



THE INVESTMENT PLAN FOR EUROPE

• EU ECONOMIC CONTEXT

The European **economy continues to expand modestly**.

Low oil prices, the relatively low exchange rate of the euro, very ample monetary policy and slightly supportive fiscal policy will continue to underpin growth this year.

However, the lift from cheap oil is set to gradually wane and the lagged boost from the euro's depreciation will soon have run its course.

As a result, the pace of private consumption growth, the main motor of growth so far, is projected to slow down somewhat next year, even though employment gains and a modest acceleration in wage growth should partly compensate for the fading of these tailwinds.

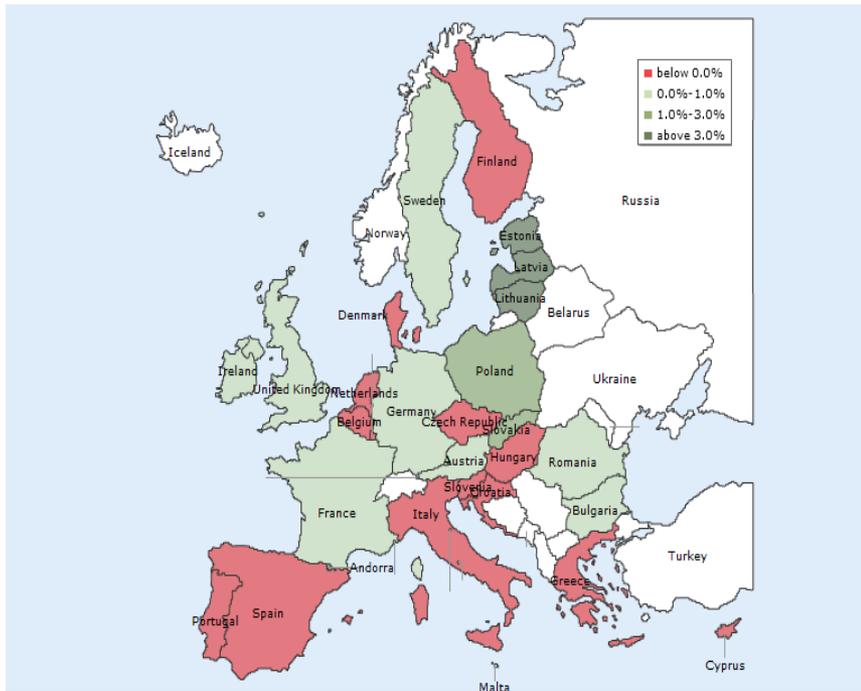
Euro-area real GDP is forecast to grow by 1.6% in 2016, rising to 1.8% in 2017

EU28 real GDP is expected to rise from 1.8% this year to 1.9% in 2017

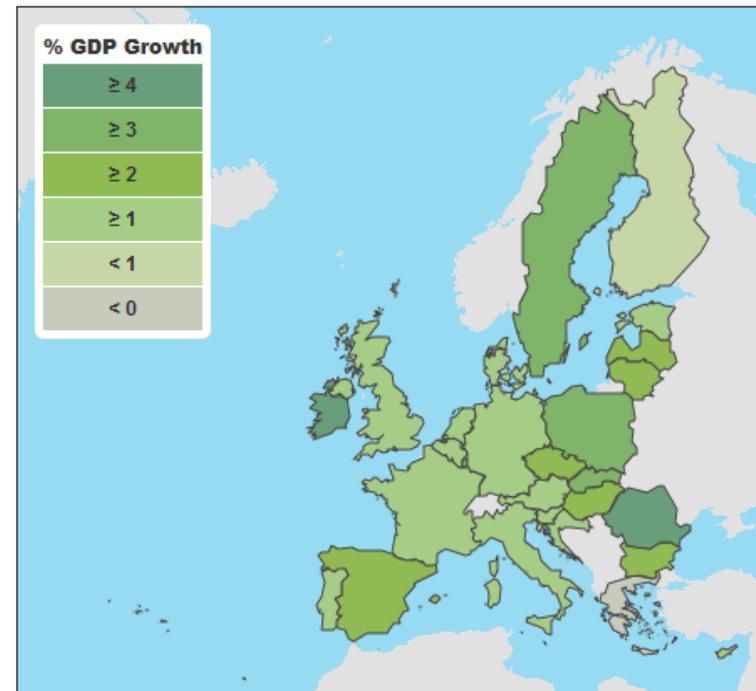
Source: EC spring economic forecast, May-2016

THE ECONOMIC SITUATION IS IMPROVING AND THE RECOVERY IS TAKING HOLD

- EUROPEAN GROWTH MAP 2012



- EUROPEAN GROWTH MAP 2016 (SPRING FORECAST)



Investment Plan

Why?

- As a consequence of the economic and financial crisis, the level of investment in the EU has dropped significantly since its peak in 2007, by about 15%.
 - Investments in the EU fell by about 430 billion € between 2007 and 2013
 - Also around 6 million people lost their jobs
- There is no simple or single answer for the low level of investments, however there are high levels of financial liquidity that can be mobilised.
- Moreover, Europe has plenty of investment needs and economically viable projects in search of funding.

Investment Plan

Why?

- Action on all levels is required on several fronts at the same time, addressing both the supply and demand sides of the economy:
 - confidence in the overall economic environment
 - predictability and clarity in policy-making and the regulatory framework
 - effective use of scarce public resources
 - trust in the economic potential of investment projects under development
 - sufficient risk-bearing capacity to encourage project promoters
 - unlock investment and entice private investors

•EU INVESTMENT PLAN: RATIONALE

•EU INVESTMENT & COMPETITIVENESS GAP

•HIGH LIQUIDITY IN THE MARKET

•PUBLIC BUDGET CONSTRAINTS

•FINANCIAL AND NON-FINANCIAL BARRIERS TO INVESTMENT



•EU Investment Plan

•EU/MS policy action + EU budget + EIB capacity to mobilise private sector funds towards strategic investments.

EU INVESTMENT PLAN: 3 PILLARS

1. MOBILISING FINANCE FOR INVESTMENT



- Mobilize at least €315bn over 3 years for investment in strategic projects and access to finance via the European Fund for Strategic Investments (EFSI) within EIB/EIF
- Cooperation with National Promotional Banks

2. MAKING FINANCE REACH THE REAL ECONOMY



- European Investment Project Portal
- European Investment Advisory Hub: technical assistance



3. IMPROVED INVESTMENT ENVIRONMENT



- Predictability and quality of regulation
- Removing non-financial, regulatory barriers in key sectors within EU Single Market
- Structural reforms at national level



1. European Fund for Strategic Investments (EFSI)



EFSI risk-bearing capacity
€ 21bn

3x



EIB / EIF financing
~ € 61 bn

5x



Investments value over 3 years
~ € 315 bn



European Fund for Strategic Investments	
€16 bn	€5 bn
€21 bn	

•EU Budget Guarantee

•EIB Own resources



€315 bn
by 2017

•Infrastructure & Innovation window

•SME window



Key features of EFSI I

- Focus on investments in **real economy**
 - Results on growth and jobs
 - Market-driven, no political interference
 - No geographic or sector pre-allocation
- Leverage / crowd-in **private sector** and third parties
- Economic and technical **viability**
- **Additionality** vs existing instruments
 - Market failures and sub-optimal investment
 - Higher risk-taking than EIB normal activity in EFSI timeframe

Key features of EFSI II

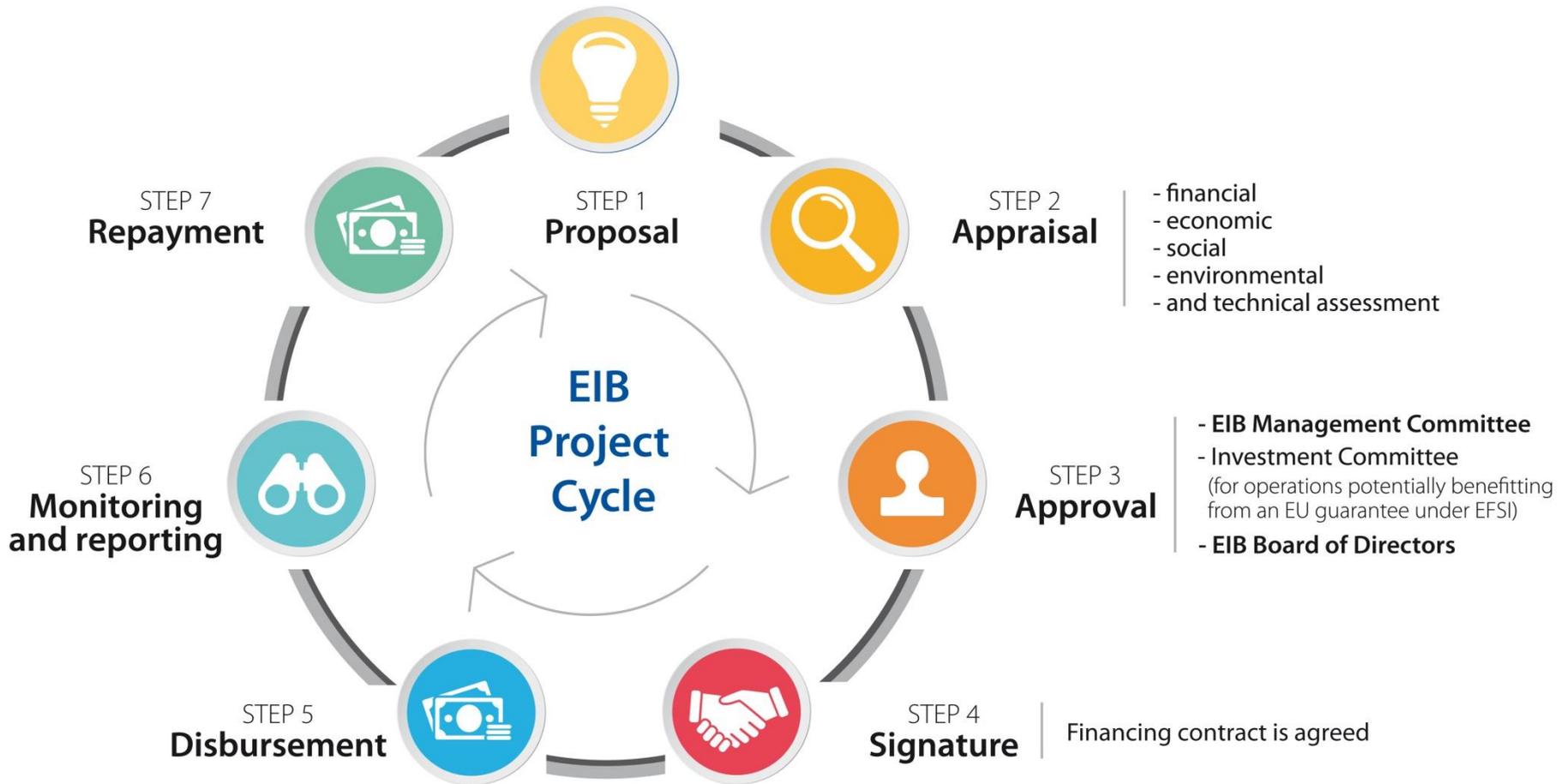
Size of investments

- EIB uses min €25m for individual loans in infrastructure window
 - Smaller schemes can be grouped into framework loans
 - No size restriction for operations via Fin. Intermediaries (e.g. for SMEs)
- Two windows: Infrastructure and SME

Geographic scope

- EU28
- Projects involving an entity in a MS and extending to Enlargement (Western Balkans, Turkey), EU East/South Neighbourhood, EEA/EFTA (Norway, Switzerland, Liechtenstein), Overseas Countries and Territories.

EFSI Infrastructure & Innovation financing: step-by-step



EFSI setup and governance



All EFSI operations are financed by the EIB Group (EIB&EIF)

- On the EIB's balance sheet (no separate entity)
- Subject to standard due diligence
- EIB & EIF governing bodies approve each operation
- EIB for infrastructure projects and EIF for SMEs and Mid-caps

EFSI governance:

- Steering Board
- Investment Committee, headed by a Managing Director

Operations already started in spring 2015



2. Making finance reach the real economy

Transparency on the investments in Europe

- European Investment Project Portal
<https://ec.europa.eu/eipp/desktop/en/index.html>
- Matching investment opportunities proposed by project sponsors with investors' interest

Strengthening advisory services

- European Investment Advisory Hub (EIAH) – EC/EIB
www.eib.org/eiah
- Technical assistance
- Pooling resources & expertise including from MS

European Investment Project Portal

ec.europa.eu/eipp

- Bridge between EU's investment opportunities & potential investors.
- A web portal that enables EU-based project promoters (public authorities, private promoters, PPP) to share their investment proposals seeking external financing, in a transparent way.
- Investors can search for opportunities across Europe (e.g. size, sector, geography).
- Initial phase is now open – project promoters may submit projects @ ec.europa.eu/eipp
- Publication of a project is free for public entities.

Admission criteria - EIPP projects should:

1. Have a minimum size of EUR 10 million
2. Fall within one of the sectors/areas listed in Article 9(2) of Regulation (EU) 2015/1017
3. Be compatible with Union law and the law of the relevant Member State
4. Be expected to start within three years from submission to EIPP
5. The project promoter should be a legal entity established in a Member State (individuals cannot submit EIPP projects), and
6. Publication of a project can be denied if the information is inaccurate or if its publication may entail legal or reputational risks for the European Commission or the Member States, or both.

What is the European Investment Advisory Hub (EIAH) ?

A joint initiative by the European Commission and the European Investment Bank

A tool to strengthen Europe's investment and business environment

A **single access point** to a 360 degree offer of advisory and technical assistance services

A **cooperation platform** to leverage, exchange and disseminate expertise

An instrument to assess and address unmet needs for advisory support



3. Improved investment environment

- Better and more predictable **regulation** at all levels
- Making most of the **Single Market**
 - **Capital Markets Union**
 - **Single Market for Goods and Services**
 - **Digital Single Market**
 - **Energy Union**
- **Structural reforms** in the Member States
- **Openness** to international trade and investment

What has been achieved so far – EIB Financing under the EFSI

- Approved operations by EIB Group are located in **26 Member States** and are expected to trigger total investment of **EUR 100 billion**.
- So far, the European Investment Bank (EIB) has approved **64 projects** for financing under the EFSI which represent a volume of financing of **EUR 9.3 billion**. See www.eib.org/efsi/index.htm
- The European Investment Fund (EIF) has approved **more than 185 SME financing agreements**, with total financing under the EFSI of **EUR 3.5 billion**. Some **140,000 SMEs and Midcaps** are expected to benefit.

EFSI Results Dashboard

EIB Group figures

As of 19/05/2016

Of which
EUR 6.5 bn
signed

Approved EFSI financing*

EUR 12.8 bn

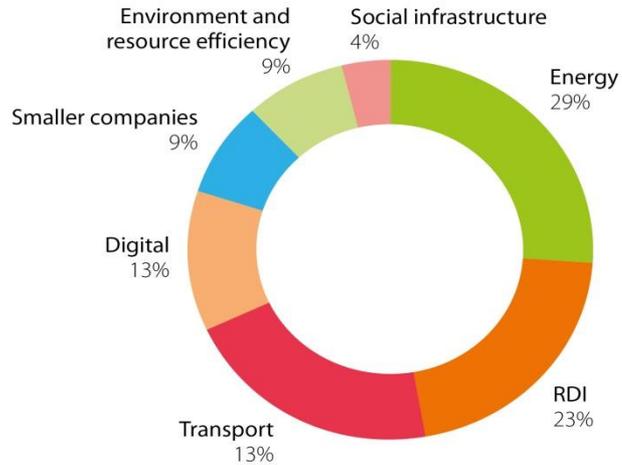
*EIB-approved: EUR 9.3bn
EIF-approved: EUR 3.5bn

Total investment related to EFSI approvals

EUR 100 bn



EFSI financing by sector



249 approved transactions in 26 of 28 EU countries



Examples of EFSI operations



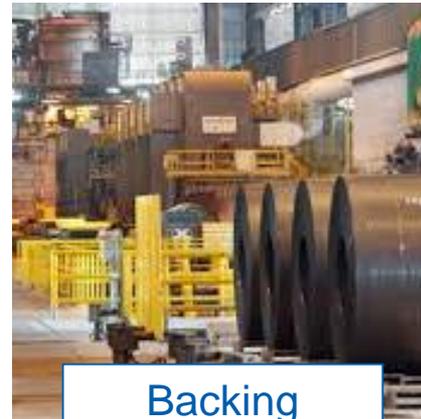
Driving clean energy investment

Equity-type financing for an innovative fund
EUR 75m for investment in offshore wind, biomass and transmission projects in Denmark

Financing for a French pioneering programme

EUR 400m to trigger energy efficiency investments in private homes

For energy efficient buildings



Backing midcap modernisation

Funding cutting-edge steel production facilities in Italy
EUR 100m for innovative and competitive steel products

SME guarantee agreement

Unlocking **EUR 100m** of loans for 1 000 SMEs in Bulgaria

Supporting smaller businesses



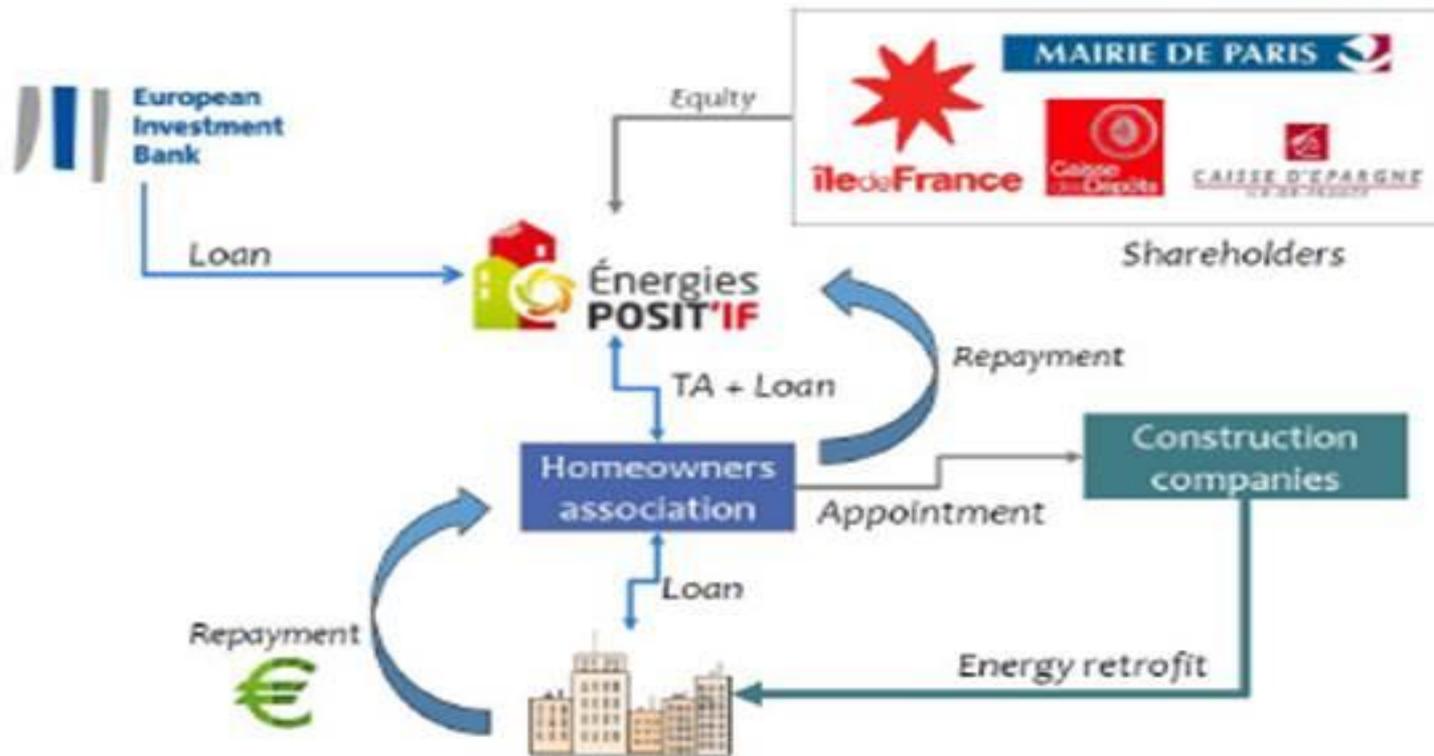
Example of EFSI project

Energy efficiency in residential buildings in France

- The EIB, backed by EFSI, provides a €400m loan to a pioneering financing programme aimed at addressing the need to trigger energy efficiency investments in private homes in France on a large scale.
- The project supports an innovative approach by French regions to set up specialised companies to provide a ‘packaged’ solution covering technical and financial assistance to homeowners for retrofitting.
- The project is expected to support retrofitting of some 40 000 flats and houses.
- Energy efficiency investments will benefit the economy by cutting energy bills, saving emissions and creating new construction jobs (c. 6 000). Total energy savings are estimated to be of the order of 288 000MWh per year. This is roughly equivalent to the annual energy consumption of 9 600 French households.

In practice - France platform example

Example Ile de France



Investment Plan communication – published 01/06/2016

The Communication sets out what has been achieved during the first year under the Investment Plan for Europe and its European Fund for Strategic Investments.

Intentions for future are:

- A reinforced EFSI will **continue beyond the initial three-year period**
- The so-called EFSI **SME window will be scaled up quickly**
- Explore the possibility of using an EFSI-type model for investments in **developing third countries**
- **Combination of EFSI support and ESI Funds** will be further simplified and legislative and other obstacles to such combinations will be removed
- The **Advisory Hub will be enhanced to be able to work more locally**
- The **Establishment of Investment Platforms** will be further encouraged
- The EFSI will continue to contribute to the development of the market for **sustainable/green projects**
- The Commission will continue to deliver on its **Single Market priorities**
- **Member States** should also establish clear priorities, prepare concrete investment projects and implement the country-specific recommendations to address national barriers to investment

Thank You - Would you like to know more?

Investment Plan for
Europe



#investEU

www.ec.europa.eu/invest-eu

www.eib.org/invest-eu

EFSI

www.eib.org/efsi

[www.eif.org/what we do/efsi](http://www.eif.org/what_we_do/efsi)

Contact for promoters: info@eib.org or relevant EIB
Operations department

EIAH

www.eib.org/eiah

eiah@eib.org

EIPP

www.ec.europa.eu/eipp

BACK UP SLIDES

Example of EFSI operation financed by EIB



Driving clean
energy investment

EIB participation in an innovative fund is mobilising some **EUR 2bn** of investment in offshore wind, biomass and transmission projects in Denmark

Example of EFSI projects

Innovative renewable energy infrastructure fund in Denmark

- EIB, backed by EFSI, provides equity-type financing of up to EUR 75m to Copenhagen Infrastructure Partners for an innovative infrastructure fund investing in large energy-related projects such as offshore wind, biomass and transmission schemes.
- EIB's equity participation would contribute to the fund's overall market credibility with institutional investors and help broaden its investor base to an international one.
- The anticipated high share of offshore wind, biomass and transmission investments is expected to generate considerable employment in the construction phase (2500 - 4000 jobs). It is also estimated that some 1000 jobs may be created during the project's operation, a significant number of which will be highly-skilled jobs.

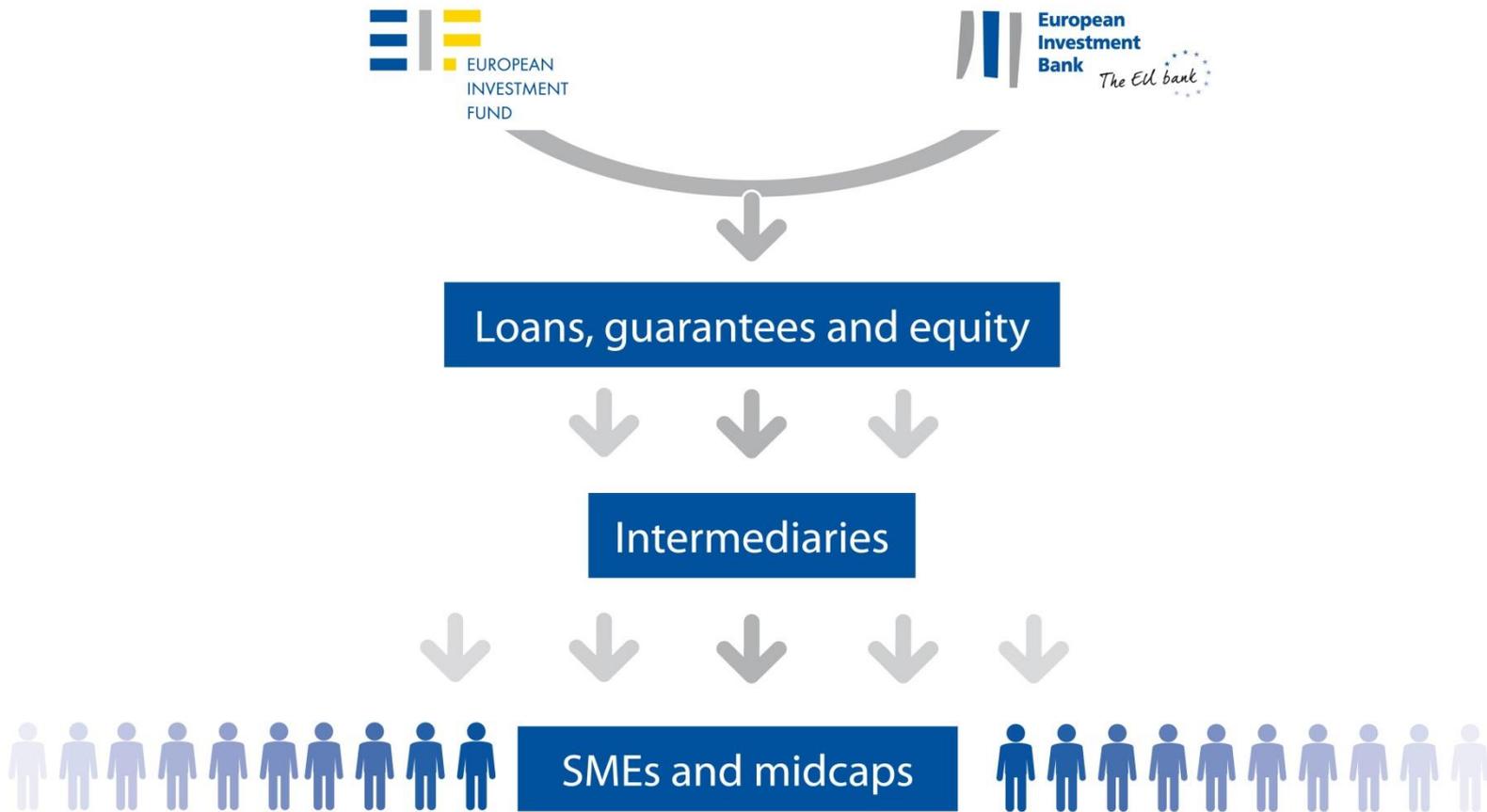
Example of EFSI operation financed by EIF

Supporting smaller businesses



An EIF guarantee agreement is helping to **unlock EUR 100m** of loans for some **1 000 SMEs** in Bulgaria

EFSI SME financing



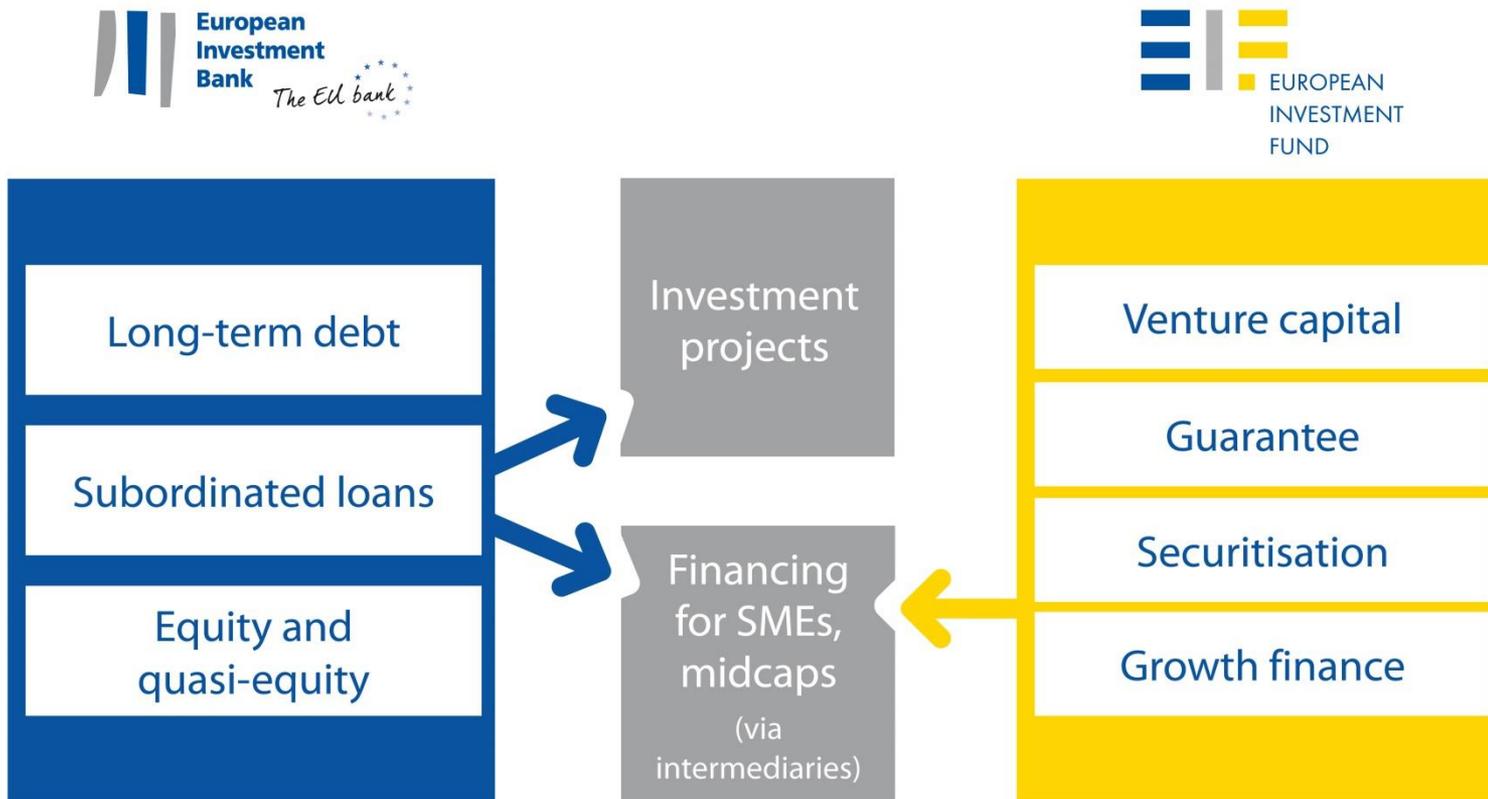
EFSI Investment platforms

- Pooling of projects with thematic or geographic focus
- Flexible form: co-financing agreement, SPV, Fund, etc.
- Useful to pool small projects
- Can benefit from EU Guarantee via EIB
- Cooperation with EU National Promotional Banks
- Rules on operations with NPBs and Investment Platforms approved

Interest by institutional investors, third countries and SWFs

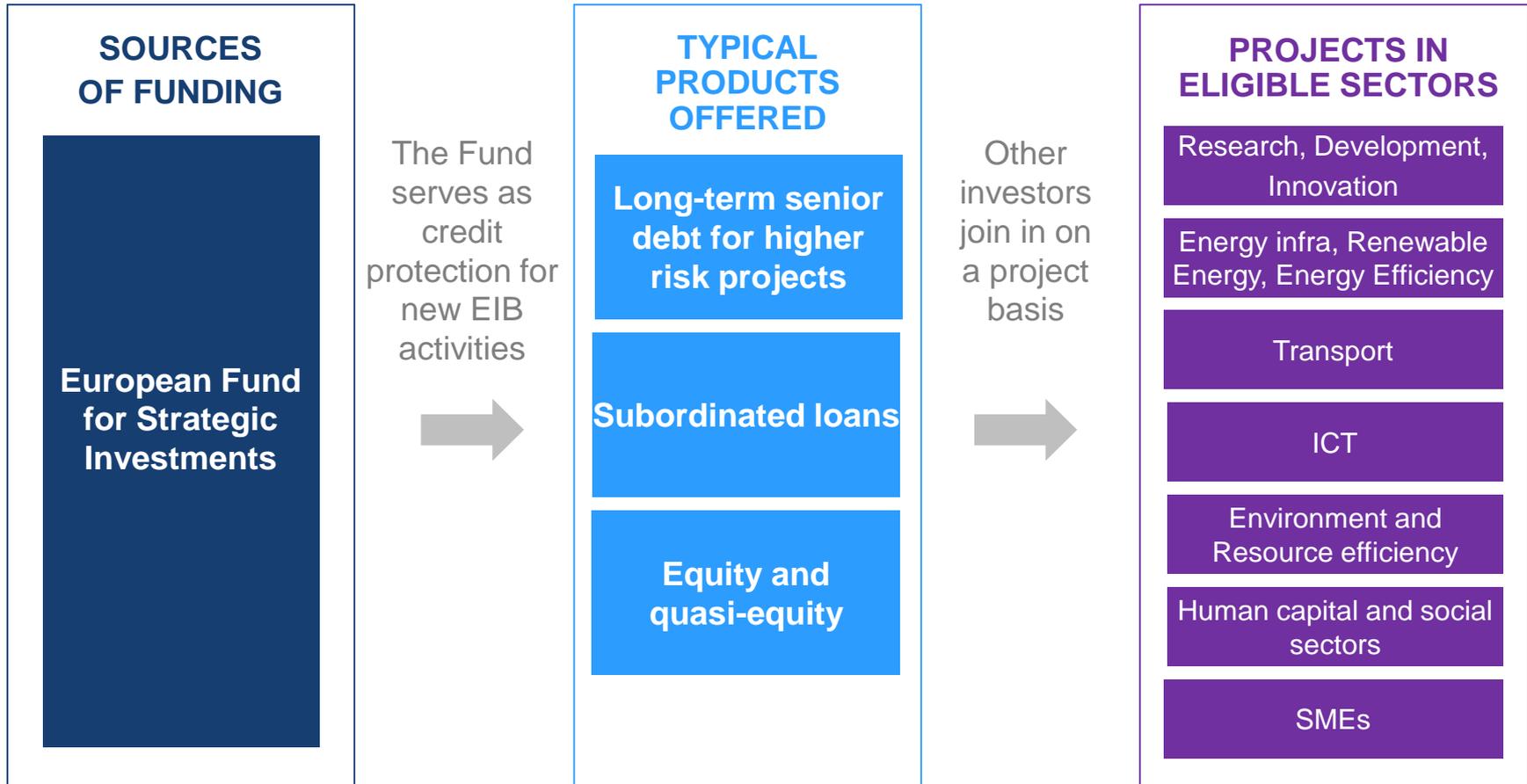
- Working group EC-EIB-China on investment cooperation

EFSI type of instruments

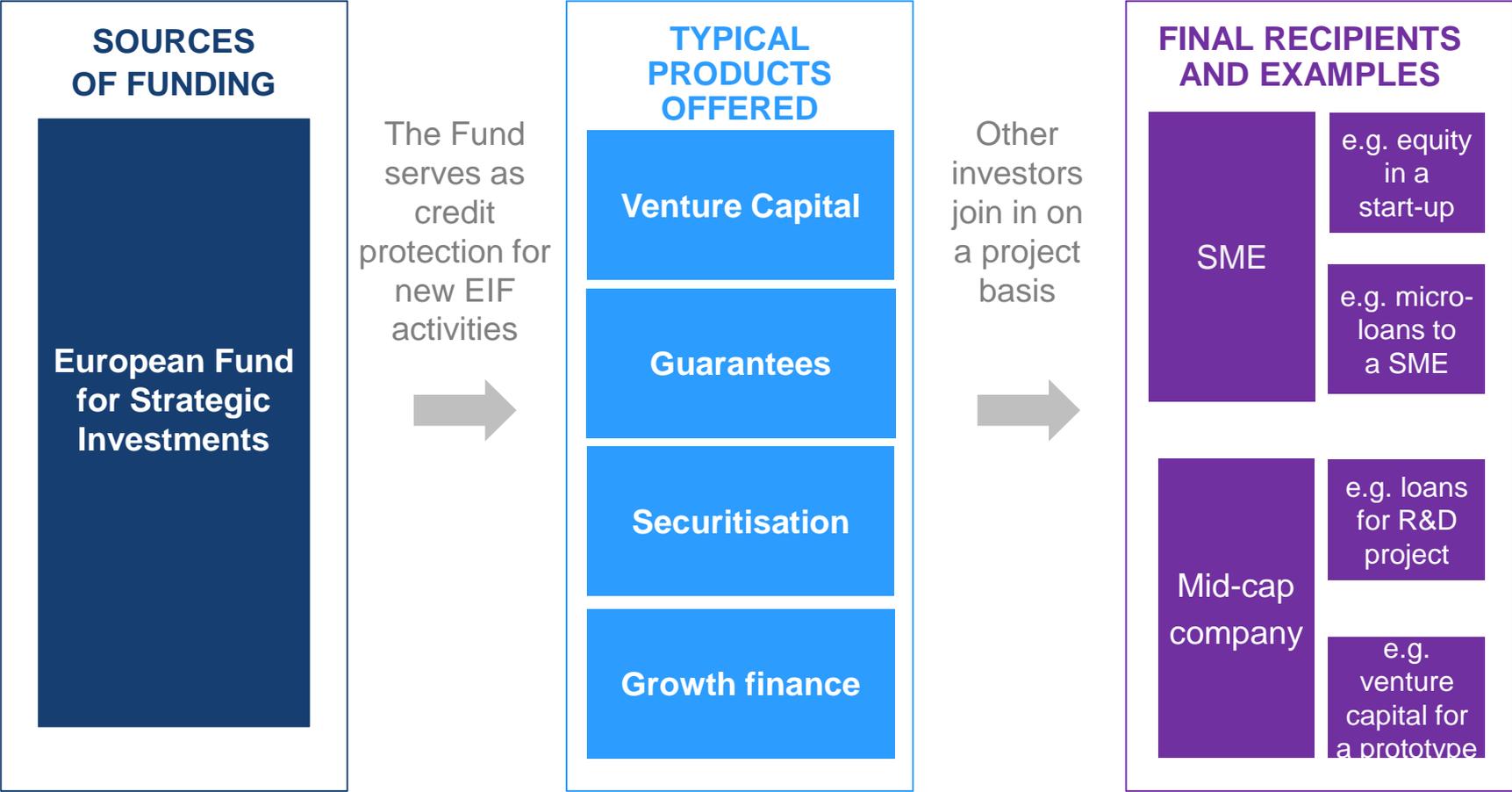


Continuously adapting to market needs

EFSI Infrastructure and Innovation Window



EFSI SMEs and Mid-caps window



Who can benefit?

Eligible counterparts

Corporates of all sizes

Utilities and public sector entities
(non-sovereign)

SMEs
(up to 250 employees) or midcaps
(up to 3 000)

National Promotional Banks or other banks for intermediation

Dedicated Investment Platforms

Contact

EIB Group directly
via InfoDesk or relevant
Operations
Department
www.eib.org
www.eif.org

•EXAMPLE OF EFSI PROJECT/2

•Energy efficiency in residential buildings in France

- The EIB, backed by EFSI, provides a €400m loan to a pioneering financing programme aimed at addressing the need to trigger energy efficiency investments in private homes in France on a large scale.
- The project supports an innovative approach by French regions to set up specialised companies to provide a ‘packaged’ solution covering technical and financial assistance to homeowners for retrofitting.
- The project is expected to support retrofitting of some 40 000 flats and houses.
- Energy efficiency investments will benefit the economy by cutting energy bills, saving emissions and creating new construction jobs (c. 6 000). Total energy savings are estimated to be of the order of 288 000MWh per year. This is roughly equivalent to the annual energy consumption of 9 600 French households.

EFSI in combination with EU funds

- MS may use EU funds to co-finance EFSD projects.
- ESIF (EU Structural and Investment Funds) programmes may contribute to the achievement of the objectives of the Investment Plan and be complementary to EFSD support, so as to ensure higher value-added and leverage:
 - at Project level
 - at Investment Platform level
- Guidance Brochure by the Commission available at ec.europa.eu/regional_policy/sources/thefunds/fin_inst/pdf/efsi_esif_compl_en.pdf

European Investment Advisory Hub (EIAH)



Access point

Delivery channels



EFSI: mobilising new investment

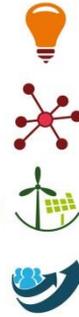


European Fund for Strategic Investments

EUR 21bn



Strategic financing for Europe



Other financiers



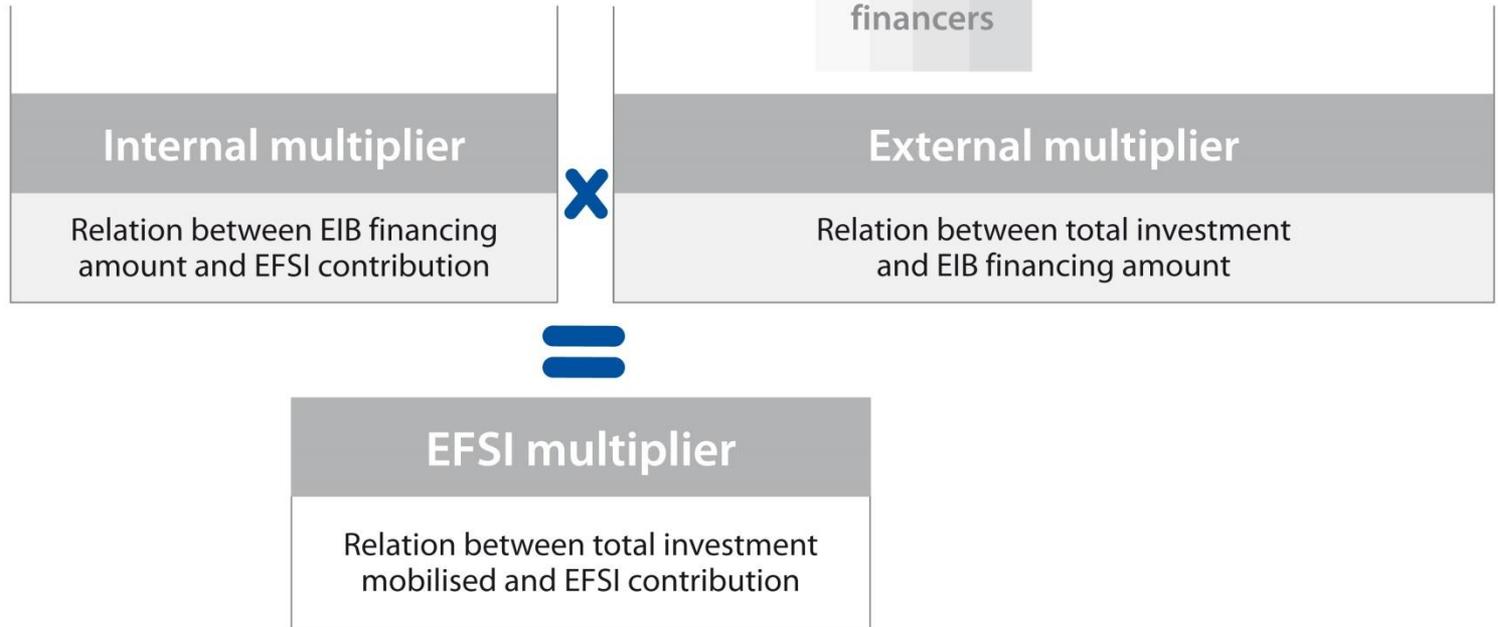
EUR 61bn



EUR 315bn

Total Investment mobilised EU

Other financiers



EIAH: would you like to know more?

Consult the Hub's
advisory offer

www.eib.org/eiah

Request support from
the Hub

www.eib.org/eiah/contact

Contact the Hub for
more info

eiah@eib.org

Europe's gateway to investment support



3. Improved Investment environment

- Better and more predictable **regulation** at all levels
 - Making most of the **Single Market**
 - **Structural reforms** in the Member States
 - **Openness** to international trade and investment

EFSI reporting

Operational	Financial
<ul style="list-style-type: none">→ Risk Report (Annual)→ KPIs - Key Performance Indicators (semi-annual)<ul style="list-style-type: none">✓ Value Added✓ Share of Special Activities✓ Total Investment✓ Private Finance mobilised→ KMI - Key Monitoring Indicators (semi-annual)<ul style="list-style-type: none">✓ Geographical concentration✓ Sector concentration✓ Internal / External Multiplier✓ Jobs created✓ Co-financing with NPBs✓ Co-financing with ESIF / EU	<ul style="list-style-type: none">→ Audited financial data (annual)

Co-financing with EFSI announced by MS

MEMBER STATE	NPB ¹	FINANCING (UP TO)
Germany	KfW	€ 8,000m
Spain	ICO	€ 1,500m
France	CDC	€ 8,000m
Italy	CDP	€ 8,000m
Luxembourg	SNCI	€ 80m
Poland	BGK/PIR	€ 8,000m
Slovakia	SIH/SZRB	€ 400m
Bulgaria	BDB	€ 100m
United Kingdom		€ 8,500m
TOTAL		€ 42,580m

¹ National Promotional Banks

EFSI governance

STEERING BOARD

sets the strategic orientations, operating policies, rules applicable to operations with NPBs and Investment Platforms, and the risk profile of the EFSI

3 members from the Commission
(**Gerassimos Thomas, Irmfried Schwimann, Benjamin Angel**)

1 member from the EIB
(**Ambroise Fayolle**)

MANAGING DIRECTOR AND DEPUTY MANAGING DIRECTOR

MD (**Wilhelm Molterer**): Day-to-day management of the EFSI, prepares and chairs the meetings of the investment committee

dMD (**Ilyiana Tzanova**): assists the MD



INVESTMENT COMMITTEE

8 independent experts selected by the Steering Board for their competence in project financing

Approves or rejects the support of the EU guarantee for EFSI projects on the basis of the EFSI Regulation and the scoreboard of indicators



Dominik Radziwill



Gillian Day



Thierry Déau



Dalia Dubovske



Nieves Rodriguez



Noel Gregor Patterson-Jones

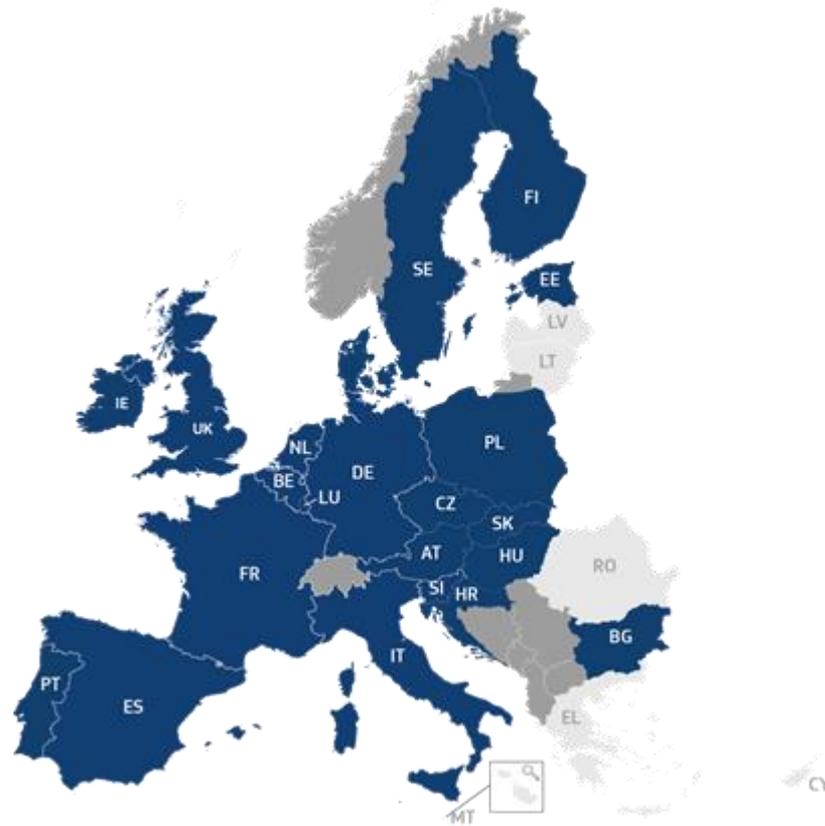


Vicky Kefalas



Fabio Pammoli

Geographic allocation of EFSI approved operations (as of Mar-2016)



Example of EFSI projects

Accessibility Ports Infrastructure (Spain)

- The project concerns the financing of the Fondo Financiero de Accesibilidad Terrestre Portuaria (FFATP), to support investments in accesses via rail and road to the main national ports during 2015-2020. The project will improve interoperability between transport modes in the TEN-T network as all ports are TEN-T and in Cohesion Priority Regions.
- The majority of schemes contribute to Climate Change through Sustainable Transport objectives.
- Third party financing required in order to complete the financing needs.
- Financing from the EIB will accelerate the construction of projects and will act as a catalyst for the participation of the Spanish NPB (ICO) and commercial banks.

Transport rolling stock (Italy)

- Innovative financing structure (bond scheme) under EFSI for the acquisition of 49 five-car articulated EMUs and 250 double-deck passenger coaches.
- New rolling stock will be used in 5 regions, concentrating 50% of the service supply and 60% of the entire Trenitalia's patronage.
- Delivery of new rolling stock: 2014 – 2016
- Project Investment Cost: € 709m
- Loan amount: € 300m

Example of EFSI-backed EIF operation

EIF and Bpifrance sign first agreement for innovative French companies

- Under the agreement, Bpifrance will provide finance to innovative companies in France for a total of EUR 420 million over the next two years with support of EFSI, allowing EIF to provide a new financing boost for highly innovative businesses under the Horizon 2020 initiative InnovFin, the EU's Finance for Innovators.
- Bpifrance has recently launched a product called "Prêt d'Amorçage investissement" ("PAI") to address the needs of start-up companies. It will combine this product with the EU guarantee at a 40% guarantee rate.

Example of EFSI-backed EIF operation

EIF and BGK sign first COSME agreement in Europe to benefit Polish businesses

- The agreement will provide BGK with a counter-guarantee allowing to support PLN 1,000 million (ca. EUR 250 million) of loans to SMEs in Poland over the next two years with the support of EFSI.
- The loans will be provided without hard collateral thanks to a 80% guarantee which in turn is backed by a counter-guarantee from the EIF, provided under the COSME programme with financial backing from the EU.
- The agreement will make it possible for BGK to launch a new guarantee product and to support additional financing without requiring hard collateral (e.g. mortgage) at favourable conditions to approximately 5,000 SMEs.