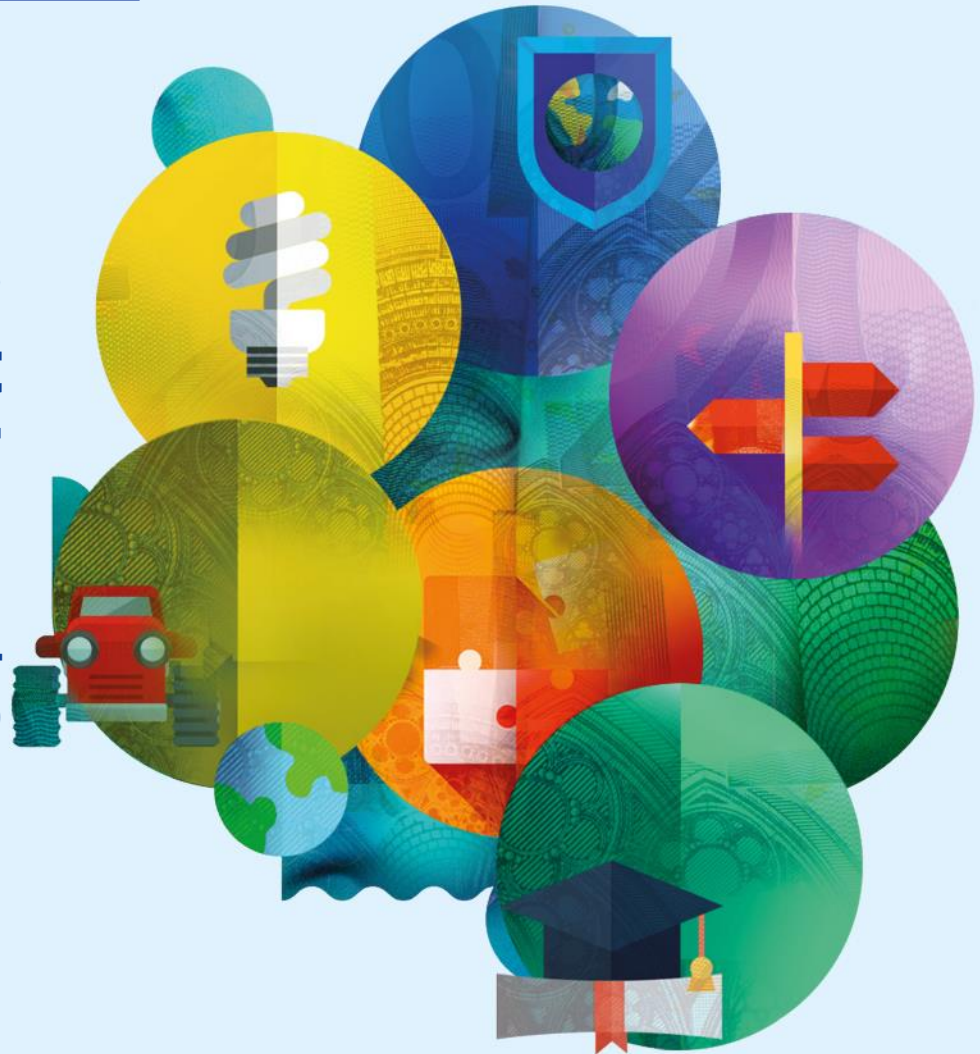


The InvestEU Programme: an instrument to support investment in the next MFF

FEBAF Seminar
29 May 2019

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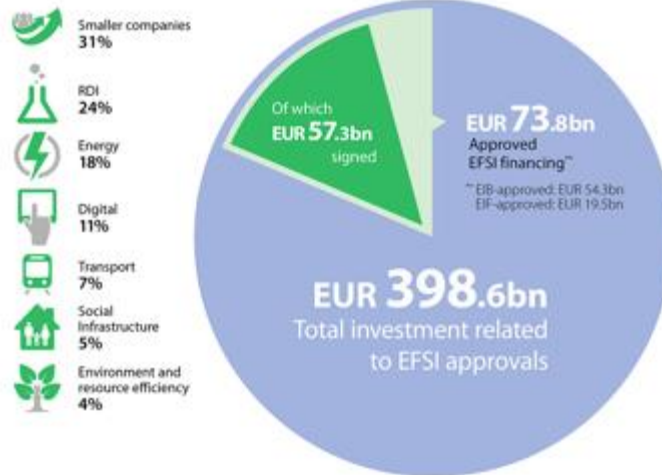




European Commission

EIB Group figures As of 15/05/2019

EFSI investment by sector*



Target by 2020 **EUR 500bn**

EFSI investment relative to GDP*

Darker colours signify higher investment



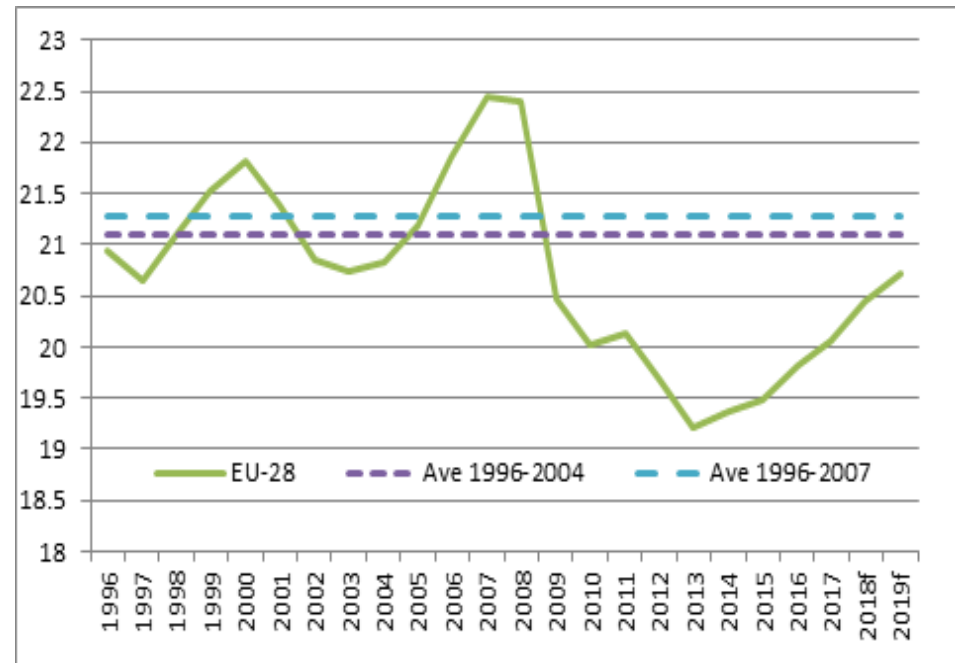
Address market gaps to sustain investment

- By 2021, Member States are expected to have recovered their pre-crisis GDP level, with very few exceptions

But:

- Persistent market gaps are still observed in different policy areas and hold back investment
- Not enough to compensate years of underinvestment as a percentage of GDP
- Not enough to finance needs in key sectors

Investment in EU as a % of the GDP (current prices)



Lessons learned

Increased number of different financial instruments brings risks of:

- Fragmentation
- Policy/financial overlaps
- Multiplication of agreements
- Multiplication of different fees

The programmes replaced by the InvestEU

Equity Instruments

Guarantee Instruments

Risk Sharing Instruments

CEF
Equity

EaSI
Guarantee

COSME
Loan
Guarantee
Facility

Natural
Capital
Fin. Fac.

COSME
EFG

EFSI

Private
Finance
for Energy
Efficiency

Innovfin
Risk
Sharing

EaSI
Capacity
Building IW

Innovfin
Debt

CEF
Debt
Instrument

Innovfin
Equity

Student Loans
GF

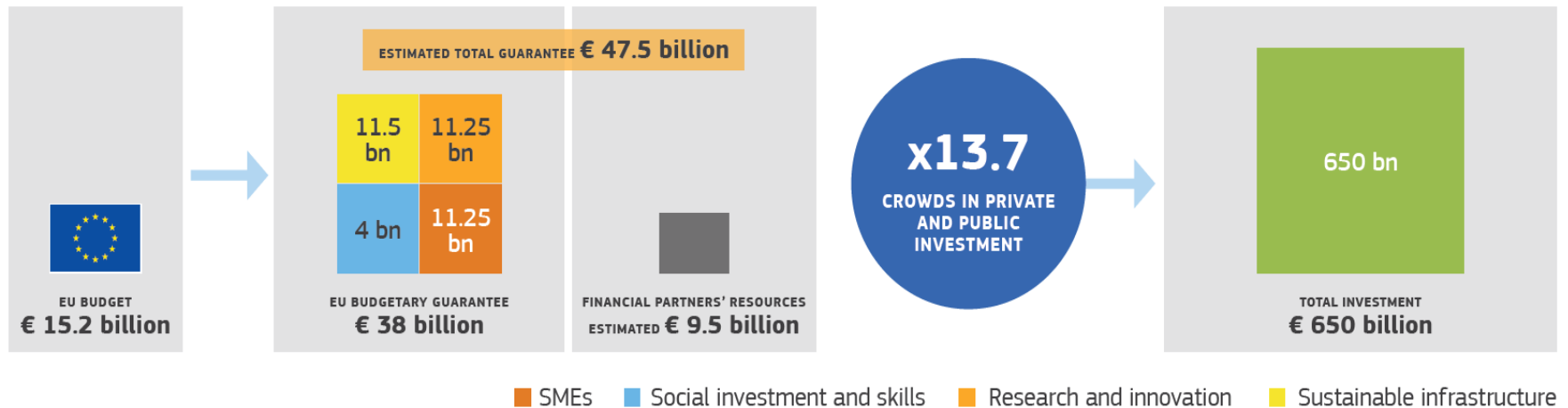
Cultural
and
Creative
Sector GF

InvestEU

InvestEU Fund key principles

- Single fund: a single Regulation and single agreement with implementing partners
- Access to the EU guarantee open to multiple implementing partners
- Policy driven approach implemented through thematic policy windows
- Budgetary guarantee (no funding)
- Member State compartment
- Blending: harmonised combination rules

Doing more with less



- The InvestEU Fund multiplier is 13.7x compared to 15x for EFSI to focus on quality and additionality rather than volumes
- This compares favourably to the current financial period, where all centrally managed financing instruments (including EFSI 2.0) have a budget of EUR 15.57bn and are expected to mobilise EUR 600bn
- So we are able to deliver more with less in the next MFF

Why a single budgetary guarantee

- Freezes less budgetary resources
- Single set of rules
- Cost efficient, due to:
 - ✓ EU guarantee in principle remunerated
 - ✓ Capacity to assume contingent liability
 - ✓ Risk diversification (countries, sectors, type of financing)

Novelty: NPBIs as implementing partners

In the past National promotional banks and institutions were either co-investors or intermediaries to the EIB Group.

With InvestEU they can become implementing partners and have a **direct access to the guarantee**

- *Rationale:* geographic and sectoral outreach
- *Secondary effect and purpose:* **make NPBIs grow** and create a network working as a **community** (exchange of best practices, develop synergies, peer capacity building)

InvestEU indicative proposed budget allocation

Window	Budgetary guarantee	Mobilised investment (estimate)
Sustainable infrastructure	11 500	185 000
Research, Innovation and Digitisation	11 250	200 000
SMEs	11 250	215 000
Social investment and skills	4 000	50 000
TOTAL (<i>EUR Million, in current prices</i>)	38 000	650 000

- Budget for InvestEU Advisory Hub, InvestEU Portal and accompanying measures is proposed to be EUR 525m
- InvestEU is expected to mobilise more than EUR 650bn of additional investment across Europe

Key criteria

- Address market failures or sub-optimal investment situations
- Provide support only to final recipients that are deemed economically viable
- Achieve additionality by preventing the replacement of potential support and investment from other sources
- Achieve a leverage effect, including the maximisation of private investment
- Not distort competition and be consistent with State aid rules

Other principles

- Focus on sustainability and climate
- Community of promotional banks
- Synergies with other EU programmes
- Link with the European Semester

EU compartment

- Fosters EU level action and tackles EU level market gaps
- Consists of four policy windows
- Budgetary guarantee size of EUR 38bn, provisioned at 40%
- Guarantee is not geographically ring-fenced

InvestEU Fund

MS compartment

- Fosters MS level action and tackles local level market gaps
- On a voluntary basis by MS can allocate amounts to provision the MS compartment from ERDF, ESF+, EMFF, EAFRD or cohesion fund
- Established at the level of each policy window; 1 Member State = 1 sub-compartment
- Based on a specific contribution agreement defining size, provisioning, contingent liability...
- Contributions are geographically ring-fenced
- InvestEU rules apply

Advantages of the MS compartment

- Increased volume of supported finance available thanks to use of budgetary guarantee
- Lower provisioning under InvestEU than for financial instruments under shared management
- Higher economies of scale and lower administrative burden
- Implementation under a single set of rules

Invest EU Advisory Hub

Provides advisory support for the identification, preparation, development, structuring, procuring and implementation of **investment projects**, or **enhance the capacity of promoters and financial intermediaries** to implement financing and investment operations, also by developing a **local presence**.

- Single point of entry

- Assistance during the entire project life-cycle

- Supporting capacity building for promoters and authorities

- Facilitate project development

- Facilitate aggregation of small projects

**InvestEU
Advisory Hub
services:
Available under each
policy window
+
Cross sectoral
component**

- Support to establish investment platforms

- Leveraging local knowledge

- Promote sectorial and geographical diversification

- Support to project origination

- Market making activities

InvestEU Advisory Hub



InvestEU Portal

EIPP

InvestEU Portal

- Continues the current investment portal under InvestEU

- Consistency check with EU laws and policies

- Not a pre-condition nor a guarantee for financing

InvestEU
Portal

- Provides project promoters visibility to potential investors

- Better link to the InvestEU pipeline (Implementing partners to examine projects falling within their geographic and activity scope)

- Database will continue to be online and publicly available

Thank you!

