

European Fund for Strategic Investments (EFSI)

2015/0009(COD) - 25/06/2015 - Final act

PURPOSE: to adopt a Regulation on the European Fund for Strategic Investments (EFSI), which aims to stimulate the economy by supporting investment in the Union.

LEGISLATIVE ACT : Regulation (EU) 2015/1017 of the European Parliament and of the Council on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 — **the European Fund for Strategic Investments.**

CONTENT: the Regulation establishes a European fund for strategic investments (EFSI), an EU guarantee and an EU guarantee fund. In addition, it establishes a European investment advisory hub (EIAH) and a European investment project portal (EIPP).

Purpose: the EFSI will be established **within the EIB** by an agreement between the EIB and the Commission. It will operate for an initial investment period of four years (until July 2019). The EFSI is part of a comprehensive strategy designed to **address uncertainty surrounding public and private investments** and to reduce the investment gaps in the Union.

Through the supply of risk-bearing capacity to the EIB, the EFSI's purpose shall be to support, in the Union: (a) **investments**; (b) **increased access to financing for entities having up to 3 000 employees**, with a particular focus on SMEs and small mid-cap companies.

EU guarantee: in order to ensure the EFSI to support investment, the Union will provide a EU guarantee that will not exceed **EUR 16 billion**. According to the text, when the EU guarantee is combined with EUR 5 billion to be provided by the EIB, the EFSI support should generate **EUR 60. 80 billion of additional investment** by the EIB and the EIF. This amount of EUR 60. 80 supported by the EFSI is expected to further generate a total of **EUR 315 billion in investment in the Union within three years** of the date of entry into force of this Regulation.

Guarantee Fund: in order to cover the risks relating to the EU guarantee to the EIB, a guarantee fund is established. This will be constituted by a gradual payment from the general budget of the Union. The guarantee fund is intended to provide **a liquidity cushion for the general budget of the Union against losses incurred by the EFSI** in pursuit of its objectives. Experience on the nature of investments to be supported by the EFSI indicates that the level of resources in the guarantee fund should represent a ratio of 50 % of the total EU guarantee obligations.

Eligibility criteria for the use of the EU guarantee: the EFSI is to support projects which:

- are economically viable according to a cost-benefit analysis following Union standards;
- are consistent with Union policies, including the objective of smart, sustainable and inclusive growth, quality job creation, and economic, social and territorial cohesion;
- provide **additionality**, and typically target projects with a higher risk profile than projects supported by EIB normal operations.
- maximise where possible the mobilisation of private sector capital; and
- are technically viable.

Governance of the EFSI: the governance structure of the EFSI is comprised of the Steering Board, the Investment Committee and the Managing Director:

- **the Steering Board:** comprising four members: three appointed by the Commission and one by the EIB, this will set the strategic orientations of the EFSI, its risk profile and the rules necessary for its functioning. It is to take decisions by consensus and regularly consult stakeholders. The Steering Board elects a Chairperson from among its members for a fixed term of three years, renewable once.
- **Managing Director** (assisted by a Deputy Managing Director) will be responsible for the daily management of the EFSI and should carry out the preparatory work of the meetings of the Investment Committee. The Steering Board will select a candidate for each of the positions of Managing Director and Deputy Managing Director. The European Parliament must approve candidates.
- **the Investment Committee** will take decisions on the use of the EU guarantee for potential projects and for the operations with national promotional banks or institutions or investment platforms. It will be composed of eight independent experts, representing a broad range of expertise, and the Managing Director. Decisions of the Investment Committee shall be taken by simple majority. Decisions approving the use of the EU guarantee shall be public and accessible.

Productive and strategic investments: the purpose of the EFSI should be to help resolve the difficulties in financing and implementing strategic, transformative and productive investments with **high economic, environmental and societal added value**. The EFSI will therefore support strategic investments such as, but not limited to, projects of common interest which aim to:

- complete the internal market in the transport, telecommunications and energy infrastructure sectors, including transport and energy interconnections, and digital infrastructure;
- expand renewable energy and energy and resource efficiency;
- develop and modernise the energy sector in accordance with the Energy Union priorities, including security of energy supply, contribute to the sustainable development of those sectors and exploit potential synergies between them.

The investments will also include:

- projects of common interest in the urban and rural development and social fields and in the environmental and natural resources fields;
- projects which strengthen the Union's scientific and technological base and foster benefits for society as well as better exploitation of the economic and industrial potential of policies of innovation, research and technological development, including research infrastructure, and pilot and demonstration facilities;
- projects relating to human capital, culture and health;
- environmentally sound projects that benefit industries and technologies with high growth potential and contribute to the transformation into a green, sustainable and resource-efficient economy.

Financing the Guarantee Funds from the EU budget: EU funding will come from redeploying grants from the Connecting Europe facility (transport, energy and digital networks) and the Horizon 2020 programme (research and innovation), as well as unused margins in the EU's annual budget.

Redeployment will amount to **EUR 5 billion**, of which EUR 2.8 billion from the [Connection Europe Facility](#) and EUR 2.2 billion from [Horizon 2020](#). Funding from unused margins will amount to **EUR 3 billion** over the 2016-20 period.

European investment advisory hub (EIAH): this will have as its objective to build upon existing EIB and Commission advisory services in order to provide advisory support for the identification, preparation

and development of investment projects and to act as a single technical advisory hub for project financing within the Union.

European Investment Project Portal: the Commission, with the support of the EIB, shall create a transparent European investment project portal (EIPP) gathering current and future investment projects in the Union. It will constitute a publicly accessible and user-friendly project database, providing relevant information for each project.

Reporting and accountability: by 31 May of each year, the Commission will submit to the European Parliament, to the Council and to the Court of Auditors an annual report on the management of the guarantee fund in the previous calendar year, including an assessment of the adequacy of the target amount and the level of the guarantee fund and of the need for its replenishment.

At the request of the European Parliament or of the Council, the Chairperson of the Steering Board and the Managing Director will report on the performance of the EFSI to the requesting institution, including by participating in a hearing before the European Parliament.

Evaluation and Review: by 5 July 2018, the Commission shall submit to the European Parliament and the Council a report containing an independent evaluation of the application of the Regulation. In the event that the report concludes that the EFSI is achieving its objectives, the Commission shall where appropriate submit a legislative proposal to amend the Regulation with a view to setting the new investment period.

ENTRY INTO FORCE: 4.7.2015.

DELEGATED ACT: the Commission may adopt delegated acts in order to (i) facilitate a prompt and flexible adaptation of non-essential elements of the investment guidelines; (ii) the establishment of a scoreboard of indicators to be used by the Investment Committee to ensure an independent and transparent assessment of the potential and actual use of the EU guarantee.

The power to adopt such acts is conferred on the Commission for a period of three years **from 4 July 2015**. The European Parliament or the Council may raise objections with regard to a delegated act within **one month** from the date of notification (this may be extended by one month.) The delegated act that first establishes the scoreboard will enter into force only if no objection has been expressed within a period of **three weeks** of notification. If Parliament or council raise objections, the delegated act will not enter into force.