Basic information

2015/0009(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
European Fund for Strategic Investments (EFSI) Amending Regulation (EU) No 1316/2013 2011/0302(COD) Amending Regulation (EU) No 1291/2013 2011/0401(COD) See also 2015/2011(BUD) Amended by 2016/0276(COD) Amended by 2025/0040(COD) See also 2016/2064(INI) **Subject** 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 3.45.02 Small and medium-sized enterprises (SME), craft industries 4.70.01 Structural funds, investment funds in general, programmes 8.40.07 European Investment Bank (EIB)	

Key players

European Parliament

Joint committee responsible	Rapporteur	Appointed
BUDG Budgets	FERNANDES José Manuel (PPE)	11/02/2015
ECON Economic and Monetary Affairs	BULLMANN Udo (S&D)	11/02/2015
	Shadow rapporteur KARAS Othmar (PPE) GARDIAZABAL RUBIAL Eider (S&D) LOONES Sander (ECR) ASHWORTH Richard (ECR) TREMOSA I BALCELLS Ramon (ALDE) TORVALDS Nils (ALDE) NÍ RIADA Liadh (GUE/NGL) DE MASI Fabio (GUE/NGL) EICKHOUT Bas (Verts/ALE) MARAGALL Ernest (Verts/ALE) ZANNI Marco (EFDD) VALLI Marco (EFDD)	

Committee for opinion	Rapporteur for opinion	Appointed
CONT Budgetary Control	THEURER Michael (ALDE)	02/03/2015
EMPL Employment and Social Affairs	JAZŁOWIECKA Danuta (PPE)	28/01/2015
ENVI Environment, Public Health and Food Safety	DALLI Miriam (S&D)	03/02/2015
ITRE Industry, Research and Energy (Associated committee)	VAN BREMPT Kathleen (S&D)	10/02/2015
IMCO Internal Market and Consumer Protection	DURAND Pascal (Verts /ALE)	24/02/2015
TRAN Transport and Tourism (Associated committee)	AYALA SENDER Inés (S&D) RIQUET Dominique (ALDE)	29/01/2015 29/01/2015
REGI Regional Development	VAN NISTELROOIJ Lambert (PPE)	11/02/2015
AGRI Agriculture and Rural Development	DESS Albert (PPE)	21/01/2015
CULT Culture and Education	ZDROJEWSKI Bogdan Andrzej (PPE)	05/02/2015
AFCO Constitutional Affairs	HÜBNER Danuta Maria (PPE)	17/03/2015

Council of the European Union

Council configuration	Meetings	Date
Economic and Financial Affairs ECOFIN	3370	2015-02-17
Economic and Financial Affairs ECOFIN	3399	2015-06-19
Economic and Financial Affairs ECOFIN	3387	2015-05-12
Economic and Financial Affairs ECOFIN	3375	2015-03-10
Economic and Financial Affairs ECOFIN	3366	2015-01-27

European Commission

Commission DG	Commissioner
Economic and Financial Affairs	MOSCOVICI Pierre

European Economic and Social Committee
European Committee of the Regions

Key events

Date	Event	Reference	Summary
13/01/2015	Legislative proposal published	COM(2015)0010	Summary
27/01/2015	Debate in Council		
28/01/2015	Committee referral announced in Parliament, 1st reading		
17/02/2015	Debate in Council		Summary
09/03/2015	Referral to associated committees announced in Parliament		
09/03/2015	Referral to joint committee announced in Parliament		
10/03/2015	Debate in Council		Summary
20/04/2015	Vote in committee, 1st reading		
20/04/2015	Committee decision to open interinstitutional negotiations with report adopted in committee		
23/04/2015	Committee report tabled for plenary, 1st reading	A8-0139/2015	Summary
12/05/2015	Debate in Council		Summary
16/06/2015	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE604.810	
19/06/2015	Debate in Council		
24/06/2015	Decision by Parliament, 1st reading	T8-0236/2015	Summary
24/06/2015	Results of vote in Parliament		
24/06/2015	Debate in Parliament		
25/06/2015	Act adopted by Council after Parliament's 1st reading		
25/06/2015	Final act signed		
25/06/2015	End of procedure in Parliament		
01/07/2015	Final act published in Official Journal		

Technical information

Procedure reference	2015/0009(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation (EU) No 1316/2013 2011/0302(COD) Amending Regulation (EU) No 1291/2013 2011/0401(COD) See also 2015/2011(BUD)

	Amended by 2016/0276(COD) Amended by 2025/0040(COD) See also 2016/2064(INI)
Legal basis	Rules of Procedure EP 59 Treaty on the Functioning of the European Union TFEU 175-p3 Treaty on the Functioning of the European Union TFEU 182-p1 Treaty on the Functioning of the European Union TFEU 172 Treaty on the Functioning of the European Union TFEU 173-p3
Mandatory consultation of other institutions	European Economic and Social Committee European Committee of the Regions
Stage reached in procedure	Procedure completed
Committee dossier	CJ16/8/02939

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE551.765	10/03/2015	
Amendments tabled in committee		PE551.965	23/03/2015	
Committee opinion	CULT	PE549.112	24/03/2015	
Committee opinion	IMCO	PE551.771	24/03/2015	
Amendments tabled in committee		PE552.025	25/03/2015	
Amendments tabled in committee		PE552.026	25/03/2015	
Amendments tabled in committee		PE552.027	25/03/2015	
Amendments tabled in committee		PE552.028	25/03/2015	
Committee opinion	REGI	PE549.361	31/03/2015	
Committee opinion	EMPL	PE549.263	01/04/2015	
Committee opinion	CONT	PE551.899	14/04/2015	
Committee opinion	ENVI	PE549.395	15/04/2015	
Committee opinion	AGRI	PE549.453	15/04/2015	
Committee opinion	TRAN	PE551.752	15/04/2015	
Committee opinion	AFCO	PE551.793	17/04/2015	
Committee report tabled for plenary, 1st reading/single reading		A8-0139/2015	23/04/2015	Summary
Committee opinion	ITRE	PE549.399	27/04/2015	
Text agreed during interinstitutional negotiations		PE604.810	09/06/2015	
Text adopted by Parliament, 1st reading/single reading		T8-0236/2015	24/06/2015	Summary

Council of the EU

Document type	Reference	Date	Summary

Draft final act	00034/2015/LEX	25/06/2015	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2015)0010	13/01/2015	Summary
Commission response to text adopted in plenary	SP(2015)531	15/09/2015	
Follow-up document	COM(2016)0353	31/05/2016	Summary
Follow-up document	COM(2017)0326	16/06/2017	Summary
Follow-up document	SWD(2017)0235	16/06/2017	
Follow-up document	COM(2018)0345	28/05/2018	Summary
Follow-up document	SWD(2018)0268	28/05/2018	
Follow-up document	COM(2018)0497	29/06/2018	Summary
Follow-up document	COM(2019)0244	28/05/2019	Summary
Follow-up document	SWD(2019)0188	28/05/2019	Summary
Follow-up document	COM(2019)0485	21/10/2019	Summary
Follow-up document	COM(2020)0385	18/08/2020	
Follow-up document	SWD(2020)0162	18/08/2020	
Follow-up document	COM(2021)0337	29/06/2021	
Follow-up document	COM(2021)0427	28/07/2021	
Follow-up document	SWD(2021)0209	28/07/2021	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	CZ_SENATE	COM(2015)0010	05/03/2015	
Contribution	ES_PARLIAMENT	COM(2015)0010	17/03/2015	

Contribution	DE_BUNDESRAT	COM(2015)0010	23/03/2015	
Contribution	PT_PARLIAMENT	COM(2015)0010	23/03/2015	
Contribution	RO_SENATE	COM(2015)0010	23/03/2015	
Contribution	RO_CHAMBER	COM(2015)0010	09/04/2015	
Contribution	AT_BUNDESRAT	COM(2015)0010	13/04/2015	
Contribution	IT_CHAMBER	COM(2015)0010	11/05/2015	
Contribution	SK_PARLIAMENT	COM(2015)0010	11/05/2015	
Contribution	IT_SENATE	COM(2015)0010	12/05/2015	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
CofA	Court of Auditors: opinion, report	N8-0032/2015 OJ C 121 15.04.2015, p. 0001	12/03/2015	Summary
EESC	Economic and Social Committee: opinion, report	CES7287/2014	19/03/2015	
CofR	Committee of the Regions: opinion	CDR0943/2015	16/04/2015	
EU	For information	N8-0019/2017 OJ L 128 19.05.2017, p. 0001	02/05/2017	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Final act

Corrigendum to final act 32015R1017R(01)
OJ L 096 12.04.2016, p. 0050

Regulation 2015/1017
OJ L 169 01.07.2015, p. 0001 Summary

Delegated acts

Reference	Subject
2015/2825(DEA)	Examination of delegated act

European Fund for Strategic Investments (EFSI)

In accordance with Regulation (EU) 2015/1017 of the European Parliament and of the Council on the European Strategic Investment Fund (EFSI), the Commission presented an annual report on the management of the EFSI Guarantee Fund (EFSI GF) in the previous calendar year, including an assessment of the adequacy of the target amount and the level of the EFSI GF and of the need for its replenishment.

This annual report contains the presentation of the financial position of the EFSI GF at the end of the previous calendar year, the financial flows during the previous calendar year as well as the significant transactions and any relevant information on the financial accounts.

The report shall also include information about the financial management, the performance and the risk of the EFSI GF at the end of the previous calendar year.

The main findings of the report are as follows:

Financial accounts and significant budgetary transactions in 2018

The total assets of the EFSI GF stood at EUR 5 452 million as at 31 December 2018. In terms of the 2018 statement of financial performance, the EFSI GF ended the year with an economic result of EUR -13.9 million. A net loss of EUR -34.5 million from positive (EUR 28.4 million) and negative (EUR -62.9 million) fair value changes of derivatives, used for hedging the currency risk of the USD-denominated portion of the portfolio, was offset by net gains (EUR 17.0 million) from positive (EUR 103.7 million) and negative (EUR -86.7 million) foreign exchange revaluation of financial assets and interest revenue (EUR 17.5 million). The remaining loss mainly consisted of net losses from sales of available-for-sale securities (EUR -13.3 million) and custodian fees (EUR -0.6 million).

EFSI operations

The guarantee exposure of the EU in relation to disbursed outstanding EFSI operations by the EIB Group amounted to EUR 15.8 billion, as at 31 December 2018, out of the net available legal commitment9 of EUR 25.9 billion guaranteed by the EU. The amount of EUR 15.8 billion is recorded as a contingent liability in the notes to the 2018 financial statements of the EU.

In 2018, EFSI operations managed by the EIB under the Infrastructure and Innovation Window generated a net revenue of EUR 112.7 million for the EU. Of this amount, a net receivable of the Commission from the EIB as at 31 December 2018 of EUR 38.9 million was recorded in the 2018 EU financial statements. For the EFSI operations under the SME Window, the EU incurred cost of EUR 30.3 million in 2018. Out of this, EIF administrative fees of EUR 21.9 million recorded in the 2018 EU financial statements are payable to the EIF on or after 30 June 2019.

Provisioning of the EFSI GF

A total budgetary appropriation of EUR 2 069 million was committed in 2018 relating to the provisioning of the EFSI GF.

Use of the Guarantee

The EU Guarantee was called for an amount of EUR 97.1 million related to a defaulted operation under the Infrastructure and Innovation Window. The EIB recovered initially the amount of EUR 18.6 million, reducing the amount to be paid to EUR 78.5 million. The call was paid from the EFSI Account (EUR 17.7 million) and from the EFSI GF (EUR 60.8 million). Subsequently, the amount of EUR 1.6 million was recovered. In relation to this defaulted operation, an amount of EUR 1.0 million for recovery costs and EUR 0.6 million for recoverable administrative costs were called by the EIB. In 2018, an amount of EUR 0.6 million was paid to the EIB for funding costs11 and EUR 10.7 million for value adjustments.

Assessment of the adequacy of the target amount and the level of the EFSI GF

As of 31 December 2018, total cumulated signatures under EFSI amounted to EUR 53.6 billion covering 28 Member States, of which EUR 39.1 billion was signed under the IIW (407 operations) and EUR 14.5 billion was signed under the SMEW (470 operations). Overall, this represents a significant increase compared to 2017, at the end of which total signatures amounted to EUR 37.4 billion.

As of 31 December 2018, the overall outstanding disbursed exposure covered by the EU Guarantee amounted to nearly EUR 15.8 billion up from EUR 10.1 billion in 2017.

The exposure of the EU budget to possible future payments under the EU Guarantee in terms of signed operations (disbursed and undisbursed) amounted to EUR 19.8 billion.

Infrastructure and Innovation Window (IIW)

Under the IIW, the outstanding disbursed exposure covered by the EU Guarantee was EUR 14.8 billion, of which EUR 14.2 billion for debt operations and EUR 0.6 billion for equitytype operations.

Should there be any losses due to these IIW operations, those will be covered by the EU Guarantee in accordance with the terms set out in the EFSI Agreement.

SME Window

As of 31 December 2018, under SME Window, the total outstanding exposure covered by the EU Guarantee was EUR 0.995 billion, of which EUR 0.880 billion for guarantee operations and EUR 0.115 billion for equity operations.

Should there be any losses due to these SMEW operations, those would be covered primarily by the contributions of the InnovFin SME Guarantee Facility, the COSME Loan Guarantee Facility, Cultural and Creative Sectors Guarantee Facility and the EaSI Guarantee Financial Instrument.

Target rate

The target amount of the EFSI GF has been set at 35% of the total EU Guarantee obligations. The risk assessment of the different products supported by the EU Guarantee shows that overall the Union budget would be adequately shielded from potential calls under the EU Guarantee with this target rate, taking into consideration recoveries, revenues and reflows from EIB operations. Therefore, the target rate of 35% is considered adequate.

The EFSI GF is in the building-up phase until 2022 thus the need for replenishment will be assessed in a later stage.

European Fund for Strategic Investments (EFSI)

2015/0009(COD) - 28/05/2019 - Follow-up document

This European Commission staff working document accompanies the report on the management of the European Fund for Strategic Investments Guarantee Fund (EFSI GF) in 2018.

It provides information on operations under the Infrastructure and Innovation Window (IIW) and SME Window (SMEW) financial statements, provisioning of the EFSI GF and asset management.

The main issues dealt with are as follows:

EFSI operations supported by the Guarantee

- IIW operations: as at 31 December 2018, 407 operations in 28 Member States were signed under the IIW. The total signatures amount to EUR 39.1 billion which is expected to mobilise investments of EUR 196.3 billion. Half of the signed operations in terms of volume were in the energy (27%) and research sector (21%), followed by the provision of financial support to SMEs and small Mid-Cap companies (20%) and transport (13%).

- SMEW operations: as at 31 December 2018, 470 operations in 28 Member States were signed under the SMEW. The total financing of EUR 14.5 billion is expected to mobilise investments of EUR 104.6 billion. The most important sectors in terms of volume were research and development (70%) and digital (15%).

Provisioning of the EFSI GF

The Guarantee Fund is provisioned through: (i) contributions from the general budget of the Union - the budget allocated for the EFSI contributions amounts to EUR 8 425 million; (ii) revenues and any other payments received by the Union in accordance with the EFSI Agreement (i.e. projects benefitting from EFSI support) - these assigned revenues to the EFSI GF amount to EUR 675 million; (iii) returns (interests) on guarantee fund resources invested in the financial markets; (iv) amounts recovered from projects for which the EU Guarantee was called (i.e. defaulting debtors).

The Guarantee Fund is provisioned progressively up to the target amount of EUR 9 100 million by 2022.

European Fund for Strategic Investments (EFSI)

2015/0009(COD) - 31/05/2016 - Follow-up document

In accordance with Regulation (EU) 2015/1017 of the European Parliament and of the Council, the Commission presents its annual report on the management of the Guarantee Fund of the European Fund for Strategic Investments (EFSI) in 2015.

The report contains the presentation of the **financial position** of the EFSIGF at the end of the previous calendar year, **the financial flows** during the previous calendar year as well as the **significant transactions** and any relevant information on the **financial accounts**. It also includes information about the financial management, the performance and the risk of the EFSIGF at the end of the previous calendar year.

To recall, the agreement on the management of the EFSI and on the granting of the EU guarantee was signed by the European Commission and the European Investment Bank (the EIB) on 22 July 2015.

The Guarantee Fund constitutes a liquidity cushion from which the EIB shall be paid in the event of a call on the EU guarantee. It is provisioned progressively taking into account the increase in exposure borne by the EU Guarantee. The resources of the Fund are directly managed by the Commission and invested in accordance with the principle of sound financial management following appropriate prudential rules.

The main findings of the report are as follows:

Financial accounts: there were no funds in the EFSIGF as at 31 December 2015. Consequently, the 2015 consolidated financial statements of the European Union do not contain the EFSIGF.

A receivable of EUR 1,399,423 corresponding to the net EU revenue stemming from the 2015 EFSI guaranteed operations was recorded in the 2015 financial statements of the EU and credited to the EFSI Account in January 2016.

The guarantee exposure of the EU in relation to disbursed outstanding EFSI operations amounted to **EUR 201,899,614 as at 31 December 2015, out of the overall maximum amount of EUR 16,000,000,000 guaranteed by the EU**. The amount of EUR 201,899,614 is recorded as a contingent liability in the notes to the 2015 financial statements of the EU.

Significant transactions: a budgetary appropriation of **EUR 1.35 billion** was committed in 2015 relating to the provisioning of the EFSIGF in 2016 and 2017.

Management of the Guarantee Fund: there were no funds in the EFSIGF at any time in 2015. The first report on the financial management, performance and risk of the assets of the EFSIGF will therefore be presented **in 2017** for the year 2016.

Assessment of the level of the Fund: in 2015, total signatures under EFSI amounted to EUR 3 billion covering 19 Member States.

- As of end 2015, **10 operations** benefitting from the EFSI guarantee were signed by the EIB, for a total amount of EUR 1155 million, of which EUR 202 million was disbursed. Should there be any losses due to these operations, these will be covered by the EU Guarantee in accordance with the terms set out in the EFSI Agreement.
- EIF operations signed in 2015 under EFSI guarantee coverage amount to around EUR 398 million; should there be any losses due to these operations, those would be covered primarily by the contributions of the InnovFin SME Guarantee Facility and the COSME Loan Guarantee Facility.

Target amount: given the relatively limited level of signatures and disbursements until the end of 2015, there are **not sufficient elements allowing an assessment of the adequacy of the target amount based on actual operations**. The first report on the assessment of the adequacy of the target amount and the level of the EFSI Guarantee Fund will therefore be presented by 31 May 2017 for the year 2016.

It is presently envisaged in the EU budget that around **EUR 500 million** will be paid into the EFSIGF during the course of 2016.

European Fund for Strategic Investments (EFSI)

2015/0009(COD) - 21/10/2019 - Follow-up document

The Commission presents a report on the exercise of the power to adopt delegated conferred on the Commission pursuant to 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.

As a reminder, Regulation (EU) 2015/1017 of the European Parliament and of the Council as amended by Regulation (EU) 2017/2396 establishes a European fund for strategic investments (EFSI), an EU guarantee and an EU guarantee fund with the aim of mobilising up to EUR 500 billion in additional public and private investment in the real economy by the end of 2020 to stimulate investment for the purpose of job creation.

For the purpose of achieving its objectives, Regulation (EU) 2015/1017 of the European Parliament and of the Council confers on the Commission the power to adopt delegated acts in a number of matters for a period of five years from 4 July 2015. The delegated powers shall be tacitly extended for a period of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

The power to adopt delegated acts may be revoked at any time by the European Parliament or by the Council.

Furthermore, it puts the Commission under the obligation to prepare a report in respect of the delegation of power at the latest nine months before the end of the five-year period.

This is the purpose of this report.

Delegated act adopted

The Commission exercised the following delegated powers during the reference period:

- on the basis of Article 7(14) of Regulation (EU) 2015/1017, one Commission Delegated Regulation has been adopted establishing 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 Commission Delegated Regulation (EU) 2015/1558 supplementing Regulation (EU) 2015/1017 by the establishment of a scoreboard of indicators for the application of the EU guarantee was adopted on 22 July 2015.

Consultation prior to adoption

Extensive consultations took place with the European Investment Bank in the preparation of the delegated act. The Council expert group involved in the preparation of the delegated acts was the Council's Working Group of Financial Councillors. For the European Parliament a meeting with relevant members of the lead and associated committees took place. The observations presented in these consultations were taken into consideration when preparing the final versions of delegated acts.

No objections to delegated act

According to Regulation (EU) 2015/1017, the European Parliament or the Council may object to a delegated act within a period of three weeks from the date of notification, extendable by another three weeks at the initiative of the European Parliament or of the Council. If either the European Parliament or the Council objects to a delegated act within this period, it shall not enter into force. This shortened opposition period was the result of a political agreement reached during trilogues in order to deliver as soon as possible on the investment plan for Europe and EFSI investments.

Neither the European Parliament nor the Council objected to the delegated act and it was therefore published and entered into force at the end of the objection period.

Conclusion

The Commission considers that it has exercised the delegated powers conferred upon it within the limits and in respect of the conditions laid down in Articles 7(14) and 23 of Regulation (EU) 2015/1017. It sees the need to extend the empowerments because further delegated acts could be required in the future.

The Commission invites the European Parliament and the Council to take note of this report.

European Fund for Strategic Investments (EFSI)

2015/0009(COD) - 16/06/2017 - Follow-up document

In accordance with Regulation (EU) 2015/1017 of the European Parliament and of the Council, the Commission presents its annual report on the management of the Guarantee Fund of the European Fund for Strategic Investments (EFSI) in 2016.

The report contains the presentation of the financial position of the EFSI GF at the end of the previous calendar year, the financial flows during the previous calendar year as well as the significant transactions and any relevant information on the financial accounts. It also includes information about the financial management, the performance and the risks to the EFSI Guarantee Fund.

To recall, the EU Guarantee covers (up to EUR 16 billion) financing and investment operations signed by the EIB under the Infrastructure and Innovation Window and by the EIF under the SME Window. Part of the overall EFSI operations is covered by the EU Guarantee while a part is carried out at the own risk of the EIB Group (at least EUR 5 billion).

The main observations in the report are as follows:

Financial accounts:

- **the net assets of the Guarantee Fund stood at EUR 1,020 million** as at 31 December 2016. The assets were composed of the investment portfolio, classified as: (i) assets available-for-sale (EUR 948 million), (ii) short term bank deposits (EUR 45 million) and (iii) cash and cash equivalents (EUR 26 million). The Guarantee Fund ended the year with an economic result of EUR 0.9 million;

- as at 31 December 2016, the **guarantee exposure of the EU** in relation to disbursed outstanding EFSI operations by the EIB Group **amounted to EUR 4,392 million**, out of the legal commitment of EUR 16 billion guaranteed by the EU. EFSI operations managed by the EIB under the **Infrastructure and Innovation Window** generated revenue of EUR 16.1 million for the EU. For the EFSI operations managed by the EIF under the **SME Window**, the EU incurred in 2016 an amount of EUR 0.945 million concerning EIF administrative fees. The amount is payable to the EIF on 30 June 2017;

- in 2016, a budgetary appropriation of EUR 2,100 million was committed relating to the provisioning of the EFSI Guarantee Fund A total amount of approximately **EUR 1,018 million** was effectively paid into the Guarantee Fund during the year.

Financial management: investment and risk management strategies were adopted reflecting the investment objectives and outlook for market conditions. The investment approach aimed at enhanced diversification across various fixed income asset classes.

An amount of **EUR 500 million** in payment appropriations was initially made available to the Fund for 2016. During December 2016, an **additional EUR 518 million** was paid into the Fund. It is presently provided in the EU budget that around EUR 2.3 billion will be paid into the Guarantee Fund during the course of 2017 bringing its total assets to an expected level of EUR 3.3 billion.

At the end of December 2016, the **portfolio** was made up predominantly of securities issued by sovereigns (42% of Guarantee Fund market value) as well as by sub-sovereigns, supranationals and agencies (23%).

Target amount: as of end-2016, **total cumulated signatures under EFSI amounted to EUR 21.3 billion covering 28 Member States**, which represents a significant increase compared to 2015, at the end of which total signatures amounted to EUR 1.2 billion.

The overall outstanding disbursed exposure covered by the EU Guarantee amounted to nearly EUR 4.4 billion (EUR 4.02 billion under the Infrastructure and Innovation Window and EUR 369.7 under the SME Window) up from EUR 0.2 billion in 2015.

The target amount of the EFSI GF is set at 50% of the total EU guarantee obligations, which currently stand at EUR 16 billion.

The risk assessment of the different products supported by the EU Guarantee shows that overall the Union budget would be adequately shielded from potential calls under the EU Guarantee with an **adjusted target rate for provisioning the Guarantee Fund of 35%** (as proposed by the Commission in the EFSI 2.0 proposal). The Court of Auditors has confirmed this assessment.

European Fund for Strategic Investments (EFSI)

2015/0009(COD) - 28/05/2018 - Follow-up document

In accordance with Regulation (EU) 2015/1017 of the European Parliament and of the Council on the European Strategic Investment Fund (EFSI), the Commission presented its annual report on the management of the EFSI Guarantee Fund during the previous calendar year (2017) including an assessment of the adequacy of the target amount, the level of the EFSI Guarantee Fund and the need to replenish it.

This annual report presents the financial situation of the Guarantee Fund at the end of the previous calendar year, the financial flows during the previous calendar year, as well as significant transactions and any relevant information relating to the financial accounts. It also contains information on financial management, performance and risk to which the Guarantee Fund was exposed at the end of the previous calendar year.

At the end of 2017, the EFSI Regulation was amended by Regulation (EU) 2017/2396 of the European Parliament and of the Council as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub.

The main aspects of the report cover the following points:

Financial situation of the Guarantee Fund: as at 31 December 2017, the net assets of the Guarantee Fund amounted to EUR 3 504 million as at 31 December 2017. As regards the financial performance for the year 2017, the Guarantee Fund ended the year with an economic result of **EUR 2.4 million**.

EFSI operations under the EU guarantee: the guarantee exposure of the EU in relation to disbursed outstanding EFSI operations by the EIB Group amounted to **EUR 10.128 million**, as at 31 December 2017, out of the legal commitment of EUR 16.000 million guaranteed by the EU.

In 2017, EFSI operations managed by the EIB under the Infrastructure and Innovation Window generated revenue of EUR 61.0 million for the EU. Of this amount, a receivable of the Commission from the EIB as at 31 December 2017 of EUR 31.9 million was recorded in the 2017 EU financial statements.

For the EFSI operations managed by the EIF under the SME Window, the EU incurred in 2017 an estimated amount of EUR 12.7 million in the form of EIF administrative fees. The amount is payable to the EIF on 30 June 2018.

Financial flows and significant budgetary transactions in 2017: a budgetary appropriation of EUR 2 641 million was committed in 2017 relating to the provisioning of the EFSI GF. A total amount of EUR 2 490 million was effectively paid into the EFSI GF during the year. Of this, the bulk came from payment appropriations of the general budget of the EU, while an amount of EUR 39.2 million was recovered from the EFSI Account (as assigned revenue) and an amount of EUR 0.4 million was transferred as additional appropriation at the end of the budgetary year.

External cash flows: an amount of EUR 2 490 million in payment appropriations was made available to the Fund for 2017. This amount was paid in to the EFSI GF gradually from April to December 2017. There were no guarantee calls from the Fund in 2017. A total amount of EUR 0.4 million was paid to EIB for funding costs. It is presently foreseen in the EU budget that around **EUR 1 800 million** will be paid into the EFSI GF during the course of 2018 bringing its total assets to an expected level of EUR 5 308 million.

Key risk characteristics of the portfolio: at the end of December 2017, the investment portfolio was made predominantly of securities issued by Sovereigns (42.5% of market value) as well as by Sub-sovereigns, supranationals and agencies (SSA) (21.5% of market value) and covered bonds (25.5% of market value). The remainder was mainly allocated to unsecured bonds issued by corporates and financial institutions. About 18% of the portfolio was invested in liquid and highly-rated (AA/AAA) USD denominated investments.

The Fund delivered a year to date absolute performance of zero percent in 2017.

The adequacy of the target amount: the target amount of the EFSI GF was originally set by the EFSI Regulation at 50% of the total EU guarantee obligations. As of the entry into force of the EFSI 2.0 Amendment this target is set at 35% of the total EU guarantee obligations.

The risk assessment of the different products supported by the EU Guarantee shows that overall the Union budget would be **adequately shielded from potential calls** under the EU Guarantee with the target rate for provisioning the EFSI GF of 35%, taking into consideration recoveries, revenues and reflows from EIB operations.

European Fund for Strategic Investments (EFSI)

2015/0009(COD) - 29/06/2018 - Follow-up document

In accordance with Regulation (EU) 2015/1017 of the European Parliament and of the Council on the European Strategic Investment Fund (EFSI), the Commission presented a comprehensive report on the use of the European Fund for Strategic Investments (EFSI) EU guarantee and the functioning of the European Fund for Strategic Investments (EFSI) guarantee fund.

The main findings of the report are as follows:

Use of the EU guarantee: the Union provides an irrevocable and unconditional guarantee to the European Investment Bank (EIB) for EFSI financing and investment operations. By increasing the EIB's risk-taking capacity, it allows an increase in the volume of higher risk projects supported by EIB financing and helps to address market failures and sub-optimal investment situations.

The initial endowment of the EU Guarantee was of EUR 16 billion from the Union budget, complemented by an allocation of EUR 5 billion of EIB's own resources. These amounts were increased to **EUR 26 billion and EUR 7.5 billion**, respectively, by the EFSI 2.0 Regulation (EU) 2017/2396.

The EU Guarantee covers financing and investment operations signed by the EIB under the Infrastructure and Innovation Window (IIW) and by the EIF under the SME Window (SMEW). The initial repartition between the two windows was of up to a maximum of **EUR 13.5 billion for the IIW and up to a maximum of EUR 2.5 billion for the SMEW**.

- As of end-2017, the EIB group (EIB and EIF) had signed 606 operations under EFSI for a total financing of EUR 37.4 billion. These operations are expected to mobilise **investments of EUR 207.3 billion** in all 28 EU Member States and across all objectives set out in the EFSI Regulation (see Figure 1).

- At the end of 2017, the exposure of the EU budget to possible future payments under the EU Guarantee in terms of signed operations (disbursed and undisbursed) amounted to **EUR 13.5 billion**, whereas the overall outstanding disbursed exposure covered by the EU Guarantee amounted to nearly EUR 10.1 billion.

- ***Infrastructure and Innovation Window (IIW)***: under this window, the allocation of EIB operations to the debt or equity portfolio is based on the EIB's system of loan grading and the EIB's standard risk assessment. Under the IIW, the EU Guarantee amounting to EUR 13 billion is broken down as follows: (i) up to EUR 10.5 billion for debt-type operations; (ii) up to EUR 2.5 billion for equity-type operations.

As of 31 December 2017, under the IIW, the EIB had signed 278 operations for a total financing of EUR 27.4 billion, which are expected to mobilise **investments of EUR 131.4 billion** in 27 EU Member States.

- *SME Window*: the SME window of EFSI facilitates access to loan and equity financing for small and medium sized enterprises (SMEs) and, to a limited extent, also small mid-cap companies. It is implemented by the EIF. The EU Guarantee allocated to the SME window under the EFSI Regulation amounts to EUR 3 billion. With the EFSI 2.0 Regulation, the EU Guarantee extended to the SME window was expanded by another EUR 3.5 billion available for deployment over the period 2018-2020.

As of the end of 2017, the EIF had signed SME window operations with 305 financial intermediaries for a total EIF financing of almost EUR 10 billion. These operations are expected to mobilise **investment of EUR 76 billion** in all 28 Member States of the EU. By the end of 2017, a total of 135,785 companies had already received EFSI-supported financing under the SME window and 1.5 million jobs were created or supported.

Evaluation: the independent evaluation of the application of the EFSI Regulation that underpins the Proposal for a Regulation of the European Parliament and of the Council establishing the InvestEU Programme concluded to the overall relevance and effectiveness of the EU Guarantee.

Between 2014 and 2017, EIB Special Activities experienced an almost five-fold increase, with EFSI operations under the EU Guarantee accounting for 95% of EIB Special Activities in 2016 and 2017, thereby demonstrating the value-added of the EU Guarantee. Providing additional risk bearing capacity to the EIB and the EIF did lead to **additional and higher risk financing by the EIB Group**.

The evaluation further confirmed that the levels of the EU Guarantee and of the EIB contribution were appropriately sized for the period 2015-2018 as it allowed the EIB Group to mobilise a level of investment in line with expectations.

Adjustment of the target rate: the Council and European Parliament approved the Commission proposal and the Target Rate has been set at the level of **35%** of the total EU Guarantee obligations as of the entry into force of the EFSI 2.0 Regulation. The adjustment of the Target Rate for the Guarantee Fund under EFSI 2.0 resulted in a more efficient use of the EU budget.

Moreover, as a large part of the additional funds required to provision the extension of the Guarantee Fund will originate from EFSI revenues and reflows from other financial instruments, the impact on other parts of the EU budget was limited, thereby leading to an increased efficiency of EU budget support.

Lastly, the evaluation considered that overall, the approach to modelling the EFSI Target Rate appears to be adequate and in line with industry practice.

European Fund for Strategic Investments (EFSI)

2015/0009(COD) - 13/01/2015 - Legislative proposal

PURPOSE: to establish the European Fund for Strategic Investments aiming to mobilise funding for projects of at least EUR 315 billion to help promote growth and employment.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: as a consequence of the economic and financial crisis, the level of investment in the EU has dropped by about 15% since its peak in 2007. General uncertainty about the economic situation, high levels of public and private debt in parts of the EU economy and their impact on credit risk limit the room for manoeuvre. However, significant levels of savings and high levels of financial liquidity exist.

The President of the European Commission in his Political Guidelines for the Commission 2014-2019 identified the Investment Plan for Europe as a key policy challenge, as did the European Council on 18 December 2014. The Plan is based on three mutually reinforcing strands:

1) the **mobilisation of at least EUR 315 billion in additional investment** over the next three years, maximising the impact of public resources and unlocking private investment;

2) **targeted initiatives** to make sure that this extra investment meets the needs of the real economy;

3) **measures to provide greater regulatory predictability** and to remove barriers to investment, making Europe more attractive and thereby multiplying the impact of the Plan.

The European Council also invited the Union legislators to agree on the necessary legal text by June, so that the **new investments could be activated as early as mid-2015**.

CONTENT: the Commission proposes comprises the following elements :

Creation of a European Fund for Strategic Investments: the Commission shall conclude an **agreement with the European Investment Bank** (EIB) in order to support investments in the Union and to ensure increased access to financing for companies having **up to 3000 employees**, with a particular focus on small and medium enterprises, through the supply of risk bearing capacity to the EIB.

Participation in the EFSI should be open to third parties, including Member States, national promotional banks or public agencies owned or controlled by Member States, private sector entities and entities outside the Union subject to the consent of existing contributors.

Governance of the EFSI:

- a **Steering Board** shall determine the strategic orientation, the strategic asset allocation and operating policies and procedures, including the investment policy of projects that EFSI can support and the risk profile of the EFSI;
- an **Investment Committee**, consisting of independent professionals, shall be responsible for examining potential operations and approving the support for operations irrespective of the geographic location of the project concerned.

European Investment Advisory Hub (EIAH): building on existing EIB and Commission advisory services, the EIAH shall provide **advisory support for investment project identification, preparation and development** and act as a single technical advisory hub (including on legal issues) for project financing within the EU.

Granting of an EU Guarantee and Establishment of an EU Guarantee Fund: the proposal creates an initial EU guarantee of EUR 16 billion for EIB financing and investment operations. Those operations need to support:

- development of infrastructure;
- investment in education, health, research, development, information and communications technology and innovation;
- expansion of renewable energy and energy efficiency; or infrastructure projects in the environmental, natural resources, urban development and social fields;
- SMEs and mid cap companies including by providing working capital risk financing.

The support can be provided directly from the EIB or through the European Investment Fund.

A transparent European investment project pipeline: a stumbling block to greater investment levels within the EU is a lack of knowledge of ongoing and future investment projects within the Union. The proposal also provides for the creation of a European investment project pipeline as a means to ensure that **information on potential projects is transparent and available to investors**.

BUDGETARY IMPLICATION: the EU guarantee provided for the EFSI amounts to EUR 16 billion. The proposal establishes a guarantee fund which is intended to provide a liquidity cushion for the Union budget against losses incurred by the EFSI in pursuit of its objectives.

However, for an initial period, EUR 8bn will be provided only via payments from the budget. From 2016 onwards, these payments from the budget will gradually build up the endowment of the Fund and should reach an accumulated sum of **EUR 8bn by 2020** (EUR 1.35 billion in 2015, EUR 2.03 billion in 2016, EUR 2.641 billion in 2017 and EUR 1.979 billion in 2018).

However, two actions will create costs for the EIB for which the beneficiaries cannot be charged:

The European Investment Advisory Hub will primarily be funded from existing envelopes for EIB technical assistance under existing EU programmes (Connecting Europe Facility, Horizon 2020…). However, **additional funding of up to a maximum of EUR 20 million per year** (EUR 10 million in 2015) may be necessary and will be budgeted in consequence. Any potential costs for the project

pipeline will also be covered;

The EIB will incur **administrative expenses for increasing its financing via the European Investment Fund to small and medium enterprises**. This will require the payment of fees in the order of an accumulated total of **EUR 105 million, around EUR 48 million of which until 2020**.

Operational appropriations required by this proposal are to be fully financed within the Multiannual Financial Framework 2014-2020.

DELEGATED ACTS: the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union.

European Fund for Strategic Investments (EFSI)

2015/0009(COD) - 24/06/2015 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 464 votes to 131, with 19 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on the European Fund for Strategic Investments and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013.

The European Parliament adopted its position at first reading following the ordinary legislative procedure amending the Commission proposal as follows:

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

The EFSI should be part of a **comprehensive strategy designed to address uncertainty surrounding public and private investments** and to reduce the investment gaps in the Union.

It is expected that when the EU guarantee is combined with EUR 5 billion to be provided by the EIB, the EFSI support should generate **EUR 60.8 billion of additional investment** by the EIB and the EIF. The amount of EUR 60.8 billion supported by the EFSI is expected to further generate a total of EUR 315 billion.

The Commission and the EIB should conclude an agreement that specifies the conditions laid down in this Regulation for their management of the EFSI.

Purpose: the Commission shall conclude an agreement with the EIB on the management of the EFSI and on the granting of the EU guarantee, in accordance with the requirements of this Regulation.

The purpose of the EFSI shall be to support investments in the Union and to ensure increased access to financing for companies having up to 3000 employees, giving priority to small and medium enterprises and small mid-cap companies, through the supply of risk bearing capacity to the EIB.

Eligibility criteria for the use of the EU guarantee: the EFSI Agreement shall provide that 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** by targeting projects that have a higher risk profile than projects supported by EIB and the Union;
- maximise where possible the mobilisation of private sector capital;
- are technically viable.

Governance of the EFSI: the governance structure should be composed of a steering board, a managing director and an investment committee:

- **the Steering Board** - comprising four members, three appointed by the Commission and one by the EIB, should in particular set the strategic orientations of the EFSI and the rules necessary for its functioning. The Steering Board shall elect a Chairperson from among its members for a fixed term of three years, renewable once;
- **the Managing Director** should be responsible for the daily management of the EFSI and should carry out the preparatory work of the meetings of the Investment Committee. Following an open and transparent selection process in line with EIB procedures, the Steering Board shall select a candidate for each of the positions of Managing Director and Deputy Managing Director. The candidates should be **approved by the European Parliament**;
- **the investment committee**: it should 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 in a transparent and independent manner. It should be composed of **eight independent experts**, representing a broad range of expertise as outlined in this Regulation, and the Managing Director. Decisions approving the use of the EU guarantee shall be public and accessible.

Strategic and productive 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 should therefore support strategic investments such as 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.

Those investments should 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 and benefit industries and technologies with high growth potential and contribute to the transformation into a green, sustainable and resource-efficient economy.

Finance the contribution from the general budget of the Union: in order to partly finance the contribution from the general budget of the Union, the available envelopes of Horizon 2020 and of the Connecting Europe Facility, provided for in Regulation (EU) No 1316/2013, should be reduced by **2.2 billion** and **2.8 billion** respectively.

The financial envelope for the implementation of Horizon 2020 is set at **EUR 74 828,3 million** in current prices, of which a maximum of EUR 72 445,3 million shall be allocated to activities under Title XIX TFEU;

The financial envelope for the implementation of the CEF for the period 2014 to 2020 is set at **EUR 30 442 259 000** in current prices.

European Investment Advisory Hub: a European investment advisory hub (EIAH) should be created. It should provide strengthened support for project development and preparation across the Union, by building on the expertise of the Commission, the EIB, national promotional banks or institutions and the managing authorities of the European Structural and Investment Funds. A **single point of entry** for questions relating to technical assistance for investments within the Union should be established.

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 shall constitute a **publicly accessible and user-friendly project database**, providing relevant information for each project.

Accountability: the Commission shall, by 31 May of each year, 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.

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

At the request of the European Parliament, the President of the EIB shall participate in a **hearing of the European Parliament** that concerns EIB financing and investment operations covered by this Regulation.

European Fund for Strategic Investments (EFSI)

2015/0009(COD) - 17/02/2015

The Council discussed a proposal for a regulation on a European fund for strategic investments (EFSI) which is expected to mobilise EUR 315 billion in private and public investment.

The EFSI is one of the core elements of the Commission's "investment plan for Europe", published in November 2014.

The presidency confirmed its intention for the Council to reach agreement in March 2015 in accordance with the scheduled timeframe which would allow for new investments as early as mid-2015.

The Council broadly supported the approach outlined by the presidency on certain key issues:

- **review clause**: the presidency proposes that a review take place after the first few years of operation, on the basis of an independent assessment, to determine whether the EFSI should be made a permanent instrument;
- **redeployment of EU funds to finance the EFSI**: the presidency proposes that no change be made to the Commission's proposal on this point;
- **governance structure**: delegations supported a lean governance structure ensuring an independent decision-making process.

The presidency confirmed its objective for the Council to **reach agreement in March 2015**. In the light of the remarks made by the Ministers, a draft proposal will be presented.

European Fund for Strategic Investments (EFSI)

2015/0009(COD) - 23/04/2015 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Budgets and the Committee on Economic and Monetary Affairs adopted the report by José Manuel FERNANDES (EPP, PT) and Udo BULLMANN (S&D, DE) on the proposal for a regulation of the European Parliament and of the Council on the European Fund for Strategic Investments and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013.

The Committee on Industry, Research and Energy and the Committee on Transport and Tourism, exercising their prerogatives as associated committees under Article 54 of the Parliament’s internal Rules of Procedure, were also consulted for an opinion on the report.

The committee recommended that the European Parliament’s position adopted at first reading following the ordinary legislative procedure should amend the Commission proposal as follows:

European Fund for Strategic Investments (EFSI): the EFSI should be part of a **comprehensive approach** to address uncertainty surrounding public and private investments and to reduce the investment gaps in the Union. The strategy should boost competitiveness and economic recovery and should be complementary to the objective of economic, social and territorial cohesion across the Union.

The EFSI, strengthened by Member State contributions, must be a **complement** to an overall strategy to improve Union competitiveness and attract investment.

The Commission shall **negotiate a draft agreement with the European Investment Bank (EIB)** on the establishment of a European Fund for Strategic Investments ('EFSI') in line with the requirements of this Regulation.

The purpose of the EFSI shall be to **support investments in the Union** and to ensure increased access to financing for companies having up to 3000 employees, **giving priority to small and medium enterprises and small mid-cap companies**, through the supply of risk bearing capacity to the EIB.

The EFSI Agreement shall be open to accession by Member States and third parties, including national and regional promotional banks or public agencies owned or controlled by Member States, regional authorities, dedicated investments platforms, and private sector entities. Neither Member States nor third parties shall be entitled to be a member of the Steering Board.

The EFSI Agreement shall contain, inter alia:

- detailed requirements for EIB financing and investment operations and EIB funding to the EIF which are eligible for the EU guarantee;
- a scoreboard of the key performance indicators to be used for assessing the macroeconomic impact of EFSI investments;
- the procedure for project selection;
- provisions on the intellectual property of the funded projects.

Governance of the EFSI: The EFSI Agreement shall provide that the EFSI shall be governed by a Steering Board, which shall determine the strategic orientation in line with the Europe 2020 objectives and giving particular regard to where the **impact on growth and jobs is highest**, in order to ensure the additionality of the investments supported by the EFSI guarantee.

The Steering Committee: (i) shall specify the investment policy regarding eligible investment platforms; (ii) shall determine the EU guarantee pricing policies; (iii) shall adopt investment guidelines for the use of the EU guarantee to be implemented by the Investment Committee.

The Investment Committee shall be composed of eight independent experts and the Managing Director. It shall be appointed by the Steering Board for a renewable fixed term of three years and not exceeding six years in total. It shall have a pluridisciplinary composition encompassing a broad range of expertise in various sectors and of geographic markets within the Union.

EU Guarantee: the Union shall provide an **irrevocable and unconditional** guarantee to the EIB for financing or investment operations covered by this Regulation and the EFSI Agreement and carried out within the Union. The operations concerned shall be consistent with Union policies and support any of the following **general objectives**:

- development of new, existing or missing transport infrastructure and innovative technologies, in accordance with the connecting Europe facility and TEN-T Guidelines;
- development of **smart and sustainable urban mobility projects**;
- development and modernisation of **energy infrastructure** in particular interconnections, smart grids at distribution level, energy storage and the synchronisation of markets;
- **energy efficiency** and energy savings, with a particular focus on reducing demand through demand-side management and the refurbishment of buildings;
- development of **information and communication technologies**, of digital and telecom infrastructures and of broadband networks across the entire Union;
- investment in: (i) innovation, research and development; (ii) education, training, entrepreneurial skills; (iii) innovative health solutions, such as eHealth and new effective medicines, and in the social sector; (iv) cultural and creative industries; (v) investment in projects and infrastructure in the field of environmental protection and management;
- financial support, including the provision of working capital risk financing for SMEs and start-ups.

The EFSI should **target projects with a higher risk-return profile** than existing EIB and Union instruments. It shall support projects which are **viable from an economic perspective**, according to a cost benefit analysis following European standards.

EU Guarantee Fund: the target amount shall initially be met by **2022** at the latest through the gradual payment of resources. The necessary appropriations to meet the initial target amount shall be **gradually authorised by the European Parliament and the Council** in the framework of the annual budgetary procedure.

In this context, the European Parliament and the Council shall explore ways to finance the EU Guarantee Fund using any unforeseen revenue arising during the course of each financial year.

European Investment Advisory Hub: the EFSI Agreement shall provide for the creation of the EIAH within the EIB. The EIAH shall have as its objective to build upon existing EIB and Commission advisory services in order to provide advisory support for investment project identification, preparation and development, and to act as a single technical advisory hub for project financing within the Union.

The EIAH shall be partially financed by the Union up to a maximum amount of **EUR 20 million per year** during the period ending on 31 December 2020 for the additional services provided for by the EIAH over existing EIB technical assistance.

The Commission and the EIB shall create a **transparent directory** of current and potential future investment projects in the Union.

Accountability: at the request of the European Parliament, the Chairperson of the Steering Board and the Managing Director shall participate in a **hearing of the European Parliament** on the performance of the EFSI. **The President of the EIB** shall participate in a **hearing of the European Parliament**

that concerns EIB financing and investment operations under this Regulation. An agreement shall be concluded between the European Parliament and the EIB on the detailed arrangements for the exchange of information between the European Parliament and the EIB.

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.

European Fund for Strategic Investments (EFSI)

2015/0009(COD) - 12/05/2015

The Council discussed **progress in negotiations** with the European Parliament on a proposal for a regulation establishing a European fund for strategic investments (EFSI).

The creation of the EFSI is part of the European Investment Plan, more commonly known as the “Juncker Plan”.

At the first trilogue the European Parliament and the Council Presidency shared their ambition to **deal with this file as a matter of priority with the aim of reaching a political agreement before June 2015** in order to allow the regulation to be adopted as soon as possible afterwards.

The discussions between the European Parliament and the Council have been organised in **8 building blocks**, namely:

- lifetime of the fund;
- governance;
- financing;
- use of the guarantee;
- European Investment Advisory Hub (EIAH) and Project directory/pipeline;
- EFSI Agreement;
- additionality, general objectives, eligibility criteria, investment guidelines;
- reporting, accounting, accountability, transparency.

The first 6 of these topics (lifetime, governance, financing, use of the guarantee, EIAH & project pipeline, and EFSI Agreement) were addressed at the second trilogue on 29 April 2015. Particular progress was made with respect to the **use of the guarantee and EIAH and the project pipeline**.

On 7 May, the third trilogue explored further the issue of financing and covered additionality, general objectives, eligibility criteria, investment guidelines as well as some of the outstanding items from the second trilogue. Discussion on reporting, accounting, accountability and transparency was postponed due to lack of time.

The last three trilogues are scheduled for 13, 18 and 27 May.

COREPER is invited to take note of the state of play.

European Fund for Strategic Investments (EFSI)

2015/0009(COD) - 12/03/2015 - Court of Auditors: opinion, report

Opinion No 4/2015 of the Court of Auditors concerning the proposal for a Regulation of the European Parliament and of the Council on the European Fund for Strategic Investments (EFSI) and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013.

The Court of Auditors made the following comments on the Commission's proposal.

EFSI Governance: while the proposal indicates that EIB financing and investment operations covered by the EU guarantee would carry a non-negligible financial risk and the probability of a call upon the guarantee is tangible, the EU budget majority participation in EFSI is not reflected in its governance structure.

Legislative framework: to avoid legislative loopholes, the management of EU financial instruments should be ruled by **standardised provisions**, thus promoting instruments with a multi-policy consistency.

Derogations to the Financial Regulation provisions should be duly justified. Furthermore, although the Financial Regulation represents the legal framework for implementing the EU budget and the latter would provide the majority of EFSI funds, the specific provisions of the Financial Regulation will not apply to the EU guarantee to the EIB and the guarantee fund.

While these provisions have been introduced to address a number of weaknesses concerning the use of financial instruments, no adequate explanation is provided for such exclusion. It would have been useful to know whether the Financial Regulation is considered to be an obstacle for attracting private investment. In this case, broader consequences should be drawn for other similar schemes.

Moreover, in accordance with Article 290 TFEU, **essential elements of the legislative act should remain in the hands of the legislator** and be covered in the Regulation itself. If a delegation of power to the Commission is necessary, such a delegation should be limited to non-essential elements. Its objectives, content, scope and duration should be explicitly defined in the Regulation, with a view to ensuring the necessary transparency.

Accountability by the Commission: according to the Court, several reasons for concern exist in this respect: (1) the accountability set-up seems focused, so far, on outputs rather than outcomes and impacts; (2) the Commission's proposal does not clearly state whether the Commission intends to complement the EIB reporting with its own assessment; and to what extent the Commission will include the EFSI in the annual evaluation report on the Union's finances based on the results achieved; (3) lastly, the main decision makers (the EFSI Steering Board and the EIB governing bodies) do not seem to be subject to any public accountability procedure before the budgetary authorities. To recall, the EFSI governance is built into a dual scheme. However, this choice should not undermine the Commission's full responsibility in implementing the EU budget. A diffused accountability framework would also inevitably undermine the significance of the EU budget discharge procedure.

Audit mandate of the European Court of Auditors: the Commission's proposal would limit the Court's audit rights, in that its wording seems to include only payments and recoveries under the EU guarantee and excludes the audit of the operations carried out under the EFSI, of the instruments/entities /facilities which will be set up according to the draft EFSI Regulation, such as the European Investment Advisory Hub (EIAH) and the EU Guarantee Fund, and of the management by the EIB and EIF of financing and investment operations carried out using the EU guarantee.

In addition, the Treaty on the Functioning of the European Union confers on the Court the mandate to audit the legality, regularity and sound financial management of all revenue and expenditure of the European Union.

To fulfil its mandate, the Court enjoys **unrestricted access to any document or information it considers 'necessary to carry out its task'**, including on the premises of any natural or legal person in receipt of payments from the budget. The Court should define the extent of its audits. In this context, the Commission should ensure that all parties concerned by activities undertaken in accordance with the EFSI Regulation and the EFSI agreement are made aware of the right of the Court, to have access to all the information it needs to carry out its audits.

Financial liabilities for public finances: the proposal does not explicitly exclude contingent liabilities for the EU budget beyond the committed funds and does not set a ceiling for EIB expenses.

So that the Commission is not liable beyond the EU guarantee (funded by the EU budget) there should be a general immunity and waivers against legal claims by EFSI beneficiaries. In addition, EIB expenses incurred on behalf of EFSI should be **unconditionally capped**.

The Court stated that it is also of the utmost importance that due consideration is given to the **overall impact of EFSI on public debt and deficits** and that this is assessed according to transparent and consistent criteria.

Mid-term review/revision of the Multiannual Financial Framework (MFF): the upcoming mid-term review/revision of MFF should provide the opportunity for the Legislator to assess the progress achieved by EFSI and for taking any corrective measure needed. On this occasion the Commission should also **report** on the progress of a first set of actions adopted in December 2014 to address the regulatory environment and the removal of barriers to investment.

The Court also provided that:

- a definition of ‘risk bearing capacity’ should be given;
- the legal form of EIAH and its operational structure should be specified;
- the issue of EIB expenses and ESIF co-funding should be addressed;
- provisions on the legal status and functioning of the EU guarantee fund should also be addressed;
- evaluations should be provided by independent external partners;
- transparency and publication of information in case of agreement between the Commission and the EIB should be improved.

European Fund for Strategic Investments (EFSI)

2015/0009(COD) - 10/03/2015

The Council agreed its **negotiating stance** on a proposed regulation on a European fund for strategic investments (EFSI).

This will allow the presidency, on behalf of the Council, to start negotiations with the European Parliament as soon as the EP has agreed its own negotiating stance. The aim is to **reach an overall agreement by June**, so that new investments can begin as early as mid-2015.

The EFSI is one of the core elements of the Commission's "investment plan for Europe", published in November 2014.

Main elements of the Council's negotiating position:

Financing: the Council agreed that the fund would be built on **€16 billion in guarantees from the EU budget and €5 billion from the EIB**.

To facilitate the payment of potential guarantee calls, a guarantee fund would be established that would gradually reach €8 billion (i.e. 50% of total EU guarantee obligations) by 2020.

EU funding would mostly come from the redeployment of grants from the Horizon 2020 programme (research and innovation) and the Connecting Europe Facility (transport, energy and digital networks), as well as unused margins in the budget.

The EFSI would **enhance risk-bearing capacity**. By taking on part of the risk of new projects through a first-loss liability, the fund would enable private investors to join under more favourable conditions. As a result, the EFSI is estimated to reach an overall multiplier effect of 1:15 in real investment.

Third parties, including member states' national promotional banks, would be able to co-finance projects together with the EFSI, either on a project-by-project basis or through investment platforms.

The purpose of the EFSI should be: (i) to help resolve the difficulties in financing and implementing productive and strategic investments in the Union; and (ii) to ensure increased access to financing for companies as well as other entities having up to 3000 employees, with a particular focus on small and medium-sized enterprises(SMEs) as defined in this Regulation (…).

Projects supported: the EFSI Agreement shall provide that EFSI is to support projects which: (a) are consistent with Union policies, (b) are economically and technically viable, (c) provide additionality, and (d) maximise where possible the mobilisation of private sector capital. The EFSI should support strategic investments with **high economic and societal value added** contributing to achieving Union policy objectives and promote long-term growth and competitiveness.

In addition, the EFSI Agreement shall provide that the EFSI is to support projects pursuing any of the following general objectives:

- development of infrastructure;
- research and development and innovation;
- investment in education and training, health, information and communications technology;
- development of the energy sector;
- provision of financial support for companies as well as other entities having up to 3000 employees, with a particular focus on SMEs.

Governance structure: under the compromise agreed by the Council, the EFSI would have a two-tier governance structure:

A steering board would set the overall strategy, investment policy and risk profile of the fund. It would adopt investment guidelines for the use of the EU guarantee to be implemented by the investment committee. To ensure an impartial steering board and avoid political influence over the selection of projects, the board's members would come from the Commission and the EIB only. Their numbers would reflect the institutions' size of contributions in the form of cash or guarantees. The steering board would take decisions by consensus.

An independent investment committee would select projects to receive EFSI support. Accountable to the steering board, it would consist of eight independent experts and a managing director. It would take decisions by simple majority. Any project supported by the EFSI would require the approval of the EIB.

Identification of new projects: the proposed regulation would also set up:

- a "European investment advisory hub" to provide advisory support for the identification, preparation and development of projects across the EU;
- a "European investment project directory" to improve investors' knowledge of existing and future projects.