

# **EIB group experience in managing financial instruments under shared management and the challenges ahead**

*Junona Bumelytė, European Investment Bank  
Riga, 29 October 2015*

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



## EIB

### Fund of Fund management

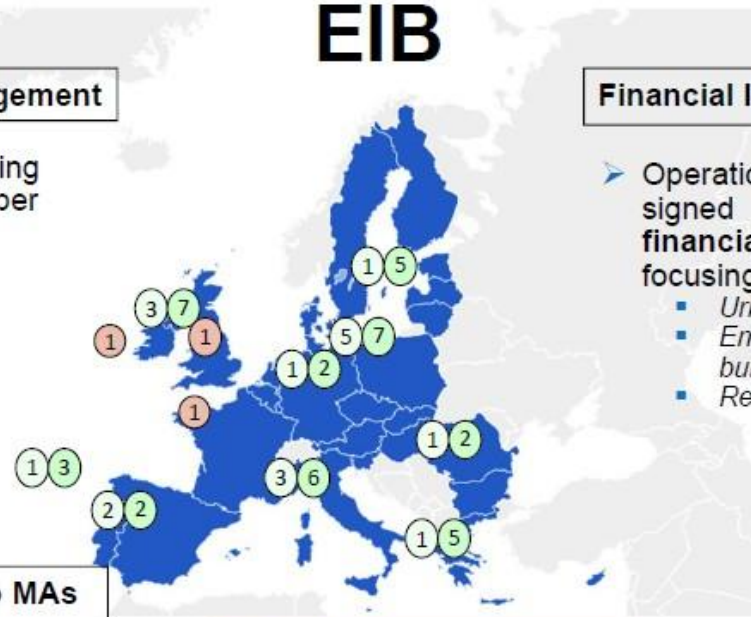
- 18 JESSICA Holding Funds in 10 Member States
- EUR 1.8bn in commitments

### Financial Intermediaries

- Operational Agreements signed with circa 40 financial intermediaries, focusing on;
  - Urban development
  - Energy Efficiency in buildings (incl. housing)
  - Renewables

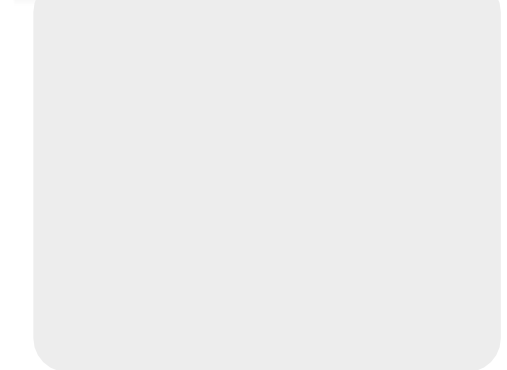
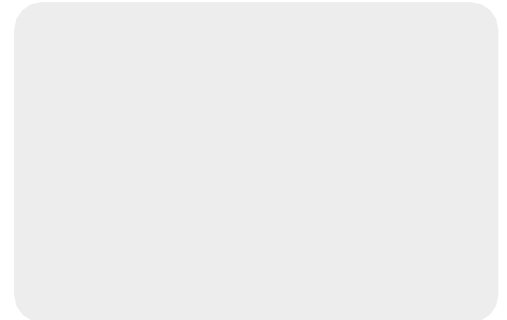
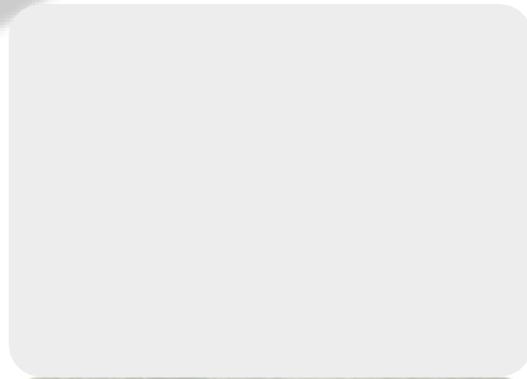
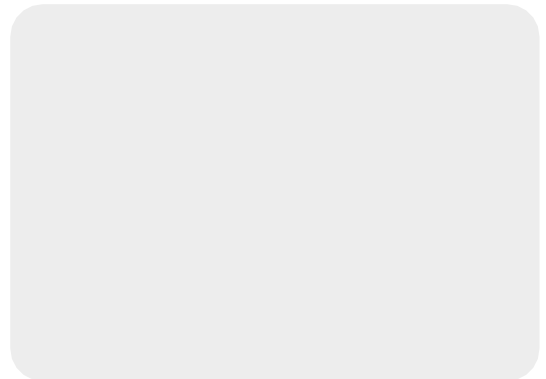
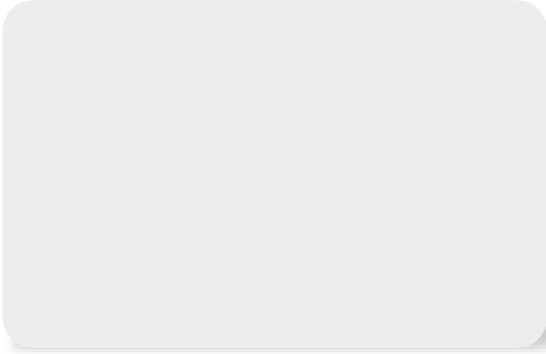
### Bilateral Advisory to MAs

- Ex ante assessments
- Fund structuring support



- JESSICA HFs
- JESSICA UDFs in Member States
- FI structuring mandates

## Project examples



# Lithuania - JESSICA I (2007-2013)

## Holding Fund Lithuania

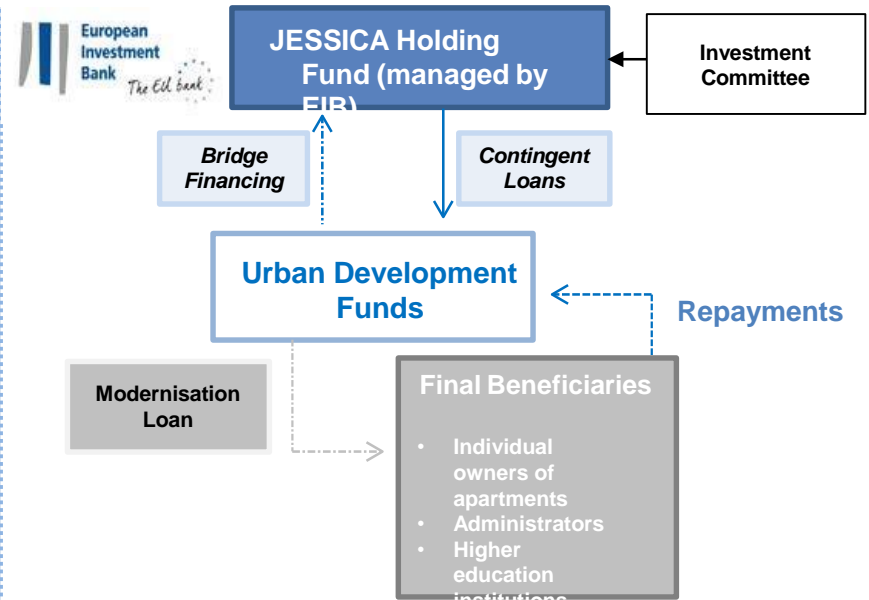
- Established in 2009 with (now) **EUR 173m** EU structural and national funds and **4** Financial Intermediaries.
- Focus on energy efficiency for multi-apartment buildings and student dormitories.
- Success in attracting private finance via securitisation of future reflows from JESSICA Holding Fund portfolio EUR 70m provided
- About **400** buildings have been finished and circa **800** undergoing works
- Achieved energy savings of **65%** on average.

## Success story and lessons learned

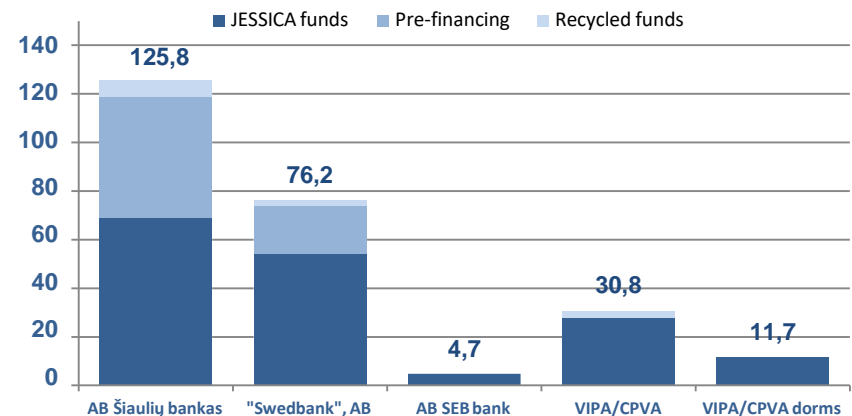
- By 2014 all EU and national funds had been committed to projects.
- Demand outstripped by far the available public funds



The product worked and could attract private co-financing and risk sharing



Signatures with Final Beneficiaries per source of financing [m EUR] (as of 30/09/2015)



## Fund of Funds Lithuania

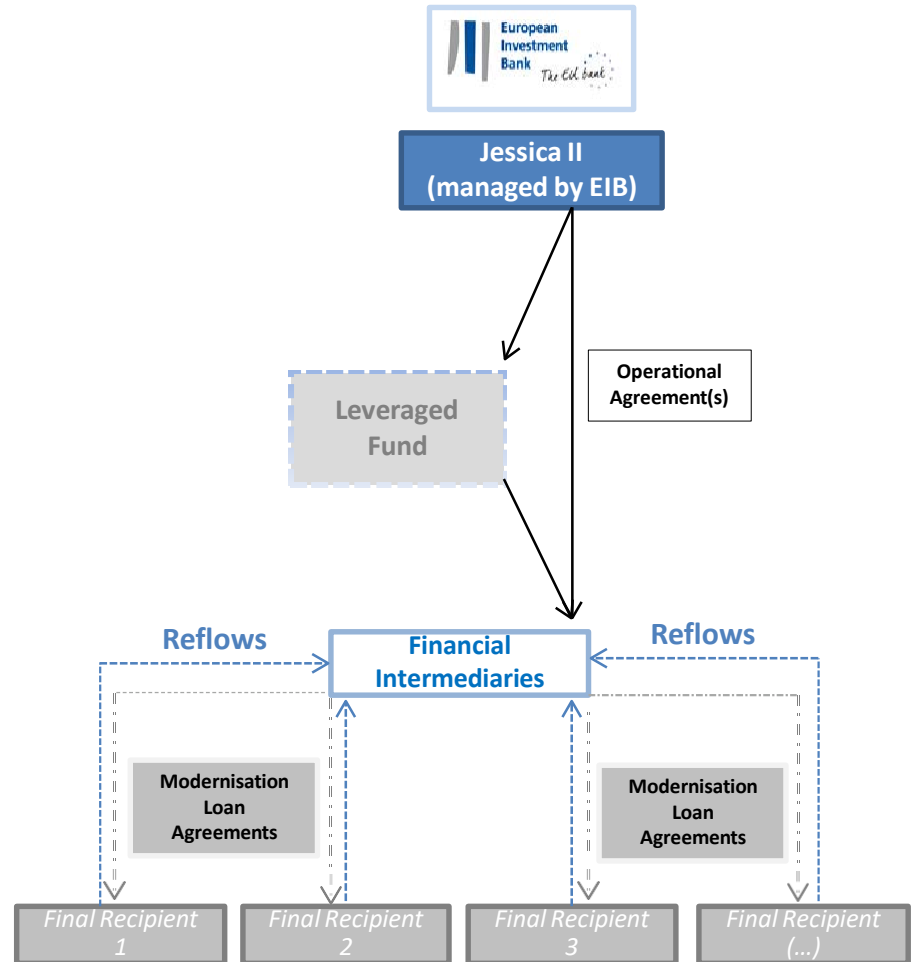
- Established in 2015 with EUR 150m of ESIF funds allocated by the Member State.
- Continues objectives of JESSICA I in the new 2014-2020 programming period.
- Works in 250 buildings have already begun.
- EUR 1 billion financing gap estimated by the ex ante report as needed in 2014-2020



- Renovation of a minimum 3000 buildings

## Further concept developments and challenges ahead

- To develop sustainable structure that can attract private investors



## 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**
- of the instrument
- **Technical assistance** to prepare projects

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