

WHICH ROLE FOR PUBLIC INVESTMENT BANKS IN EUROPE ?

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Nearly two years after being announced by President Juncker, the Investment Plan for Europe (IPE) is delivering its first encouraging results, thanks largely to the strong involvement of Europe's financial institutions (National Promotional Banks and Institutions, or NPBIs), which have grouped together under the banner of the European Long-Term Investors association (ELTI).

The NPBIs, which have a comprehensive knowledge of local stakeholders and their respective domestic markets, clearly positioned themselves from the outset as “facilitators” in the national roll-out of the IPE, with the aim of encouraging dynamic management of the European Fund for Strategic Investments (EFSI), attentive to project developers' needs and capable of mobilising private stakeholders.

The NPBIs have therefore helped to identify and structure projects in the different Member States. By September 2016, they had co-financed more than one third of all EFSI operations, indirectly mobilising a total of €23.4 billion.

In terms of technical assistance, most NPBIs have signed a cooperation agreement with the EIB to develop the European Investment Advisory Hub (EIAH), the NPBIs and their national networks being natural points of entry for project developers requesting assistance.

The recent announcement made by the European Commission to extend the IPE through to 2020 and to multiply its financial envelope by two was received warmly by NPBIs, particularly as the initiative includes several advances, for example recognition of the potential of investment platforms (capable of grouping together small projects to make them eligible for Juncker funding), improved coordination between the EFSI and structural funds (allowing the EFSI to take greater risks), more transparent decision-making criteria when choosing projects (helping project developers to target their proposals more effectively), the focus on the energy transition in the wake of COP21, and so on.

Nonetheless, there is still room for improvement in this second part of the IPE, in terms of not only additionality and decision-making transparency but also governance recognition of the decisive role played by the NPBI in deploying the EFSI.

Moreover, it would make sense to further strengthen the hub, since technical assistance and consulting services are crucial to the effective roll-out of the Juncker Plan.

The role of the EIAH and its activities should be expanded to ensure that:

- they usefully complement the existing technical support and do not crowd out commercial offers;
- a more fluid work process is introduced in collaboration with NPBIs;
- cooperation is strengthened in terms of sharing project pipelines between the EIAH, the European Investment Project Portal, the EIB Group and NPBIs.

Technical assistance programmes must be designed with care and their implementation supported in the small EU Member States that use the EIAH as a means of gaining experience and knowledge.

If we want the expanded IPE to be both viable and efficient, it would be a shame not to draw on the NPBI expertise and networks, particularly as their deep understanding of local contexts has proved extremely valuable in making the Investment Plan for Europe a success.