Delivery of €315 billion Investment Plan on track: Commission presents law for the European Fund for Strategic Investments

Strasbourg, 13 January 2015

Just 50 days after announcing its ambitious Investment Plan for Europe to boost jobs and growth, the European Commission today adopted the legislative proposal for the European Fund for Strategic Investments, which will be established in close partnership with the European Investment Bank (EIB). The Fund is at the very heart of President Juncker's Investment Offensive, which will mobilise at least €315 billion in private and public investment across the European Union. This will especially support strategic investments, such as in broadband and energy networks, as well as smaller companies with fewer than 3000 employees. The proposal also sets up a European Investment Advisory Hub to help with project identification, preparation and development across the Union. Finally, a European Investment Project Pipeline will improve investors' knowledge of existing and future projects.

European Commission President Jean-Claude Juncker said: "This Commission means business. With today's proposal for the European Fund for Strategic Investments, we are delivering, together with our partner the EIB, on the pledge made in November in the plenary of the European Parliament. We are taking an important step towards putting Europeans back into jobs and kick-starting the Union's economy. I now count on the political leadership of the co-legislators, the European Parliament and the Council, to get the proposal adopted swiftly, so that the Fund is operational by June and new investments start flowing. Europe's citizens expect nothing less and we have no time to lose."

Vice-President Jyrki Katainen, responsible for Jobs, Growth, Investment and Competitiveness, said: "Today we are putting in place the essence of the Investment Plan for Europe: the European Fund for Strategic Investments will support projects with a higher risk profile so that investment starts taking off in countries and sectors where job creation and growth are most needed. As the next step we must multiply the impact of the Investment Plan for Europe and create a virtuous circle: more investment leading to more and better jobs and stable growth. I'm currently touring the whole of the European Union to make this happen and I am encouraged by the positive feedback I have received so far."

The Commission proposal includes several elements:

1. **European Fund for Strategic Investments (EFSI)**

The EFSI is the main channel to mobilise at least €315 billion in additional investment in the real economy over the next three years. It will finance projects with a higher risk profile, thereby maximising the impact of public spending and unlocking private investments. The Fund will be established within the European Investment Bank (EIB), with which the Commission will work as strategic partner.

**Member States' Participation**

Member States can participate in the EFSI. Participation in the EFSI is also open to third parties, such as national promotional banks or public agencies owned or controlled by Member States, private sector entities and entities outside the Union subject to the consent of existing contributors.

**Stability and Growth Pact Treatment**

The Commission already indicated in November that it would ensure favourable treatment under the Stability and Growth Pact for national contributions to the EFSI. A separate Communication published by the Commission today on the use of flexibility within the existing rules of the Pact provides further guidance on this question.

It makes clear that Member State contributions to the EFSI will not be counted when assessing the fiscal adjustment. This will be the case for all Member States, whether in the preventive or corrective arm of the Pact.

For countries benefiting from the so-called "investment clause", co-financing with the EFSI of projects or investment platforms will also benefit from a favourable treatment under the Pact.

**Governance of the EFSI**
A Steering Board will decide on the overall orientation, the investment guidelines, the risk profile, strategic policies and asset allocation of the Fund, in line with the Commission's Political Guidelines. As long as the EIB and the Commission are the only contributors to the EFSI, the number of members and votes will be allocated based on size of their contributions and all decisions will be taken by consensus. When other contributors join the Fund, the number and votes will remain proportionate to the contributions and decisions will be taken by simple majority, if no consensus can be found. No decision can be adopted if the Commission or the EIB votes against it.

An Investment Committee will be accountable to the Steering Board. It will vet specific projects and decide which will receive EFSI support, without any geographic or sectorial quotas. The Committee will consist of six independent market experts and a Managing Director who will be in charge of the day-to-day management of the EFSI. The Managing Director and their deputy will be appointed by the Steering Board on a joint proposal of the Commission and the EIB.

2. A European Investment Advisory Hub (EIAH)

Using existing expertise, the EIAH will be the EU-wide one-stop-shop to help identify projects, prepare, develop and finance them. It will also advise how to use innovative financial instruments and public-private partnerships.

3. A transparent European Project Pipeline

A transparent European project pipeline will inform investors about available existing and potential future projects. Today, a lack of information is a major obstacle to investments. The pipeline will be regularly updated so that investors have reliable and current information to take investment decisions. A joint Commission-EIB Investment Task Force has already identified some 2,000 potential projects worth €1.3 trillion.

4. An EU Guarantee Fund and Effects on the EU Budget

The proposal establishes an EU Guarantee Fund which will provide a liquidity cushion for the Union budget against potential losses incurred by the EFSI when supporting projects. It will gradually reach €8 billion by 2020 via payments from the EU budget. This requires an amendment to the 2015 EU Budget, which will create the necessary new budget lines and transfer €1.36 billion in commitment appropriations and €10 million in payment appropriations to these new lines. The overall impact for the 2015 EU Budget is neutral. The €10 million in payments will help cover the administrative costs of the European Investment Advisory Hub.

Next Steps

Today's Commission proposal has to be adopted under the "ordinary legislative procedure" (co-decision) by the Union legislators, the European Parliament and Council. At the December European Council, heads of state and government urged "the Union legislators (...) to agree on [the proposal] by June, so that the new investments can be activated as early as mid-2015." As a further element of the Investment Plan, the European Commission is working to remove further regulatory barriers to investment and strengthen the Single Market. A first set of actions is set out in the Commission's 2015 Work Programme.

Background

As a consequence of the economic and financial crisis, the level of investment in the EU has dropped by about 15% since its peak in 2007. Financial liquidity exists. However, uncertainty in the economic outlook and high public and private debt in parts of the EU hold back investments. That's why the Investment Plan for Europe can help by pairing up projects with existing liquidity and channelling the money where it is needed.

President Juncker made the Investment Plan for Europe his first priority, presenting it just over three weeks in office on 26 November 2014. A few weeks later, the December European Council, endorsed the Plan on 18 December.

More Information

Legislative proposal
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