

Capital increase of the European Investment Fund (EIF)

2014/0034(COD) - 12/12/2018 - Follow-up document

The Commission presents its final report pursuant to Article 4 of Decision No 562/2014/EU of the European Parliament and the Council on the participation of the European Union in the capital increase of the European Investment Fund.

This report assesses how the increase in the capital of the European Investment Fund (EIF) capital has reached the objective of increasing the EIF support of actions which complement Member States' actions in favour of enterprises, particularly small and medium-sized enterprises (SMEs).

Overview as of the Second Quarter of 2018

The 2014 capital increase made significantly more financing available to SMEs and mid-caps. The capital increase created additional risk-taking capacity, allowing a higher volume and speed of deployment of equity investment into SMEs, whereby the EIF's capital was substantially leveraged. The increase boosted the EIF's own-risk activity in credit enhancement operations, in particular for guarantees and securitisation, mobilising private financing and increasing access to finance for SMEs. The EU's participation of EUR 178 million in the 2014 capital increase was essential to strengthen the EIF and to put it into a position to achieve tangible results for Europe's SMEs.

It is expected that the EIF will outperform the initial expectations leading to the 2014 capital increase. By the end of June 2018, EIF had thus committed almost 30% more resources (EUR 44 billion), than anticipated in 2014 (EUR 34 billion) for the benefit of more than 547 000 SMEs and other final recipients, while sustaining more than 4 million jobs. By end-2020, another EUR 26 billion are expected to be committed, raising the overall commitments to EUR 70 billion over 7 years and leveraging simultaneously EUR 250 to 300 billion of financing in the real economy. This means the initial expectations in 2014 (EUR 175 billion) will be exceeded by more than 40%.

The resulting strong capitalisation was a determining factor for the EIF's successful deployment of the European Fund for Strategic Investment ([EFSI](#)) and underpins the increase of EFSI (EFSI 2.0) decided in late 2017. The EIF drew on its own resources, mobilising up to EUR 500 million, to advance the deployment of EFSI before the adoption of the EFSI 2.0 legislation. Under EFSI 2.0, the EFSI guarantee has been increased to a total of EUR 26 billion (and the expected mobilised investment from EUR 315 billion to EUR 500 billion) while the investment period was extended until 2020. It will thus be necessary for the EIF to mobilise significant own resources alongside EFSI between 2018 and 2020.

The way ahead

The EIF is expected to continue to play a significant role in the financing of enterprises, in particular in critical areas of the European economy (research and innovation, SMEs, microfinance, etc.) throughout the period covered by the 2021-2027 MFF. The EIF estimates that a strengthening of the EIF's capital base with EUR 3-3.5 billion would be necessary, starting in 2021. There are however several uncertainties related to any capital increase. The EIF's capital requirements will have to be reassessed in light of the financial products to be rolled out by the EIF in the implementation of InvestEU and possible blending operations in the 2021-2027 multiannual financial framework.