The Investment Plan for Europe

IFSWF, Milan, 30th September 2015
A. Carano
Despite challenging global economic environment, the recovery in the EU continued at a moderate pace (GDP forecast 2015=1.8%);

Most former vulnerable economies are growing faster than expected;

Economic growth in the EU is benefiting from the strength of economic tailwinds (low oil prices, a still low external value of the Euro, ECB's QE, broadly neutral fiscal stance);

Labour markets are gradually improving but unemployment remains high;

HICP inflation to recover later this year and next.
The economic situation is improving

European growth map 2012

European growth map 2016 (forecast)
EU Investment Plan: rationale

EU investment & competitiveness gap

High liquidity in the market

Public budget constraints

Financial and non-financial barriers to investment

EU Investment Plan
EU/MS policy action + EU budget + EIB capacity to mobilise private sector funds towards strategic investments.
The €315bn Investment Plan has the potential to bring investments back in line with historical norms.

Real gross fixed capital formation – Baseline trend vs. historical norm vs. investment plan
EU-28, in 2013 prices, € bn

Source: DG ECFIN, AMECO database
EU Investment Plan: 3 pillars

1. MOBILISING FINANCE FOR INVESTMENT

- Boost investment in strategic projects and access to finance via the European Fund for Strategic Investments (EFSI) within EIB/EIF
- Cooperation with National Promotional Banks

2. MAKING FINANCE REACH THE REAL ECONOMY

- European Investment Project Portal
- European Investment Advisory Hub: technical assistance

3. IMPROVED INVESTMENT ENVIRONMENT

- Predictability and quality of regulation
- Removing non-financial, regulatory barriers in key sectors within EU Single Market
- Structural reforms at national level
1. European Fund for Strategic Investments

**EFSI risk-bearing capacity**
- € 21bn

**EIB / EIF financing**
- ~ € 61 bn

**Investment value**
- ~ € 315 bn

**Total over 3 years:**
- ~ € 315 bn

**Infrastructure & Innovation window**

**SME window**

**Investments**
- ~ € 240 bn

**SMEs and mid-caps**
- ~ € 75 bn

**EFSI**

**EU budget guarantee**
- € 16bn

**€ 5bn**
EFSI: eligible sectors

1. Research, development and innovation
2. Energy (ref. Energy Union priorities)
3. Transport infrastructure
4. Information and Communication Technologies
5. Environment and resource efficiency
6. Human capital, culture and health
7. Support to SMEs and mid-cap companies
Key features of EFSI

- Focus on investments in real economy
  - Results on growth and jobs
  - Market-driven, no political interference
  - No geographic or sector pre-allocation
- Support to EU policies
- Leverage / crowd-in private sector and third parties
- Economic and technical viability
- Additionality vs existing instruments
  - Market failures and sub-optimal investment
  - Higher risk-taking than EIB normal activity in EFSI timeframe
## Contributions announced by EU Member States

<table>
<thead>
<tr>
<th>Member State</th>
<th>NPB</th>
<th>Contribution announced (up to)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>KfW</td>
<td>€ 8,000m</td>
</tr>
<tr>
<td>Spain</td>
<td>ICO</td>
<td>€ 1,500m</td>
</tr>
<tr>
<td>France</td>
<td>CDC</td>
<td>€ 8,000m</td>
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<tr>
<td>Italy</td>
<td>CDP</td>
<td>€ 8,000m</td>
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<tr>
<td>Luxembourg</td>
<td>SNCI</td>
<td>€ 80m</td>
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<tr>
<td>Poland</td>
<td>BGK/PIR</td>
<td>€ 8,000m</td>
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<tr>
<td>Slovakia</td>
<td>SIH/SZRB</td>
<td>€ 400m</td>
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<tr>
<td>Bulgaria</td>
<td>BDB</td>
<td>€ 100m</td>
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<tr>
<td>United Kingdom</td>
<td></td>
<td>€ 8,500m</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>€ 42,580m</strong></td>
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</tbody>
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Opportunities for promoters/investors

Projects
  • Cofinancing / Risk-sharing with EIB/EIF

Investment Platforms
  • Pooling of projects with thematic or geographic focus
  • Agreement or Fund
  • Can benefit from EU Guarantee via EIB
  • Cooperation with EU National Promotional Banks

Interest by institutional investors and SWFs
2. Making finance reach the real economy

Transparency on the investments in Europe

• European Investment Project Portal – any public/private entity
• Matching investment opportunities proposed by project sponsors with investors' interest

Strengthening advisory services

• European Investment Advisory Hub (EIAH) – EC/EIB/MS
• Technical assistance
• Pooling resources & expertise
3. Improved investment environment

Better and more predictable regulation at all levels

Making most of the Single Market
  • Energy Union
  • Digital Single Market
  • Capital Markets Union: action plan
  • Services Market

Structural reforms in the Member States

Openness to international trade and investment
Summary

Europe ongoing recovery

Focus on 3 pillars of Investment Plan for Europe

1. EFSI operational.
   • Investment proposals to be submitted to EIB/EIF.

2. Reach the real economy
   • European Investment Advisory Hub operational.
   • European Investment Project Portal operational by early 2016.

3. Improve Investment environment
   • EU Single Market and structural reforms.

Openness to private and institutional investors.
Thank you for your attention – more information available at:


http://www.eib.org/about/invest-eu/index.htm

#investEU
#EFSI