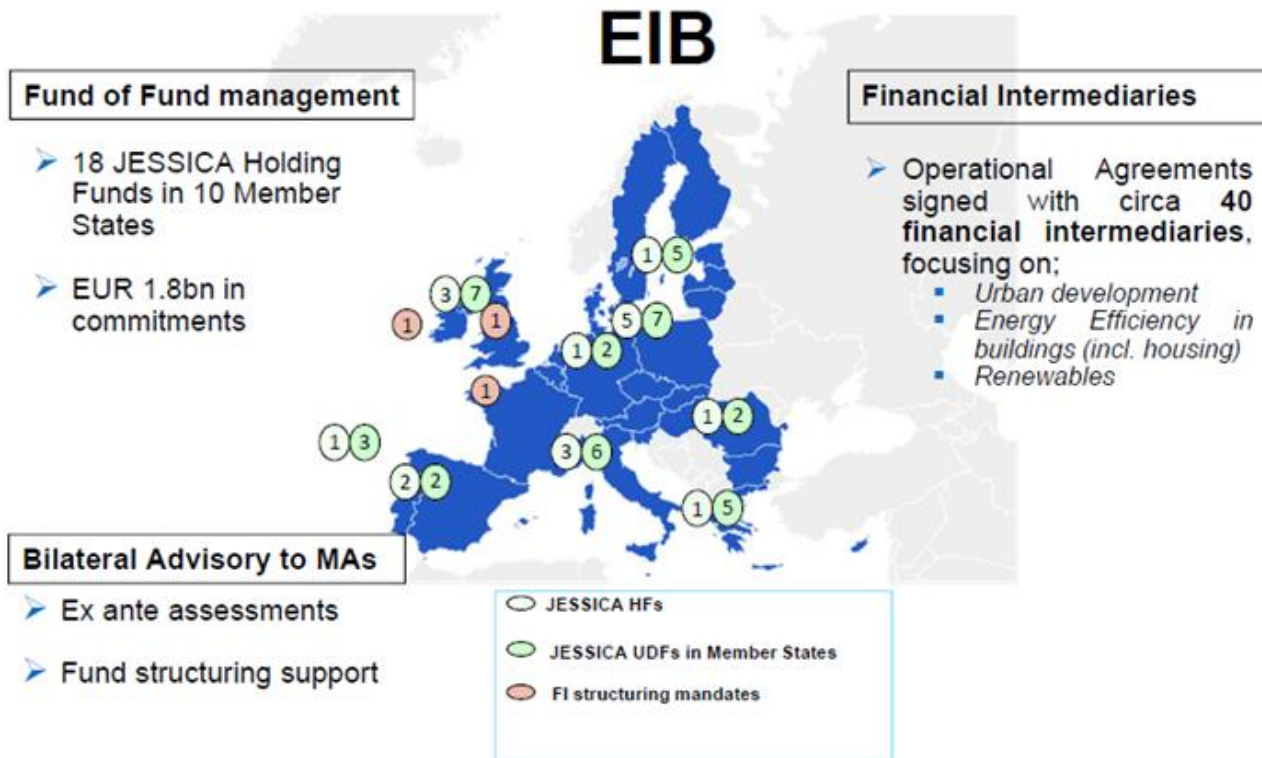




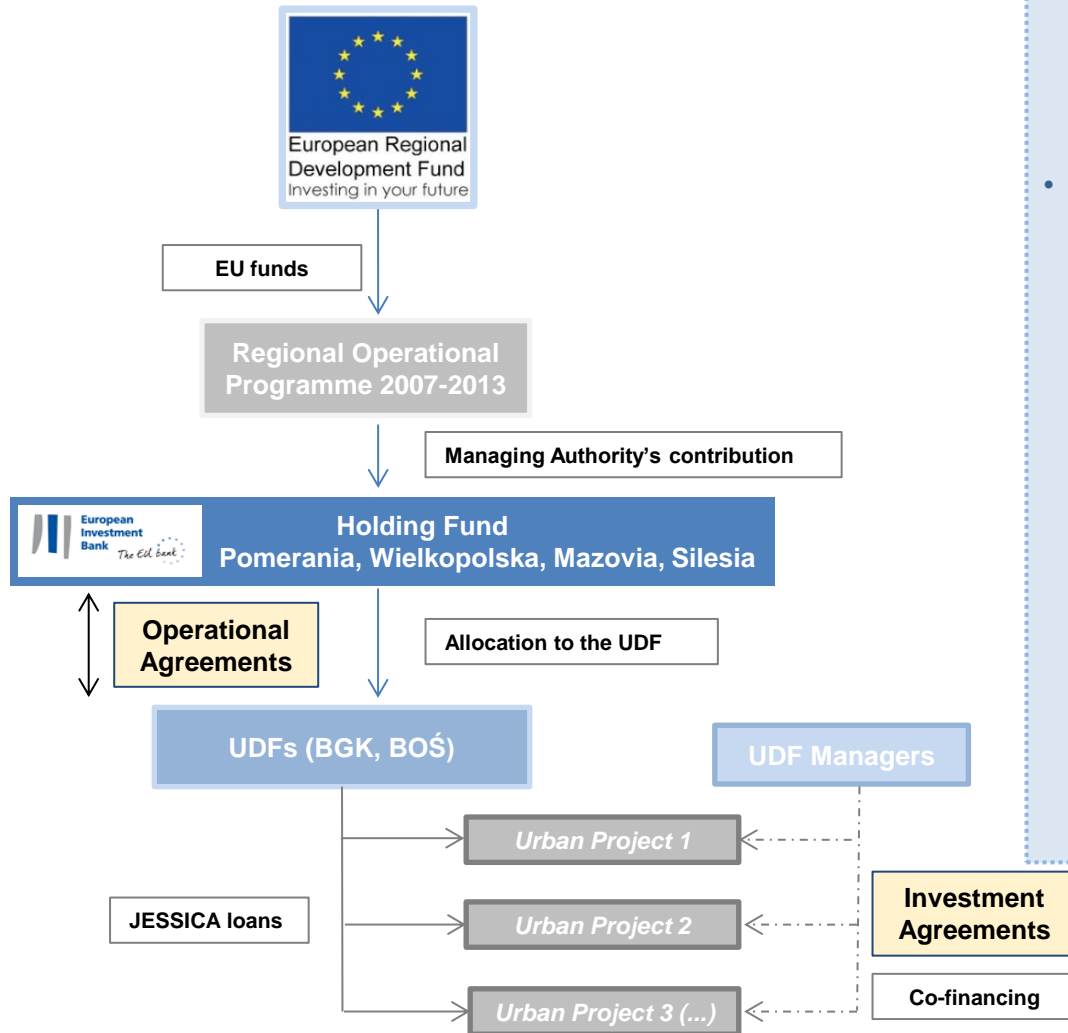
# EIB group experience in managing financial instruments and banks' role

Vilnius, 17<sup>th</sup> May 2016  
CITYinvest Lithuania

# EIB's Group experience in managing FIs and providing advisory support:







## JESSICA Holding Fund

- **First HF established in 2009** – now 4 Holding Funds (1 closed) and 5 UDFs (7 UDFs) with (as of 31 December 2015) **159** Investment Agreements with Final Beneficiaries amounting to over **PLN 1,17bn**
- **Focus on:**
  - Revitalisation of urban areas, post-military and post-industrial areas; investments in support of business environment institutions (**Wielkopolska**)
  - Revitalisation of urban areas, post-military and post-industrial areas; multifunctional approach to degraded areas (**Silesia**)
  - Development and integration of effective and sustainable public transport, energy infrastructure (renewable energy and energy efficiency); improvement of cities competitiveness (**Pomerania**)
  - Revitalisation of urban, post-military and post-industrial areas; creation and development of clusters of regional character; development of energy infrastructure (**Mazovia**)

## Holding Fund Lithuania (2007-2013)

- Established in 2009 with **EUR 173m** EU structural and national funds and 4 Financial Intermediaries.
- Focus on **energy efficiency** for multi-apartment buildings and student dormitories.
- Success in **attracting private finance** via securitisation of future reflows from JESSICA Holding Fund portfolio **EUR 80m** provided.
- About **690** buildings have been finished and circa **370** undergoing works.
- Achieved energy **savings** of **67%** on average.

## Success story and lessons learned

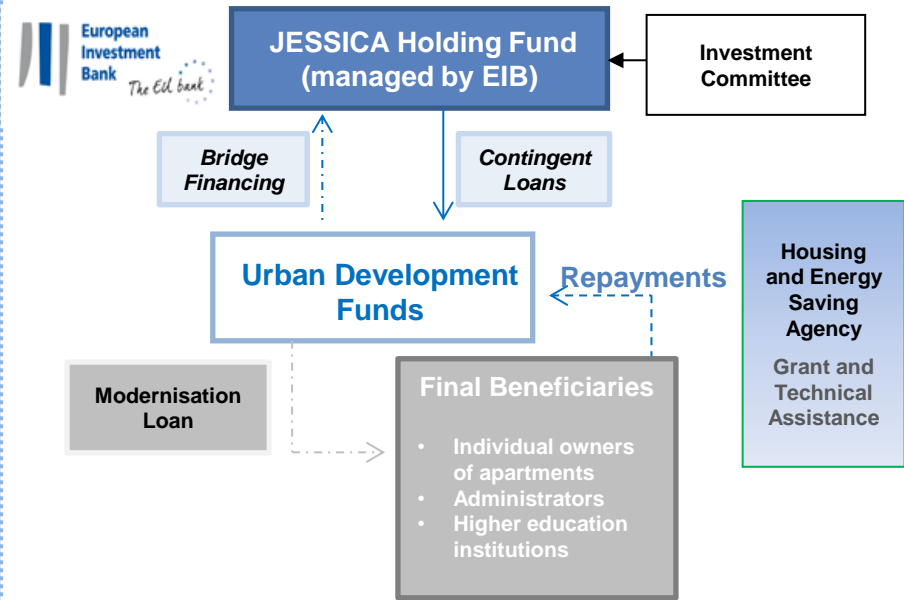
Flexibility

Effective governmental **public relations** campaign

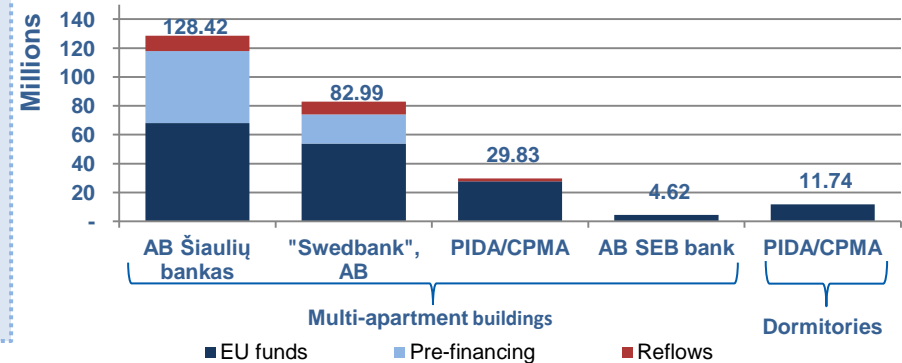
Sound cooperation



- By 2014 all EU and national funds had been committed to projects – **role model throughout Europe**
- Demand** outstripped by far the available public funds
- The product worked** and could attract private co-financing and risk sharing



Signatures with Final Beneficiaries per source of financing [m EUR] (as of May 2016)



## Fund of Funds Lithuania (2014-2020)

- **Ex-ante** finished in December 2014.
- **EUR 1 billion** financing gap estimated by the ex-ante report as needed for renovation of min **3000** multi-apartment buildings.
- **Continues** objectives of JESSICA Holding Fund in the new 2014-2020 programming period.



- FoF established in **May 2015** with **EUR 150m** of ESIF funds – EIB's first mandate for DFIs.

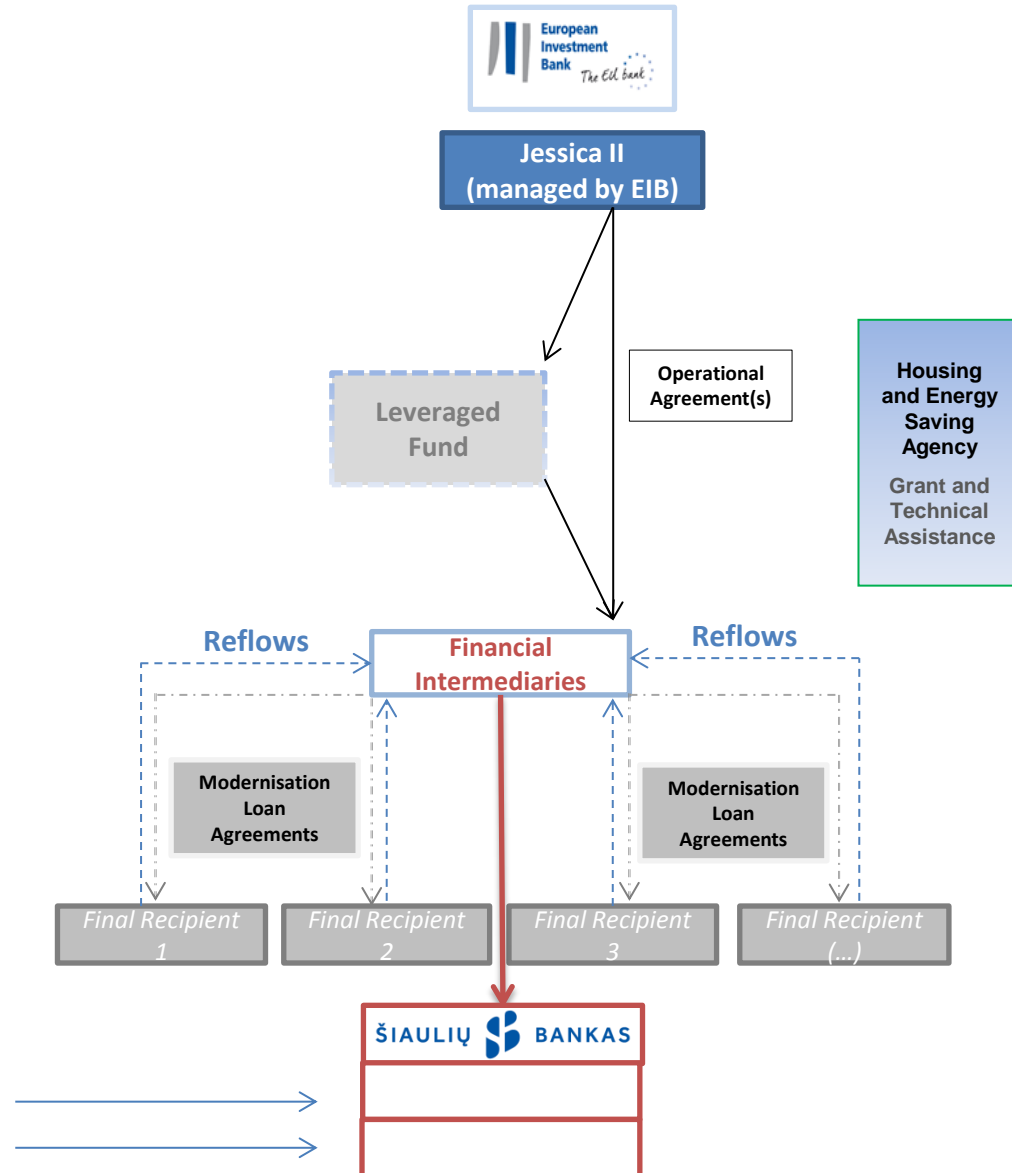


In **August 2015** EIB and Šiaulių bankas signed the first Operational Agreement under 2014-2020 of **EUR 68m** under 1st Selection Procedure

In **April 2016** EIB and Šiaulių bankas signed **EUR 30m** pre-financing agreement

**357** projects signed for **EUR 90m** and circa **EUR 60m** disbursed

Results of 2nd Selection Procedure for **EUR 80m** pending



# Why use financial instruments?

- A **more efficient** use of (scarce) public sector resources, especially for revenue generating or cost saving projects
- Greater **leverage potential**
- Brings **financial discipline** into the project/initiative: transparency/identification/selection process
- Can be **combined** with technical support and/or grants to overcome market barriers
- Reutilisation of resources: **revolving nature** of the instruments

- Should be **market driven**: importance of ex-ante assessment and of market tests
- Keep It Simple and Smart (**KISS**): right balance between policy objectives and real market absorption capacity
- **Alignment of interests**: Managing Authority, FoF, Financial Intermediary, Final Recipient
- Constructive **collaboration** vs “not my problem” attitude
- Appropriate **governance** structure
- Get a «good» **fund manager**
- Flexible **investment strategy**
- Financial intermediaries **as the champions**
- **Technical assistance** to prepare projects (e.g. ELENA)





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