Invest EU 2021-2027
EU budget for the future

Merete Clausen, Head of Unit, Directorate-General of Economic and Financial Affairs, European Commission
1. MOBILISING FINANCE FOR INVESTMENT

- Mobilise at least EUR 315bn over 3 years for strategic investments and access to finance via the European Fund for Strategic Investments (EFSI) within EIB/EIF (extended to EUR 500m)
- Cooperation with National Promotional Banks

2. MAKING FINANCE REACH THE REAL ECONOMY

- European Investment Project Portal (EIPP)
- European Investment Advisory Hub (EIAH)

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

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The Juncker Plan (2015-2020) has…

- exceeded its initial target and by now mobilised over **EUR 398.6bn**. Two thirds of these came from private resources. The target for 2020 is EUR 500bn;
- increased **EU GDP by 0.6%** and is set to increase EU GDP by 1.3% by 2020;
- already supported more than 750,000 jobs (1.4 million jobs to be supported by 2020);
- helped 949,400 SMEs by improving their access to finance.
EIB Group figures As of 15/05/2019

EFSI investment by sector*

- Smaller companies 31%
- RDI 24%
- Energy 18%
- Digital 11%
- Transport 7%
- Social Infrastructure 5%
- Environment and resource efficiency 4%

Of which EUR 57.3bn signed

EUR 73.8bn
Approved EFSI financing**

** EIB-approved: EUR 54.3bn
EIB-approving: EUR 19.5bn

EUR 398.6bn
Total investment related to EFSI approvals

Target by 2020 EUR 500bn

EFSI investment relative to GDP*

Darker colours signify higher investment

High speed internet access for 15 million households

Better health care for 30.6 million people

Renewable energy for 7.4 million households

* based on approved operations

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1st pillar of the Juncker Plan (2015-2020): European Fund for Strategic Investment (EFSI)

Providing guarantees for investment in strategic sectors

EFSI and agriculture I:

- Agricultural SMEs and final recipients are supported under InnovFin, COSME and EaSI
- EFSI’s SME Window provides additional firepower
- EUR 1.4bn of loans have gone to agricultural SMEs
- Sustainable agriculture projects supported under the EFSI Innovation and Infrastructure Window (IIW)
EFSI and agriculture II: EFSI – EAFRD Combination Product

- EUR 100m of EFSI resources to a guarantee instrument blending EAFRD and EFSI resources.
- First loss coverage provided by EAFRD, EFSI resources used as a “second loss piece”.
- Eligible expenditure determined by the EAFRD programme requirements.
- 1 agreement signed with Nouvelle-Aquitaine (France). Signature with Portugal is imminent. Other potential countries include Greece, Slovenia, Slovakia.
What’s next: InvestEU (2021-2027)

Lesson learned: high number of financial instruments brings risks of:

- Fragmentation
- Policy/financial overlaps
- Multiplication of agreements
- Multiplication of different fees
# The programmes replaced by the InvestEU

<table>
<thead>
<tr>
<th>Equity Instruments</th>
<th>Guarantee Instruments</th>
<th>Risk Sharing Instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEF Equity</td>
<td>EaSI Guarantee</td>
<td>Natural Capital Fin. Fac.</td>
</tr>
<tr>
<td>COSME EFG</td>
<td>COSME Loan Guarantee Facility</td>
<td>Innovfin Risk Sharing</td>
</tr>
<tr>
<td>EaSI Capacity Building IW</td>
<td>EFSI</td>
<td>Innovfin Debt</td>
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<tr>
<td>Innovfin Equity</td>
<td>Student Loans GF</td>
<td>CEF Debt Instrument</td>
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<td>Cultural and Creative Sector GF</td>
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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 budget period (2021-2027).
InvestEU indicative proposed budget allocation

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

- Budget for InvestEU Advisory Hub, InvestEU Portal and accompanying measures is proposed to be EUR 525m.
InvestEU and agriculture

• Agriculture related investments in agriculture could be supported under all four InvestEU windows

• Examples could be *rural infrastructure* (Sustainable Infrastructure Window), *research in agriculture* (RID window), *agricultural SMEs* (SME Window) or *female entrepreneurs in rural areas* (Social Investment & Skills Window)
**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 rules apply

**MS compartment**

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

- Fosters MS level action and tackles local market gaps
- 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