



**Jacek Truszczyński**, Policy Coordinator, Directorate-General for Economic and Financial Affairs, European Commission

**Tsvyatko Velikov**, Policy Analyst, Financial Instruments and Relations with International Financial Institutions Unit, Directorate-General for Regional and Urban Policy, European Commission

# InvestEU Programme



 #ficompass



# Content

## **1. Setting the context**

- The InvestEU programme: overview, state of play and next steps
- Financial products envisaged for the EU compartment

## **2. Focus on the Member State compartment**

- Overview and organization
- Some frequently asked questions
- Why to contribute to the MS compartment?

## **3. Views of the EIB Group and BGK**

## **4. Discussion**

# The InvestEU programme: overview

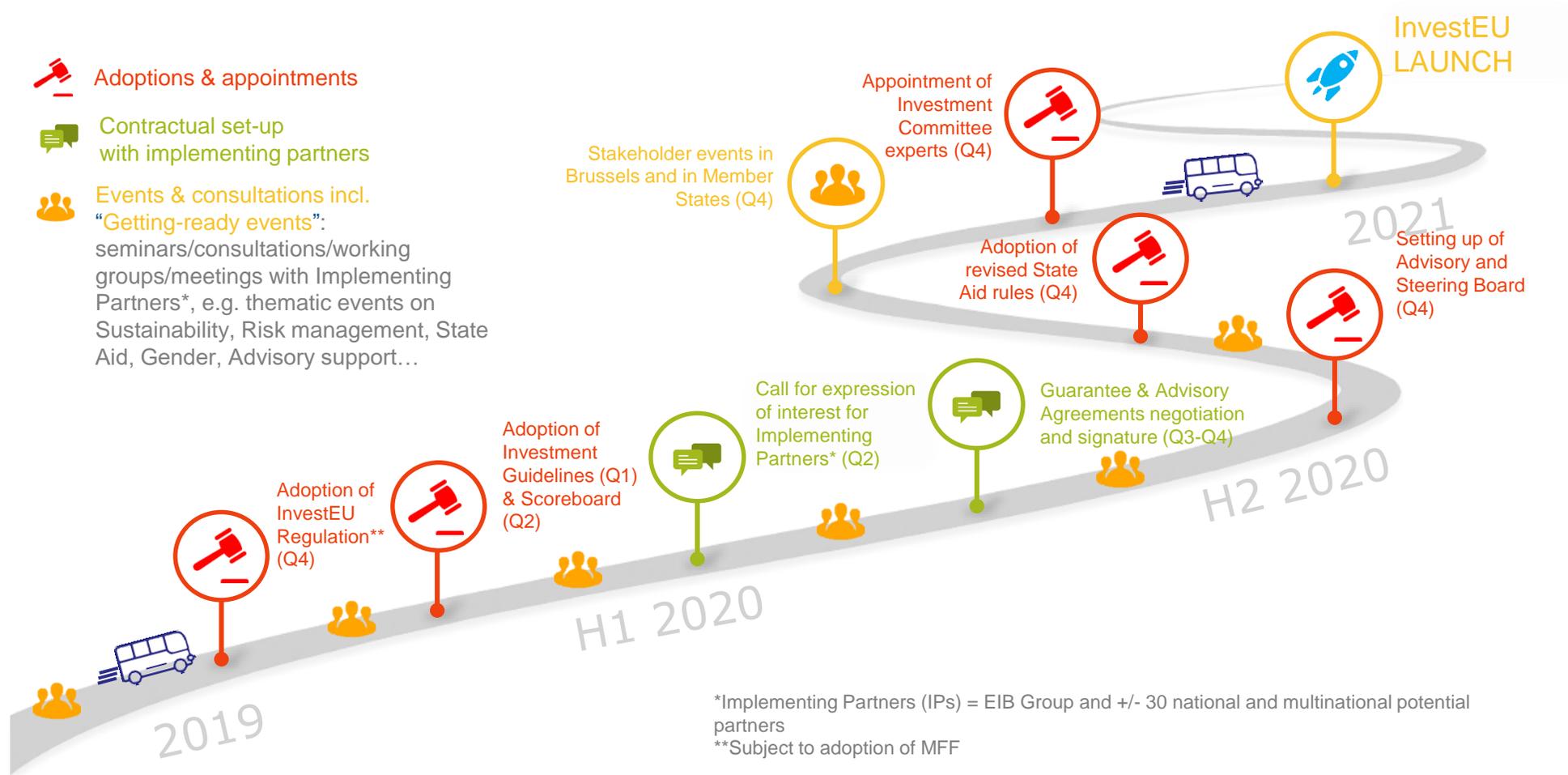


## InvestEU Fund:

- Single fund bringing together the many different EU-level financial instruments
- EUR 38 bn EU budgetary guarantee (EU compartment)
- Mobilise EUR 650 bn in additional investment across Europe
- Four thematic policy windows



# State of play and next steps



\*Implementing Partners (IPs) = EIB Group and +/- 30 national and multinational potential partners

\*\*Subject to adoption of MFF

➤ **Envisaged InvestEU financial products that could be of interest in the context of the Member State compartment – examples**

Energy Service  
Providers for energy  
efficiency investments

Debt and equity for  
Small and Medium  
enterprises

# Energy Service Providers for ee investments

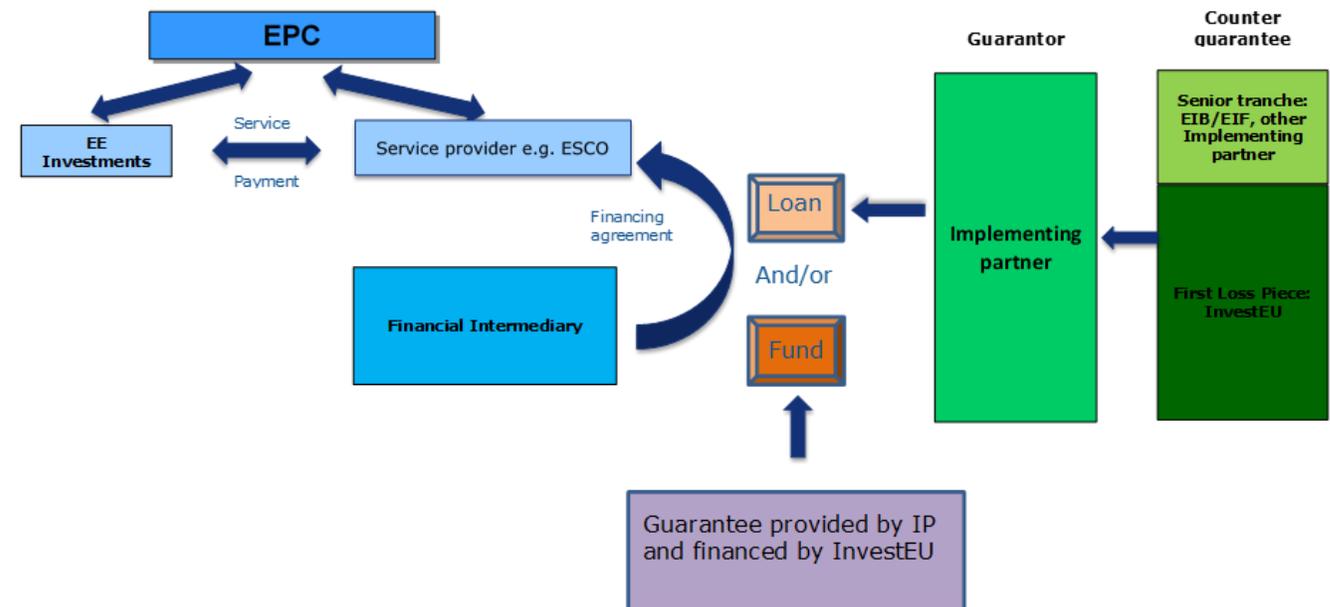


## Rationale

- To achieve 2030 climate target biggest potential and investment gap in EE buildings- €130 billion/annum .
- Current state of play under ESIF- around 18 billion euro for EE (grants and financial instruments)
- Need to leverage private financing!
- Big potential through Energy services companies but significant obstacles and risk.

## Idea

- Provide guarantee through InvestEU for the financing of Energy service companies (ESCOs)
- Both loans and equity
- Possibility to covers specific risk categories



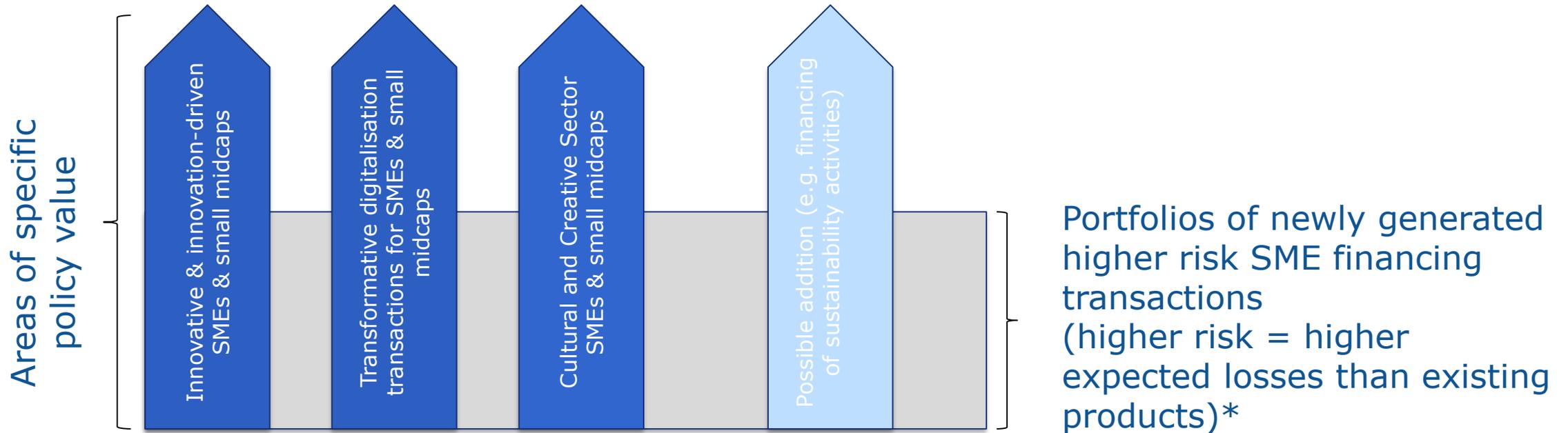


## Rationale:

- ✓ Continued market gap for SME access to finance, even though severity has reduced since financial crisis, significant disparities among Member States remain
- ✓ Limited EU resources under budgetary guarantee to be focused on areas delivering the highest impact in terms of alignment with EU policy objectives & leverage
- ✓ Two broad-based financial products for the benefit of SMEs & small midcaps planned with EIB group
- ✓ While bank-based finance is prevalent in Europe, InvestEU shall contribute to providing for more alternative sources of finance

# SMEW debt product

(initial Commission plans)



- Eligible sectors: all sectors of the economy indicated as eligible in Annex II to the InvestEU Regulation
- Targeted recipients: predominantly SMEs, in the case of areas of enhanced risk-sharing also small midcaps shall be eligible
- Standard guarantee rate of 50%; guarantee rate for areas of specific policy value: 70%
- InvestEU to provide capped portfolio guarantee for newly generated portfolios (cap rate to be set at the level of the expected losses)

\* *Current option 2 approach of the COSME Loan Guarantee Facility expected to be maintained*

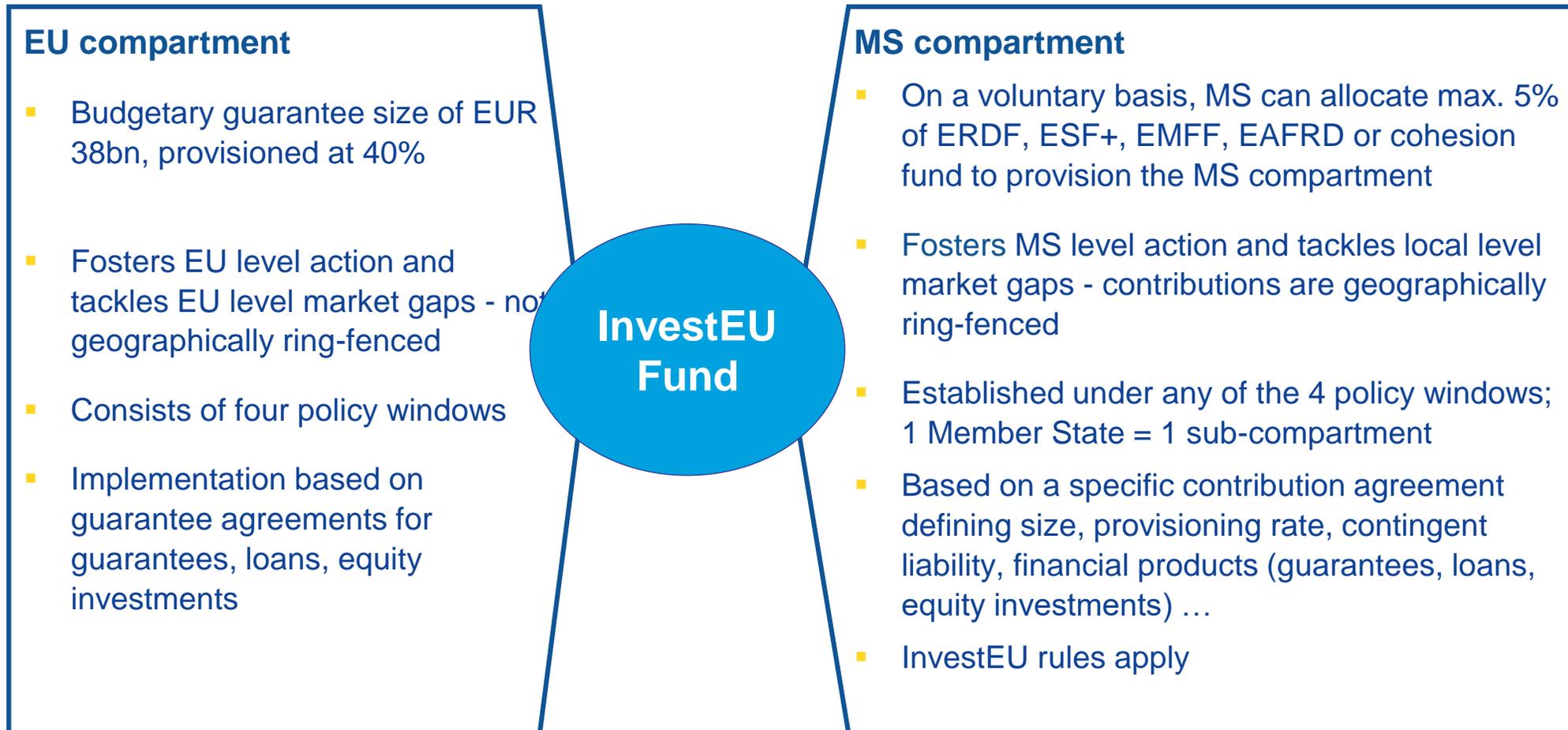
# SMEW - Joint equity product with RID window



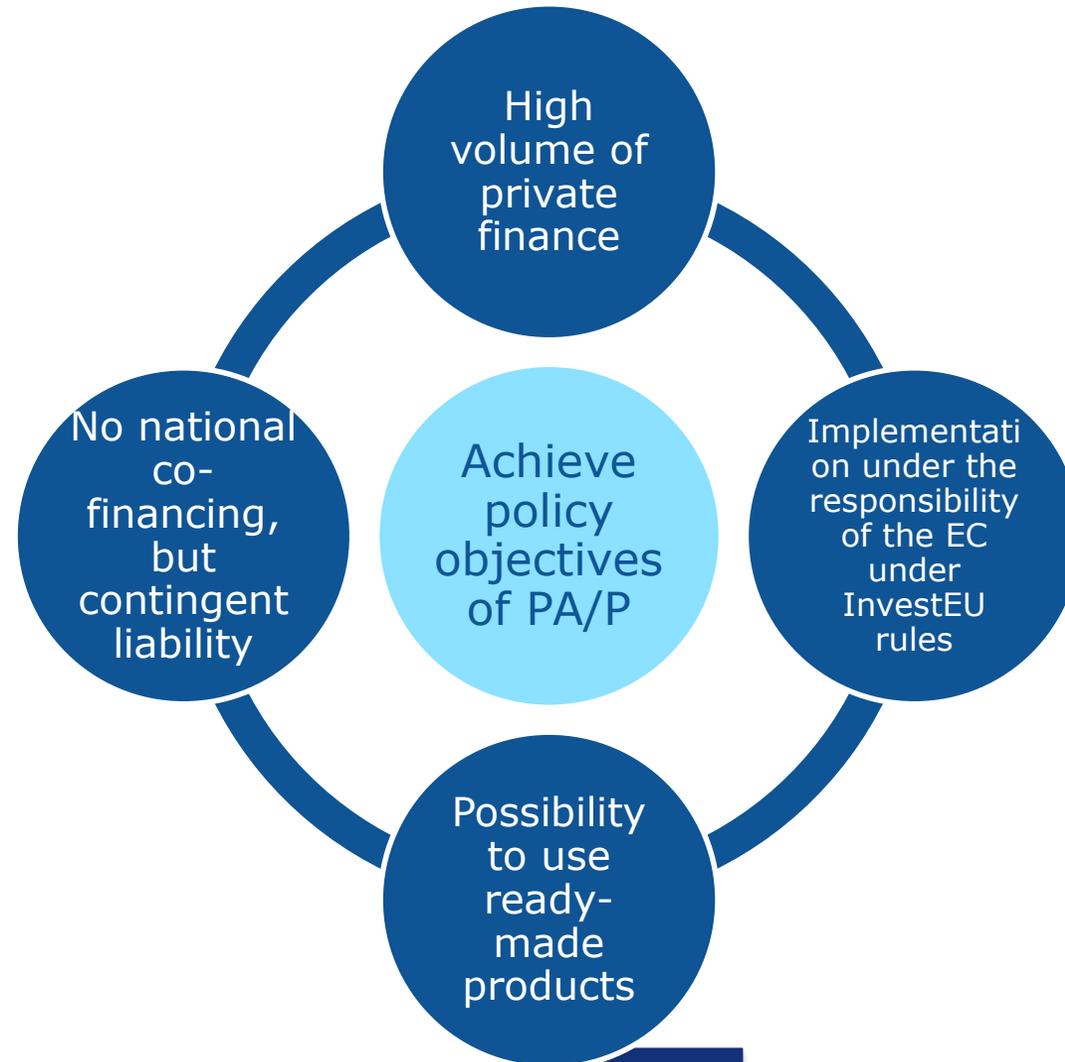
## Policy steer

- ✓ Rationale, objectives and expected impacts: described in the Policy Notes of SME & RID window
  - Generalist funds investing cross-border
  - Funds helping portfolio companies to internationalise
  - Thematically-focused funds (such as life science, blue economy)
  - Funds supporting greening of the economy
  - Strategic technologies (such as AI, Blockchain, High Performance Computing, Defence, Space, Key Enabling Technologies)
  - Technology Transfer Funds
  - (...)
- ✓ Equity support to be provided on an intermediated basis:
  - Through some form of a fund structure (no direct equity investments from the balance sheet of an Implementing Partner) either independently managed;
  - Alternatively co-investment vehicles with pre-determined co-investment criteria

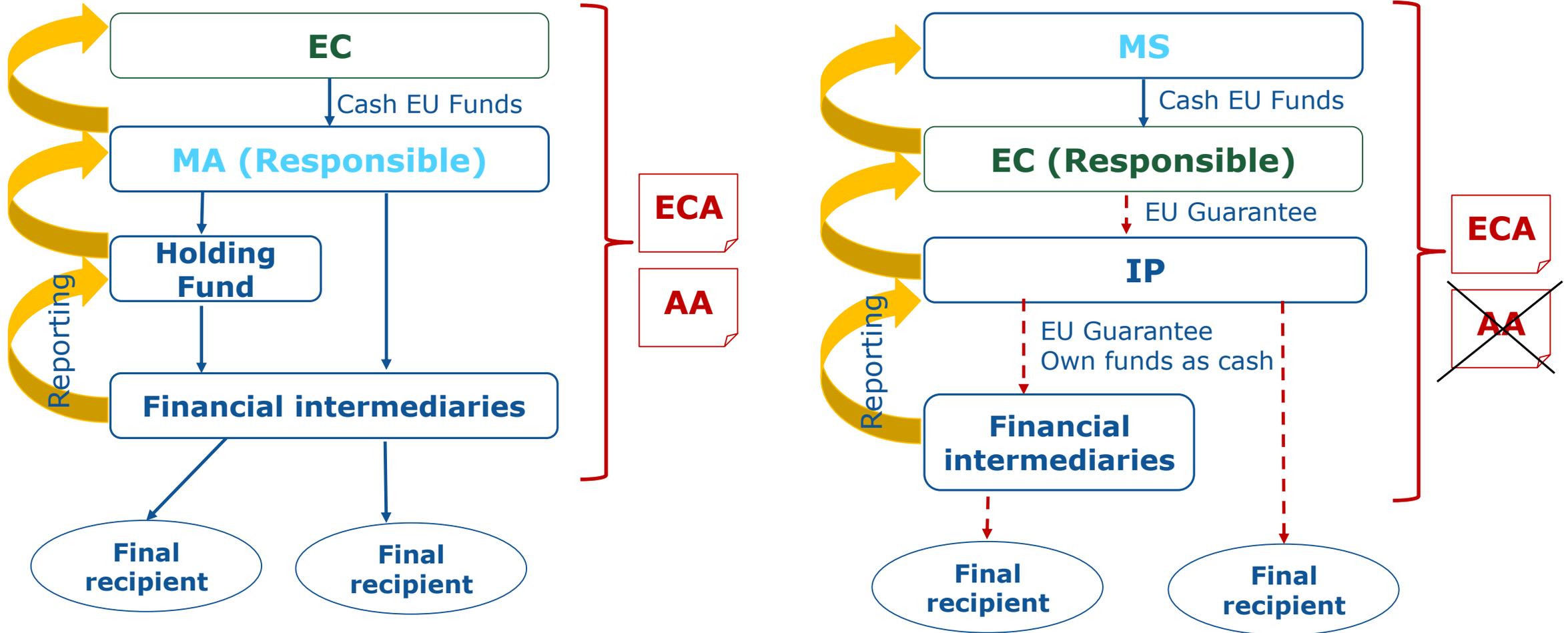
## The MS compartment: overview



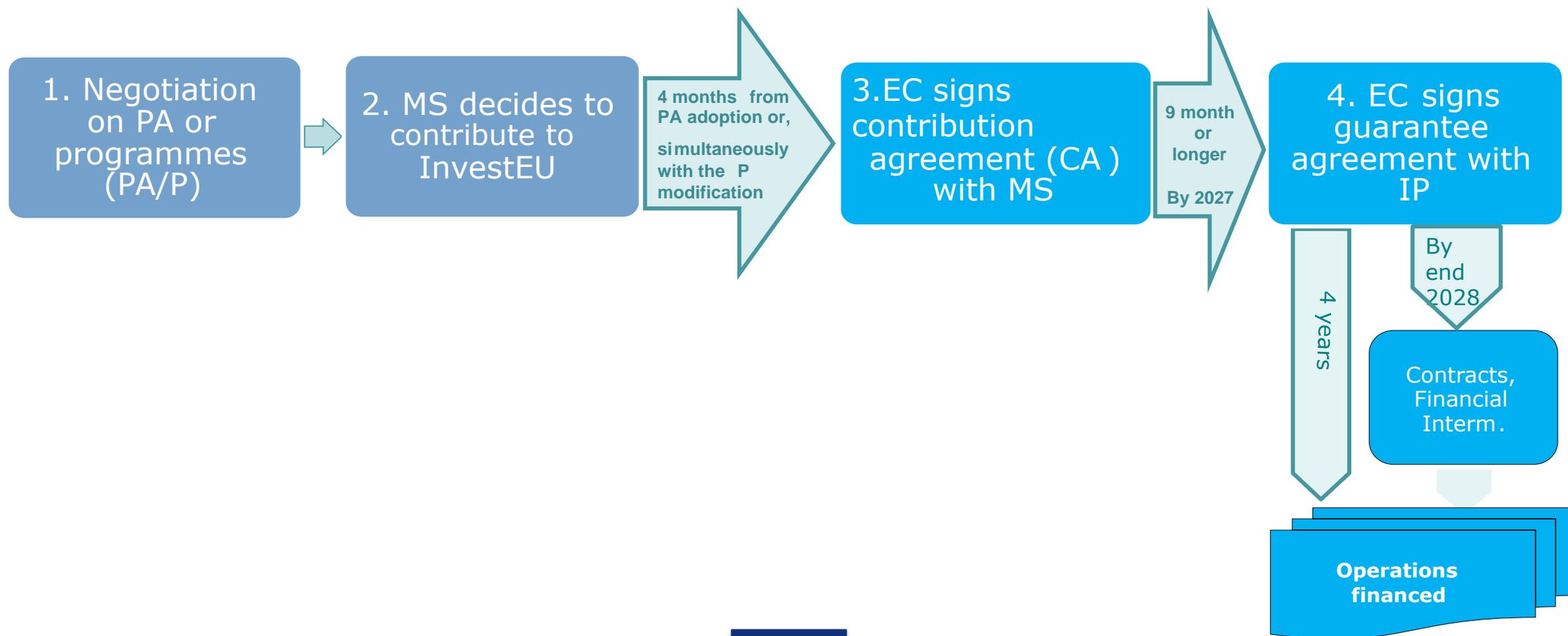
# Why to contribute to the MS Compartment?



# Implementation under the responsibility of the EC



## The MS compartment: organisation



# How to safeguard the interest of the regions?

**The contribution agreement (CA) has a key role**  
**Good cooperation among central and regional authorities**  
**and respect for the market reality is indispensable**

The MS position is represented by a single body at national level

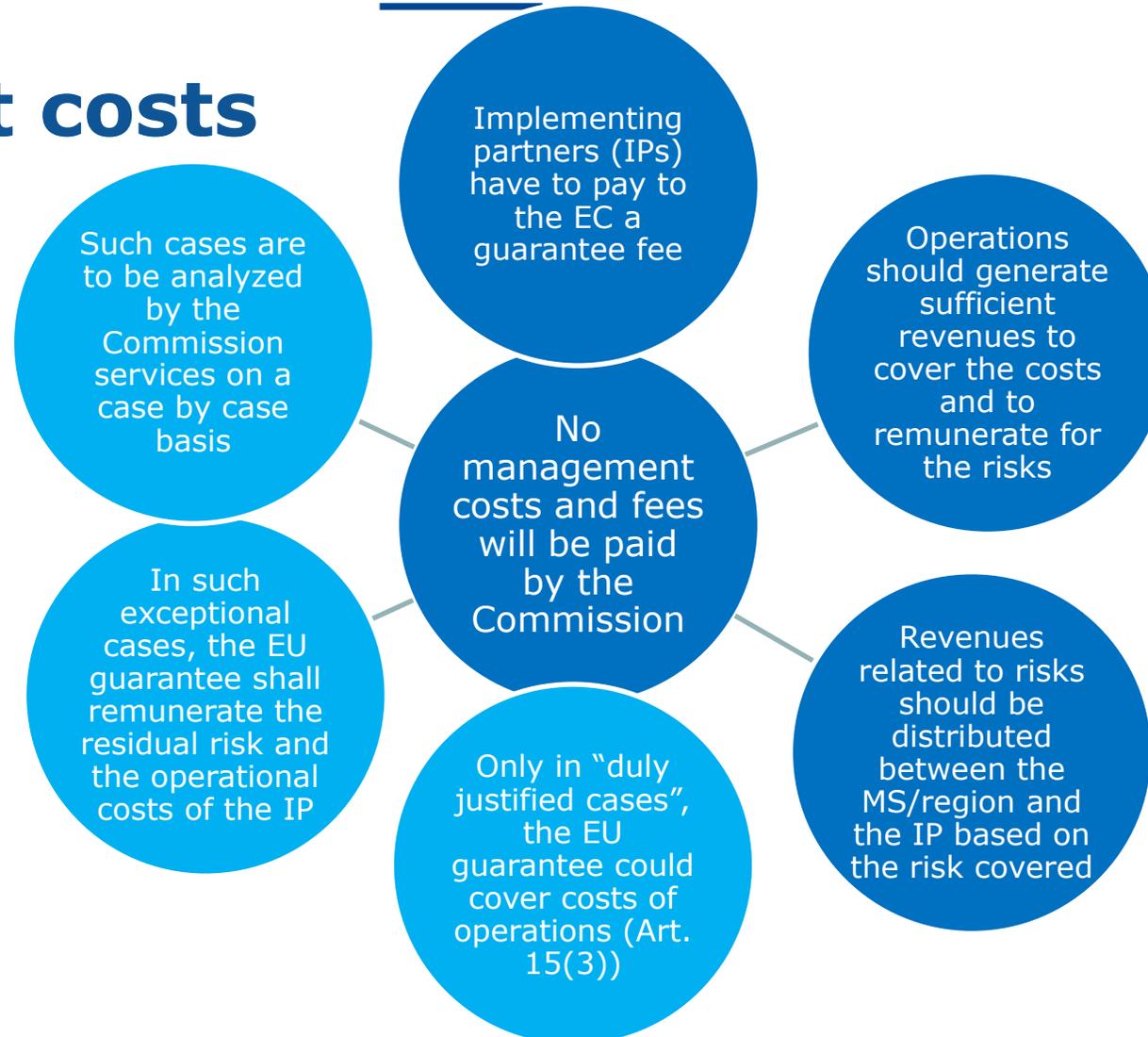
A MS can organise a system where this body expresses the interests of one or more contributing region(s)

MS representatives from the region(s) can participate in the negotiation of a CA

Regional interest is legally secured in the CA by:

- a min. level of investments at regional level
- reporting by the IP for the investments at regional level
- participation of regional authorities in the monitoring of the implementation

# What about management costs and fees?



# Combination and double financing from the EU

**Combination is possible at the level of the EU guarantee or at project level. Blending is not applicable for shared management funds.**

**The same project can be supported proportionately by the shared management funds and the InvestEU. However:**

**The same loan cannot be covered at the same time by a guarantee under InvestEU and by a guarantee established with shared management funds!**

**A loan guaranteed by InvestEU cannot be repaid with a grant from the shared management funds**

- In line with the principle of additionality the InvestEU cannot replace other public or private financing
- If justified by the 'additionality' test, the InvestEU could enhance/increase the scope of existing schemes

## How should a MA approach the post 2020 context?

Cooperate closely with the IPs!

Define your shared  
management policy  
objectives

Assess the market, even if  
an ex-ante assessment is  
not legally required

Evaluate and choose an  
optimal delivery mode  
taking into account the  
specific features of  
InvestEU (e.g. unfunded  
products)

The Commission services are available to support you!

