traffic congestion.



Small businesses in Italy adopt digital technologies to grow and thrive.

STAYING AHEAD OF THE GAME IN TECHNOLOGY

Small Italian businesses want a bigger piece of the digital economy

In today's market, the economy relies heavily on the use of digital technologies. Digitalisation and the digital economy drive innovation, competitiveness and economic growth across the globe. As the COVID-19 crisis hits many businesses, the digital-savvy firms are finding new ways to succeed. Digital transformation can help many small and medium companies recover faster and prosper.

In 2019, Italy ranked 24th out of 28 Member States in the European Commission [Digital Economy Society Index](#). There was a big need for Italy to improve in this area and embrace the digital economy. While there has been progress in recent years in cloud services and online commerce, Italian enterprises are still behind the digital curve in Europe.

In order to improve digitalisation in Italy's economy, the COTEC Foundation was established. With the help of experts and academics, COTEC works with the state, local institutions, companies and research institutes to promote technology and science.

COTEC, in collaboration with the Italian Ministry of Education, universities and researchers, asked the Advisory Hub to undertake a study on ways to support the digitalisation of Italian small businesses, improve capabilities, and develop more financing mechanisms.

Building on the Advisory Hub's experience in similar projects in Member States such as Portugal and Ireland, EIB Innovation Finance Advisory experts analysed the status of digitalisation in Italy for traditional and high-tech companies and identified potential funding and policy improvements. Next, the Advisory Hub set forth best practices that can address policies to promote small business digitalisation. The Hub also assisted COTEC in outlining new financing instruments and other measures for the digital economy.

The COVID-19 crisis has shaken up the business landscape and significantly accelerated the calls for businesses to shift to a digital economy. The Hub's support will be key in improving economic growth while helping Italy and its small and medium firms meet digitalisation objectives.



FUEL TYPE:
COMPRESSIBLE HYDROGEN
100% H₂
DO NOT FUEL AFTER
07/02/2017

H₂
Hydrogen

Hydrogen as a green and efficient fuel alternative.

SUSTAINABLE TRANSPORT IN GERMANY

Green and efficient fuel

The transition away from costly, polluting fossil fuels is a defining challenge of our time. In order to address climate change and advance the European Green Deal, we must step up our work to find alternatives to oil and gas.

Germany identified a clean-energy solution through the National Innovation Programme for Hydrogen and Fuel Cell Technology. Hydrogen fuel cell technologies provide a way to make vehicles more environmentally-friendly, only releasing water instead of greenhouse gases and other emissions.

While hydrogen technologies do exist today and have been deployed in certain countries, there are several bumps in the road to large-scale adoption. One problem is the question of refuelling infrastructure. People will be reluctant to buy hydrogen-powered vehicles if they cannot easily refuel them. Conversely, refuelling station operators are unlikely to invest if too few hydrogen vehicles are on the roads. The result is a chicken-and-egg situation.

To help overcome this issue and speed up developments in the sector, the German Transport Ministry stepped in. Understanding the positive benefits alternative fuels have on public health and the environment, the ministry decided to help develop hydrogen refuelling stations across Germany. This is a large and complex project, so the ministry leveraged the efforts of a private consortium, H2 Mobility Germany, and provided public funding to support the initial deployment of hydrogen refuelling stations.

GROWING THE GREEN NETWORK

This enabled H2 Mobility to build almost 100 hydrogen refuelling stations in Germany. To further develop and maintain the network, the ministry and H2 Mobility must develop a sound financial plan, particularly in light of the uncertain demand for fuel-cell vehicles. An important question facing the ministry is how the refuelling network could be adapted to a growing demand from fuel-cell buses and medium/heavy-duty trucks. These types of vehicles have different refuelling specifications to cars.

The ministry approached the Advisory Hub for help in designing a delivery and financing model for this next phase of network expansion. Using the Bank's significant experience in supporting European Union policies, providing infrastructure investment and finding financing in areas that lack private sector support, the Advisory Hub brought together a team of experts (combining innovation finance, public-private partnerships and sector expertise) to help Germany develop this project. The Advisory Hub identified several public-private partnerships options that could help the hydrogen refuelling plan. The Hub analysed the ministry's objectives and constraints as well as the market conditions.

With this advice, the ministry can now make informed decisions on how to best deliver and finance the project. This helps ensure that public funds will be spent efficiently and that the network rollout and services will be a success.

Transport plays an essential role in modern societies. Having good transport helps us get to work with less stress, do shopping easily and transport goods in the fastest and most efficient manner. To make transport sustainable, we must keep finding cleaner technologies. By joining forces with the Advisory Hub, this will assist the ministry in taking the next steps.



An online tool to help farmers obtain financing in France.

SEEDS OF SUCCESS

Agricultural tool helps farmers and agri-businesses create sustainable projects

Agriculture and agri-business place significant pressure on the environment and natural resources. It is essential that Europe encourages sustainable farming.

The Nouvelle-Aquitaine region in France has suffered a lot from climate change. It is a major agricultural area with more than 70 000 farms. To preserve the environment and provide people with a high-quality food system, the region has made it a priority to foster sustainable agricultural and agri-business processes, under its Neo Terra programme.

As highlighted by a feasibility study carried out by the Bank's advisory team under the fi-compass platform, ecological investment projects in Nouvelle-Aquitaine face difficulties obtaining finance. Financing sustainable agriculture can be considered risky by banks, because it implies changes in business models and there can be uncertainty about investment returns and outcomes. The feasibility study also identified a clear lack of information and financial background among farmers when they approach banks for financial support.

Based on the feasibility study, advisory experts, working with the Nouvelle-Aquitaine region and the European Investment Fund, developed an investment strategy resulting in a guarantee instrument: Alter'NA. Guaranteeing up to 80% of each loan, the instrument allows banks to offer long-term financing at competitive conditions and with lower degrees of collateral requirements for farmers and agri-businesses.

Launched in 2019, spanning four years, the Alter'NA guarantee will make it possible to provide around €240 million for sustainable agriculture projects via three intermediary banks: Crédit Agricole, Banque Populaire and CIC/Crédit Mutuel. The guarantee benefits from €36 million of public funding from the European Union and France.

To support as many farmers and agri-businesses as possible, the guarantee instrument is combined with technical support that helps project promoters in their Alter'NA loan application process and also offers help to local stakeholders. The Advisory Hub supported the development of this web-based platform.

HELPING FARMERS AND AGRI-BUSINESSES GET THE MOST OUT OF THE ALTER'NA GUARANTEE

To encourage farmers and agri-businesses to apply for the Alter'NA guarantee, Bank advisory experts, mobilised by the Advisory Hub, designed and developed a [comprehensive web-based](#) platform offering a technical support package (www.alter-na.fr).

This web-based platform provides information about the guarantee instrument, and more importantly gives access to tools that let farmers and agri-businesses check the eligibility of their projects before

“ We strongly recommend this type of guarantee-backed loan to farmers wishing to invest in their farm to turn to a more sustainable form of agriculture. ”

Isabelle Bergara, farmer and agricultural entrepreneur

applying for the Alter'NA guarantee. The platform also includes online training on the assessment tools as well as credit application templates.

Additionally, the platform connects project promoters with local agriculture experts and the three intermediary banks. The platform helps the banks and the local agriculture experts accelerate and ease the credit application process, keeping them informed of potential projects coming their way. This improves the overall readiness of the projects and facilitates knowledge transfer between everyone involved.

TASTY TOMATOES

Thanks to the Alter'NA guarantee, Tomatec, a tomato producer in Nouvelle-Aquitaine, can grow tasty tomatoes in a sustainable and competitive fashion. The guarantee provided by Alter'NA allowed Tomatec to take out a new loan, build an eco-greenhouse and expand production. Watch this short video to [find out more](#).

STANDING OUT FROM THE HERD

Patrick and Isabelle Bergara, farmers and entrepreneurs in Nouvelle-Aquitaine, diversified their activities by producing the world-famous Espelette pepper and moving from breeding sheep to the production of goats' milk. This became possible thanks to the Alter'NA guarantee.

“ The launch of the web platform has brought great visibility to the Alter'NA guarantee and its benefits. Thanks to this new tool we have seen a real uptake in the transition to sustainable agriculture from farmers and agri-businesses in Nouvelle-Aquitaine. The success of this web platform is the result of excellent collaboration between teams in the region, the EIF, and EIB advisory services. The Advisory Hub provided extensive support in the development of the tools, training, advisory packages and video content. Their expertise and involvement have contributed greatly to the success of the project. ”

Camille Massol, Head of Transversal Projects,
Nouvelle-Aquitaine Region

A ROOF OVER YOUR HEAD

Better lives for the homeless in Madrid

The COVID-19 pandemic has made it even more important that countries pay more attention to the issue of helping vulnerable individuals and in particular addressing homelessness. The pandemic has made it harder for some people to find or keep their homes, it has left people with more debt and increased the risks of eviction and homelessness. Many countries are looking for new financing solutions to help resolve the temporary accommodation problem.

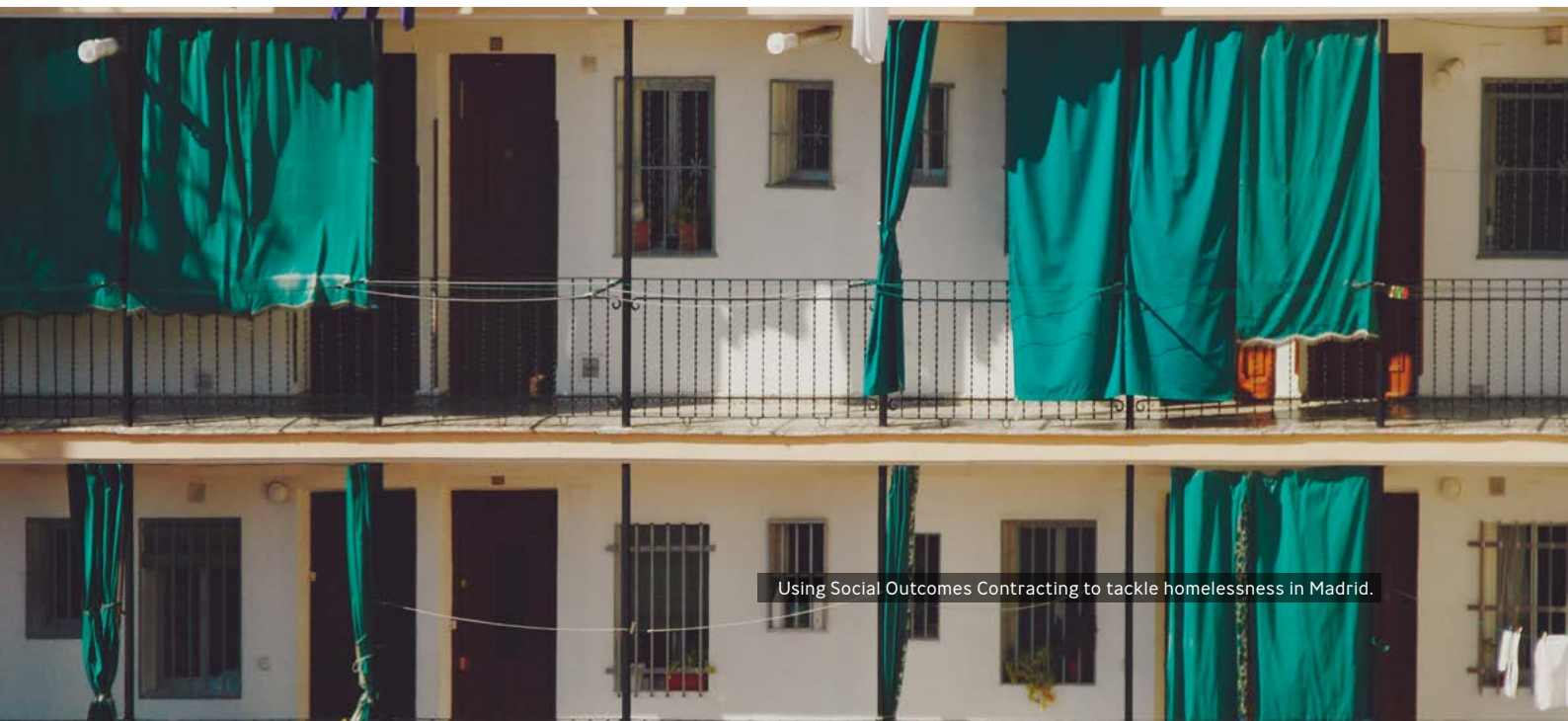
Social Outcomes Contracting is an innovative financing mechanism and social services procurement method that is responding to old and new social challenges. It is based on outcome rather than output. It provides the option of combining public and private resources to support social projects. The service provider's compensation is linked to a measurable social impact rather than to the completion of a set of tasks.

To help countries develop outcome-based approaches, the Advisory Hub hosts [The Advisory Platform for Social Outcomes Contracting](#). Launched in 2019, the SOC Advisory Platform supports the use of Social Outcomes Contracting to resolve social issues and inspire innovation.

In July 2020, the Advisory Hub agreed to help Madrid implement innovative financing and procurement tools to help tackle the homelessness problem in Spain's capital.

Bank experts, mobilised by the Hub, will provide Madrid with a comprehensive feasibility study on the launch of a Social Impact Bond. These bonds provide innovative financing that helps vulnerable groups become self-sufficient, enabling them to leave their temporary accommodation more quickly—freeing up space for others in need. As the procurement of service providers will be carried out via Social Outcomes Contracting, Madrid is only required to pay for the services if the results are achieved.

Thanks to the advisory services provided by the SOC Advisory Platform, Madrid can create real change for people in need.





Enhancing local innovation and improving the technology ecosystem in Sofia, Bulgaria.

THE SMART CITY FORMULA

Innovative technologies pave the way for better services in Sofia

The pandemic has further highlighted the importance of technology and digitalisation in many aspects of our daily lives. Cities have adapted new technologies, streamlined their day to-day management and become more efficient while trying to maintain and improve public services. Many cities are becoming smart cities. By working closely with residents, smart cities develop new projects using technology to promote sustainability.

In 2016, Sofia started an initiative to become a capital for digital innovation. Through the Sofia Investment Agency, the city launched the Smart Specialisation Strategy to enhance local innovation and improve the technology ecosystem. The agency targeted a number of objectives in multiple sectors, including enhancing the use of digital services, bringing together public and private entities on innovative digital products, and using data and digital technologies to improve public and private services.

The Sofia Investment Agency, together with the Fund Manager of Financial Instruments in Bulgaria, approached the Advisory Hub for help in transforming Sofia into a smart city. Thanks to the methodology designed by the Hub's experts, the agency was able to prioritise projects, identify financing sources, and ensure the best use of public resources. A smart city team in Sofia will use the methodology to find key projects and help them get finance. Thanks to the Hub's support, the projects selected by the Sofia agency may be eligible for financing by the Bank or the European Regional Development Fund.

Smart cities bring immeasurable benefits, from better energy and resource management to greater mobility and security. Smart city strategies can tackle complex challenges in a sustainable way while helping society as a whole.



Electric and hybrid buses in Hungary.

CLEANER VEHICLES AND BETTER AIR

Electric and hybrid buses in Hungary

Greener technologies, less pollutants, better air, improved health. These are some of Hungary's goals under a plan to start cleaning up its bus fleet.

To support the shift to green transport, the revised Clean Vehicles Directive was amended by the European Union in 2019. The directive encourages Member States, cities and companies to switch to cleaner technology for buses and trucks.

The Hungarian government is working with Volánbusz, a state-owned bus fleet management company, to finance the gradual purchase of over 3 200 cleaner buses across the nation, representing almost half of the national fleet. The project is being backed by a European Investment Bank loan. This project aims to develop Volánbusz's plan to put cleaner buses on the roads and develop alternative fuel technologies. The project represents an important element of the country's transition towards a more energy-efficient and low-emission public transport sector.

The fleet renewal project is expected to take three years. It will improve reliability, safety and comfort, and encourage more people to use buses. Currently, more than 50% of buses use diesel engines and are over 22 years old. The project also upholds the European Union priorities on convergence and social cohesion. It is supporting less-developed regions, reducing disparities and encouraging growth in all regions in Hungary.

Volánbusz asked the Advisory Hub to lend expertise in a number of areas. The Hub is designing an action plan and strategy to replace the old, polluting buses and buy cleaner buses. The Hub is also working closely with Volánbusz to share experiences and knowledge in alternative fuel technologies and in the best techniques to use in financing and growing green transport infrastructure.

The Advisory Hub brought together experts in sustainable urban transport to examine the situation in Hungary and help Volánbusz identify areas to improve. By understanding the organisation's specific requirements during the inception phase, the team designed a tailor-made advisory package that will make it easier to prepare and implement the bus project.

The renewal plan will bring cleaner, low-emission transport and more attractive buses to the country. It will also encourage more people to use public transport. This is another important step in Europe's transition to a more efficient and less polluting public transport sector.

BRIDGING THE INNOVATION GAP

Helping SMEs adopt digital technologies in Central, Eastern and South-Eastern Europe

Small and medium enterprises that use digital technology are more productive, add more value to the economy and provide higher paying jobs. Smaller companies that have not adopted digital technologies have been hit more heavily by the COVID-19 crisis.

While it is critical for many small companies to solve short-term liquidity problems, it is also critical to invest in the digital transformation to ensure competitiveness and resilience. But sustainable growth will require significant digital investment across Europe to catch up with other more advanced regions.

Countries in Central, Eastern and South-Eastern Europe are significantly lagging behind the European average in terms of the growth of startups and digitalisation. At the same time, the rapid growth of highly innovative companies, such as UniPath, Bolt and Vinted, demonstrate the high potential the region has in terms of digital innovation. However, most innovative startups lack access to equity and growth capital. As a consequence, up to 45% of startups are relocating to regions outside of Europe, which hurts local economic growth. The loss of creative and innovative talent in the region is becoming increasingly problematic.

To address these problems, the European Union, together with the European Investment Bank Group, the European Bank for Reconstruction and Development, the World Bank Group and the International

“ The market assessment carried out by the Advisory Hub was critical for the development of the Digital Innovation and Scale-up Initiative. It provided an in-depth analysis of local digital innovation in the CESEE region and demonstrated the important potential for digital innovation and startups in the area of strategic digital technologies, such as AI and blockchain. We are convinced that enabling the scale-up of highly innovative digital startups and SMEs in the region is a critical factor for enhancing improved competitiveness and innovation-driven economic growth. ”

Pēteris Zilgalvis, head of unit for Digital Innovation and Blockchain,
DG Connect, European Commission



Finance Corporation, launched the Digital Innovation and Scale-up Initiative. This initiative focuses on digital innovations and the support of digital startups in Central, Eastern and South-Eastern Europe. It promotes digital technologies and makes it easier for smaller companies and startups to get financing, while also strengthening the capabilities of governments to develop digital projects.

Because of the scale and complexity of the initiative, the European Commission needed a clear review of the risks and opportunities. The European Commission's Directorate-General for Communications Networks, Content and Technology, (DG Connect), is responsible for the development of a digital single market to encourage sustainable and inclusive growth in Europe. DG Connect approached the Advisory Hub for support in developing a market study to identify strengths and weaknesses for innovation in the region.

The study developed by the Advisory Hub and external experts identifies key challenges for digital innovation in the region and stresses the importance of enhancing the ecosystem and access to finance to help small companies adopt digital technologies. The report underlined the importance of this twin approach to help these companies.

With the Advisory Hub's support, countries in the region will be able to develop digital transformation investment programmes for small and medium companies. It is crucial to support Member States in developing innovation programmes that help digital startups succeed and support the wider adoption of digital technologies. This will make it easier for companies to recover after the pandemic.





Advisory support to Aarhus Vand.

NO TIME TO WASTE

Aarhus takes wastewater treatment and resource recovery to the next level

Water is one of Earth's most important resources. By treating wastewater, we achieve two things: restore the water supply and protect the planet from pollutants. With a good treatment system, a city can reduce the health risks associated with environment pollution, cut water loss and recover resources from wastewater.

Aarhus Vand is Denmark's second-largest water utility company, operating in the city of Aarhus. To improve its wastewater operations, the company has centralised its activities into four plants. However, with the city facing an annual increase in population of 6 000 people, new environmental regulations and ageing facilities, the company must make more changes to prepare for the future. The vision is to consolidate the facilities into a state-of-the-art Resource Recovery Plant in the Harbour area, called Aarhus ReWater, and have another facility, Egå, treating wastewater from the northern part of the city.

The consolidation will make the company more efficient and cut costs, while reducing the environmental impact. In addition to the treatment of water, the company wants to build an innovation ecosystem to develop new technologies and methods to better recover resources.

The Advisory Hub is providing Aarhus Vand with advice on establishing an Innovation Hub at ReWater. The Hub is reviewing the company's innovation and incubation management capability and proposing a set of concrete measures in the form of a roadmap to involve innovative companies, startups, entrepreneurs and other parties in the new ecosystem's innovation activities. Moreover, the advisory service will help Aarhus Vand to identify innovation partners outside the Danish water sector and improve the facility's outreach and visibility by refining the promotion and branding of the new ReWater treatment facility. The Advisory Hub is also advising Aarhus Vand on a smart water-metering project, using state-of-the-art technologies to reduce costs, improve services and maintenance, and reduce the use of water and customer services.

Without a good wastewater treatment system, untreated water can harm animals, plants and human health. Innovative technologies such as those being developed by Aarhus Vand can improve the way we purify and reuse wastewater, which is better for everyone on the planet.

“ Ensuring both an economically and environmentally optimised wastewater structure for the future, we need to build a new and bigger wastewater treatment plant—Aarhus ReWater. Our goal is simple but ambitious—we want Aarhus ReWater to be the world's most resource-efficient wastewater treatment plant and a facility that contributes to a more liveable Aarhus. ”

We are pleased that the Advisory Hub provides support enabling Aarhus Vand to develop a holistic and embracing Innovation Strategy and Roadmap for ReWater. ”

Jesper Kjelds, chief digital information officer, Aarhus Vand

IS IT A BIRD? IS IT A PLANE? NO, IT'S A DRONE!

Drones are an increasing part of the world of innovation and investment. Drones offer huge potential for the private and public sectors, and can greatly benefit societies, from lowering pollution in transport to emergency medical assistance and precision agriculture. In 2015, the European Commission launched the Aviation Strategy for Europe to grow this part of the economy. In the next 20 years, the Commission envisages this sector creating 150 000 to 200 000 jobs.

In 2019, the European Commission and the European Investment Bank launched the European Drone Investment – Advisory Platform. This platform will make it easier to get European Union support and build awareness of the instruments and funding available.

Following the launch of the platform, the Commission's Directorate-General for Mobility and Transport approached the Advisory Hub for assistance. The Hub undertook a study to assess the potential and investment needs of the industry across Member States.

With the support of experts brought together by the Hub, the study will highlight the potential size of the market and help a number of cities develop business cases that could be replicated in other cities and regions. The review will identify parts of the market that don't have enough financing and measure the benefits of drone operations. It will also gauge how the public feels about drones and recommend how social or economic benefits can be assured through growth in the drone segment.

“ It's great to be part of this innovative project that brings together the Bank's long-standing expertise in urban transport and the use of cutting-edge technologies. ”

Ozhan Yilmaz, smart transport specialist, European Investment Bank

The Advisory Hub is also providing tailor-made advisory support to European cities that want to develop individual drone projects such as the examples below.

DRONES TO THE RESCUE

In Trikala, Greece, many elderly people live in isolated situations and cannot easily get medicine or medical supplies. The COVID-19 pandemic has aggravated this situation and has increased the need for an easy way to deliver medical supplies remotely to isolated and vulnerable parts of society. The city has decided to develop a drone operation to deliver these supplies to peoples' doorsteps, integrating drones into the transport network. Trikala will be a testbed for drone use in south-eastern Europe.

OPENING UP NEW POSSIBILITIES

Ambulances play a critical role in transporting sick people to medical centres, and helicopters can do this even faster. To test another fast response, Geneva aims to develop a drone ambulance system that could carry patients and emergency medical supplies. The main advantage of drones over helicopters is that some treatments cannot be effected during a helicopter ride. For instance, it is not possible to use a defibrillator in a helicopter. A drone would allow such treatment to continue during the ride. Drones would also improve transport planning and cut costs. A key challenge will be developing a drone that can carry people.

PART OF A RAPID EMERGENCY RESPONSE

The city of Toulouse, France, is looking to use drones to respond quickly to health emergencies, such as carrying medical supplies and blood from one hospital to another. Drones would be a big benefit for first responders and ambulance drivers, but they also would ease traffic congestion and reduce emissions. The project would also develop a “U-space system” to ensure that drones can use airspace safely.

HERE'S WHERE THE ADVISORY HUB COMES IN

The benefits of drones in day-to-day activities are numerous, especially in healthcare. Drones can provide better healthcare services at reduced costs, provide clean transport that uses less energy, and save lives. However, drones are still new and not well known to many investors. It is vital that promoters have a clear plan in order to receive financing for drone projects.

Our experts are also working with the European Commission's [Smart Cities Marketplace](#) initiative, a wider network of cities interested in urban air mobility, to design a roadmap that will support the development of drone projects in Europe. This practical set of guidelines for the public and private sectors to introduce drone technologies will help increase investment in this field and have benefits for the environment and for cities' economies.

Moreover, the roadmap will serve as a progress evaluation tool for promoters that are seeking financing for their projects, as they will be able to demonstrate the tangible steps and bankability of the project. The support of the Advisory Hub will be key to making sure that these ambitious and innovative projects find financing, and this will also significantly improve the quality of the services provided by cities. As drone technologies move further into the mainstream, the Advisory Hub is eager to further support this sector.



A roadmap to help drone projects come to life.

BE PREPARED

Varna will be ready if disaster strikes

Disaster risk management is now gaining more attention, especially after the adoption of the Sendai Framework on Disaster Risk Reduction at a United Nations conference in 2015. Over the course of the next decade, this framework aims to reduce the risk of disasters that can cause a loss of lives and hurt economies.

A 2015 European Union peer review of disaster risk management systems in Bulgaria highlighted the need to develop a more holistic system to address possible dangers. In 2018, the Bulgarian Ministry of Environment and Water conducted an assessment of disaster risk management in the Varna region, identifying high risks of floods, earthquakes and wildfires. In the area of risk management globally, there is a shift away from the approach of responding to disasters after they have occurred to one of total risk management. This new approach calls for managing disaster risk holistically and continually.

The Varna region decided it was necessary to further integrate its disaster risk management plans, assess capacity-building needs and prioritise investments to upgrade outdated equipment. This work will allow the region to reduce risks and be prepared for the next disaster, saving lives and reducing economic losses.

The Varna regional administration approached the Advisory Hub for support. With the help of experts mobilised by the Hub, the administration was provided with an analysis of the current disaster response approach and an assessment of the emergency response infrastructure available at municipal, regional, and national levels. In addition, our experts compared the Varna region's plan with those of other similar areas in Europe to identify areas for improvement. The Advisory Hub's support helped the administration to gauge the best approach when developing the roadmap for the region's Integrated Disaster Risk Management Plan and ensure the best use of limited resources.

With the help of the Advisory Hub, the Varna regional administration can be confident in its ability to manage disaster risks regardless of the cause, size, location or complexity.



A risk management plan for the Varna region in Bulgaria.

THE HUB BEHIND THE SCENES



ELINA KAMENITZER

Head of the Climate Office, European Investment Bank

GREEN INVESTMENT TAKES CENTRE STAGE

CLIMATE OFFICE TRANSFORMS THE WAY WE DO BUSINESS

The Bank announced its plan to become the European Union’s climate bank at the end of 2019. As climate action and environmental sustainability move to the forefront of our objectives, we plan to increase the share of green financing to 50% of our annual lending by 2025. Against this backdrop, the Climate Office of the Bank’s Operations Directorate was created to spearhead the new Climate Bank Roadmap. This document summarises our transition to a climate bank and explains how we support sustainable finance and the European Green Deal.

The Climate Office is comprised of finance professionals with diverse expertise. The team is consolidating climate finance knowledge within the Operations Directorate, the front office of the Bank, and enabling both climate business and green product development in the future.

Throughout my career, I have seen the pivotal role advisory services can play in supporting all phases of the project cycle and promoting knowledge-sharing inside and outside the Bank. Significant efforts are needed to build capacities and promote green investment. Advisory experts will play an increasingly important role in facilitating the Bank’s efforts in this area.

Making the financial system green is a focus of the European Green Deal and plays a crucial role in increasing sustainable investments. Financial institutions are starting to build up their capacity and make commitments to support the low-carbon transition. Yet more needs to be done, and the Bank is considering ways to work together and support our partner financial institutions in strengthening their work in the green economy. Advisory services will play a key role, as financing alone will not be enough to promote green activities. Our advice will be needed to strengthen the business case around green investments. While we are enhancing our green financing offerings to financial institutions, the Advisory Hub can, at the same time, help our customers set standards and promote robust reporting and traceability. This is key to avoid greenwashing and improve transparency.

The Climate Action Support Facility—a flagship initiative supported by the Advisory Hub—is a great example of how we bring together our financing and advisory teams to help clients. Here the advisory work seamlessly supports our financing, whilst also making the most of innovative digital tools that enable us to increase assistance for small and medium businesses. The soon-to-be launched Green Gateway portal of the Climate Action Support Facility will provide other banks and financial institutions with ready-to-use advisory support, e-learning and guidance documents to encourage more green finance, especially for smaller companies. This online portal will be supplemented with bespoke advisory support.

I hope to see a future where advisory services have a closer relationship with the financing side of the Bank's business, promoting more synergies between these two core activities.

“ Whether it is at the beginning of project cycles or further down the line of development, advisory services will play a significant role in the paradigm shift to greener investments. Our work in the context of the Advisory Hub is crucial to respond to clear market needs, such as the need for capacity building to support green investment activities. ”

Elina Kamenitzer, Head of the Climate Office, European Investment Bank

FINDING THE PERFECT FIT

DEFINING THE RIGHT EXPERTISE FOR EACH PROJECT

When I first worked with the Bank in my previous job in the public sector in Romania, I saw, from the client's perspective, the important role advisory services could play. Receiving advisory support from the Bank in structuring investment projects was a great help when I was in the Ministry of Transport. Later on, when I joined the Bank in the Bucharest office, I was excited to see the roles reversed, with the opportunity to offer clients the support I once found so valuable.



TEODORA TATARU

Technical assistance officer, European Investment Bank

It is thanks to my previous experience in delivering technical assistance to clients in the transport, environment, energy and health sectors that I can help improve the capacity of our clients. I was involved in several Advisory Hub assignments, for example in the development of feasibility studies for the construction of the KBC Rijeka Hospital in Croatia and the children's hospital in Burgas, Bulgaria. My role was key in identifying the right expertise, internationally and in the countries themselves, and procuring external consultants to support the project.

I would strongly recommend that my former colleagues in other public authorities come to the Advisory Hub with their projects, being transparent and open about their needs. This helps us provide the best combination of expertise to develop investment projects.

“ The possibility to bring together highly qualified experts from the Bank and first-rate local consultants that understand each country is what makes the Advisory Hub so special. ”

Teodora Tataru, Technical assistance officer,
European Investment Bank

STANDING OUT IN YOUR FIELD

SUSTAINABLE AGRICULTURE THROUGH ADVISORY SUPPORT

I joined the European Investment Bank in 2008, after 20 years as a senior banker for major international commercial banks. Since then, I have been part of a journey developing innovative financing solutions for key economic sectors and have contributed to designing and developing EIB financial instruments in energy efficiency. Financial instruments combine public funds and private resources to make access to financing easier and more affordable for clients' projects.

In 2017, I joined the Bank's Advisory Services Department to help public authorities develop financial instruments using European Union funds, especially in the fields of energy efficiency and sustainable agriculture.

Advisory services play a key role in helping public authorities take advantage of European Union funds through financial instruments. For example, we provide comprehensive studies identifying market failures and support the design and implementation of financial and non-financial solutions. Through our advisory support in energy efficiency and agriculture, we expect to help reduce energy consumption and support the ecological transition in Europe.

// For a project to thrive, we need to create an environment where banks, local experts, and public entities work together towards the same goal. It is crucial to identify the support networks and mobilise them. Then success will follow. //

Laurent Bender, Senior investment platform advisor, European Investment Bank



LAURENT BENDER

Senior investment platform advisor,
European Investment Bank

A recent advisory assignment has led to the creation of the Alter'NA guarantee, managed by the European Investment Fund, in the Nouvelle-Aquitaine region of France. This EU-supported guarantee is encouraging more environmentally-friendly farming and food production.

The Advisory Hub went the extra mile and provided support to a financial instrument after it was already set up. Responding to the needs of the market, we worked closely with colleagues from the European Investment Fund to assist in the development of a comprehensive online platform containing tools, online training and case studies to help farmers make the most of Alter'NA.

The web platform lets farmers assess the eligibility and maturity of their projects for the Alter'NA guarantee, as well as allowing the intermediary banks and local agriculture experts to accelerate credit application processes or seek online training.

The combination of the expertise of the European Investment Fund in managing guarantee funds and the online platform designed by the Advisory Hub has improved the outreach and success of the Alter'NA guarantee, a scheme that can be replicated in other countries and regions.

THE ROAD TO CLEAN AND SUSTAINABLE ENERGY

MORE SUPPORT FOR CLIMATE ACTION

Many innovative projects struggle to get financing if they are considered risky and groundbreaking. Such projects have unproven markets and involve complex technologies. Our team can give these projects advice and guidance on financing, improving their structure and helping them get access to funding. We are also involved in business development and outreach activities, engaging with clients in a wide range of sectors, such as the circular economy, life sciences, digital technologies and sustainable energy. When needed, we lend our expertise in financing innovation by joining forces with other Bank experts and external consultants to deliver all-encompassing advisory services.



FRANCOIS GILLES

Finance advisor, European Investment Bank

As we explore alternatives to fossil fuels, hydrogen has emerged as a key part of the sustainable economy. In a recent Advisory Hub assignment, we helped the German government develop a network of hydrogen refuelling stations. We provided advice on market trends, alternative financing structures and ways to spread the risks among various parties. Our input increased the chances that private investors could get involved in the project.

The Advisory Hub is an effective one-stop shop for a wide range of services devised to address clients' needs. Our solution-driven approach will become even more crucial in the future as we explore how innovation can address climate challenges.

“ Through advisory support, the Bank collaborates with forward-thinking project promoters and policymakers to develop projects that will benefit everyone. ”

Francois Gilles, Finance advisor,
European Investment Bank

A GUIDE TO INNOVATION

LIGHT ADVISORY SUPPORT GETS CLIENTS ON THE RIGHT TRACK

At the end of 2016, I took up my role as a senior industry advisor for sustainable and digital industries in the Innovation and Competitiveness Department of the Bank. As experts across a broad range of sectors, including steel, automotive, and digital technologies, we focus on the economic and technical appraisal and monitoring of Bank operations. We also provide technical assistance for the Advisory Hub.



DARRAGH MAC NEILL

Senior industry advisor, European Investment Bank

While some projects require complex advice, some clients only need limited help to make sure projects are on the right track. This is what we call light project advisory. Without this type of support, smaller companies that may lack experience in building sound investment projects would not be able to benefit from our support, which is often crucial to finding financing. For example, we recently helped a number of companies with their circular economy projects, advising them on the innovative aspects of their proposals. We were able to help them identify a series of challenges, looking at market and technical feasibility aspects, ultimately making their projects better prepared for financing opportunities.

Working with the Hub and using my 30 years' experience in the private sector, I believe that it is important to provide our clients with a single point of entry to advisory expertise. This is exactly what the Advisory Hub does. By calling on experts from various parts of the Bank and putting the client's needs at its core, the Hub plays a huge role in helping innovative projects get off to the best possible start.

“ Transparency is the key to help us tailor our advisory services to your needs. With this, we can help shape a clear path and investment plan. ”

Darragh Mac Neill, Senior industry advisor,
European Investment Bank



“ Working with the Hub took our engagement with drone initiatives to the next level and inspired the design of a drone roadmap, a checklist for promoters to determine their project maturity and potential. ”

Tiago Lopes, engineer

“ Over the years, the Advisory Hub has developed a vast portfolio of sector experience and expertise to help clients successfully implement their projects. ”

Alfio Lo Castro, regional mandates manager,
European Investment Fund



“ As promoters navigate new policies and objectives, the Hub has the knowledge and experience to pull together resources and expertise from all areas of the Bank to help deliver on clients’ needs. ”

Fernando Crespo Diu,
public-private partnerships principal advisor

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



“ The Advisory Hub’s agile and impartial approach is an attractive quality for many promoters looking for advice. ”

Grzegorz Gajda, senior urban specialist

“ The Hub helps promoters gain confidence and build up systems and tools, allowing them to unveil the project’s full potential. ”

Daniela Diedrich Ristic, climate change specialist



“ The need for advisory services is growing, and as an established one-stop shop in the advisory world, the Hub is perfectly positioned to help its clients achieve their objectives. ”

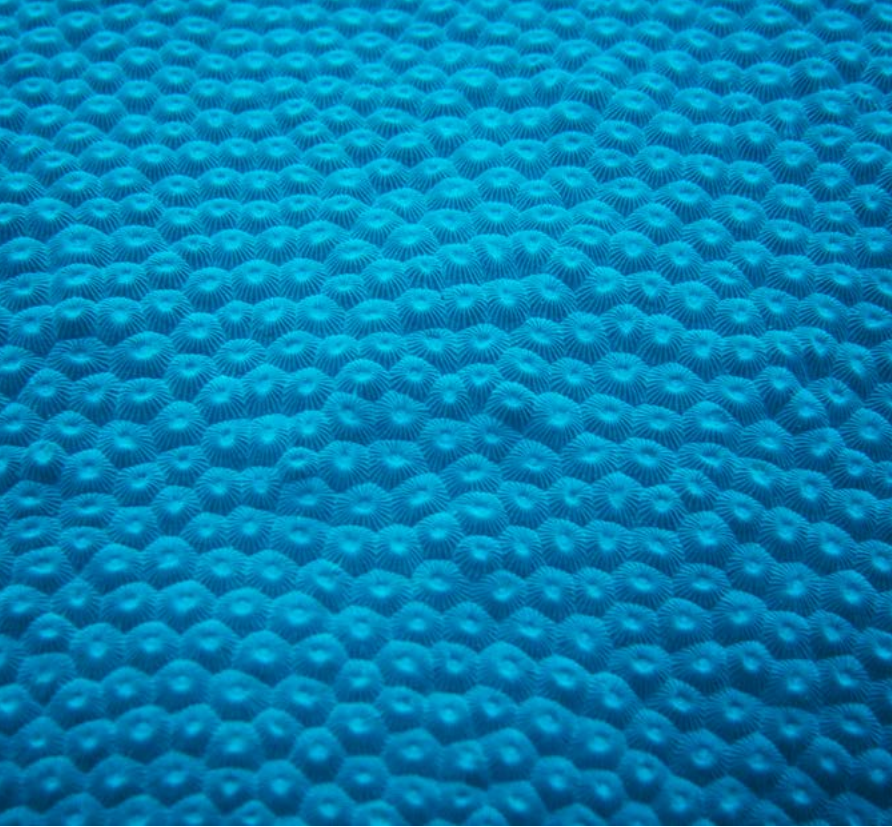
Borislava Gabrovska, Hub advisor

“ Advisory services play a vital role in achieving the objectives and outcomes of projects that ultimately impact people’s lives. ”

Anca Ocroteala, loan officer



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



EUROPEAN INVESTMENT ADVISORY HUB

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