

2021

# EUROPEAN INVESTMENT ADVISORY HUB



European  
Investment  
Bank

*The EU bank*



**EUROPEAN INVESTMENT BANK**

**2021**

**EUROPEAN INVESTMENT  
ADVISORY  
HUB**



## European Investment Advisory Hub Report 2021

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Our investments support sustainability everywhere, including in biodiversity. One million species are in danger of extinction, and pollinators are in severe decline. That's a moral challenge to humanity, but it's also an economic problem. Crop pollination contributes the equivalent of €150 billion every year; ecosystems contribute as much as €140 trillion to the world economy annually. The pollinators are small, but their contribution to our lives is huge. That's why we're putting them right on the covers of our major reports this year.

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# HIGHLIGHTS

## ADVICE THAT MAKES A DIFFERENCE

**C**apitalising on the EIB Group's technical and financial knowledge and expertise, the European Investment Advisory Hub (EIAH) offers advisory support in a wide range of policy areas and sectors, including climate and environment, innovation, infrastructure and access to finance for small and medium-sized enterprises. Funded and managed by the European Commission and the European Investment Bank, the European Investment Advisory Hub helps **identify, prepare and implement sustainable investment projects** across Europe.

By working closely with public authorities and partner institutions, **we support all phases of the project cycle** and help clients get better access to finance. We place our clients' needs at the centre of everything we do, devising support packages enriched by **the EIB Group's long-established experience in technical and financial advice.**

In addition to helping with the COVID-19 recovery, our fight against climate change continues. We address these two major challenges while creating a catalyst for positive change. The road to recovery is looking increasingly **green and digital**, as we harness the technological advances spurred on by the pandemic and pair them with climate-minded investments.

More green finance is the way to counter global warming. We want to help lead the change and offer an array of advisory solutions.



“ **EIB advisory services continue to play a key role in building awareness and capacity about green finance in the market.** ”

Simon Barnes, head of EIB Advisory Services

For example, we undertook a study to develop financial instruments that expand the use of corporate purchase power agreements and enhance Europe's renewable generation capacity.

We also developed a comprehensive advisory package to **help financial institutions invest in climate action** and environmental sustainability through the [Green Gateway initiative](#). This portal includes online tools to support the **origination, appraisal and reporting of green investments** financed through the EIB's intermediated finance products. We also provided advisory support that strengthened intermediary institutions' capacity to **lend money for climate change mitigation, adaptation and environmental sustainability** projects.

Moreover, ELENA, which stands for European Local Energy Assistance, provides grants for technical assistance to prepare projects in energy efficiency and urban transport across the European Union. EIB experts, funded by the European Investment Advisory Hub, offer clients support in preparing applications for the ELENA programme. This support aims to increase the chances that clients will receive an ELENA grant from the European Commission.

We recognise the value of providing services locally, helping the members of our partner network develop sustainable investments on the ground. The European Investment Advisory Hub is making **funding and technical support available to many national promotional banks and institutional partners**. Thanks to this support, Thüringer Aufbaubank was able to help cities in the German state of Thuringia prepare and structure investment projects in priority sectors such as energy and resource efficiency, the circular economy and green urban development, improving the use of public and private resources. Similarly, with our support, the Croatian Bank for Reconstruction and Development was able to help a wide range of projects promoted by local authorities to boost public sector investments in Croatia in the climate and social infrastructure sectors.

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

The European Investment Advisory Hub has also seen the positive results achieved through the development and use of **social outcomes contracts**. These contracts act as a strategic and operational tool for innovative social services to address key societal inclusion challenges in Europe. In Italy, for example, the Ministry of Justice's Department of Penitentiary Administration is exploring these contracts as a means of improving post-detention employment through innovative financing.

## **PROSPERITY IN A NEW DIGITAL AGE**

In addition to the ever-important goals associated with climate action, we are still adjusting to our new reality two years after COVID began, searching for **innovative ways to support small businesses** within this post-pandemic environment.

**The pandemic sped up the digital transformation** across almost all economic sectors, encouraging already tech-savvy firms to maintain their digital prowess and pushing less technologically minded companies to adopt new ways of digital working. In this area, small businesses are at a distinct disadvantage. Businesses that adopt digital technologies tend to invest more money, **innovate more and grow faster**. More than ever, small and medium-sized enterprises are looking for timely and viable options to propel their digital transition.

In Spain, for example, we worked with the COTEC Foundation for Innovation to identify new avenues to support the digitalisation of small and medium businesses, laying the groundwork for a more competitive and prosperous market.



## MAKE WAY FOR THE NEXT CHAPTER

Building on the success of the European Investment Advisory Hub and other advisory programmes, the EIB and the European Commission will continue to provide technical, financial and strategic advisory support to project promoters, regional and national authorities and financial intermediaries under the InvestEU Advisory Hub.

Starting in 2022, the InvestEU Advisory Hub, managed by the European Commission with the EIB as its main advisory partner, will provide a single point of entry for financial and technical assistance requests involving key policy priority areas within the European Union, drawing on the know-how and expertise of the EIB Group.

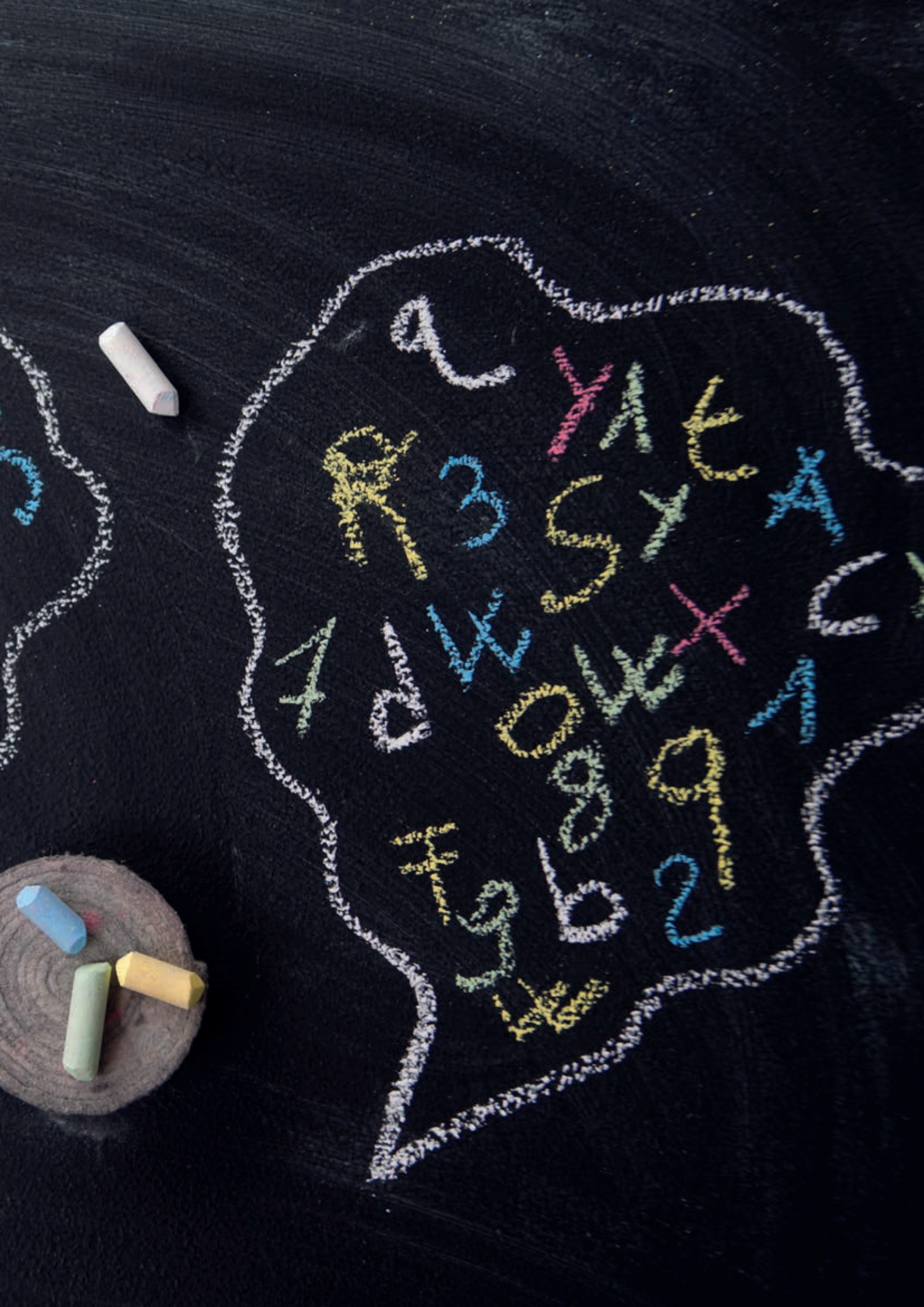
Our integrated advisory offering facilitates access for more clients and partners to InvestEU Fund resources and other sources of financing. This creates a greener, more inclusive and resilient Europe.



“ Advisory services will continue to play a key role in strengthening Europe’s investment and business environment. As the EU bank, the EIB will continue to support the European Commission in the delivery of advisory services under the InvestEU Advisory Hub, contributing to a more robust and sustainable project pipeline. ”

EIB Vice-President Lilyana Pavlova, who is responsible for advisory activities





# 2021 NUMBERS

**T**he European Investment Advisory Hub's main goal is to give promoters a comprehensive and bespoke advisory package. This service is provided in various ways, including information and guidance via our website, tailored assistance to develop and implement investment projects and platforms, and light advisory support when projects just need a little extra push to get up and running. Additionally, we build clients' and partners' knowledge by hosting events, workshops, training and coaching across a breadth of topics.

## **ACCESSIBLE TO ANYONE, ANYTIME, ANYWHERE**

Throughout the European Investment Advisory Hub's mandate, the website has guided promoters in the right direction, encouraging potential clients to explore the breath of advisory alternatives and funding programmes available across the European Union. In 2021, we had more than 40 000 visits to our website. Our online feedback form showed that 75% of respondents were satisfied with the information they found. This is a clear indication that we have met their specific needs.

## **LIGHT STRATEGIC ADVISORY SUPPORT**

We concentrate our efforts on large assignments, but in some cases clients require only a couple of days of advice to get their projects on the right track. We call this light strategic advice. The European Investment Advisory Hub has provided such support to more than 1 440 project promoters in the transport, energy, innovation and circular economy sectors.

## **IN-DEPTH SUPPORT**

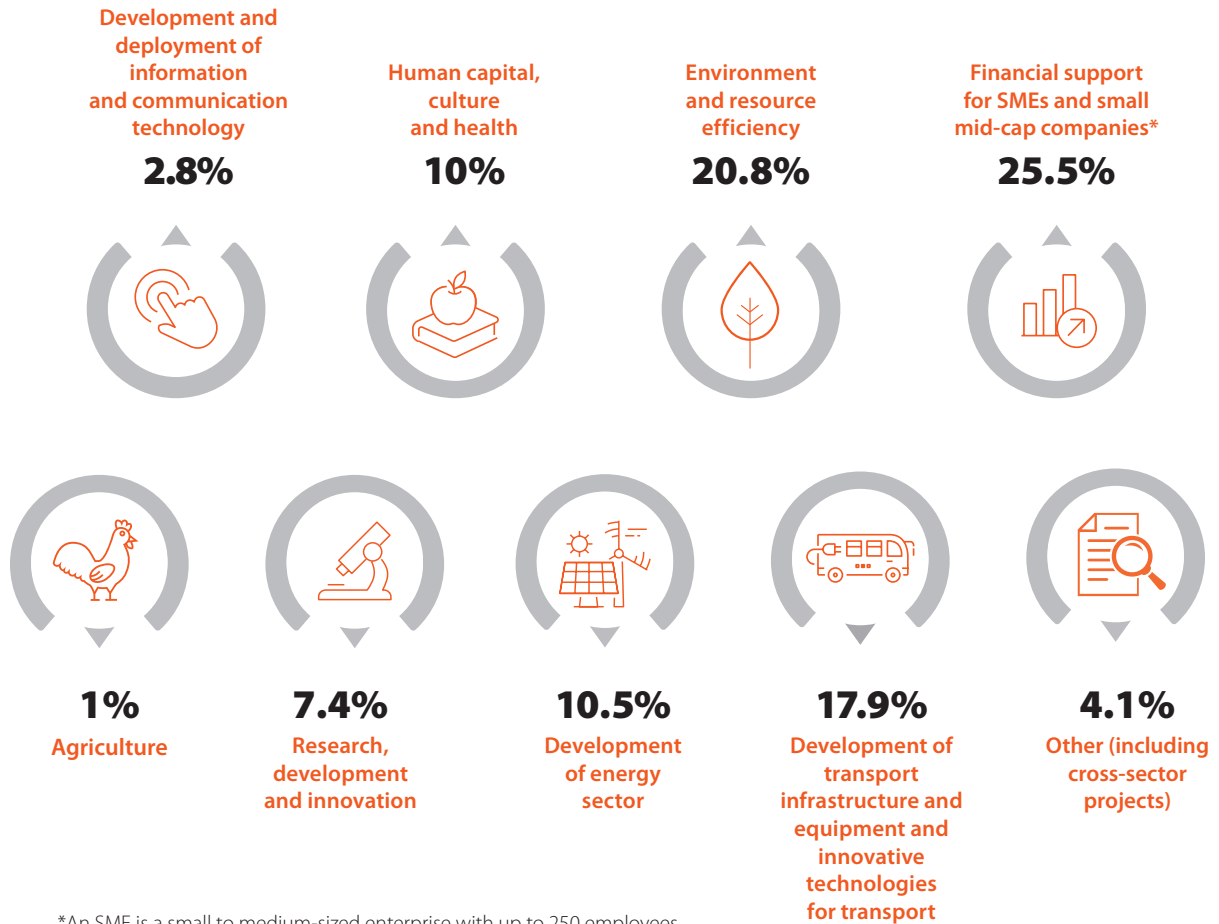
Since its launch, the European Investment Advisory Hub has received more than 2 500 direct requests for more in-depth support. In 2021, cohesion countries submitted the greatest number of requests, seeking assistance in identifying, preparing and implementing many innovative investment projects.

Once a request is submitted to the Hub, our advisors work closely with the client to design an appropriate advisory package for the project. Depending on the needs, the European Investment Advisory Hub will call on financial and technical experts across the EIB to establish the details of the assignment, including the sector, scope, development stage and nature of the investment. Devising a clear overview of the project and determining the advisory needs are vital for an assignment to be successful. This background work allows us to design advisory packages matching the needs of our clients. The requester is kept informed during this process and participates actively in defining the advisory package.



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

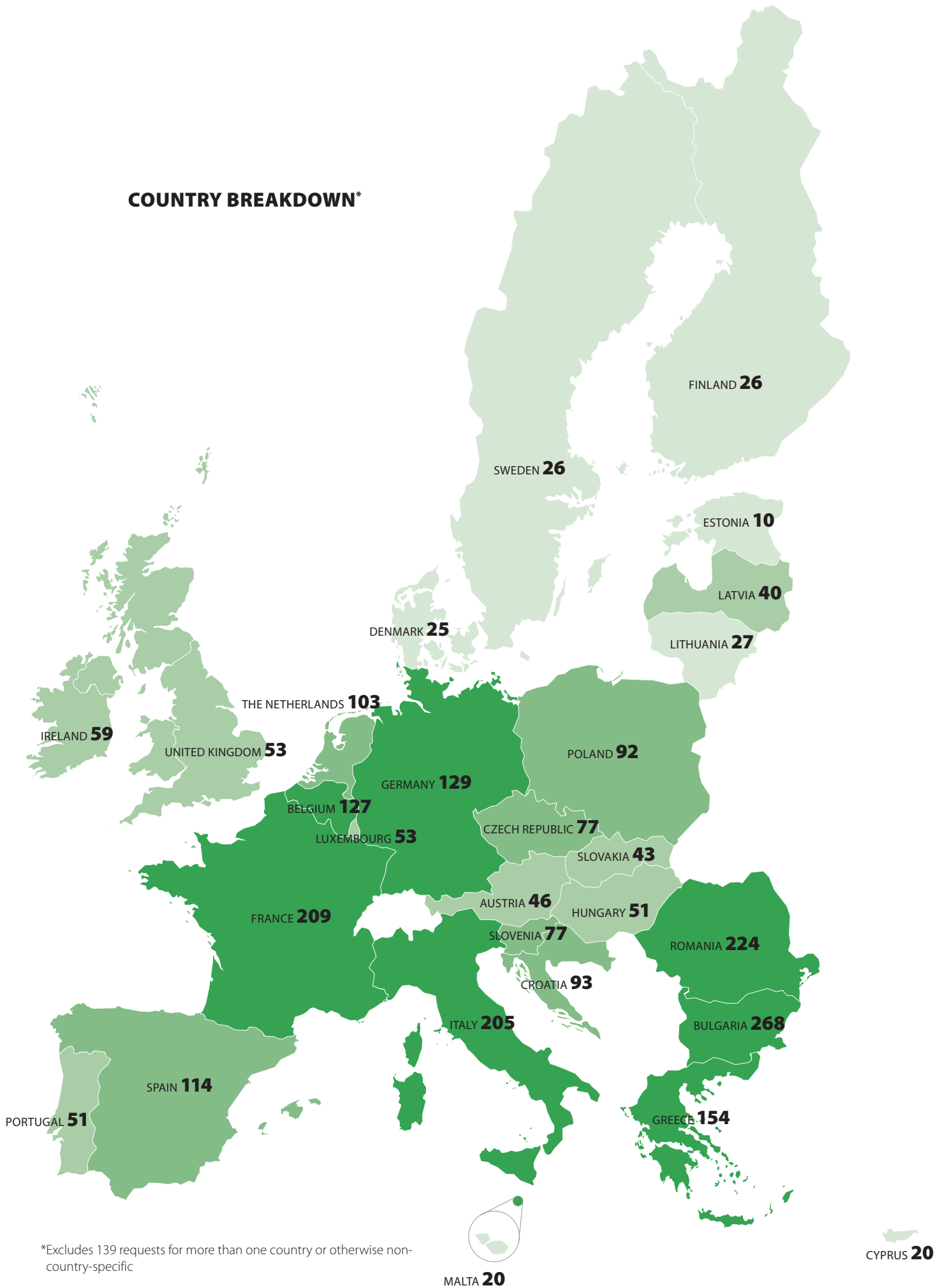
## BREAKDOWN BY SECTOR



\*An SME is a small to medium-sized enterprise with up to 250 employees and a mid-cap company has up to 3 000 employees.



## COUNTRY BREAKDOWN\*



\*Excludes 139 requests for more than one country or otherwise non-country-specific



# THE HUB'S PARTNERS

## CREATING SUCCESS STORIES

**H**elping people plan, implement and finance sustainable projects by working with national promotional banks and institutions (NPBIs) has been a priority for the European Investment Advisory Hub since its launch in 2015. This collaboration has expanded continuously and today the partner network includes more than 40 national, regional and local financial institutions across the European Union.

Almost 30 formal agreements have been signed with NPBIs and other institutions to promote knowledge-sharing and provide investment advice directly on the projects.

The European Investment Advisory Hub works closely with partner institutions on concrete investment programmes and projects, covering many aspects related to technical preparation or financial structuring. It also helps build these institutions' capabilities and exchanges information and good practices. Most of these activities are carried out in cohesion countries. This work raises awareness of our services and delivers more advisory support in these regions.

## CROATIA'S DEVELOPMENT BANK WANTS TO EXPAND INVESTMENTS

The Croatian financial market offers companies mainly traditional ways to raise money. This makes it hard for many companies lacking collateral, track-records and stable sources of revenues to get the financial help they need to grow. Startups especially are hurt because they are considered high-risk investments, as are companies operating in sectors with greater uncertainty and more unpredictable rates of profit and revenue. Supporting Croatia's immature venture capital and private equity markets could be a good way to offer these companies the funds they need.

The Croatian Bank for Reconstruction and Development, known as HBOR, aims to develop a stronger private equity and venture capital market in the country. It wants to mobilise at least €100 million from different sources and invest alongside private investors in new equity initiatives.

HBOR requested the European Investment Advisory Hub's support in strengthening its internal functions and helping it gain a better understanding of the private equity and venture capital market's needs, opportunities and barriers. Experts mobilised by the European Investment Advisory Hub are providing HBOR's staff with a market assessment and proposed investment strategy together with training, coaching and information sharing, with the aim of developing their expertise in equity investments. Private equity provides a firm with capital in return for total or partial ownership. The investor may take on some of the firm's management and may share the firm's profits. By showcasing best practices from other EU Member States and fostering the participation of public and private investors in equity initiatives, this advisory assignment is helping to turn HBOR into a centre of excellence in the world of private equity and venture capital in Croatia.

**// Our main goal is to increase the quality and volume of sustainable public sector investments in Croatia and contribute to balanced social and economic regional development. //**

Tamara Perko, president of HBOR's management board

The support for HBOR was provided as part of a cooperation agreement between the European Investment Advisory Hub and the EIF-NPI Equity Platform. The platform was launched by the European Investment Fund and the European Commission to promote knowledge sharing and best practices between NPBIs and the EIF. In 2021, the European Investment Advisory Hub and the platform launched a pilot cooperation programme, in which advisory experts helped members of the platform build their capacities and raise their awareness about funding and investment opportunities, and assisted them with advisory support. After a successful pilot year, the advisory cooperation will continue under InvestEU.

## **FUNDING FOR PARTNERS TO OFFER BETTER ADVISORY SERVICES**

The European Investment Advisory Hub has helped NPBI partners offer better advisory services locally to project promoters. This was achieved through a specific call for proposals for national promotional banks and institutions. The call was open between December 2017 and June 2020 and offered grants covering up to 75% of the eligible cost of advisory activities. The European Investment Advisory Hub received 21 proposals and signed 14 funding agreements with successful applicants, who implemented programmes focusing on setting up new advisory capabilities or directly supporting local project promoters. Around 300 projects in nine EU countries have been assisted under this programme.

## **INVESTING IN SUSTAINABLE CITIES WITH THÜRINGER AUFBAUBANK**

Cities in the German state of Thuringia face challenges in preparing and implementing financially viable projects in sustainable transport, energy, housing and other services. With the support of the European Investment Advisory Hub, Thüringer Aufbaubank, Thuringia's promotional bank, helps cities initiate, plan and implement infrastructure investments, improving the use of both public and private resources. The programme focuses on projects in key sectors, such as energy and resource efficiency, the circular economy and green urban development. With support from the European Investment Bank, Thüringer Aufbaubank is developing an online tool to perform economic efficiency analyses of projects.

To strengthen cities' capabilities, experts from Thüringer Aufbaubank will organise knowledge-sharing activities on structuring sustainable investment projects that help residents.

**// Using the newly created advisory approach, developed with the help of the European Investment Advisory Hub, we can counteract municipal problems. In the future, we will not only succeed in initiating municipal investments, but also in promoting and financing them. //**

**Matthias Wierlacher, chief executive of Thüringer Aufbaubank**



## FRENCH CITIES AND CLIMATE ADAPTATION

With backing from the European Investment Advisory Hub, Banque des Territoires, part of France's Caisse des Dépôts, launched S'GREEN+ to help French cities prepare climate adaptation projects, including the restoration of waterways, creation of biodiversity spaces and limitation of urban sprawl.

S'GREEN+ received support from the European Investment Advisory Hub under the NPBI call for proposals and from Banque des Territoires.

**// The ecological transition is the major goal of our recovery plan. Banque des Territoires is using its expertise in technical assistance and investment to provide regions with on-the-ground support. //**

Eric Lombard, chief executive of Caisse des Dépôts

Banque des Territoires is supervising a task force to work with up to 25 medium-sized cities in France to provide each locality with bespoke support for prioritising projects, making decisions and organising financing. This support will result in a specific action plan for each city, listing the projects identified as priorities and outlining the steps needed to implement them, or specific project interventions. All the work carried out by the task force will be uploaded to an online library accessible to all to help share experiences with other communities in France and throughout the European Union. This strong alliance with Banque des Territoires helps Europe in the pursuit of its Green Deal.

## ADVICE FOR SMALL BUSINESSES

By working in partnership with the European Bank for Reconstruction and Development (EBRD), the European Investment Advisory Hub has offered targeted advisory support to small and medium businesses operating in challenging environments and with limited access to professional business advice. The EBRD's Advice for Small Businesses programme, supported by the European Investment Advisory Hub, mobilised a combination of hands-on business advice from local and international consultants, and training and knowledge-sharing activities to help small businesses transform and grow. The programme's local teams connected potential clients with consultants, assisted in developing terms of reference and monitored the advisory assignments.

In 2021, the programme continued its operation in Bulgaria, Croatia, Greece and Romania, where local entrepreneurs and consultants also benefited from professional training programmes. In response to the COVID-19 crisis, the programme offered online advisory assignments and training, and prioritised coronavirus response assignments in the areas of financial management, financing, business continuity and supply chains.

By the end of December 2021, 350 EIAH-funded advisory assignments had been started. More than 300 of these have been completed. More than 200 assignments have been evaluated in terms of their impact and investments undertaken a year after completion. With the programme's support, more than 100 companies have made investments and attracted outside financing.







## **CROATIAN FAMILY WINERY EXPANDS PRODUCTION**

The Kabola winery in Momjan, in the northern part of Istria, Croatia, is a family business that dates back to 1978, when Marino Markežić opened a family-run trattoria. At the time, wine production was a sideline. Over the years, producing wine required more of the family's time and the winery business soon had to be run separately.

Today, the winery is a successful separate business, run by Marino and his wife Patricija. The company owns or rents around 200 000 m<sup>2</sup> of land covered with vineyards and a few olive trees. The modern cellar and the family estate building are located in the middle of the plantation, which produces 90 000 to 100 000 litres of wine annually. Everything grown is organic. In 2011, Kabola produced its first wine through maceration and storage in clay amphorae, or jugs, reviving a thousand-year-old method. The wine, called Malvazija Amfora Kabola, is the company's most valuable product.

Kabola has 15 full-time staff. During the grape-picking season, the team adds seasonal workers. The company wishes to rent or buy more land to increase production and expand the cellar to meet increasing demand. These projects need substantial investment and time to plan them correctly. Marino and Patricija asked for support to assess the market potential for expanding the business.

The objective of the assignment was to improve the company's sales by strengthening its planning and control functions. A consultant identified the market potential and said a horizontal integration strategy is the best approach. As a result, Kabola started the first phase of the project — the expansion of production and warehouse capacity. This will be followed by the development of hotel and catering services for the wine tourism business.

## **ROMANIAN SOCK BUSINESS GOES DIGITAL**

When Albin Maior started producing socks in Romania in 1992, he never expected that by Christmas 2020 he would have to change his entire business model because of a global pandemic. But when sales of socks at his company, Larom, plummeted during the coronavirus crisis, he quickly realised he needed to join the digital world.

In early 2020, as COVID-19 cases rose in Romania, the European Bank for Reconstruction and Development (EBRD), using funding from the European Investment Advisory Hub, selected 13 local companies, including Larom, to help them sell their products by providing them with a package of services, including a new web shop, complete integration with logistics and a 12-month online marketing strategy.

"This project has had a tremendous impact on our company and on Larom's brand awareness. We've learned to pay more attention to online services and in the future, we might use the new e-shop to start selling abroad," Maior says.





The European Investment Advisory Hub supports Greek ministry to implement the Electra Programme



# PROJECT STORIES

## BUILDINGS HAVE A BIG APPETITE FOR ENERGY

### GREECE CREATES ELECTRA PROGRAMME TO MAKE PUBLIC BUILDINGS MORE ENERGY EFFICIENT

Buildings account for approximately 40% of our energy use. Making buildings more efficient can save a lot of money and energy, which also helps the economy and creates jobs. By making energy efficiency a priority, EU countries are supporting smart and sustainable growth.

The Greek government has ambitious aims to reduce greenhouse gas emissions and improve energy efficiency. To accelerate the country's green transition, the Greek Ministry of Environment and Energy designed the Electra programme, focusing on the improvement of energy efficiency in public buildings such as hospitals, schools and administration sites.

The ministry estimates that almost 2.5 million m<sup>2</sup> of public buildings will be renovated, cutting energy costs by €96 million and yearly electricity use by 600 GWh, the same level of energy required to charge more than 30 billion smartphones over a year. The programme will also reduce CO<sub>2</sub> emissions by 364 000 tonnes, the equivalent of taking more than 70 000 cars off the road for a year.

This vast building renovation programme will be partly financed by loans from the Greek lending institution known as the Consignments, Deposits and Loans Fund. These loans were made possible by an intermediated European Investment Bank loan of €375 million. This loan falls under the Smart Finance for Smart Buildings initiative, a programme run by the EIB Group and the European Commission. The initiative improves the effectiveness of EU funding by setting up financial instruments such as loans or guarantees, rather than grants. Greece will also provide €125 million from its public investments budget to help the programme, as well as €170 million from the Resilience and Recovery Fund. Careful structuring of the financial instruments helps to lower the financial risk of investments in the buildings sector.

To make the most of the European Investment Bank's loan, the Greek ministry requested the European Investment Advisory Hub's support to improve its ability to implement the Electra programme. An online tool was devised to process loan requests and organise the reporting of information between the Consignments, Deposits and Loans Fund and the ministry.

Bank experts mobilised by the European Investment Advisory Hub are providing the ministry and the fund with comprehensive training sessions to make sure staff members use the tool to its full potential. By streamlining the project's flow and reporting tasks, the Hub's support helped to ensure the successful deployment of the financing and improved investments in energy efficiency.

The European Investment Advisory Hub also helped the Greek Consignments, Deposits and Loans Fund improve its operating capacity for future initiatives.





Commercial power purchase agreements expand  
Europe's renewable energy production



# UNLOCKING THE POTENTIAL FOR RENEWABLE ENERGY

## POWER PURCHASE AGREEMENTS BOOST INVESTMENTS IN CLEAN ENERGY

The European Union aims to have renewable energy account for 55% of energy use by 2030. To meet this goal, governments will need to provide financial incentives that encourage power generators to switch to clean energy production. Companies that need energy the most face extreme price volatility in power markets, whereas energy producers struggle to find finance to build and operate their renewable energy assets.

What if governments lack the resources to provide the necessary financial incentives to guarantee investments in renewable energy projects? How can the financial sector invest in such projects without securities? Energy producers and buyers can use commercial power purchase agreements to secure the energy supply and prices for a fixed period, thereby fostering more clean energy production.

In a commercial power purchase agreement, a producer of renewable energy signs a contract with an energy buyer, such as a utility company, power trader or corporation. The two sides sign a deal to buy and sell a given amount of renewable energy for a fixed price over a long-term period. The renewable energy generator will use this agreement to obtain financing to build and operate the facilities, such as solar or wind farms, or hydroelectric dams. Once the renewable energy assets are running, the buyer will start receiving and paying for the energy, benefiting from the fixed price signed earlier. This helps ensure that the lender gets repaid and that the energy producer has a long-term buyer of green energy.

Commercial power purchase agreements are starting to rise in popularity, mainly for large businesses looking to meet new demands for renewable energy. It is estimated that by 2030, up to 20% of wind and solar projects could benefit from long-term commercial power purchase agreements. Such contracts can make a big contribution to national and European renewable energy targets.

Nevertheless, financial institutions and other investors can be reluctant to sign long-term contracts with the less-established small and medium companies. These companies can present a higher credit risk than larger companies. To help address this challenge, the European Commission's Directorate-General for Energy asked the European Investment Advisory Hub to explore the development of financial instruments that would increase the use of commercial power purchase agreements and offer incentives for more renewable energy production in the European Union.

EIB experts and external consultants analysed the current situation and future evolution of the sector in Europe, including an assessment of potential financial instruments and non-financial solutions. The proposed instruments may help investors, financial and public institutions, and companies of all sizes work together to provide stable prices and cost-effective renewable energy. Pilot initiatives are now being developed.





# HELPING SMALL COMPANIES BENEFITS THE WHOLE ECONOMY

## ACCELERATING THE DIGITALISATION OF SMALLER SPANISH FIRMS

Small companies carry great weight in the Spanish economy, representing over 99% of all businesses. As in many countries, small firms create the most jobs and boost the economy. Supporting these businesses thus helps society and economic growth potential. Digital technology is one of the best ways to help small companies innovate and grow locally and globally. COVID-19 has intensified the need for digitalisation and underscored the importance of ensuring that companies are adequately aware of the opportunities and access to financing to support the digital transition.

The COTEC Foundation for Innovation was established to promote innovation and digitalisation while helping Spain's economy and society. In Spain, COTEC has approximately 100 members, including private companies, financial institutions and regional and local administrations. The foundation helps improve research, technology, science and innovation, and provides analyses and advice to help small companies that want to improve their digital capabilities.

To find more ways to help small firms make the digital transition, COTEC asked the European Investment Advisory Hub to undertake a study that identifies the barriers to digitalisation and makes suggestions to clear the hurdles. COTEC especially wanted to assess the benefits and challenges for firms striving to adopt digital technologies when their assets are mainly intangible ones, such as patents and trademarks. The European Investment Advisory Hub's study identified that Spanish small and medium companies were below the EU average when it came to the integration of digital technologies for two key reasons. First, there is not enough awareness in the country of how digital tools can improve businesses, and secondly, companies lack the skills to use the technology to its full potential.

Building on similar experiences in countries such as Portugal and Italy, the EIB innovation finance experts and external consultants mobilised by the European Investment Advisory Hub identified funding and policy measures that could help companies use more digital technologies, setting out measures to improve existing support, and they devised concrete ways to finance new digital projects. Making the most of existing initiatives offered by local banks and other financial institutions, experts also proposed a series of "soft measures" to boost investment in small businesses' digitalisation.

Building on these ideas, COTEC and its partners will now take further steps to help small Spanish companies adopt more digital technologies while making the economy more competitive and prosperous.



Advisory services help Croatia improve future investments

# LAYING THE FOUNDATIONS FOR SUCCESS

## ADVISORY SERVICES HELP CROATIA IMPROVE FUTURE INVESTMENTS

All the major infrastructure, services and products that make a difference to our daily lives started off as a project. Behind every bridge, highway, hospital and school lies a complex investment plan. These projects are often sizeable undertakings and need a clear and efficient road to implementation. Projects usually follow several major stages, including programming, identification, formulation, implementation, evaluation and auditing.

The Croatian Ministry of Regional Development and EU Funds is looking to improve the way it plans investments for strategic projects. The ministry asked the European Investment Advisory Hub to help introduce new concepts for planning, monitoring and evaluating infrastructure projects.

With the support of the European Investment Advisory Hub, the ministry designed the new role of national programme manager who is in charge of coordinating, identifying and prioritising public infrastructure projects. Building on the experiences of other countries, the Hub experts offered a series of optional governance models for the national programme manager, as well as recommendations regarding the office's mandate and focus. Experts mobilised by the Hub helped the ministry identify appropriate job profiles and a governance model.

The ministry is now developing a pilot structure that will devise sectoral and thematic policies for regional development, with a special focus on mountainous areas, cities and islands.

The technical assistance delivered through the Hub established a set of tangible tools necessary for the identification, selection and success of strategic investments in Croatia. This included a project playbook with standardised procedures and checklists, business case models and risk assessment templates. This work will help the ministry build a pipeline of sustainable strategic investments and help them develop successfully.







# SKILLS FOR A BRIGHTER FUTURE

## INNOVATIVE FINANCING AND TOOLS TO CUT DOWN ON CRIME RECURRENCE

For decades, incarceration rates have risen substantially in most countries. This raises important questions about prisons as well as how former prisoners are integrating into society. In Italy, 68% of former prisoners commit offences again. This hurts society and costs about €130 million a year in extra state funding.

To help former prisoners reintegrate into society and reduce reincarceration rates, the Department of Penitentiary Administration, which is part of the Italian Ministry of Justice, asked the European Investment Advisory Hub to help conduct a feasibility study for a social outcomes contracting initiative in the Lombardy region.

Social outcomes contracting is an innovative form of procuring social services based on outcomes rather than outputs. This offers new opportunities for combining public and private money, taking advantage of local private sector innovation and entrepreneurship. In a social outcomes contract, the company providing the service is paid according to a measurable social impact, rather than according to the completion of a specific set of tasks.

Through the social outcomes contract deal in Italy, inmates will improve their skills and knowledge, mainly with vocational training programmes that help them find jobs during the final period of their detention. Upon release, former prisoners will continue in these jobs, reducing the likelihood that they will commit another crime because they are now integrated into the workforce. The feasibility study conducted by the European Investment Advisory Hub will build upon the lessons learned from a pilot programme developed by the Italian Ministry of Justice.

The feasibility study, developed by EIB experts and external consultants, will help the ministry gain a better understanding of the social needs of former prisoners and the root causes of crime recurrence. The study will include a detailed business case, a cost-benefit analysis, a mapping of services to be provided, a list of companies that could carry out the various services required, and identified potential investors. This will ultimately help the ministry identify the best-suited social outcomes contract structures to use public resources efficiently, while also attracting specialised social investors into the scheme.





Adisory services improve Malta's growing road network



# AVOIDING WRONG TURNS IN ROAD SAFETY

## MALTA IMPROVES FAST-GROWING ROAD TRANSPORT SYSTEM

With 316 square kilometres, Malta is the smallest country in the European Union. The country could fit eight times into the area of Luxembourg.

But don't be fooled by this country's size. Maltese roads span 3 096 kilometres. With a rising population and a growing economy, road traffic is showing no signs of slowing.

Road safety and the improvement of roads are priorities for Malta. In line with a new road safety directive, the government transport authority, Transport Malta, asked the Safer Transport Platform for help. The Safer Transport Platform — Road Safety Advisory is an initiative launched by the European Commission and the European Investment Bank. This platform is a gateway to technical assistance and advice on finding financing for road safety projects.

This assignment offered advice on a road safety management system in Malta. This included piloting a network-wide road safety assessment, determining infrastructure safety on Maltese primary roads and developing a plan to invest in road safety infrastructure.

EIB experts and external consultants mobilised by the European Investment Advisory Hub reviewed the existing system for managing road safety in Malta and the Hub provided a framework to perform road safety rating assessments, including training and knowledge-building requirements. This support was key to helping the transport authority meet its goals.

With the assistance of the Safer Transport Platform, Transport Malta is now in a position to effectively implement the requirements of the new Road Infrastructure Safety Management Directive and help save lives on Europe's roads.







# POLISH CITY TURNS OVER A NEW LEAF

## WROCLAW WANTS TO CREATE A SMART AND SUSTAINABLE NEIGHBOURHOOD

A large industrial centre in the historic region of Lower Silesia, Wrocław is the fourth largest city in Poland, with a population of more than 640 000. Located along the Oder River, Wrocław is close to Germany and the Czech Republic. Steeped in history, this city is well-known for its market square of cobbled streets lined with elegant townhouses and landmarks. Wrocław is working hard to build on this precious cultural centre, with booming education and technology sectors.

But some quarters of Wrocław are struggling to keep up with fast-paced growth and the challenges imposed on society. One such area is Społeczny Square. A multilevel hub made up of streets and underpasses, the junction once played a strategic role in the national road network but its position has declined following the completion of a new major ring road. This left behind a sizeable undeveloped area in the heart of the city. But it also opened up a big opportunity.

The city of Wrocław asked the European Investment Advisory Hub to help plan a major development project. In addition to identifying the project's characteristics and timeline, EIB experts helped the city estimate project costs and design a roadmap. Using experience from similar projects completed in cities across Europe and analysing state-of-the-art urban rehabilitation principles, the EIB and external experts offered insight to guide the city's next steps.

The project will transform this run-down area into a flourishing quarter where residents and workers can thrive. The vision is for this vast 30-hectare area will become a multifunctional, modern district of

“ I would like Społeczny Square, today an almost completely empty area, to become a modern, multifunctional district of Wrocław, which is home to more than 14 000 people. The new district will be a symbol of the future, and the triumph of European solidarity. ”

Jacek Sutryk, mayor of Wrocław

the future. It will be a comfortable place to live and work, designed so that people have everything they need within a 15-minute walk or cycle. Sustainable public transport to other neighbourhoods will also be provided. Green city principles will be followed, including green rooftops, vertical greenery, rainwater collection and passive construction.

The goal is to accelerate Wrocław's transformation into a smart, sustainable and climate-neutral city.





Supporting the development of a circular economy

# LAUNCHING THE CIRCULAR CITY CENTRE

## HELPING CITIES IN THEIR CIRCULAR ECONOMY TRANSITION

In a circular economy, products and materials are used for as long as possible. Waste is minimised. When a product reaches the end of its life, its components can be used again. A circular economy can thus reduce many environmental and climate problems, but it also helps innovation, growth and jobs.

With funding from the European Investment Advisory Hub, the European Investment Bank and the European Commission is creating the [Circular City Centre](#). This is a team within the Bank that works on circular advisory products. It offers resources and advisory support while developing materials and tools to help encourage the circular economy. The centre builds on previous collaborative projects carried out by the European Investment Bank, the European Investment Advisory Hub and the Urban Agenda Partnership on Circular Economy, such as the [Circular City Funding Guide](#).

To support EU cities that want to develop a circular economy, the Circular City Centre, also known as C3, collects and disseminates good circular practices, prepares circular city guidance and promotes knowledge-sharing through web seminars and other events. C3 provides project advice to cities to strengthen circular city governance, support the preparation of circular economy strategies and help prepare project plans for possible financing from institutions such as the European Investment Bank. The centre will also serve as an entry point for applicants interested in grants from the Circular Economy Technical Assistance Facility. This facility will be available soon under the InvestEU Advisory Hub.

### Who can benefit from Circular City Centre assistance?

Cities can receive free advice and support for circular transition projects or plans through the C3 advisory programme. Advisory help from C3 is also free for public and private clients working on projects with cities.

Anyone interested in the circular city topic can find helpful resources and tools to support their projects or activities on the [C3 website](#). The C3 team can be contacted at [C3@eib.org](mailto:C3@eib.org).







# WHAT'S NEXT FOR SOFIA'S WATER SERVICES?

## **THE BULGARIAN CAPITAL IS PREPARING FOR THE FUTURE AS A LONG-RUNNING PUBLIC-PRIVATE PARTNERSHIP CONTRACT COMES TO AN END**

Water services are facing increasing strains as populations grow, cities expand and climate change-related problems worsen. An effective water treatment and distribution network is important to ensure that cities are safe from water-borne diseases and flooding.

Sofiyska Voda, the company running Sofia's water utility, manages everything from the underground pipes, the collection and distribution of water, to daily household use and billing.

For the last 21 years, the company has had a contract to manage the water supply and treatment for 1.4 million residents. It provides drinking water, general water supplies, and wastewater collection and treatment services.

The contract will end in a few years and the city approached the European Investment Advisory Hub to request technical assistance to ensure continuity in water and sewerage services. The European Investment Advisory Hub, along with the EIB's European Public Private Partnership Expertise Centre and local experts, explored several options to help Sofia continue to deliver water services. The advice will help the city determine the best course of action, given the many changes over the past 20 years to public-private partnership procurement laws and regulations. The European Investment Advisory Hub will also help the city plan its investment objectives for the short and medium term.

As Sofiyska Voda is the only public-private partnership running a water utility in Bulgaria, the lessons learned will also help inform other locations about the potential for public-private partnerships in water services across the country.







# FOCUSING ON SUSTAINABLE GROWTH

## THE GREEN ELIGIBILITY CHECKER

As the critical decade for climate action advances, the European Investment Bank is doing everything possible to help meet the goal of carbon neutrality by 2050. The EIB Group outlined the steps to success in its Climate Bank Roadmap.

The financial sector needs to guide more investments towards green technologies and businesses, focusing on sustainable growth and the creation of a low-carbon, climate-resilient economy. To speed up the transition of companies, the Bank is increasing its support for small businesses by helping private banks, leasing institutions, national promotional banks and other institutions to give more loans to green projects.

The private banks act as financial intermediaries between the EIB and the project owners, applying the EIB's green eligibility rules, in line with the principles of the EU taxonomy on sustainable development. Advisory services play a key role in helping these financial intermediaries understand and address the risks and opportunities of climate change investments. A comprehensive advisory package for financial institutions supporting climate action and environmental sustainability investments has been designed with the support of the European Investment Advisory Hub. Under an initiative called the Green Gateway — Advice for Financial Institutions, the Bank provides a wide range of services, including support for developing financial products, portfolio screening, project origination, impact reporting and monitoring, and on-the-job training. Each advisory assignment with a financial intermediary is tailored to the client's specific needs. We focus on enhancing the capabilities, procedures and tools of financial intermediaries.

At the 26<sup>th</sup> climate conference in Scotland in October 2021, the EIB launched the Green Eligibility Checker, an online tool that helps financial intermediaries originate, appraise and report on green investments. This eligibility tool has been integrated into the Bank's [Green Gateway portal](#). The Green Eligibility Checker is easy to use and offers a wide range of assistance. It asks intermediaries to enter the location of a potential project, the investment measures to be assessed and the basic project information, and then the tool does the rest.

At the end of the assessment process, a report is generated containing the green eligibility assessment and estimated climate impact (CO<sub>2</sub> reductions, energy savings, renewable energy generation capacity). This data can be used for intermediaries' internal discussions, shared with clients or used to meet reporting requirements when working with other institutions or the European Investment Bank. The tool helps to build the confidence of employees at financial intermediaries and their ability to inform their clients about the climate impact and estimated financial savings of their green projects.

By making the Green Eligibility Checker available at no cost and without the need to register, the EIB hopes to inspire the wider community of financial institutions and other market participants to align their activities with EIB green standards and increase investment in carbon neutral projects. The new tool will continue to evolve in line with EU taxonomy developments and help increase the use of taxonomy principles in the banking and leasing markets.



# BEHIND THE SCENES



**“ Harnessing its internal and local knowledge, the Hub connects expertise across the EIB to find the best solution for its clients. ”**

Carla Faustino Coelho,  
public-private partnerships principal advisor

**“ The Advisory Hub is well-positioned to make sure promoters can make their investment plans a success by providing them with the advisory support and lending opportunities they need. ”**

Brendan McDonagh, Hub advisor



**“ There will always be a demand for quality and relevant advice and that is why the Hub is an important advisory initiative to get projects off the ground. ”**

Kevin Cheung, engineer





**“ When it comes the green and digital transition, the Hub provides tremendous value added to its promoters through a flexible and tailor-made approach. ”**

Maria Lundqvist, innovation finance advisor

**“ Through the European Investment Advisory Hub, we are able to provide support to our clients on how to use public resources more efficiently to achieve their visions. ”**

Ando Siitam, financial instruments advisor



**“ The Hub brings invaluable expertise in the preparation and implementation of projects to the highest technical, social and environmental standards. ”**

Alexandrina Boyanova, senior climate officer



**“ The Hub is able to tackle advisory assignments in a holistic way, mobilising a variety of expertise in technical matters from across the European Investment Bank, bringing to each project unique perspective and value. ”**

Carmen Vera Garcia, technical assistance officer



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













# EUROPEAN INVESTMENT ADVISORY HUB

**2021**

European  
Investment *Advisory Hub*  
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