



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

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 #ficompass



Why an Investment Plan for Europe in 2015?

Investment & competitiveness gap

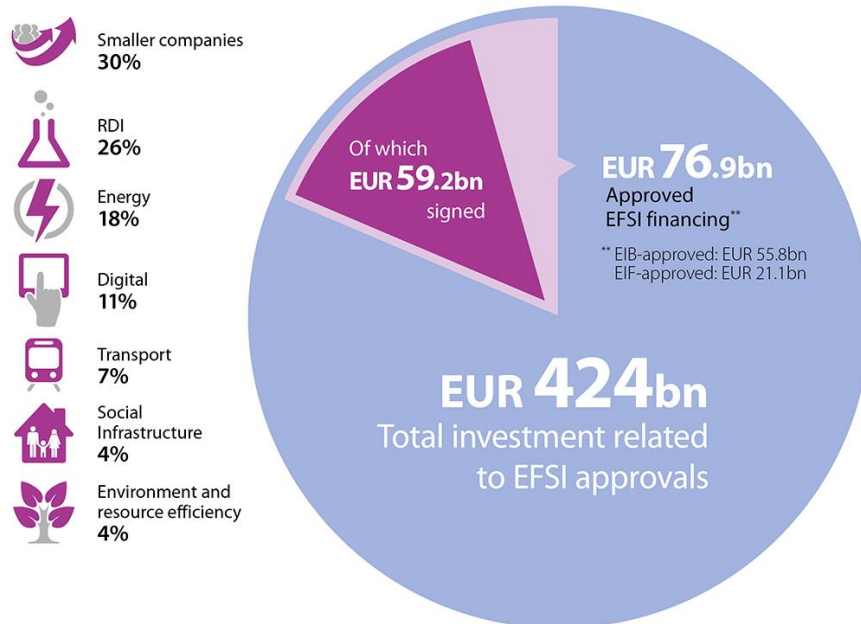
Public budget constraints

Financial and non-financial barriers to investment

High liquidity in the market

EIB Group figures As of 16/07/2019

EFSI investment by sector*



Target by 2020 **EUR 500bn**

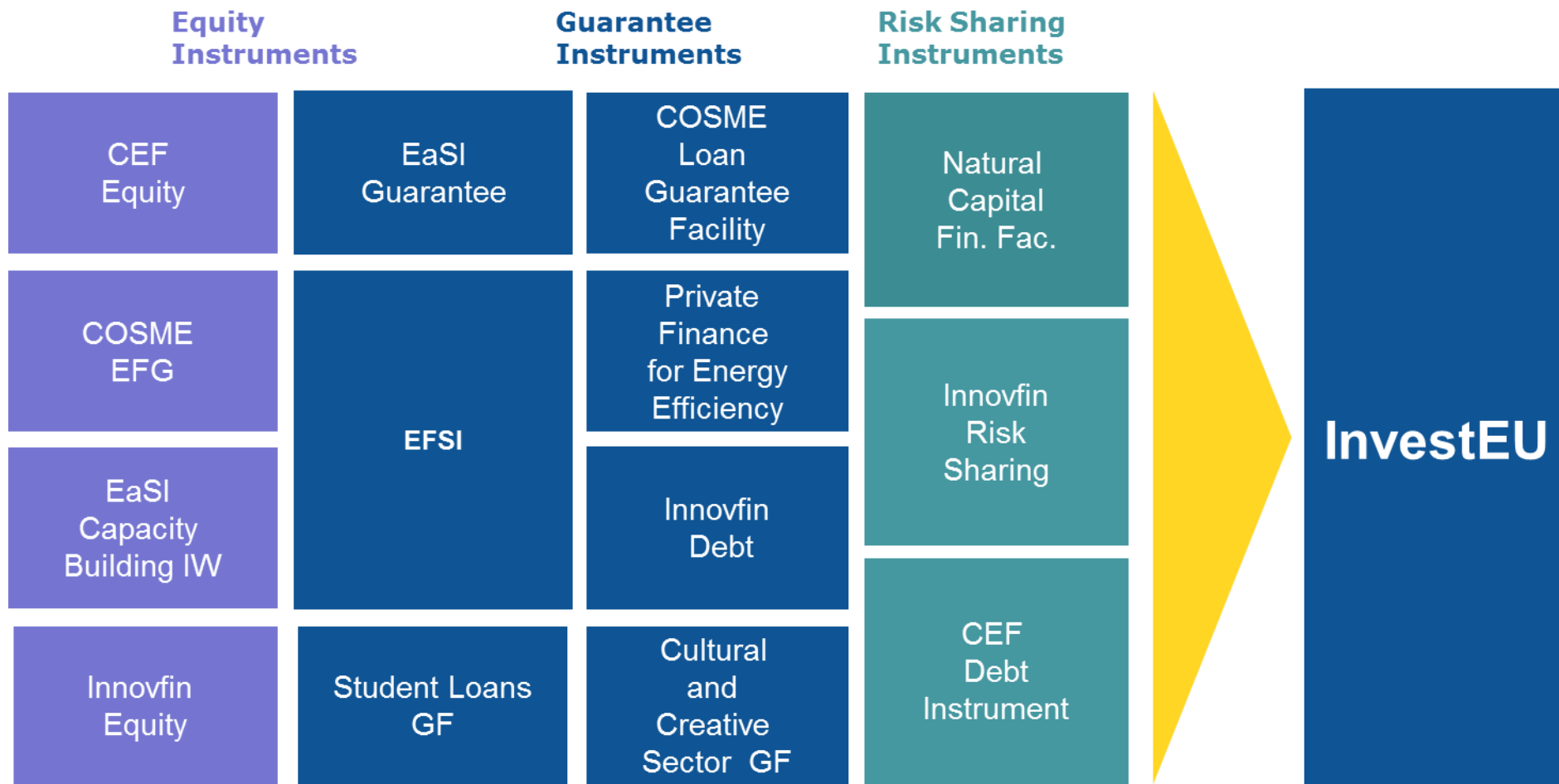
EFSI investment relative to GDP*

Darker colours signify higher investment



*based on approved operations

Programmes replaced by the InvestEU Fund

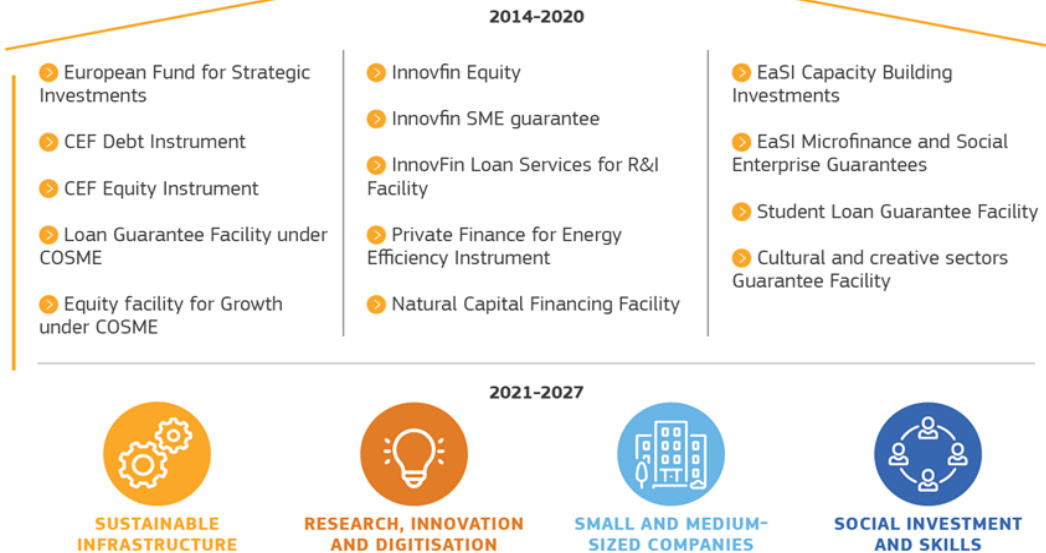


InvestEU Programme (2021 – 2027)



InvestEU Fund:

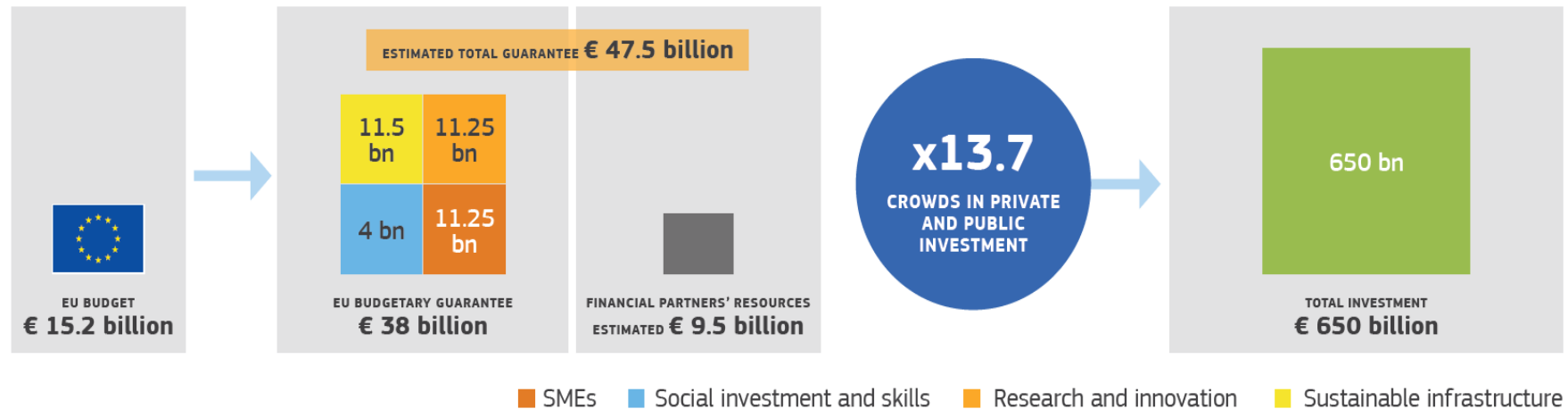
- Single fund bringing together the many different EU-level financial instruments
- EUR 38bn EU budgetary guarantee (EU compartment)
- Mobilise EUR 650bn in additional investment across Europe
- Four thematic policy windows



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

How does it work



- 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

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

Social Investments & Skills Window : the objectives

- Develop and consolidate the **nascent market structures** underlying the European social economy organisations and social enterprises ecosystem, including through **innovative schemes** (S.O.Cs);
- Increase access to, and the availability of, **microfinance** for vulnerable persons (e.g. unemployed, youth, migrants) and **micro-enterprises**, social enterprises (follow-up on EaSI);
- Build up a stronger capital market for **social infrastructure** promoters investing in areas such as education (including childcare), social housing, and health (including long-term care);
- Support **human capital investments** (both demand and supply side), for students and workers and other persons in need of initial training, reskilling and upskilling, as well as for **education and training providers**.

Social Outcomes Contracting: state of play

- European Commission active together with EIF and EIB in the EU advisory board to the **Global Steering Group** on Impact Investing.
- A **PbR pilot scheme** is active since 2017 under EFSI and implemented by the EIF. It provides upfront funding (equity) to social enterprises or social sector organisations.
- A **Social Outcomes Contracting advisory platform** was launched in October 2018 by EC, EIB, FI Ministry of health and SITRA. Next event in Sept. 19 in Helsinki under the sponsorship of FI PRES.
- Social outcome contracting schemes to be eligible under **InvestEU**.

Member State compartment

EU compartment

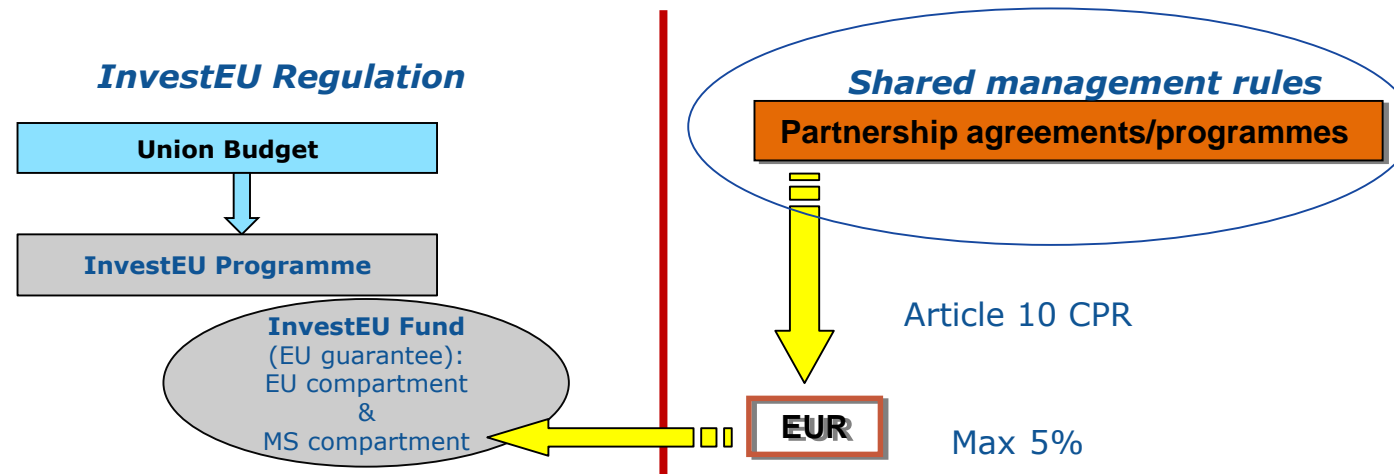
- Budget under the MFF agreement (EUR 15,2bn)
- Financial and advisory products outline defined by the EC with the IP (on-going): guarantees on debt and equity type products
- Guarantee agreements signed between the EC and IP (EIB for 75%) defining the implementation details

InvestEU
Fund

MS compartment

- Budget determined by a voluntary contribution of the MS: at the programming stage or during implementation of the Funds under shared management **to achieve the policy objectives selected in the PA or underlying programmes**
- Financial and advisory products determined by the MSs from: existing products in the EU comp.; tailored-made or combined products
- Guarantee agreements signed between EC and IP (proposed by the MS)

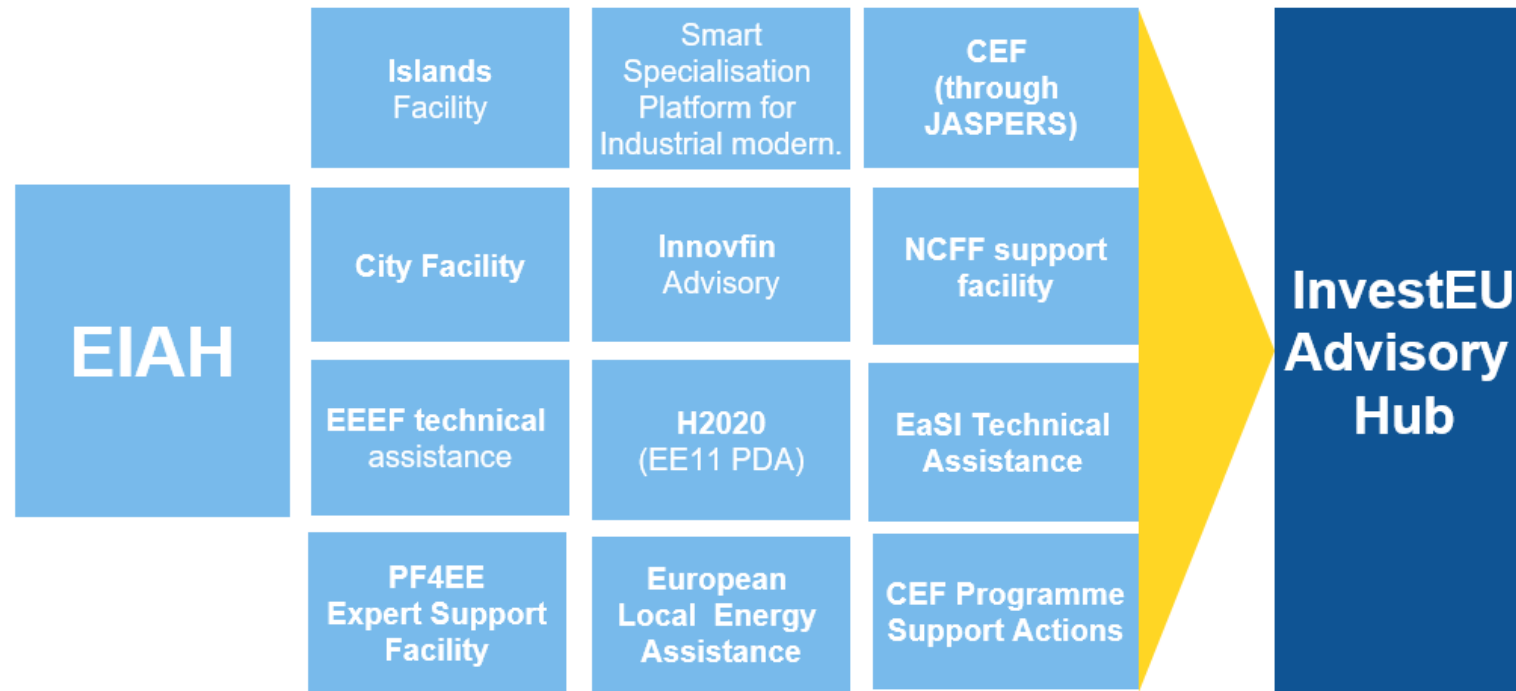
- **Option for Member States to allocate up to 5% of funds under shared management to InvestEU**
 - Partnership agreement/ Programmes: Member State decides on the allocation of funds for use via MS compartment
 - Contribution agreement: defining size, provisioning, contingent liability, investment priorities, categories of beneficiaries
- **Fosters MS level action and tackles local level market gaps**
 - Contributions are geographically ring-fenced
 - Member States can propose Implementing Partner



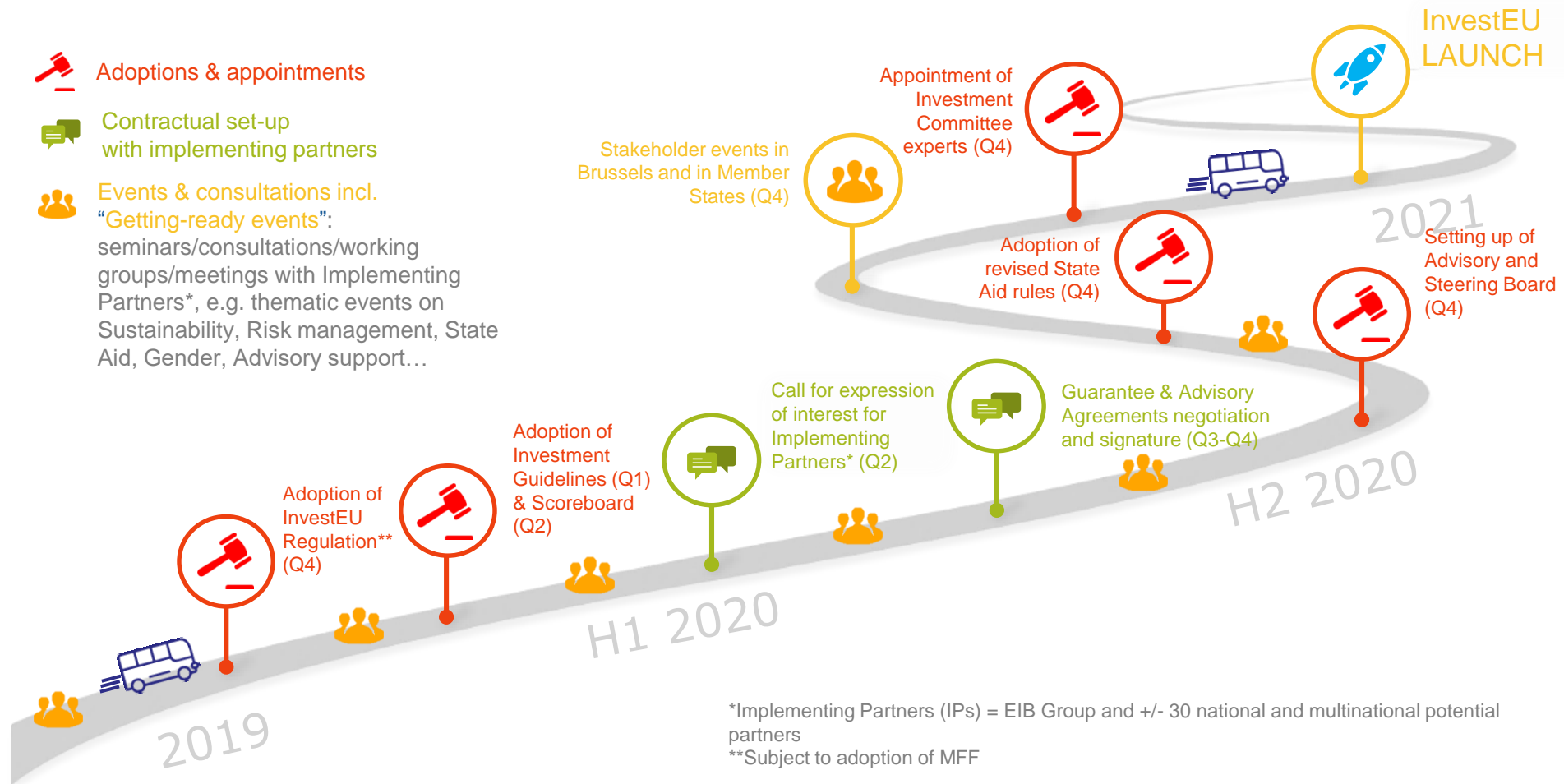
Main Features		
	InvestEU	FIs under shared management
Policy objectives	Delivery tool of the policy objectives of the underlying PA or programmes	
Ex-ante assessment	Investment strategy to be agreed in the Contribution Agreement	Mandatory obligation (including Investment strategy)
Management costs and fees (MCF)	No MCF paid to an IP, except in duly justified cases, decided by the EC	MCF paid
Financial products	EU Guarantee for loans, guarantees and equity up to the risk of the provisioning rate; high leverage	Loans, guarantees and equity; possibility to take more risk
Payments	No cash payment; IP uses its own resources	Payments to the MS under shared management rules
Combination	Combination between EU&MS Compartment under a single set of rules possible	Simple combination with shared management grants under the FI; combination with InvestEU only at the level of final recipient

Main Features		
	InvestEU	FIs under shared management
Reporting, monitoring and audit	Implementation under the responsibility of the IP and EC; bi-annual reporting to MS, MS can participate in the monitoring; indirect management assurance model+ECA;	Implementation under the responsibility of the MA; reporting by MS under CPR, audit by the AA, EC + ECA
Resources returned if delays or no implementation	Funds can come back to shared management (indicative deadlines: 4 months to sign the contribution agreement from the PA adoption; 9 months to conclude a Guarantee Agreement and 4 years to implement it)	Modifications of programmes needed
Reflows	Reflows at the disposal of the MSs – to be used to keep the provisioning rate at the agreed level or paid back to MSs to be used for other types of repayable support	National resources to be used during the eligibility period for FIs and during 8 years after the eligibility period, for FIs or any kind of support in line with the policy objectives

InvestEU Advisory Hub



InvestEU Roadmap



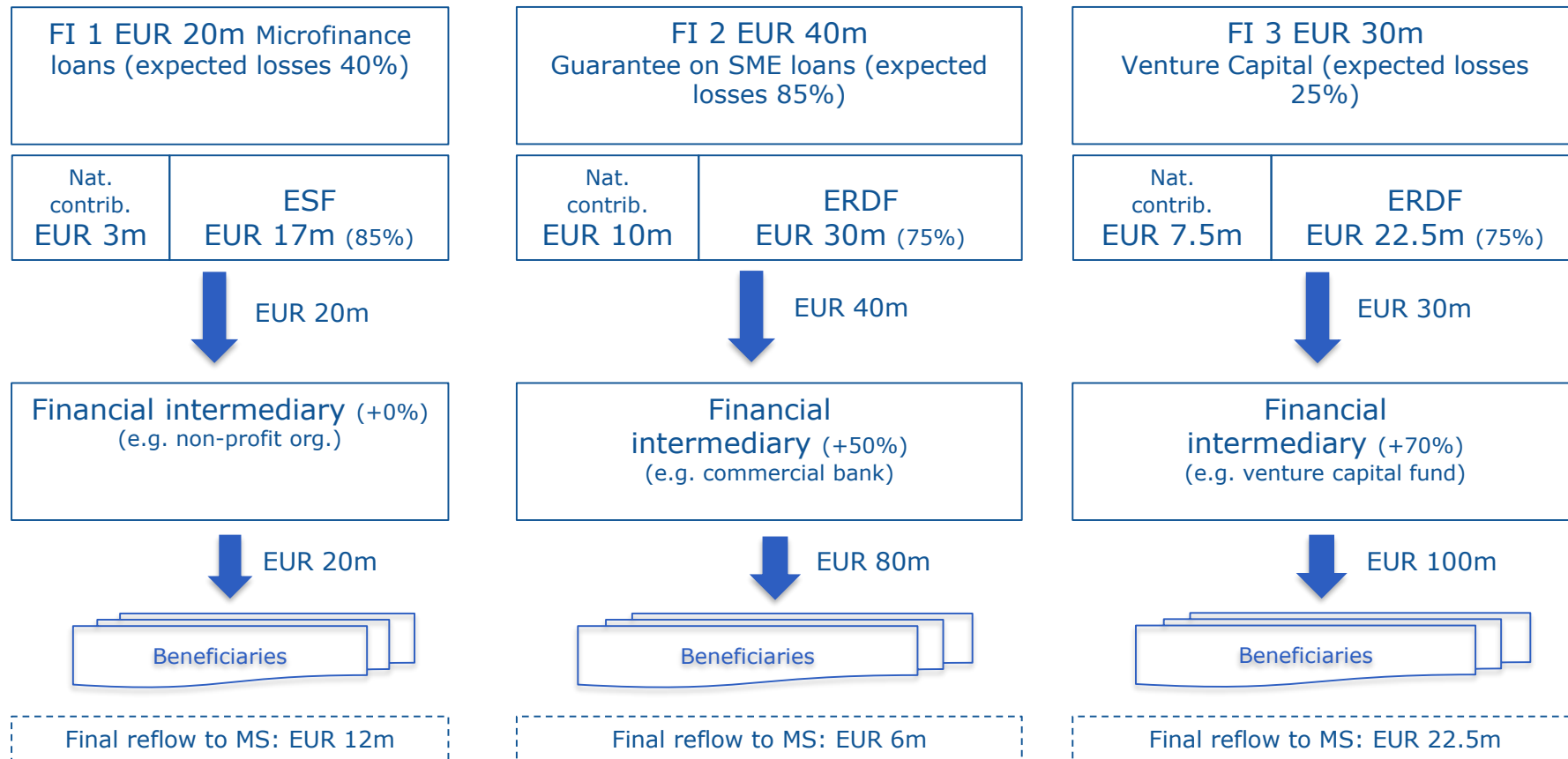
Disclaimer: *the examples used in this presentation are designed for illustrative purposes. They are based on existing financial instruments but the figures are purely indicative. Other schemes may perfectly be envisaged.*

Practical case:

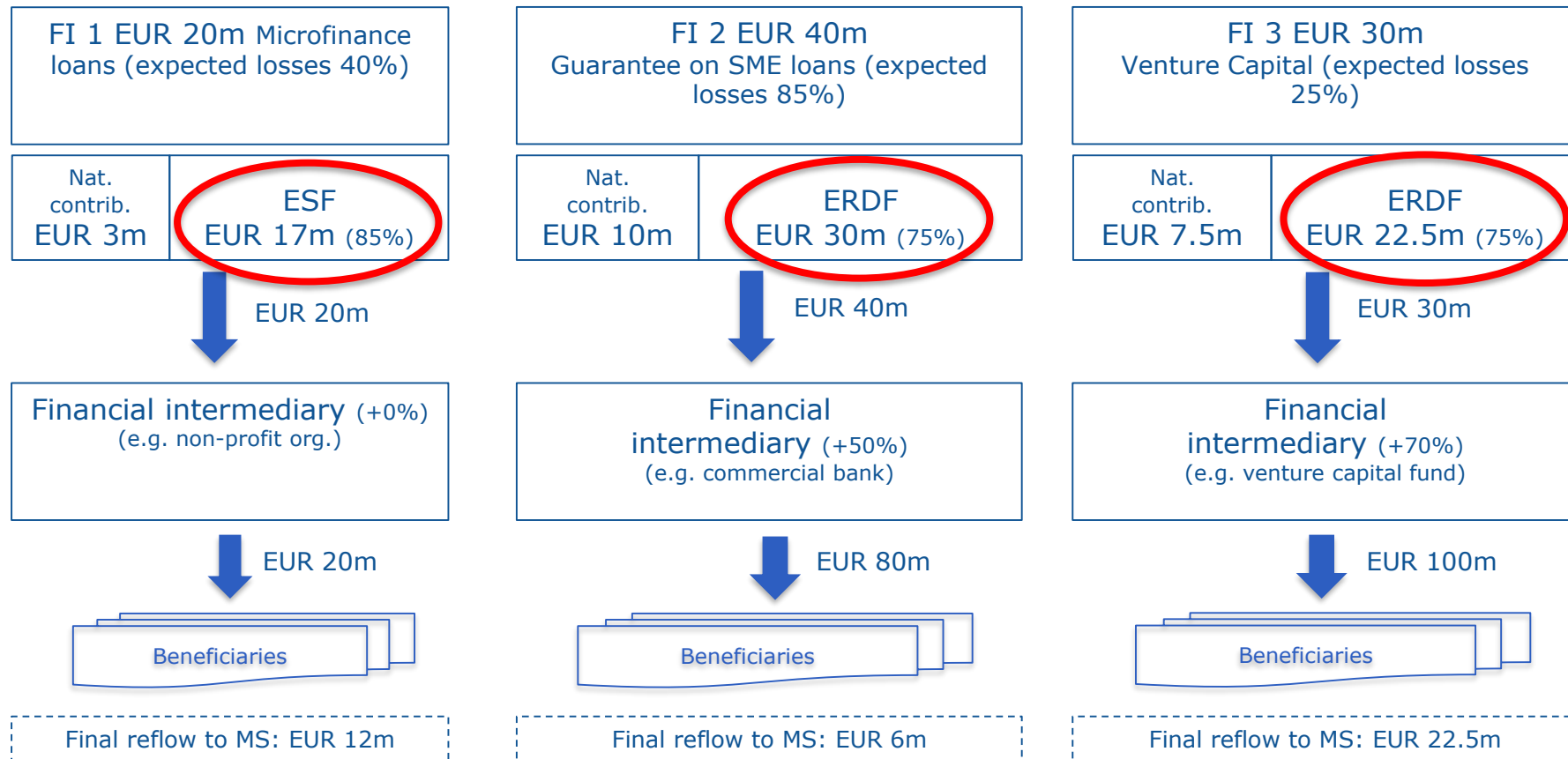
*Near **EUR 18bn** has been programmed by managing authorities during the period **2014-2020**, to be implemented through **over 400 financial instruments**.*

*If the respective managing authorities would like to **pursue the same objectives in 2021-2027**, should they have to **start from scratch** if they **shift to** a budgetary guarantee (**InvestEU**)?*

Assuming three financial instruments set up in a Member State during the period 2014-2020:



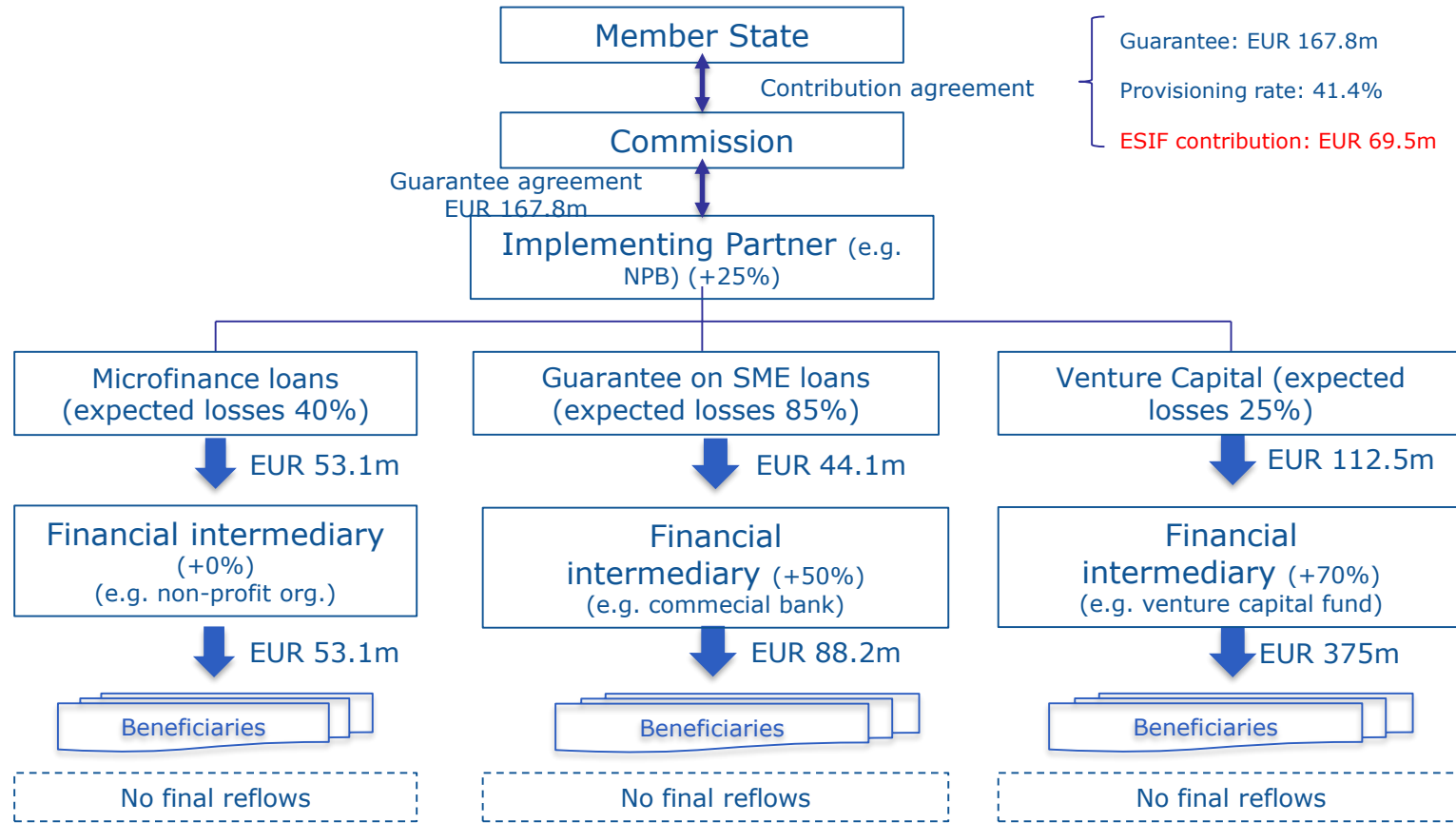
Assuming three financial instruments set up in a Member State during the period 2014-2020 (ESIF total contribution €69.5m):



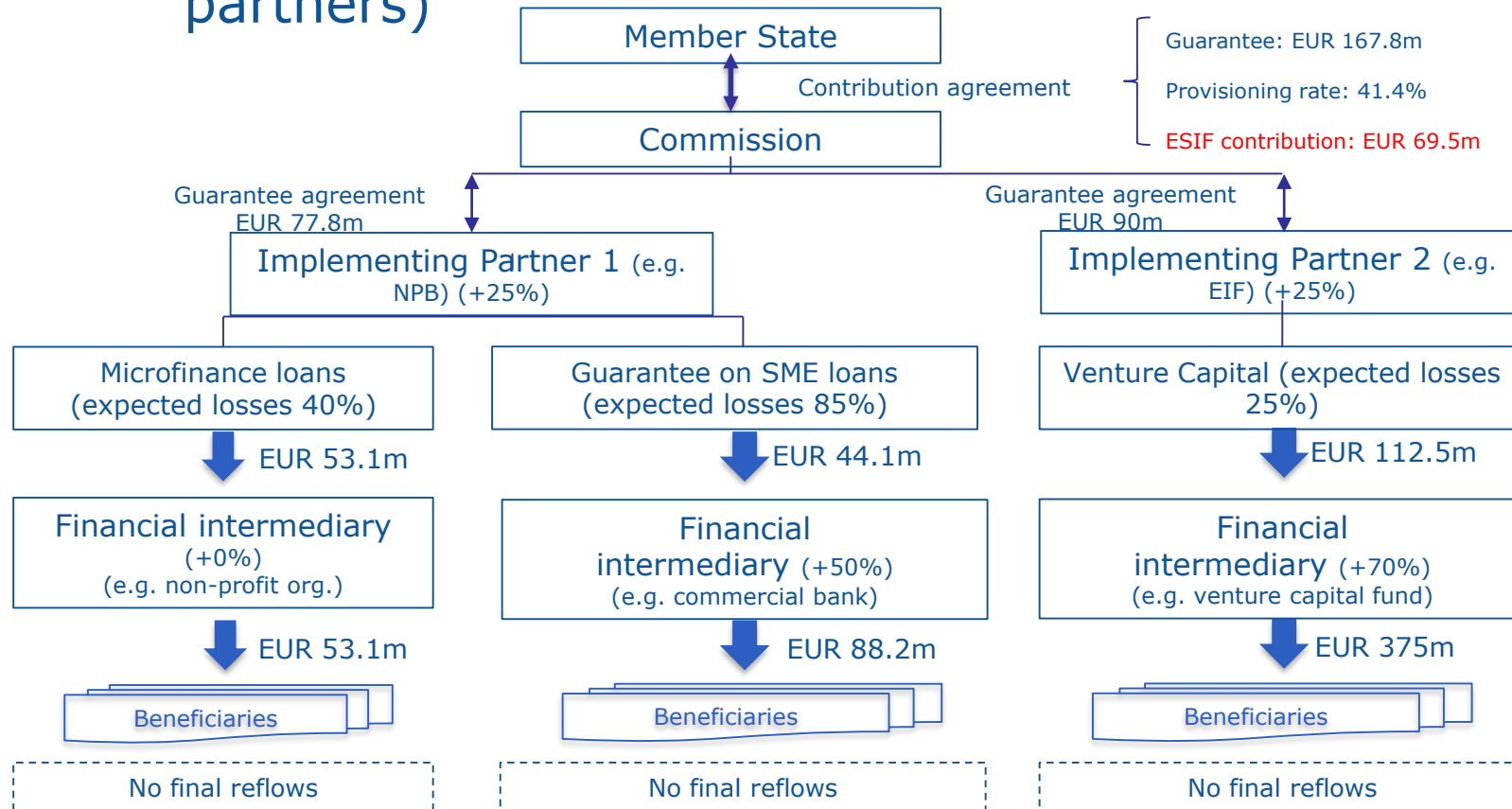
Options in 2021-2027 for the continuation of the same three instruments:

- 1. As financial instruments, idem previous slide (contracts with financial intermediaries to be renewed through public procurement).*
- 2. (2.a, 2.b) Through InvestEU (with the participation of an implementing partner(s) selected by the Commission taken into account the Member State and managing authorities proposals)*

Option 2a (InvestEU, 1 implementing partner)



Option 2b (InvestEU, 2 implementing partners)



Overall financing (€m):

	Fin. Instr.	InvestEU
ESIF contribution	69.5	69.5
National co-financing	20.5	0
EU guarantee	N/A	167.8
Member State contingent liability	0	98.3
Financing provided to beneficiaries	200	516.3
Leverage (financing/ESIF) (*)	2.9	7.4
Final reflows to Member State	40.5	0

(*) the leverage used here is the one that highlights the financing mobilised by the same amount of ESIF contribution. It is different from the usual leverage metrics used in financial instruments and budgetary guarantees.



financial instruments
added value **ERDF** funding agreement revolving capacity building
governance **ESF** EU guidance
technical support seminars leverage financial intermediaries ex-ante assessment
co-financing microfinance
investments **ESIF** fi-compass case studies final recipients
business plan **Thank you** thematic objectives
advisory services guarantees loans **CF** equity
EAFRD private investors banks life cycle combination of support
conferences **EMFF** factsheets investment strategy
fund of funds managing authorities manuals