

# Investment support under the MFF post-2020 – InvestEU Programme

The Vienna Initiative Working Group on IFI instruments

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# Lessons learnt during current MFF

- 1. EU investment support proved efficient and still needed: (market failures and sub-optimal investment situations)
- 2. Increased number of different financial instruments brings risks of:
- Fragmentation
- Policy/financial overlaps
- Multiplication of agreements
- Multiplication/increase of fees



### The programmes replaced

Equity Guarantee **Risk Sharing** Instruments Instruments Instruments COSME CEF EaSI Loan Natural Equity Guarantee Guarantee Capital Facility Fin. Fac. Private COSME Finance **EFG** for Energy Innovfin Efficiency Risk **EFSI** Sharing EaSI Innovfin Capacity Debt **Building IW** CEF Cultural Debt Innovfin Student Loans and Instrument GF Creative Equity Sector GF





## InvestEU Fund: key Principles

- Single Fund: a single regulation and single agreements, but several implementing partners
- Policy driven approach implemented through thematic Windows
- Budgetary Guarantee (freezes less budgetary resources than traditional financial instruments
- Blending: harmonised rules for combination of funds
- Complementarity between InvestEU and ESIF
- Simplification and Flexibility



## The objectives

#### Overall objective

Mobilise public and private investment within the EU for operations addressing market failures and investment gaps that hamper the achievement of EU goals regarding sustainability, competitiveness and inclusive growth

### Specific objectives

- Crowd-in private capital
- Provide project development assistance to build more capacity for developing projects, platforms and programmes
- Specific objectives also defined at the level of four investment windows



## Windows and 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 (EUR Million, in current prices)	38 000	650 000

- ➤ The size of the EU guarantee proposed is EUR 38 bn and the provisioning rate 40 %, i.e. EUR 15.2 bn needed for the provisioning
- ➤ Budget for InvestEU Advisory, InvestEU Portal and accompanying measures is proposed to be EUR 525m.
- ➤ InvestEU is expected to mobilise more than EUR 650 billion of additional investment across Europe



## InvestEU implementing partners

InvestEU Fund provides an EU budget guarantee that will back the financial products provided by the implementing partners. These can be:

- ➤ EIB Group (privileged but not exclusive partner, around 75%)
- National Promotional Banks and Institutions
- Other IFIs (EBRD, COE Bank, World Bank Group)
- ➤ Other entities fulfilling the criteria laid down in the Financial Regulation in Art. 62.1



## A tale of two compartments

#### **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%
- Budget is not geographically ringfenced

InvestEU Fund

#### **MS** compartment

- Fosters MS level action and tackles local level market gaps
- On a voluntary basis by MS can allocate amounts to provision the MS compartment from ERDF, ESF+, EMFF or EAFRD
- Established at the level of each policy window; 1MS = 1sub-compartment
- Based on a specific contribution agreement defining size, provisioning contingent liability...
- Contributions are geographically ringfenced
- InvestEU rules apply



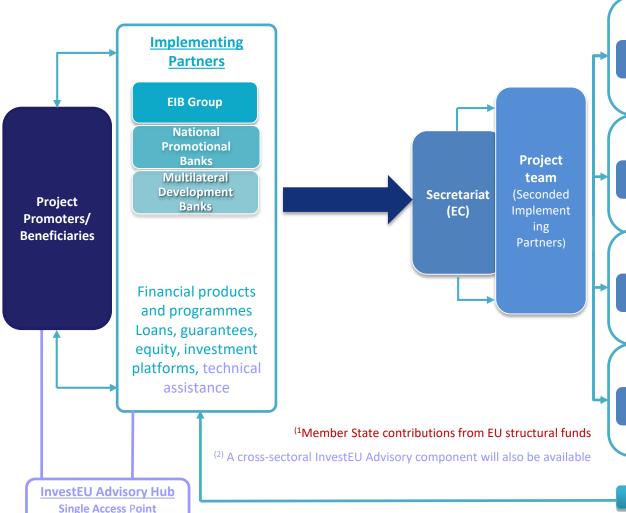
### InvestEU governance

Steering Board (European Commission)

Investment

Committee

Advisory Board (Implementing Partners, Member States)



Infrastructure Window

Sustainable

Research,

InvestEU Advisory component<sup>(2)</sup>

Member State compartment<sup>(1)</sup>

Innovation and
Investment
Committee
Unique Window

InvestEU Advisory component<sup>(2)</sup>

Member State Compartment<sup>(1)</sup>

SME Investment Window Committee

InvestEU Advisory component<sup>(2)</sup>

Member State compartment<sup>(1)</sup>

Investment Committee Social Investment and Skills Window

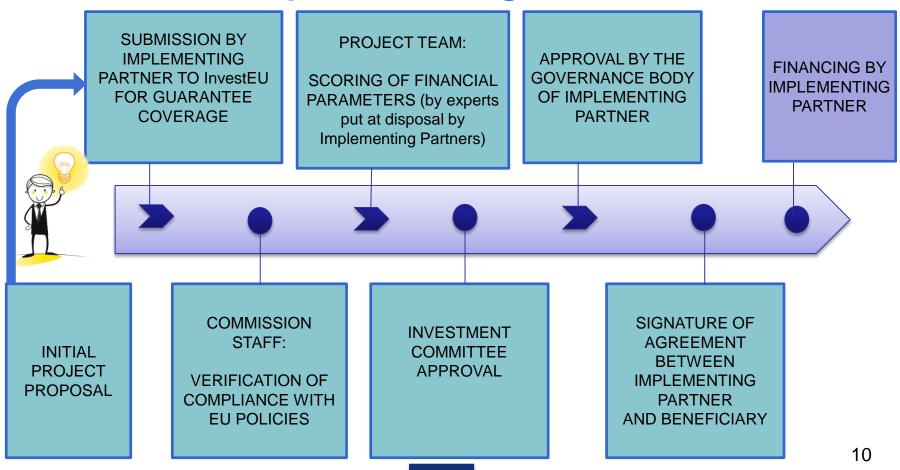
InvestEU Advisory component<sup>(2)</sup>

Member State compartment<sup>(1)</sup>

**Budgetary guarantee** 



# How will it work: direct financing by Implementing Partner





### InvestEU Advisory

Provides advisory support for the identification, preparation, development, structuring, procuring and implementation of investment projects, or enhance the capacity of promoters and financial intermediaries to implement financing and investment operations, also by developing a local presence.

- Single point of entry
- Assistance during the entire project life-cycle
- Supporting capacity building for promoters and authorities
- Facilitate project development
- Facilitate aggregation of small projects

**InvestEU Advisory** services:

Available under each policy window

**Local offices in MS** 

- Support to establish investment platforms
- Leveraging local knowledge
- Promote sectorial and geographical diversification
- Support to project origination
- Market making activities 11



### InvestEU Portal

#### Continues the current investment portal under EFSI

- Database will continue to be on-line and publicly available
- Not a pre-condition for financing, not a guarantee of financing

Provides visibility to investors and potential investors on pipelines

Consistency check with EU laws and policies

Better link to the InvestEU pipeline

(implementing partners to examine projects deemed consistent falling within their geographic and activity scope)