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# InvestEU Programme





# 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 quarantee (EU compartment)
- Mobilise EUR 650 bn in additional investment across Europe
- Four thematic policy windows



Providing technical advice to investment projects seeking financing.

2014-2020



An easily-accessible database bringing together projects and investors.



- Investments
- OCEF Debt Instrument

THE INVESTEU FUND

the EU budget.

- OCEF Equity Instrument
- Loan Guarantee Facility under COSME
- Equity facility for Growth under COSME

**SUSTAINABLE** 

**INFRASTRUCTURE** 

- Innovfin Equity
- Innovfin SME guarantee
- InnovFin Loan Services for R&I Facility
- Private Finance for Energy Efficiency Instrument

**RESEARCH, INNOVATION** 

AND DIGITISATION

Natural Capital Financing Facility

#### EaSI Capacity Building Investments

- EaSI Microfinance and Social Enterprise Guarantees
- Student Loan Guarantee Facility
- Oultural and creative sectors Guarantee Facility







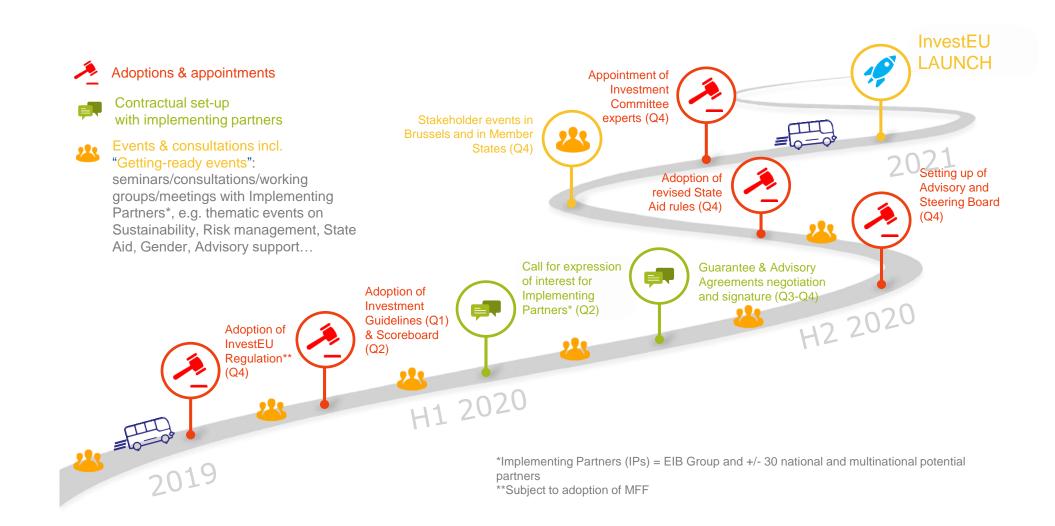


SOCIAL INVESTMENT AND SKILLS



### State of play and next steps







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

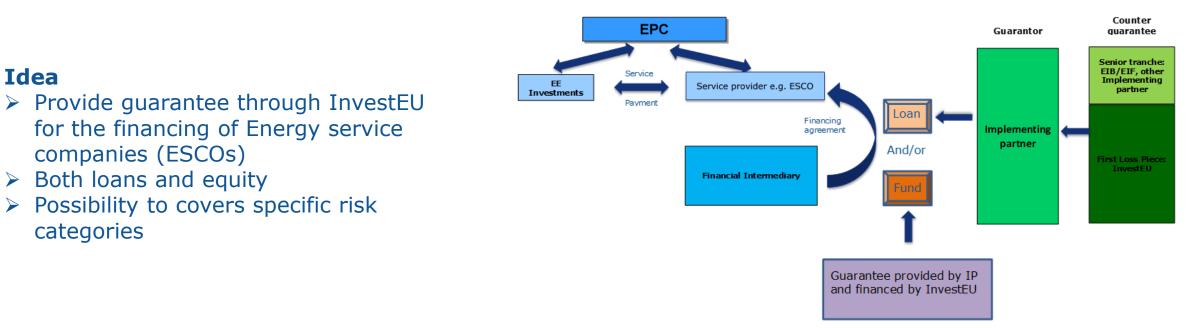
### **Energy Service Providers for ee investments**



#### 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.



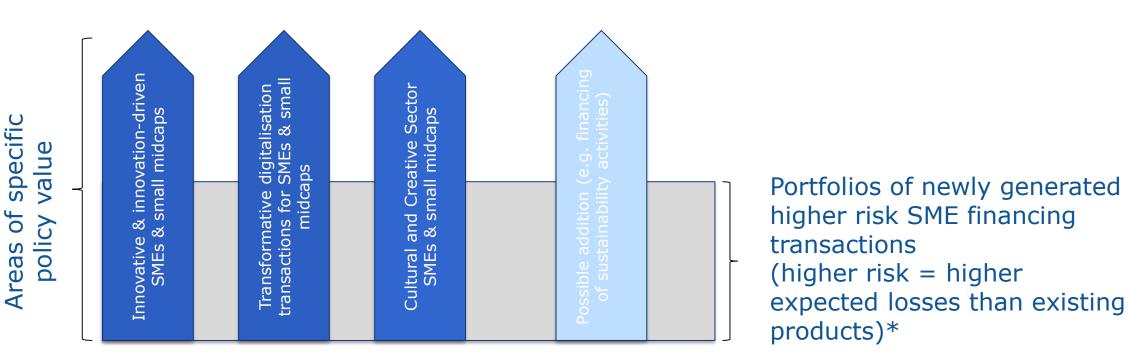


#### Rationale:

- ✓ 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

### **Policy steer**

✓ Rationale, objectives and expected impacts: described in the Policy Notes of SME & RID window

European Commission

- 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

### **EU** compartment Budgetary guarantee size of EUR 38bn, provisioned at 40% Fosters EU level action and tackles EU level market gaps - not InvestEU geographically ring-fenced Fund Consists of four policy windows Implementation based on guarantee agreements for guarantees, loans, equity investments

#### MS compartment

- On a voluntary basis, MS can allocate max. 5% of ERDF, ESF+, EMFF, EAFRD or cohesion fund to provision the MS compartment
- Fosters MS level action and tackles local level market gaps - contributions are geographically ring-fenced
- Established under any of the 4 policy windows;
  1 Member State = 1 sub-compartment
- Based on a specific contribution agreement defining size, provisioning rate, contingent liability, financial products (guarantees, loans, equity investments) ...
- InvestEU rules apply

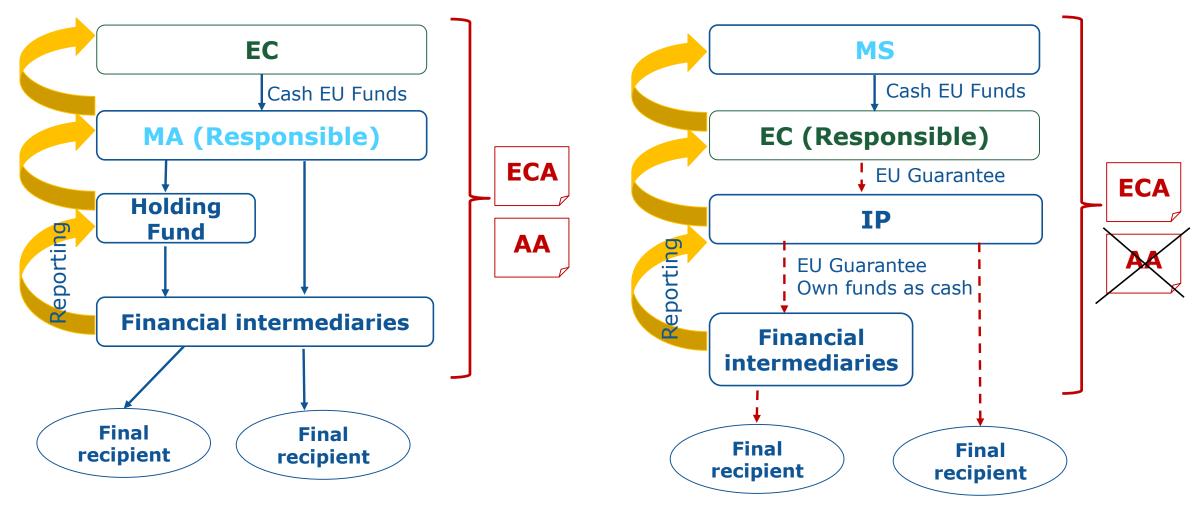


## Why to contribute to the MS Compartment?



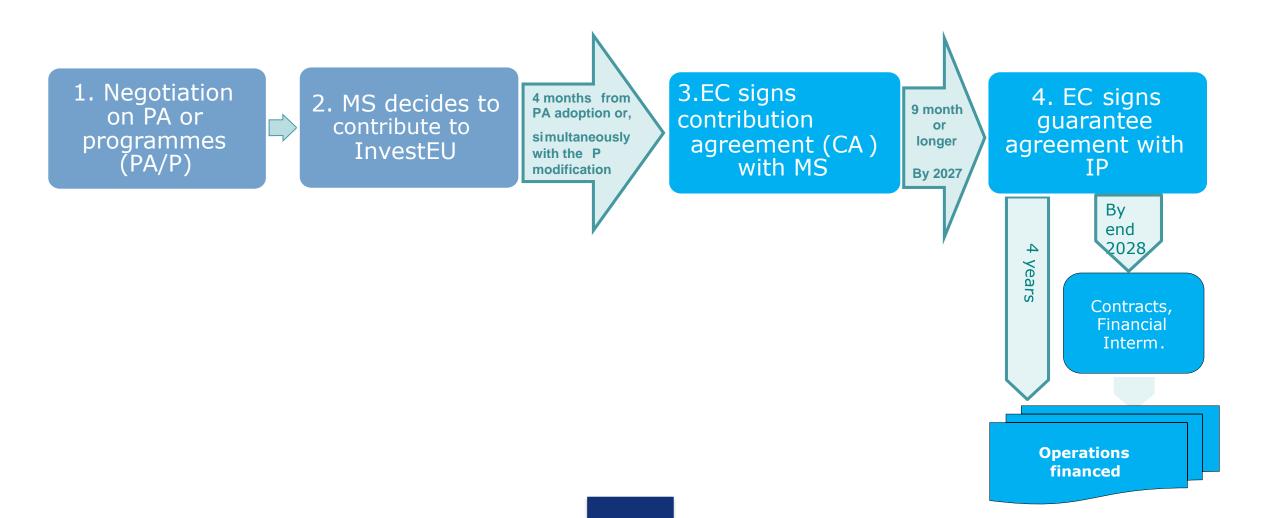


## **Implementation under the responsibility of the EC**





### 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



Commission

# What about management costs and fees?

Such cases are to be analyzed by the Commission services on a case by case basis

In such exceptional cases, the EU guarantee shall remunerate the residual risk and the operational costs of the IP Implementing partners (IPs) have to pay to the EC a guarantee fee

No management costs and fees will be paid by the Commission

Only in "duly justified cases", the EU guarantee could cover costs of operations (Art. 15(3)) Operations should generate sufficient revenues to cover the costs and to remunerate for the risks

Revenues related to risks should be distributed between the MS/region and the IP based on the risk covered



# **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!







