



ITEM 8 - AN INVESTMENT PLAN FOR EUROPE

40th EBF Associates meeting

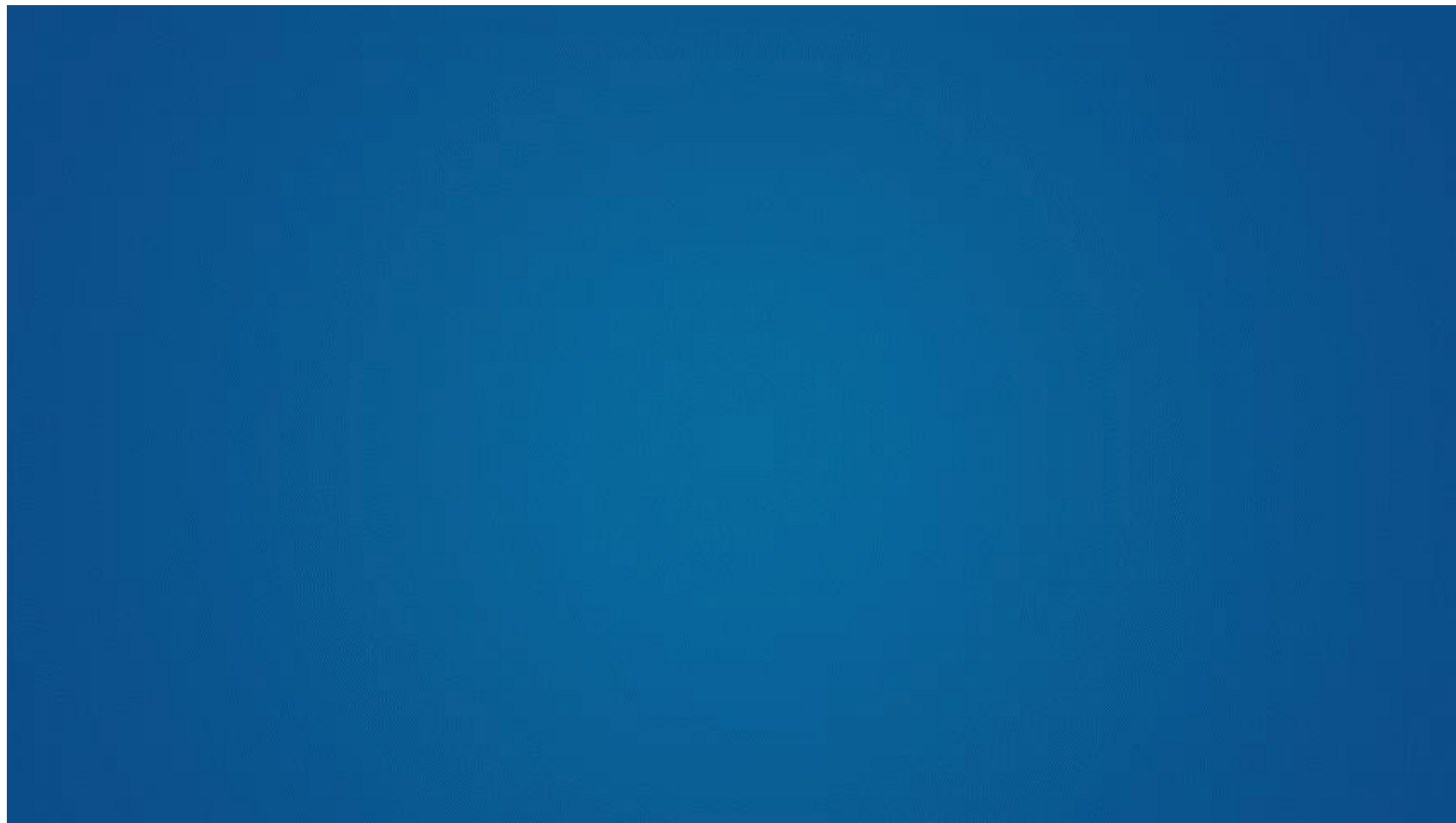
29 May 2015, San Marino



European
Banking
Federation

The new EU strategic investment plan

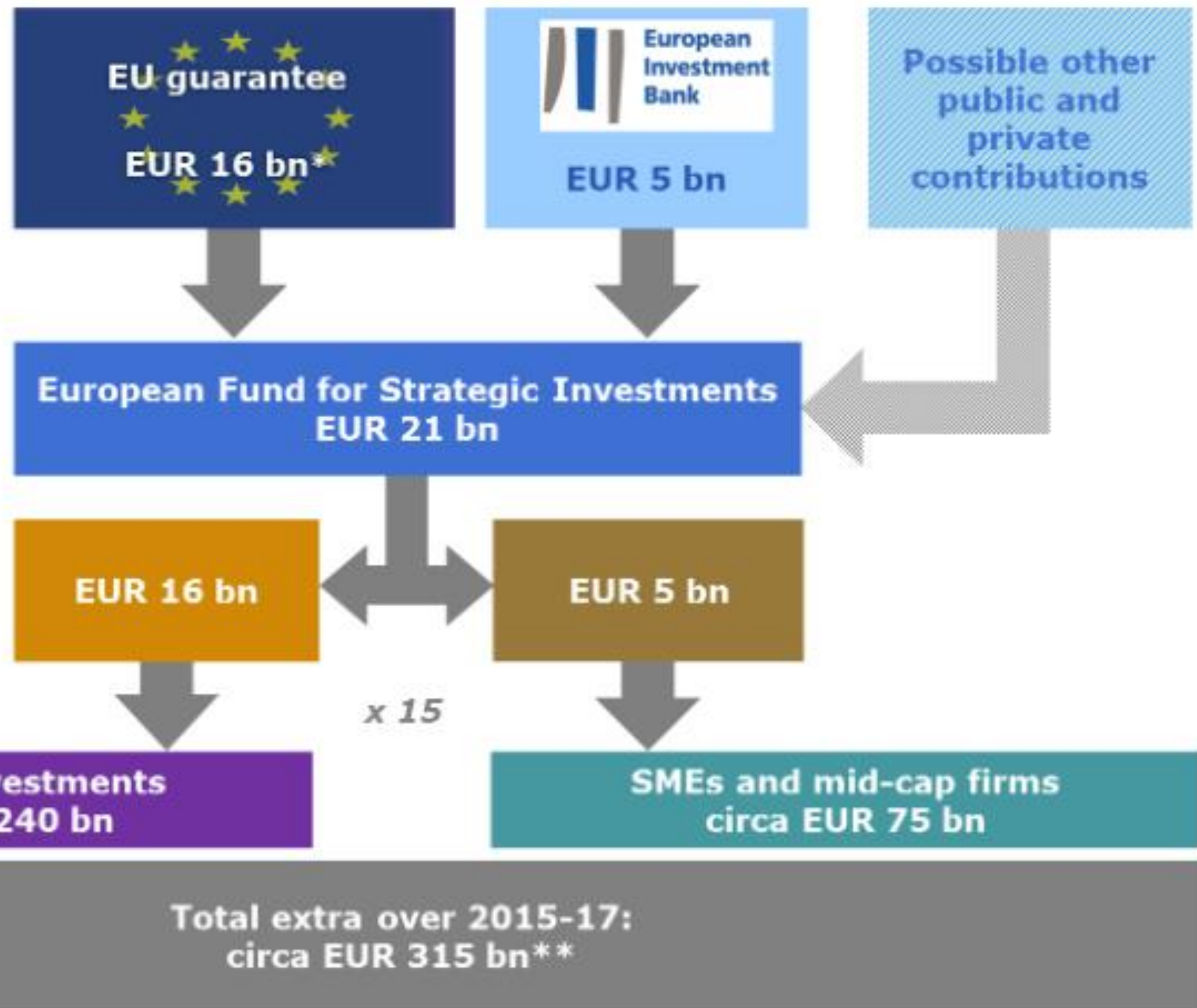
Explanations by Jyrki Katainen, Vice-President of the European Commission



“The crisis has shown the drawbacks of over-reliance on a bank-centred lending model. So we also need to develop reliable sources of non-bank lending, such as equity and bond markets, securitisation, lending from insurance companies and asset managers, venture capital and crowdfunding”. (European Commission, 2014)

An Investment Plan
for Europe
Commission
Communication, 26
November 2014





1. The European Fund for Strategic Investments

Main principles and eligibility:

1. Consistent with EU policies
2. Economically and technically viable
2. Projects from all sectors, including:
 - development of infrastructure;
 - investment in energy, education and training, health, ICT;
 - SMEs and mid-caps.
4. Maximise where possible the mobilisation of private sector capital

EFSI - Different Investment Windows

In EUR bn	Mobilised amount of investment, up to (3 years)	EIB Group financing, up to (3 years)	EU budget guarantee	EIB own funds (cash)	EU budget coverage / EIB Group financing
1. Infrastructure & Innovation –Debt	€ 240bn	€ 44.0bn	€ 11.0bn (first-loss)	n.a.	25%
2. Infrastructure & Innovation –Equity		€ 5.0bn	€ 2.5bn (pari-passu)	€ 2.5bn	50%
3. Support to SMEs via EIF	€ 75bn	€ 11.8bn	€ 2.5bn (EIF managed)	€ 2.5bn	21%
Total	€ 315bn	€ 60.8bn	€ 16.0bn	€ 5.0bn	26%

EBF comments on the Commission's Proposal for a regulation on the European Fund for Strategic Investments

13 January 2015

- EFSI should focus on higher risk projects – Avoid risk of crowding out
- Private sector financiers need to know the details of their investment, in particular project types, risk profiles and profitability.
- EFSI's selection process and criteria need to avoid complexity and red tape.
- In order to further stimulate the private participation of banks in the EFSI, a preferential capital treatment for exposures to the EFSI should be considered.

15 Mai 2015 – ECOFIN meeting



Aim: **adopt the regulation before the summer** break and launch new investments as early as mid-2015, as planned.

The EFSI **will be established within the European Investment Bank** by an agreement between the Commission and the EIB. It will support projects in a broad range of areas, including transport, energy and broadband infrastructure, education, health, research and risk finance for SMEs.

The fund will enhance risk-bearing capacity. By taking on part of the risk of new projects through a first-loss liability, it will enable private investors to join under more favourable conditions.

2. The European Investment Project Pipeline

- Main objective: bring greater visibility, transparency, and information concerning risk in European projects.
- An exercise early this year showed the extent of projects available for investment in Europe (over 1.3 trillion euros identified).
- Use of project pipeline is wider than EFSI.
- Pipeline to be online and set up by the Commission and EIB. Member States may participate in the pipeline if they wish.

3. Improving the investment environment in Europe

- Simpler, better and more predictable regulation at all levels
- New sources for long-term financing, including steps towards a Capital Markets Union
- Reinforcing the level-playing field and eliminating barriers to investment in the Single Market

Next steps

- The EBF is finalizing its report on existing obstacles (regulatory and non-regulatory) to the supply of financing to SMEs by the EIB.
- The EBF will discuss further about possible additional actions and positioning at its next experts meeting on 9 June 2015. The Commission and the EIB will participate to the meeting as a guest.
- The Commission's roadshow: aim to cover all 28 EU countries by October 2015. The Vice-President will also make visits to non-EU countries to promote the EU Investment Plan later in the year.