Implementation of the European Fund for Strategic Investments

2016/2064(INI) - 22/05/2017 - Committee report tabled for plenary, single reading

The Committee on Budgets and the Committee on Economic and Monetary Affairs adopted the own-initiative report by José Manuel FERNANDES (EPP, PT) and Udo BULLMANN (S&D, DE) on the implementation of the European Fund for Strategic Investments (ESFI).

The report has been adopted pursuant to Rule 55 of the Rules of Procedure of the European Parliament (Joint committee meetings).

Members recalled that EFSI has now been in place for around 1.5 years. Even though this does not allow for a comprehensive or final assessment, evidence gathered so far can give a first indication of how the Regulation has been implemented.

Firstly, the most recent data on national accounts do not indicate any surge in investment since the European Fund for Strategic Investments (EFSI) was launched, leading to concerns that, without a change, there will be continued subdued growth and continuing high unemployment rates. Closing this investment gap by creating an environment conducive to investment in certain strategic areas is key to reviving growth.

The role played by EFSI is stressed in helping to resolve difficulties and remove obstacles to financing as well as to implement strategic investments and to encourage private investment in all regions of the EU.

The main findings of the report are as follows:

Additionality: projects supported by EFSI are considered to provide additionality if they carry a risk corresponding to EIB special activities. These projects shall typically have a higher risk profile than projects supported by EIB normal operations. Members underlined that EIB projects carrying a risk lower than the minimum risk under EIB special activities may also be supported by EFSI only if use of the EU guarantee is required to ensure additionality.

The Commission is called upon, in cooperation with the EIB and the EFSI governance structures, to draw up an inventory of all EU-backed EIB financing falling under the additionality criteria and to provide clear and comprehensive explanations of the evidence that the projects could not have been realised through other means.

Scoreboard and project selection: prior to a project being selected for EFSI support, it has to undergo due-diligence and decision-making processes both in the EIB and the EFSI governance structures. Project promoters have expressed a wish for swift feedback and enhanced transparency in relation to both the selection criteria and the amount of possible EFSI support. Members called for greater clarity in order to further encourage project promoters to apply for EFSI support, including by making the scoreboard available to applicants for EFSI financing.

Small-scale projects should be supported as they often encounter difficulties in obtaining the funding they need.

Governance: the report observed that the EFSI governance structures have been implemented in full within the EIB. With a view to improving the efficiency and accountability of EFSI, options for making the EFSI governance structure **completely separate** from that of the EIB should be discussed.

It was also highlighted that project selection is not transparent enough and that the EIB should make improvements in relation to the disclosure of information about the projects it approves under EFSI. The report recalled that national promotional banks are essential for the success of EFSI, as they are close to, and familiar with, the local markets. However, synergies have so far not been exploited. Investment platforms should be promoted and their establishment rules simplified.

Financial instruments: recalling that the EIB has developed new financial instruments for the purposes of EFSI, Members expressed concerns about project promoters' criticisms that the financing instruments provided are not compatible with their projects' needs.

Geographical diversification: Members regretted that EFSI support has mainly benefited a limited number of countries where the investment gaps are already below the EU average. They noted that within beneficiary countries, there is often an unequal geographical distribution of EFSI-funded projects.

The EIB is called upon to provide further technical assistance to those countries and regions which have benefited less from EFSI.

EIAH: the report attached the utmost importance to the operation of the European Investment Advisory Hub (EIAH) with Members convinced that it has the potential to play an instrumental role in addressing many of the shortcomings of EFSI implementation. However, they stressed that the EIAH needs to enhance the profile of its services, improve communication and raise awareness and understanding of its activities amongst EIAH stakeholders.

Future financing: Members noted that the Commission has proposed an extension of EFSI, both in terms of duration and financial capacity, and that this would have an impact on the EU budget. They intend to put forward alternative financing proposals. Members noted awareness of overlaps and competition between EFSI and financial instruments of the EU budget on the part of the Commission and the EIB has led to the adoption of guidelines recommending the **combination of EFSI and ESI Fund financing**.

Extension: noting that EFSI alone will probably not be able to close the investment gap in Europe, Members called for **further proposals** to be made on how to permanently boost investment in Europe.