Investment Plan for Europe

Combining funds for jobs and growth
#investEU

The European Fund for Strategic Investment (EFSI) created by the European Commission in partnership with the European Investment Bank (EIB) and the European Investment Fund (EIF) is expected to mobilise at least EUR 315 billion over three years. EFSI is designed to help overcome the investment gap in the EU by mobilising private financing for strategic investments, including projects with a higher risk profile than ordinary EIB activities. The additional firepower provided by EFSI complements the European Structural and Investment (ESI) Funds, which will make available EUR 454 billion from the EU budget over the 2014–2020 period to invest in growth-generating areas, primarily in research, development & innovation, support to SMEs, the low-carbon economy, and information and communication technologies.

Why is it important

The **European Structural and Investment Funds** can finance projects via grants and financial instruments and are part of the programmes implemented by Managing Authorities in the Member States. The **reformed ESI Funds framework for 2014–2020** includes an enlarged scope for the use of financial instruments rather than only grants. The EFSI provides risk financing instruments (no grants) via the EIB with no geographical or sectorial quota but based on market demand for investment financing. The combination of EFSI and ESI Funds is possible either at individual project or at financial instrument level. The combination of funds may be particularly interesting in certain countries or sectors, where the ESI Funds offer wide opportunities and where the EFSI on its own has not yet been fully mobilised.

Combining ESI Funds with the EFSI

ESI Funds can be combined with the EFSI in different ways:

1 Combining ESI Funds with the EFSI **directly at project level**: An eligible project receives funding from the ESIF programme (in the form of a grant or through a financial instrument), from EFSI and possibly also from other investors attracted by ESI Funds and EFSI.

2 Combining ESI Funds with the EFSI at **investment platform level**: The Managing Authority may want to set up a **new** investment platform (considered as a financial instrument) in which EFSI and

other investors would invest their resources, including in the form of a layered fund. Another possibility is that the Managing Authority makes an ESI Funds programme contribution into an existing investment platform (considered as a financial instrument) which was set up with EFSI resources at national, regional, transnational or cross-border level. The investment platform would then invest EFSI and distinct ESI Funds programme contributions in projects (other investors may participate).

3 Combining ESI Funds with the **EFSI support (channelled through an investment platform)** at the level of financial instrument or at project level: In this scenario, the Managing Authority sets up a financial instrument in which the investment platform set up with EFSI support participates as an investor. Other investors may also participate. The financial instrument would then invest EFSI and distinct ESI Funds programme contributions in projects (other investors may participate). Another option would be an intervention by an investment platform, set up with EFSI support, directly at project level on a deal by deal basis.

Within the Investment Plan, the Commission has set the objective to achieve at least an overall doubling in the use of financial instruments under the ESI funds. This objective (approx. EUR 23 billion) is within reach: based on current estimates, the planned overall allocations in Cohesion policy to financial instruments in 24 Member States are expected to be EUR 20 billion for ERDF only.

Opportunities and benefits

Any project that is economically and technically viable, has a potential to positively contribute to growth and jobs in the EU and is in line with EU policies may be eligible for funding from both the EFSI and the ESI Funds. National and regional authorities will be able to achieve additional impacts through EFSI co-investments (EFSI contribution and any other co-investors attracted by EFSI). The regional allocations not only safeguard ESIF investments but also give each region (under its regional programme) the possibility to attract EFSI investments.

Examples of projects and activities supported

"IF-TRI" in Nord-Pas de Calais (France)
A project which combines resources from ESI Funds, private investors, France's Caisse des Dépôts et des Consignations, the EIB and support from the EFSI. The platform provides risk financing (with individual loans averaging EUR 1 million) to at least 100 projects fostering a low-carbon economy in Nord-Pas-de-Calais. In addition to financing, the region also offers technical assistance thanks to a grant of up to EUR 2.5 million drawn from ESI Fund resources.

EstFund (Estonia)
The Fund is designed to provide early-stage investment to enable Estonian SMEs to develop their business ideas. EUR 48 million from the European Regional Development Fund will be complemented by EUR 12 million co-invested by the EIF from EFSI supported resources, giving combined resources of EUR 60 million.

How to access finance

Project promoters should make full use of the **European Investment Advisory Hub** which is the gateway to technical and administrative investment advice and support. The Hub helps public authorities and project promoters identify, prioritise, prepare, structure and implement strategic projects and make more efficient use of EU funds by mobilising private capital. Part of this one-stop-shop is "**fi-compass**", an advisory service on financial instruments for ESI Funds. Furthermore, the **European Investment Project Portal (EIPP)** is a brand new web portal enabling EU-based project promoters – public or private – to reach potential investors worldwide.

More information on Regional Policy at EU level:
http://ec.europa.eu/regional_policy/en.

European Commission

European Investment Bank
The EU bank