European Parliament

# EFSI – Extension of duration ('EFSI 2.0')

On 14 September 2016, the Commission proposed to extend the duration of the European Fund for Strategic Investments (EFSI) until 31 December 2020, entailing changes in its governance and financial capacity. The agreement achieved in trilogue is due to be voted during the December plenary.

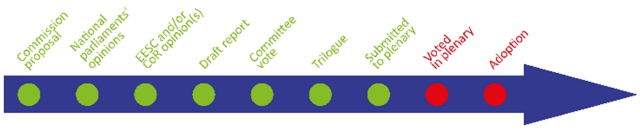
## Background

EFSI was established for an initial period of three years (2015-2018), with the aim of mobilising at least €315 billion in investments. The Commission proposed to extend its duration until 31 December 2020, scale up the SME window within the existing framework, enhance the European investment advisory hub (EIAH), and increase the target investment to €500 billion. The proposal was assigned jointly to the Budgets (BUDG) and Economic and Monetary Affairs (ECON) Committees, under Rule 55. In May 2017, the EFSI 2.0 report was adopted in committee and the decision was taken to open interinstitutional negotiations (trilogue). On 26 October 2017, the Parliament and Council came to an agreement in principle on the text of the regulation.

## European Parliament position

The main amendments introduced in the trilogue text are the following: in circumstances where tighter economic and financial market conditions would prevent the realisation of a viable project or the funding of projects in sectors or areas experiencing significant market failures, the remuneration of the guarantee should be modulated. The criteria defining '**additionality**' in EFSI operations would be tightened and simplified. To ensure that EFSI also supports small-scale projects (**eligibility**), the European Investment Bank (EIB) and the European Investment Fund (EIF) would intensify cooperation with national promotional banks (NPBs) or institutions and promote the possibilities provided through the setting-up of investment platforms. The EIB should propose to project promoters applying for EIB financing to **refer their projects to the EIAH**, in order to enhance the preparation of their projects and/or to allow for the assessment of the possibility of bundling projects through investment platforms. The **EIAH** would strive to **conclude cooperation agreements** with NPBs or institutions in every Member State, and would increase its presence locally to provide assistance on the ground. The EIB could, where appropriate, **delegate** the appraisal, selection and monitoring of small sub-projects to financial intermediaries or approved eligible vehicles (e.g. investment platforms and NPBs). All institutions and bodies involved in EFSI governing structures would strive to ensure **gender balance** in all EFSI governing bodies. The members of the **Steering Board** (SB) would be increased from four to five, the fifth (non-voting) coming from the European Parliament. The **scoreboard**, a priority-setting tool for the use of the EU guarantee, would be **publicly available** after the signature of a project. The EIB would submit twice a year to the EU institutions a list of all decisions of the investment committee as well as the related scoreboards. The EIB should set as its target that at least 40 % of EFSI financing under the infrastructure and innovation window supports projects with components that contribute to climate action. The increase in the **financial allocation** needed to deliver the higher investment targeted would come from an increase in the EU budget guarantee from €16 to €26 billion and an increase in the EIB contribution from €5 to €7.5 billion. The provisioning rate for the guarantee would be reduced to 35 %, meaning a total contribution from the EU budget of €9.1 billion, compared to an initial contribution of €8 billion. Parliament managed to reduce the share of this increased contribution financed via redeployments from the Connecting Europe Facility programme, by instead drawing more heavily on EFSI-assigned revenues and investment reflows.

First reading report: 2016/0276(COD); Committee(s) responsible: BUDG, ECON; Rapporteurs: José Manuel Fernandes (EPP, Portugal – BUDG), Udo Bullmann (S&D, Germany – ECON).

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PE 614.623