



# ESIF/EFSI Regional Investment Platform

## CAP 3RI experience, Hauts-de-France

**Guillaume Thomé**, Investment Director, Nord Capital Partenaires  
**Jean-François Leprince**, Financial Instruments – Western Europe, European Investment Bank



 #ficompass



European  
Investment *Advisory Hub*

Europe's gateway to investment support

[eiah.eib.org](http://eiah.eib.org)



# Background: the Third Industrial Revolution



- Regional ambition: a new economic model for a carbon zero Region by 2050 with an efficient and sustainable use of resources and job creation
- An investment fund dedicated to the Third Industrial Revolution and focusing on supporting enterprises and projects in the low carbon economy
- Through European Structural and Investment Funds for the 2014-2020 programming period, the opportunity to develop a dedicated financial instrument



# From a Concept to a FI EIB as Advisor



- EIB supported the Managing Authority (Hauts-de-France Region) in designing an adequate approach and establishing the Financial Instrument, in particular for
  - Selecting a consultant for the *ex-ante* assessment
  - Coordinating and supervising the *ex-ante* assessment
  - Envisioning the FI's investment strategy and business plan
  - Designing an appropriate design / set-up : an equity / quasi-equity investment fund
  - Making recommendations during the fund manager selection process (through a call for expression of interest), the MA remaining in charge of the selection
  - Providing inputs as regards the main contractual terms and conditions with the fund manager
  - Providing on-going support through participation to the FI's consultative committee



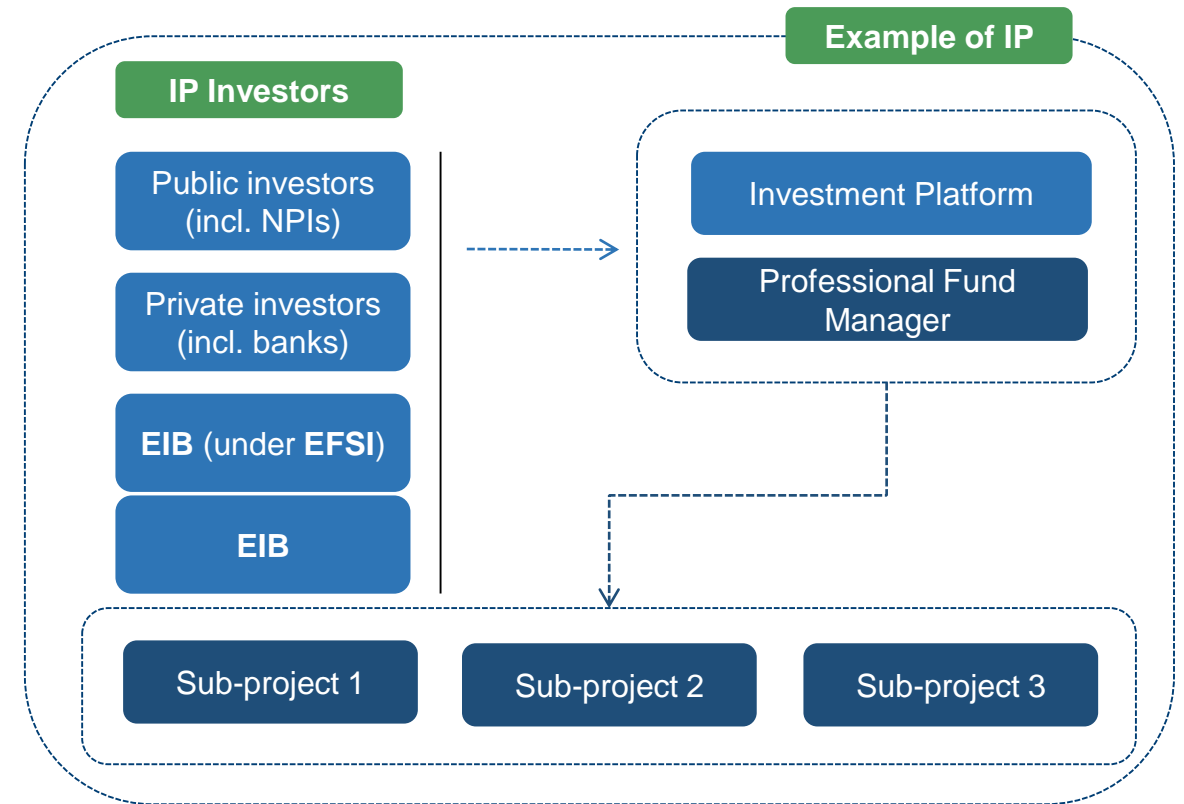
# From a Concept to a FI EIB-EFSI as Investor (1)



- The advent of the European Fund for Strategic Investment (EFSI) made EIB able to provide funding under novel approaches:
  - Risk-return adequacy not in line with traditional EIB activities
  - “Investment Platform” (IP) set-ups: no guarantee from MAs, no security beyond the platform itself
- IPs may be funds, contractual arrangements, companies etc. often having a thematic focus
- IPs allow for a coinvestment by EIB under EFSI



 #ficompass



# From a Concept to a FI EIB-EFSI as Investor (2)



- When designing the equity instrument which became CAP 3RI, the combination of ESIF and EFSI for an equity instrument was considered attractive and feasible either in the instrument itself or at SME / projects level – the joint approach under a single instrument won as it ensured larger impact
- The MA had nevertheless to address the following issues:
  - **Respective eligibility criteria** must be adhered to and there must be **no double financing** of the same expenditure items
  - The EFSI contribution cannot count as national co-financing for ESIF
  - **State aid consideration apply to the ESIF contribution** (but not to the EIB-EFSI contribution)
  - There is still the need for an **ex-ante assessment** and appropriate **selection of the financial intermediary / fund manager**
  - **ESIF grants** remain useful to complement/support financial instruments



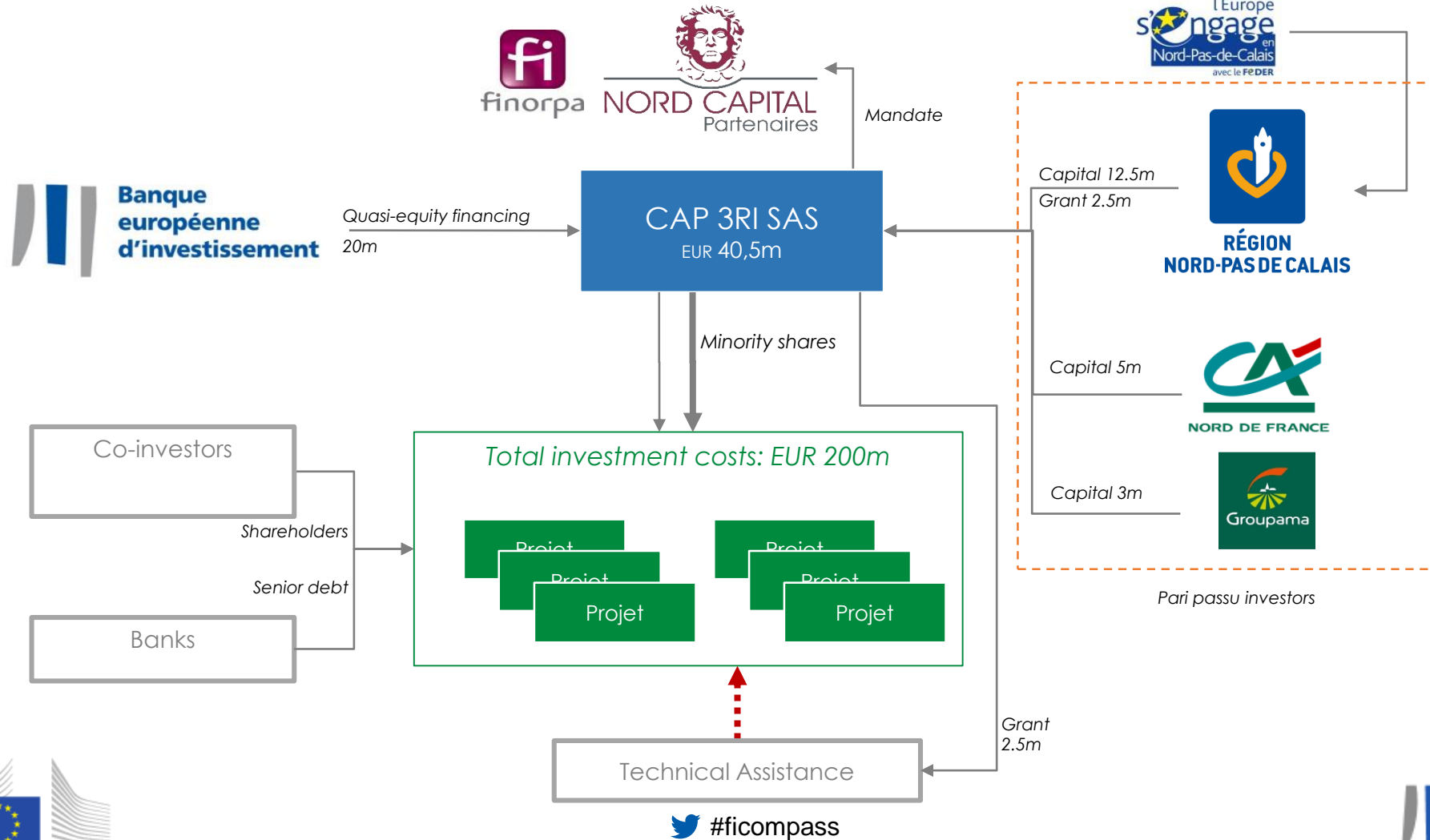
# From a Concept to a FI EIB-EFSI as Investor (3)



- EIB and EFSI came into play because it fits their strategic priorities:
  - The **low carbon economy** and **SME** financing are priorities for both EIB and EFSI
  - CAP TRI represents a double **blending opportunity**:
    - Through an Investment Platform targeting small to mid-sized projects with various risk profiles
    - Through a technical assistance envelope aiming at the emergence of new projects
  - In line with EFSI's risk-taking guidelines, EIB provides a **quasi-equity financing** ("*prêt participatif*") featuring attractive characteristics for others investors:
    - A significant leverage effect on deployable amounts (up to EUR 20m over a total of EUR 40m)
    - A 15-year bullet loan with a very small annual interest and a remuneration linked to the fund performance
    - A flexible financing: the fund manager can adjust the fund's leverage at any time, by drawing or not drawing on EIB's contribution
    - Larger leveraging effects towards third party (private) investors
      - Within the fund (boosting their financial performance, as EIB's returns are capped)
      - Outside the fund (more resources are deployed on the ground)



# CAP 3RI Fund Design





# CAP 3RI characteristics



## *Priorities*

Low carbon and circular economy

## *Maturity*

Growth capital

## *Positioning*

Minority interests

## *Horizon*

5 – 7 years

## *Targets*

SMEs, Mid-Caps,  
SPVs

## *Investment size*

1,0 – 3,0 m€

## *Type of funding*

Ordinary shares  
Preference shares  
Convertible bonds

## *Technical Assistance*

2,5 m€



#ficompass



# CAP 3RI investments



**ASTRADEC**  
ENVIRONNEMENT

(€ 2,0m)

**Waste collect, treatment valorization**  
Employees: 160  
Target sales: € 35m



(€ 1,5m)

**Windfarm reconditioning project**  
Employees: 80  
Target sales: € 25m



(€ 3,0m)

**Coal Mine Methane valorization**  
Capex plan : € 30m  
Target sales: € 15m



(€ 1,2m)

**A multimodal platform for fluvial transport**  
Employees: 1 500  
Total sales: € 80m



(€ 1,0m)

**Conception, construction of methanisation units**  
Employees: 70  
Target sales: € 15 m



(€ 2,0m)

**A leader in gas treatment equipment**  
Employees: 300  
Total sales: € 70m



## Key figures

- Investments achieved: 6
- Engaged capital: € 15m
- Carbon saved: 1 Mt/year
- Jobs concerned: 2 000

- CAP3RI investments
- CAP3RI projects pipe

(€ x,xm): CAP3RI investment amount



# CAP 3RI Take-Aways and Discussions



1. **Regional dynamic support:** Traction effect around 3rd industrial revolution (companies, collectivities, institution) and promotion of the first investment fund dedicated to low carbon and circular economy
2. **Future sector emergence** with high potential in Hauts de France: green gas, fluvial logistic, energy storage, reconditioning industry, precious metal recycling, wind energy...
3. **Challenge for development:** enhance deal flow on a thematic sector with geographical constraints (importance of dedicated networks)
4. **Technical assistance implementation:** very well appreciated mechanism that can be used only before investment (high demand for using it during the investment period)
5. **Capital investment coverage:** early stage and capital risk projects bringing strong innovation not covered by CAP 3RI



# ESIF–EFSI Combinations



- Based on the CAP TRI example, ESIF and EFSI play complementary roles

ESIF	EFSI
<p>Is mobilised by the MA as <b>long-term equity capital of the Investment Platform</b></p>	<p>Enables EIB to take higher risks than for its traditional investment activities and to support the Investment Platform under a <b>quasi-equity approach</b></p>
<p><b>Attracts other public and private investors</b> into the into the Investment Platform (within the Fund and within the project / SMEs financed by the Fund)</p>	<p><b>Further attracts other public and private investors</b> by helping the Fund to reach <b>critical mass</b>, sending a <b>signal to the market regarding the commercial approach that is followed and boosting these investors’ value gain potential</b></p>
<p>Embodies the <b>policy priorities</b> identified by the MA in their OPs (here the low carbon economy under TO4) and make them addressed concretely and in a very visible way</p>	<p>Allow for <b>investment in sectors that attract insufficient funding</b> (such as low carbon economy, long-term SME financing and innovation)</p>
<p>Complements the MA’s <b>grant policies</b> in a way that allows for high <b>recycling and reuse</b> of proceeds.</p>	<p>Ensures a further complement to grant financing and aims at a <b>higher level of recycling / reuse.</b></p>



 #ficompass



