

EIB GROUP SECURITY AND DEFENCE INDUSTRY ACTION PLAN

The European Investment Bank (EIB) Group has been actively supporting investment that reinforces Europe's defence and security industry since 2017. Beneficiaries of EIB Group financing range from household names in the defence sector to innovative startups.

There is a clear need to reinforce Europe's capabilities in the area of security and defence. Following the mandate from EU leaders, the EIB Group is stepping up support to Europe's security and defence industry while safeguarding the Group's financing capacity.

The EIB Group has earmarked EUR 8bn for the period between 2022 and 2027 for investment in this area under the Strategic European Security Initiative (SESI), of which EUR 6bn are still available. Furthermore, in January 2024, a new Defence Equity Facility was created with EUR 175 m for capital investment in SMEs and startups in these areas.

Following intensive engagement with key stakeholders and financial markets, a well calibrated Action Plan was approved by the EIB Board in May, with four key elements:

- 1) **Update the definition and scope of dual-use.** Until now, for a project to be considered of dual civil and military use, it was required that more than 50% of future revenues would come from the civil use. This requirement has been removed.
- 2) **Extend support to SMEs** by opening the dedicated programmes to companies operating in security & defence.
- 3) **Create a dedicated Security & Defence Office and one stop shop within the Group,** to accelerate investment deployment.
- 4) **Reinforce partnerships** with other key players, such as the European Defence Agency.

The Security and Defence Industry Action Plan significantly broadens the scope of possible investments to cover projects addressing defensive military or police requirements that also serve civilian needs. In order to qualify as a dual-

use project, promoters will only have to provide evidence that there is a credible civilian use case for technologies, products and services.

This includes investments in priority areas such as critical infrastructure & border protection, military mobility, anti-digital jammers, de-mining and de-contamination equipment, space, drones, research & development (R&D), refurbishment, energy efficiency and renovation of military facilities, reconnaissance, surveillance, protection and control of spectrum for communication.

This updated definition of dual-use aligns the EIB Group with other public financial institutions, boosts its contribution to safeguarding Europe's peace and security and safeguards its financing capacity and highest Environmental, Social and Governance (ESG) standards.

The Security and Defence Office, providing a one-stop shop for the whole EIB Group, is operational since 1 May. Time is of the essence and the priority right now is to accelerate investments with the EUR 6 billion already earmarked for Security and Defence.

We expect that there would be a good pipeline of projects by the end of the year to be financed by the European Investment Bank. The first project announced since the adoption of the Action Plan is the financing of two earth observation satellites for Poland.