



## Investment Plan for Europe: European Fund for Strategic Investments to be extended following successful first year

Brussels, 1 June 2016

**One year after the European Fund for Strategic Investments (EFSI) came into force, the Commission looks at what has worked well in the Investment Plan, what can be improved, and how to advance.**

Eighteen months after President **Jean-Claude Juncker** launched the Investment Plan for Europe, and a year after the start of the European Fund for Strategic Investments (EFSI), the Commission takes stock of achievements to date. Today the Commission shares the lessons learned and makes clear proposals for an ambitious future of the EFSI.

European Commission President **Juncker** said: *"The Investment Plan is working and defying the pessimists. The European Fund for Strategic Investments is creating jobs and triggering investments in the real economy every day. That is why we propose to extend it beyond 2018. Let's be ambitious in getting Europe investing again."*

Vice-President **Jyrki Katainen**, responsible for Jobs, Growth, Investment and Competitiveness, added: *"Together with the EIB we have achieved a lot in the past 12 months. We have supported innovative energy projects, healthcare centres, urban development and high-speed broadband. Close to 150,000 SMEs have access to new financing. We have created a hub which provides advisory services and technical support to project promoters. We have launched a new portal for promoters to showcase their projects worldwide to investors. But there is more to do: we must continue to deepen the single market – the EU's unique selling point – and Member States must work on removing barriers to investment."*

### Achievements to date

The **European Fund for Strategic Investments** ([EFSI](#)) is at the heart of this Commission's Investment Plan. Managed by the EIB Group, it is firmly on track to deliver on mobilising at least EUR 315 billion in additional investments in the real economy by mid-2018. The EFSI provides a first loss guarantee, so that the EIB has been able to invest in more projects, sometimes riskier projects, and to invest sooner than without the EFSI. Overall, the EFSI is already active in 26 Member States and is expected to trigger EUR 100 billion in investment with the approvals given so far. Small and medium-sized enterprises (SMEs) have benefited particularly from the EFSI so far. To encourage more EFSI activity in the Member States lagging behind so far, the EIB and the Commission will increase their local outreach.

**We officially launched today** another element of the Investment Plan, the **European Investment Project Portal** ([EIPP](#)), an online platform bringing together European project promoters and investors from the EU and beyond. The Portal will increase the visibility of projects to invest in across Europe. This is something that investors asked for, and the Commission delivered. (For a video on the new Portal, click [here](#).)

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The **European Investment Advisory Hub** ([EIAH](#)) provides technical assistance and tailored advice to private and public project promoters. The Hub has already dealt with more than 160 requests. Whilst this is a promising start, the Commission and EIB are working on making the advisory services more local and closer to those companies that should benefit.

In February, the Commission issued [guidance](#) on how **European Structural and Investment Funds** ([ESI Funds](#)) can be combined with the EFSI to enable as much investment as possible. A first set of projects is already benefiting from this combination in practice which will be further simplified.

Finally, the Commission has already taken a number of steps to **improve the business environment and financing conditions** as part of the Investment Plan's third pillar. Initiatives include [lowering capital charges](#) for insurance and reinsurance companies. Insurers told the Commission that some of the Solvency II rules were keeping them from investing in infrastructure, and now this obstacle has been removed. The Commission will evaluate whether it is appropriate to lower bank capital charges for infrastructure exposures in a similar way, taking into account discussions on capital treatment of bank

exposures. To facilitate venture capital investment in Europe, the Commission will also propose some changes to the venture capital regulatory framework. Together with Eurostat, the Commission will provide further clarity and review, where appropriate, relevant guidance as regards accounting aspects of public-private partnerships. To offer further legal certainty to investors as regards the financing of infrastructure, the Commission has provided practical guidance on what constitutes State aid, in the form of a Communication on the Notion of State aid.

The [Communication on Delivering the Single Market Agenda](#), also published today, outlines the many strands of work that have been or will be carried out at EU level to create a business-friendly environment to encourage innovation and invest in people. This work ranges from creating a [Digital Single Market](#), making the market without borders for services a reality, simplifying VAT rules, to improving access to venture capital for start-ups and investing in skills. The Commission is also working with the European Investment Fund (EIF) to establish a Pan-European Venture Capital Fund-of-Funds that would combine public finance and private capital for additional stimulus and scale for new companies. Member States also need to continue their structural reforms to remove bottlenecks and red-tape which act as a barrier to investment.

### **The future of the EFSI**

Building on these positive results, the Commission proposes the following way forward.

- **Reflecting on its success so far, a reinforced EFSI will continue beyond the initial three-year period** to address remaining market gaps and failures and continue to mobilise private sector financing in investments crucial for Europe's future job creation, growth and competitiveness, with strengthened "additionality". The Commission will present legislative proposals in the autumn to extend the duration of the EFSI, bearing in mind the scarcity of budgetary resources.
- One of the biggest success stories of the EFSI has been the strong interest and participation by intermediary banks across the EU to provide finance to SMEs, the so-called **EFSI SME-window**. **This will be scaled up** quickly, under the current framework, for the benefit of SMEs and mid-cap companies in all Member States. The Commission will work with the EFSI Steering Board to use all the existing possibilities under the EFSI Regulation to reinforce the SME window.
- The Commission will explore the possibility of using an EFSI-type model for investments in **developing third countries**.
- The **combination of EFSI support and ESI Funds** will be further simplified and legislative and other obstacles to such combinations removed.
- **The Advisory Hub will be enhanced to be able to work more locally** and to enhance its work with National Promotional Banks.
- Establishing **Investment Platforms** will be further encouraged, with strong engagement from the Commission, the EIB Group, National Promotional Banks and other relevant actors. This is particularly important for small projects to reach scale.
- Energy efficiency is undoubtedly one of the most successful sectors under the EFSI. The EFSI will continue to contribute to the development of the market for **sustainable/green projects**, by encouraging the development of a green bond market in Europe and improved coordination of existing efforts.
- The Commission will continue to deliver on its **Single Market priorities**. Together with Eurostat, the Commission will provide further clarity and review, where appropriate, relevant guidance as regards accounting aspects of public-private partnerships.
- Member States should also establish clear priorities, prepare concrete investment projects with the help of the Advisory Hub – in particular on cross-border projects – and structure their projects in an optimal way to ensure a greater use of financial instruments. In the context of **the European Semester process**, Member States should implement the country-specific recommendations to address national barriers to investment

### **More information**

- For more information on today's press release, see this [Memo](#).
- The full Communication *Taking stock of the Investment Plan for Europe and next steps* is available [here](#).
- For the full list of projects approved for financing under the EFSI, click [here](#).

- For the full lists of SME agreements approved for financing under the EFSI, click [here](#).
- For the latest EFSI figures including a break-down by sector and by country click [here](#).
- For more information about the Investment Plan in general, see the [FAQs](#).

## Background

The economic crisis brought about a sharp reduction of investment across Europe. That is why collective and coordinated efforts at European level are needed to reverse this downward trend and put Europe on the path of economic recovery. Adequate levels of resources are available and need to be mobilised across the EU in support of investment. There is no single, simple answer, no growth button that can be pushed, and no one-size-fits-all solution. The Commission's economic approach is based on three pillars: **structural reforms** to put Europe on a new growth path; **fiscal responsibility** to restore the soundness of public finances and cement financial stability; and **investment** to kick-start growth and sustain it over time.

The Investment Plan for Europe is at the heart of this strategy. It focuses on removing obstacles to investment, providing visibility and technical assistance to investment projects and making smarter use of new and existing financial resources. After one year in force, the European Fund for Strategic Investments (EFSI) is already showing results.

## EFSI financing – [latest figures](#)

So far, the European Investment Bank (EIB) has approved 64 projects for financing under the EFSI which represent a volume of financing of EUR 9.3 billion. The European Investment Fund (EIF) has approved 185 SME financing agreements, with total financing under the EFSI of EUR 3.5 billion. Some 141,800 SMEs and Midcaps are expected to benefit. Together, these operations are located in 26 Member States and they are expected to trigger total investment of over EUR 100 billion.

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