

**Ad-hoc audit of the
application of the
Regulation 2015/1017
(the EFSI Regulation)**

Final Report

14 November 2016

Reliance Restricted

Executive Summary

The context

The study undertaken by the Special Task Force on Investment (2014) and studies performed by others in later years, show that there are important investment gaps and market needs in Europe, especially for high risk financing. The gap to invest in R&D, energy, ICT, education, industry, transport & logistics and water & waste is estimated annually up to € 655 billion¹. Furthermore, studies show that the investment gap in Europe is much higher than the one in the USA, affecting the competitiveness of Europe.

In response, the European Fund for Strategic Investments (EFSI) is set up by the European Commission (EC) and the European Investment Bank (EIB) to help resolve difficulties and boundaries to financing and to implement strategic, transformative and productive investments that provide a high level of added value to the economy, the environment and the society, aiming at reducing unemployment levels and boosting economic growth in Europe. Moreover, EFSI should improve access to financing with a special focus on Small and Medium sized Enterprises ('SMEs') and small mid-cap companies which employ not more than 3,000 people.

The EU contributes with a €16 billion guarantee and the EIB Group has set aside €5 billion of own resources. The EIB will use €16 billion of EFSI support by providing financing via the Infrastructure and Innovation Window (IIW), whereas the EIF will use €5 billion through the SME Window (SMEW) aimed at increasing and facilitating the access to finance for SMEs and mid-caps. EFSI is expected to 'crowd in' public and private sector finance, generating total investments in the European Union (EU) of at least €315 billion within 2015-2018.

The European Investment Advisory Hub ('EIAH') was designed to offer advisory support for investments within the European Union. The objective is to build upon existing EIB and EC advisory services in order to provide advisory support for the identification, preparation and development of investment projects and to act as a single technical advisory hub for project financing within the EU.

Scope, methodology and goals of the ad hoc audit

This ad hoc audit is the independent evaluation on the application of the Regulation 2015/1017 on the EFSI and the EIAH. The evaluation covers the time period until 30 June 2016 (first year since EFSI became operational). This evaluation has been conducted from 21 September 2016 (signature of the contract) until 14 November 2016. Data collection took place in the period 3 October - 3 November 2016 and covered desk research, interviews with the main stakeholders (EC, EIB, EIF, National Promotional Banks (NPB)) and surveys among NPBs, Financial Intermediaries and Beneficiaries of the EFSI and the EIAH. The evaluation builds upon earlier evaluations conducted by the EC and the EIB where relevant. The short time frame for data collection posed limitations to the level of depth of this study and of some evaluation questions being answered.

The main goals of the evaluation are to assess the relevance, effectiveness and efficiency of EFSI and the EIAH, as well as the coherence, additionality, and added value of the EFSI intervention and the added value and complementarity of EIAH. Furthermore the use of the EU Guarantee in terms of relevance, effectiveness and efficiency should be assessed and lessons should be drawn from the implementation of the EFSI and EIAH since their establishment until the end-point period of the evaluation.

Answering the evaluation questions

EFSI

EFSI is not geographically or sector-specifically earmarked and is demand driven. Up to 30 June 2016, 26 out of 28 countries were reached. However, when having a closer look, it shows that the EU15² received 91% and the EU13 received a mere 9% of EFSI support (excluding multi-country operations). Zooming in further, it proves that EFSI support mainly has been provided in a number of countries. Within the Infrastructure Investment Window (IWW), UK, Italy and Spain received 63.4%, while for the Small and Medium Enterprises Window (SMEW) Italy, France and Germany received 36.1% of total EFSI support.

Reasons mentioned for the lower EFSI support in Central and Eastern Europe are the competition from the European Structural and Investment Funds (ESIF), less capacity to develop large projects, less experience with Public Private Partnerships, a less developed Venture Capital market and the small size of projects. When looking at the sector coverage, it shows that EFSI contributes mainly to R&D (45%), energy (21%) and ICT (17%) sectors. Some sector gaps are less addressed, but this is not seen as a major issue.

¹ Source: EIB (2016) Restoring EU Competitiveness

² EU15: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom

EU13: Bulgaria, Croatia, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.

The design of EFSI enables the EIB to address more risk financing, both by an increase in the volume of the so-called Special Activities (activities with a higher risk than normal EIB operations) and the development of new financial products for risk financing. In this respect EFSI is relevant in addressing market gaps by increasing the availability of risk financing to eligible projects. However, stakeholders indicate that there is a stronger need for EFSI to provide higher risk financing, in a complementary and subordinated position to other investors. At the start, EIB was not willing to take higher risk, but this has been improved.

For the implementation of EFSI, cooperation with National Promotional Banks/National Promotional Institutions is important, as these institutions are close to the local markets. Currently, NPBs/NPIs are searching for the best cooperation with the EIB Group in their local markets, which is sometimes constrained by capacity issues. Next to this, the set-up of investment platforms in which different sources of financing can be blended is foreseen to facilitate the implementation of EFSI. However, till 30 June 2016 no investment platform had been set up yet, possibly due to the fact that it takes time and depends on the regulatory environment. The first platforms were established in the third quarter of 2016, hence after the period considered in this evaluation. Stakeholders mention that they would need more information on the specific role of the EIB in the platforms and that Technical Assistance would be needed to facilitate setting them up, especially in the EU13.

Effectiveness

When looking at the progress of the implementation of EFSI, it shows that approvals are on track after its first year. Especially the SMEW showed a quick take up, the reason being that the EIF agreed with the EC and the EIB to use EFSI to accelerate the roll-out of existing mandates (COSME³ and InnovFin⁴), in line with EFSI Regulation. These EC mandates were constrained by their annual budgets, but EFSI enabled them to be 'frontloaded' so that they could i) enter more guarantee exposures and ii) reach out to more SMEs in a shorter period of time avoiding therefore possible disruption due to EC annual budget allocation. Similarly, EFSI enabled the EIF to increase the investment limits under the EIB's RCR mandate. In parallel to this, new products could be developed under the SMEW in view of a roll out in the second half of 2016. For the IIW the take up is slower, also due to the nature of the projects and the time it takes to develop new products under this window. Actual signatures are lagging behind (at 21% of the 315 billion target), especially for the IIW.

Based on the portfolio at 30 June 2016, the expected multiplier is 14.1, i.e. just below the targeted 15. The IIW multiplier is lower than the SMEW, but is expected to increase due to an increased roll-out of new products that are higher leveraged than the more classic products which were mainly used during the first year of EFSI. In view of the quick take up of the SMEW and the fact that projects are under preparation for IIW, it seems likely that EFSI will reach its targets set on the total portfolio after 3 years.

In terms of the objectives relating to growth and jobs, no targets have been set for EFSI. The EIB Group will work on modelling tools to estimate the impact, but no figures are available yet (it is also too early for these effects to materialize).

Efficiency

Governance structures are in place and are working well. There are only a few issues identified in the EIB evaluation for improvement. Beneficiaries and intermediaries have indicated the need to speed-up the approval/due diligence process.

In terms of awareness and clarity over what EFSI has to offer, still further efforts are needed to explain the specific products and the role of the Investment Platforms. Stakeholders indicate that it was insufficiently clear what EFSI can offer and how to benefit from it.

Additionality, Coherence and Added Value

Firstly, in terms of added value, the new products developed by the EIB for taking higher risks, are additional to the products the EIB already provided. These new products are valued by the market, although sometimes perceived as still not risky enough.

Additionality is a key issue and linked in the Regulation to 'Special Activity' as per the EIB's governing documents. However, in some cases Special Activities are not perceived by the market as having a higher risk compared to what the commercial market can offer, albeit possibly at different conditions.

³ COSME is the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (SMEs). It runs from 2014 to 2020 with a planned budget of €2.3 billion.

⁴ 'InnovFin - EU Finance for Innovators' is a joint initiative launched by the European Investment Bank Group (EIB and EIF) in cooperation with the European Commission under Horizon 2020.

Respondents to surveys and interviews, especially those from NPBs, indicated that some of the financed projects could have been financed without EFSI support, meaning that these investments could be interpreted as not being fully additional. For other projects the investment could not have been made to the same extent as with EFSI support. Overall, the fact that the promoters decided on EFSI financing suggests that the alternatives did not provide the financing to the same extent, conditions or in the same time frame. Some beneficiaries indicated that EFSI is attractive as it is cheaper compared to other investors, and support has a longer tenor than alternative support instruments.

The project applications submitted to the EFSI Investment Committee for support under the IIW revealed a growing substantiating description of the additionality aspect. However the market (in particular NPBs and beneficiaries) is still in doubt whether additionality is always met. Overall, there is a need to better clarify/define the concept of additionality, which is understood differently by the various internal and external stakeholders.

Concerning the Special Activities of the EIB, there is a risk that Special Activities identified by the EIB are channelled to EFSI rather than other existing instruments. In particular, this holds true for the complementarity with the debt instrument under the Connecting Europe Facility, targeting the same type of projects that could be financed by EFSI under the IIW, as well as for certain instruments managed by the EIB under Horizon2020. There is a high complementarity with COSME and InnovFin under the SMEW, as EFSI enables to finance these funds upfront to respond to the market needs. There is a wish to better combine the European Structural and Investment Funds and EFSI. Besides the regulatory constraints to do so, the main constraint for this seems to be the competition between the two financing initiatives, especially in the Cohesion countries.

In terms of added value, the projects are scored by EIB on different criteria, such as contribution to the EFSI objectives, additionality, economic and technical viability of the projects and maximisation of private investment. However, there seems to be no clear definition on a minimum threshold per criterion, nor a weighting.

The EU Guarantee

The EU Guarantee was used for the upfront financing of SMEs and Midcaps under COSME and InnovFin and was relevant as there was a high demand for the products offered under those initiatives. For the IIW, the Guarantee is used as a first loss piece for the supported operations, allowing the EIB to take on higher risk. In this sense, the guarantee proved to be relevant.

Despite the recent start and objectives set at the end of the 3-year period, the EU Guarantee proved adequate to cover investments done by the EIB and EIF under EFSI. However, there was an unequal take up under the two windows, and recently this is addressed by a shift of Guarantee resources from the IIW to the SMEW.

As mentioned before, the market conditions have not changed and stakeholders indicate that the demand for risk financing is likely to remain the same or increase. Hence, the EU Guarantee supporting investments under EFSI still responds to the identified needs.

The European Investment Advisory Hub (EIAH)

Relevance and Effectiveness

The EIAH was set up in September 2015. Its governance structure is in place and it started working on developing the activities relating to its mission as indicated in the Regulation. There is a high need for technical assistance support and it is expected by stakeholders that this need will grow in the coming years. In terms of its mandate to provide a single point of entry for technical assistance for authorities and project promoters, the EIAH website acts as a good access point, but the EIAH is also reached through existing contacts within the EIB and the EC.

In terms of effectiveness and the type of support provided to the users of the EIAH services so far, it is clear that due to the short time the EIAH exists, not all expected services are fully developed and promoted yet. The services include the provision of basic information, signposting of requests to other services, assistance in the structuring of projects to improve access to financing, project preparation and implementation and management of Financial Instruments.

To date, the capacity of the EIAH itself is not yet sufficient to provide for the full support mentioned in its mandate, but the EIAH directs the promoters to the right services provided by the EIB or other service providers. It is becoming clear that there is a need for tailor made services also within the Member States

and this will add to the workload and complexity of the EIAH. A complicating factor for this is that NPBs do not always have the capacity to provide such services and, in case they have this capacity, there might be administrative issues in terms of contracting for delivering these services under the EIAH umbrella.

The requests for EIAH support are most frequent in Energy, Transport and Urban regeneration, which is in line with the mandate given by the EFSI Regulation. The geographical spread of the services covers 27 Member States. However, it is becoming evident that there is a need for more local support in countries with less capacity, for which the EIAH may need to develop local capacity and/or to develop partnerships with NPBs/local service providers. Some NPBs are uncertain on the scope and nature of the future cooperation between the NPBs and the EIAH (a perception that is in common with EFSI investment platforms), meaning that there is still room for clarifying and improving the cooperation between the NPBs and the EIAH.

Efficiency

The EIAH is in a ramp up phase and therefore the budget has not been fully allocated so far, although higher absorption is expected in the forthcoming years. No issues have been identified as concerns the governance model, but as noted, there is a need to accommodate evolving demands on the model for provision of services (notably availability of advisory support at local level). The awareness on the services provided by the EIAH is still relatively limited.

Added value and complementarity

There is a growing awareness of the high need for tailor made support, in which the EIAH could improve. There is a clear need for the advisory services offered by the EIAH. In terms of complementarity, there are services provided by others, such as private sector consultants, trade and commercial associations, NPBs, EC funded technical assistance services, etc. It is therefore important that the EIAH continues to exercise care in avoiding crowding out of the private sector and to ensure complementarity of its services.

Conclusions

EFSI

- ▶ EFSI allows the EIB to increase its risk bearing capacity, which is relevant in the current market and prevailing investment gaps in Europe, where risk averseness is the main issue, while there is ample liquidity.
- ▶ While the design of EFSI was and remains relevant, concerns are expressed regarding additionality, possible crowding out and suitability of the EFSI support for the different countries in Europe.
- ▶ While sector coverage is generally not seen as an issue by the stakeholders consulted, there is a serious concern on the geographical spread. The EU13 receive significantly less support than the EU15. There are indications that this is due to the limited capacity for project development in these countries, their lack of experience with PPP, the competition with ESIF, the size of the markets and projects.
- ▶ There are indications that there is a need for financing of projects of a smaller size as opposed to large projects under the IIR.
- ▶ In terms of uptake, COSME and InnovFin gave a boost to the SMEW, while the uptake of IIR showed a relatively slower start. In terms of approvals, EFSI reached its target in its first year, however signatures and disbursements lag behind.
- ▶ Stakeholders indicated that there is competition with other EU funds such as certain financial instruments under CEF and H2020 or financial instruments and grants under ESIF.
- ▶ Based on the expected multiplier, the target multiplier is almost reached on the current portfolio. There is no target set for the maximization of private capital under the EFSI Regulation.
- ▶ Contribution to growth and jobs is currently insufficiently measured and monitored, while these are key ultimate objectives for the longer term.
- ▶ In general, further communication on EFSI among stakeholders seems to be needed to raise further awareness. More information is needed e.g. on the cooperation with NPBs/NPIs and the set-up of investment platforms and the role of the EIB in this respect.

EU Guarantee

- ▶ The guarantee proved to be relevant in terms of enabling EIB to provide targeted high risk financing, both under the IIW and the SMEW.
- ▶ Procedures on the decision of application of the EU guarantee and minimum thresholds could be made clearer.
- ▶ The EU guarantee allowed for upfront financing under COSME and InnovFin, guaranteeing continuation in financing.
- ▶ The targeted provisioning of 50% at the outset seems to be cautious and prudent to cover potential losses on the existing portfolio. It is important to closely monitor the investment strategy of the resources held in the Guarantee Fund going forward.

EIAH

- ▶ EIAH's mandate is relevant as there is a clear need for technical assistance, knowledge sharing and information.
- ▶ As EIAH is on its ramp-up phase, it is too early to draw conclusions on the effectiveness.
- ▶ EIAH currently has limited capacity and works in a centralised manner. There is an acknowledged need for larger cooperation with national services (authorities, NPBs). However there are issues relating to the capacity of providing advisory services at national level by local entities and to the administrative arrangements to be agreed for the provision of such services under the EIAH umbrella.
- ▶ The services are not yet widespread known and beneficiaries expressed mixed views on the services provided in the ramp-up period.

Recommendations

EFSI

It is recommended to:

- ▶ Further investigate the specific needs and market gaps in countries that make less use of EFSI support and their ability for absorption of EFSI, in order to better address the needs of those countries
- ▶ Establish clear selection criteria that guarantee the additionality of the EFSI operations financed to complement the Special Activity selection criteria.
- ▶ In view of the need to better address financing of smaller projects, attention should be paid to offering better solutions for smaller projects under the IIW.
- ▶ Continue the development of new tailor made products for higher risk financing.
- ▶ Closely review the procedures and to investigate where these can be optimised. Close monitoring is recommended.
- ▶ Identify further relevant indicators and establish monitoring procedures to reveal information on the contribution of EFSI to these objectives.
- ▶ Further develop and facilitate complementarity and synergy, and avoid overlaps, with other financing sources.
- ▶ Further raise awareness on EFSI.

EU Guarantee

It is recommended to:

- ▶ Better weigh the different assessment criteria in the scoreboard and to set minimum thresholds for each of the four criteria according to their importance.
- ▶ Clearly monitor the division of the EU Guarantee budget between the IIW and the SMEW. A further shift of budget to SMEW, in addition to the recent budget allocation which was decided by the EFSI Steering Board, may be needed if the SMEW continues to evolve at its current pace.
- ▶ Further increase the support to high risk project financing.
- ▶ Closely follow up on the future evolution of risk on the EFSI portfolio.

EIAH

It is recommended to:

- ▶ Increase communication and raise awareness on potential services.
- ▶ Increase the capacity of the EIAH and strengthen links with other, local, service providers.
- ▶ Establish a formal feedback procedure.

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1 Introduction and methodology

In this report we present the findings of the ad hoc audit ('evaluation') of the application of the Regulation 2015/2017 ('EFSI Regulation')⁵ covering the time period until 30 June 2016. This evaluation has been conducted in the time frame from 23 September 2016 (signature of the contract) until 14 November 2016. Data collection took place in the period 3 October - 3 November 2016. In this Chapter we present the purpose, the methodology, the limitations of this study and the Investment Plan for Europe, the European Fund for Strategic Investments (hereafter 'EFSI') and European Investment Advisory Hub (hereafter 'EIAH').

1.1 Purpose

An independent evaluation of the application of the EFSI Regulation is required by the Article 18(6) of the Regulation. A stocktake of the Investment Plan for Europe was published by the Commission on 1 June 2016 (COM(2016) 359 final). The stocktake found that the Investment Plan has already started to deliver tangible results. As a consequence, the Commission indicated its intention to extend the duration of the EFSI. An extension of EFSI and the associated legislative process will be informed by the completion of this evaluation.

The overall goal of the current evaluation is to assess the application of the EFSI Regulation by assessing the functioning of the EFSI, the use of the EU guarantee and the functioning of the EIAH.

The main goals of the evaluation are to:

1. **Assess the relevance of the EFSI and EIAH in achieving the objectives of the initiative;**
2. **Assess the effectiveness of the EFSI and EIAH in achieving the objectives of the initiative;**
3. **Assess the efficiency of the EFSI and EIAH in achieving the objectives of the initiative;**
4. **Assess the coherence, additionality, and added value of the EFSI intervention and the added value and complementarity of EIAH;**
5. **Assess the use of the EU Guarantee in terms of relevance, effectiveness and efficiency;**
6. **Draw lessons from the implementation of the EFSI and EIAH since its establishment until the time of the evaluation.**

The conclusions of the evaluation will serve to inform about the relevance, value added, additionality, efficiency and effectiveness of the functioning of the EFSI, the use of the EU Guarantee and the EIAH, which will enable the Commission to assess if the EFSI and the EIAH are achieving their objectives and whether the maintenance of the investment scheme is appropriate and will help to inform the legislative proposal presented by the Commission in September on the extension of EFSI.⁶

⁵ REGULATION (EU) 2015/1017 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 – the European Fund for Strategic Investments.

⁶ Proposal for a Regulation of The European Parliament and of the Council amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub.

1.2 Scope of the evaluation

The scope of the evaluation covers the following:

- ▶ Evaluated programme:
 - Application of the Regulation 2015/2017 (EFSI Regulation).
- ▶ The scope of the evaluation does not cover the European Investment Project Portal (EIPP) which was launched by the Commission on 1 June 2016 and it was not deemed appropriate by the Commission to evaluate its performance given the extremely limited 'live time' as of the cut-off date for this evaluation, i.e. 30 June 2016. As of this date, 88 projects were published on the Portal.
- ▶ Cut-off date: 30 June 2016. However, where relevant we present some trends after 30 June 2016, although this is out of scope of the evaluation.
- ▶ Eligible area: The 28 Member States of the European Union (EU-28) and projects extending to specific non Member States as per Article 8 of the EFSI Regulation (the latter have not yet been addressed by EFSI).
- ▶ Steering Group: Directorate-General ECFIN, Secretariat General, Directorate General BUDG. EIB and EIF as observers.

1.3 Evaluation questions

The Tender Specifications indicate the evaluation questions to be answered in order to formulate appropriate recommendations and draw conclusions. In particular, an assessment will need to be made on the following aspects:

1. Assess the **functioning of the EFSI** by analysing:
 - Relevance, defined as the extent to which the EFSI has addressed the investment gaps and the market needs initially identified (in terms of size and sectorial coverage), as well as the extent to which the design of EFSI has responded to the needs of the stakeholders and the extent to which the NPBs and the Investment Platforms have supported the achievement of the EFSI objectives.
 - Effectiveness, defined as the extent to which the EFSI has been on track to mobilising €315 billion of total investments by 4 July 2018 and increasing access to financing, as well as the extent to which EFSI has increased access to financing and mobilised private capital and how likely the expected results of the EFSI are to be achieved within the set timeframe.
 - Efficiency, defined as the extent to which the funds provided to EFSI (EU Guarantee and the EIB Group resources) are sufficient to achieve EFSI objectives and the extent to which the EFSI Governance structure is contributing to the EFSI implementation in an efficient and effective way; furthermore, the extent to which EFSI communication methods are being efficiently used to engage promoters.
 - Additionality, defined as the extent to which the support by EFSI addresses market failures or sub-optimal investment situations through supporting investments which could otherwise not have been carried out to the same extent by the EIB or EIF or under existing financial instruments of the Union without EFSI support.
 - Coherence, defined as the extent to which the EFSI is complementary and coherent with other related activities.
 - Added value, defined as the extent to which the EU adds value and by which means this can be maximised.

2. Assess the use of the EU Guarantee by analysing:

- Relevance, defined as the extent to which the EU Guarantee has been used to support EFSI operations and to achieve the EFSI policy objectives.
- Effectiveness, defined as the extent to which the EU Guarantee has fulfilled the identified needs.
- Efficiency, defined as the extent to which the EU budget resources available for the EU Guarantee will be sufficient to meet future exposures to be covered.

3. Assess the use of the EIAH by analysing:

- Relevance, defined as the extent to which the EIAH has fulfilled its mission listed in Art 14 of the EFSI Regulation within the time-scale of the evaluated period, the relevance of its activities corresponding to its mandate and the compliance of the level of peer-to-peer & knowledge exchange and sharing with its mandate.
- Effectiveness, defined as the extent to which the EIAH has been using the expertise of its related parties (EIB, EC, national promotional banks or institutions, and the European Structural and Investment Funds) to achieve its objective, as well as the extent to which the cooperation between EIAH and other providers of similar services has been effective.
- Added value, defined as the extent to which the EIAH support has provided added value.
- Complementarity, defined as the extent to which the EIAH support has proven to be complementary to other existing services.
- Efficiency, defined as the extent to which the funds provided to the EIAH have been sufficient and optimally used, the extent to which the EIAH governance model is efficient in meeting the EIAH objectives and the extent to which the EIAH communication methods have been efficiently used to promote the EIAH services to public and private project promoters. Furthermore, the EIAH support is also analysed on which sectors it is supporting most efficiently and which challenges are in place for making EIAH effective across all eligible sectors and areas.

Furthermore, the evaluation should identify the advantages and disadvantages of the EFSI Regulation in its current form, as well as the extent to which the level of market uptake of the initiative is satisfactory versus the predicted levels. Based on the above comparison and analysis, recommendations should be formulated on the appropriate changes to improve the overall EFSI implementation, and to optimize EIAH's technical assistance support.

The evaluation of the European Investment Project Portal (EIPP) is not included in the scope of this evaluation for the reasons mentioned above. The third pillar of the Investment Plan for Europe (IPE) is not addressed by the EFSI Regulation and is therefore outside the scope of this evaluation.

1.4 The Methodology

The evaluation is based on a criteria judgement grid, specifying the indicators and sources per evaluation question. This grid has been discussed and agreed upon with the members of the steering group and formed the basis for the formulation of the topic lists for interviews, the questionnaires for the different surveys (see Annex 1 and 2) and the structuring of the data from the desk research. The topic lists for the interviews and the questionnaires for the surveys were discussed and approved by the steering group before launching them.

During the inception meeting the main focus of the evaluation has been discussed. As the EIB's evaluation⁷ and an evaluation performed by the EC⁸ were already available, this evaluation concentrated on those questions which were addressed to a lesser extent by the previous evaluations, while critically reviewing the findings of the evaluations already finalised. Hence, main attention in data collection has been paid to the relevance of EFSI, the geographical and sectoral spread, the extent to which EFSI and EIAH serve weaker geographical areas and whether certain areas and sectors are more difficult to reach. Furthermore, the satisfaction with the EIAH support is an important element to be addressed by the evaluation.

Data collection was organised as follows:

- ▶ Desk research: Analysis of relevant documentation and available monitoring - and project data;
- ▶ Interviews with:
 - EC: 3 (group) interviews;
 - EIB: 1 group interview;
 - EIF: 1 group interview;
 - EIAH: 1 group interview;
 - Investment Committee: one group interview with the Investment Committee;
 - NPBs: 1 group interview covering different countries, 3 group interviews, 1 individual interview.
- ▶ Online surveys:
 - Survey among NPBs, directly approached by the evaluators through an e-survey;
 - Survey among EIAH beneficiaries, a link to the survey was sent out by the EIAH ;
 - Survey among beneficiaries of the Infrastructure and Innovation Window (IIW), a link to the survey was sent out by the EIB;
 - Survey among financial intermediaries, a link to the survey was sent out by the EIB ;
 - Survey among financial intermediaries involved in the SME Window (SMEW), a link to the survey was sent out by the EIF to a pre-agreed selection of 16 financial intermediaries involved in the SMEW.

The responses to the survey were as follows:

⁷ The EIB's Operations Evaluation Division, part of the Inspectorate General, carried the EIB's evaluation of EFSI. This Division has an independent line of reporting to the EIB directors.

⁸ EC internal evaluation, SWD(2016) 297 final/2, Brussels 22/09/2016

Responses to the surveys

Survey	Size panel (number of people to whom the email invitation was sent)	Complete responses	Geographical coverage of the projects of the respondents
Survey NPBs	45 (4 of which bounced back)	9	Croatia, Lithuania, Belgium, EU as a whole, Hungary, Ireland, Italy, Czech Republic, Poland, France, Austria, Germany
Survey EIAH beneficiaries	35	14	Czech Republic, Germany, Cyprus, Latvia, Austria, Slovakia, Belgium, Spain, Finland, Romania, Ukraine, Moldova, Serbia, Slovenia, Bulgaria, Croatia, Hungary, France
Survey final beneficiaries - Infrastructure and innovation window	27	18	Italy, United Kingdom, Germany, Spain, Finland, France, Greece, Sweden, Slovakia, Netherlands, EU as a whole, Ireland, Belgium, Austria
Survey financial intermediaries - IIW	13 (1 bounced back)	10	France, Spain, Germany, Belgium, Luxembourg, United Kingdom, Portugal, EU as a whole, Denmark, Sweden
Survey financial intermediaries - SME window	16	14	Italy, Spain, Czech Republic, France, Poland, Sweden, Belgium, Hungary

1.5 Limitations of the evaluation

A robust evaluation requires thorough data collection and analysis. The relatively short timeline for this evaluation did not allow for an extensive consultation of all relevant stakeholders, such as financial institutions, the management of similar instruments and potential beneficiaries. Therefore, our analysis of the market and context developments, relevant for the assessment of the need and future uptake of EFSI and the answers to the evaluation questions, is not necessarily exhaustive. Therefore, some caution is needed in the interpretation of the evaluation outcomes. However, the combination of desk research, interviews and the responses to the survey provide relevant information on the evaluations questions, especially in those cases where the data could be triangulated.

Additionally, as indicated in the Tender Specifications, both the EFSI and the EIAH are relatively new initiatives that started only in 2015 (EIAH in September 2015). Therefore, the evaluation is performed based on the data available so far and takes into account the results to the extent they are realised so far.

Due to the recent start of EFSI, it is too early to form a view on the effectiveness of the initiative in reaching the ultimate policy objectives, such as the extent to which EFSI provides added value to the economy, the environment and the society, the contribution to reducing unemployment levels and boosting economic growth. Effectiveness in terms of commitments and disbursements, however, can be assessed. For the activities of EIAH, which was only set up late 2015, it is rather early to evaluate the efficiency and effectiveness. Assessment of effectiveness of the investment platforms is not feasible, as there were no investment platforms set up before the cut-off date.

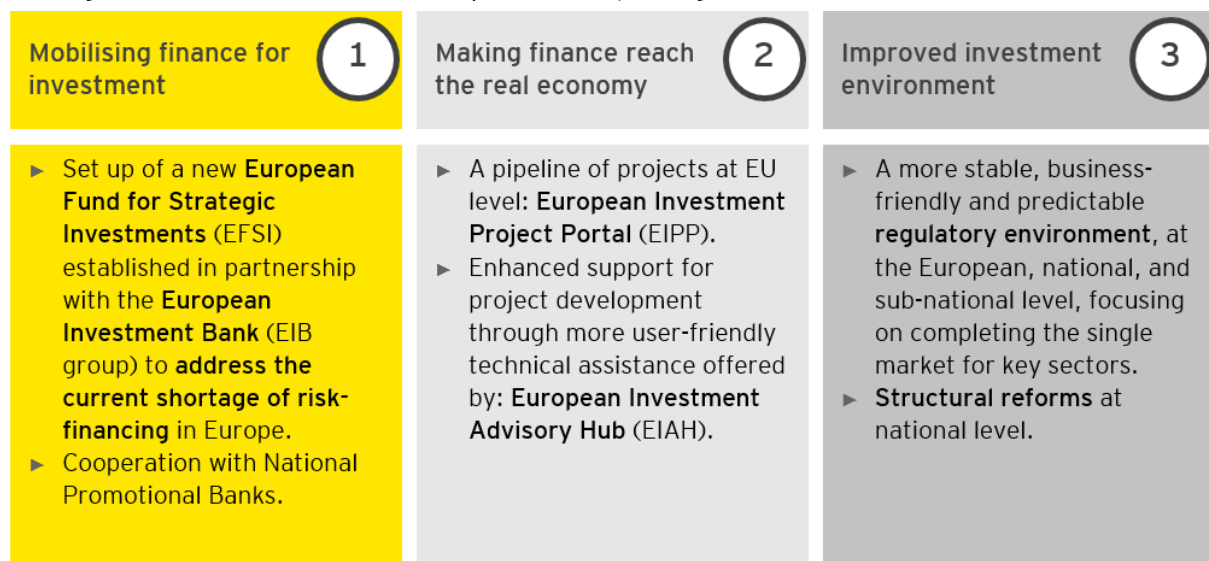
1.6 Intervention logic: the Investment Plan for Europe, the EFSI and the EIAH

The policy context: the Investment Plan for Europe

The Investment Plan for Europe (IPE) is a EU wide initiative and one of the Commission's priorities aimed at both facilitating and stimulating financing of strategic projects in the European Union and support SME and small mid-cap companies access to finance and was presented in November 2014. The Investment Plan for Europe focuses on removing obstacles to investment, providing visibility and technical assistance to investment projects and making smarter use of new and existing financial resources. The IPE's ultimate objective is to restore growth and confidence and decrease unemployment to put Europe on the path of economic recovery.

The IPE is a response to the global economic and financial crisis, which has weakened Europe's global competitiveness and decreased confidence and growth. Consequently, essential investments have been postponed or put on hold, resulting in a 15% decrease in investments compared to the pre-crisis level in 2007. Although liquidity has been available, many economically viable projects are failing to secure funding/financing due to low confidence, risk-averse investors and other financial and non-financial barriers. To address this market failure and to put Europe on the path of economic recovery, [the Investment Plan for]Europe is expected to bridge the investment gap by boosting essential investments in infrastructure, innovation and SMEs and mid-caps.

The IPE is addressing the economic issues in three ways: (i) mobilising finance for investment (ii) making finance reach the real economy and (iii) improving the investment environment.



→ **Aim: Mobilising at least EUR 315 billion in investments across the EU**

The first pillar, with the foundation of the European Fund for Strategic Investments, enables the EC - in partnership with the European Investment Bank Group (EIB Group) - to address market failures in risk-taking, and in view of the current shortage of risk-financing which is holding back investments, to mobilise finance for investments. Member States have also been invited to contribute. Cooperation with other financial institutions such as National Promotional Banks (NPBs) or National Promotional Institutions (NPIs) would be important to reach EFSI's objectives.

Through the second pillar, the European Investment Advisory Hub and the European Investment Project Portal support investments to make money reach the real economy. The EIAH is a joint initiative by the Commission and the EIB to provide enhanced support for project development to project promoters by means of the provision of technical and advisory assistance. The EIPP has been established to offer EU based private and public project promoters a convenient way to boost the visibility of their investment projects.

Through the third pillar, the Commission aims at lowering or removing investment barriers and to create an investment-friendly environment, through actions at both the EU and Member State levels. The regulatory environment should thus become more stable, business-friendly and predictable at a European, national and sub-national level and focus on completing the single market for key sectors. This pillar is outside the EFSI Regulation and thus out of the scope of this ad hoc audit.

The European Fund for Strategic Investments (EFSI)

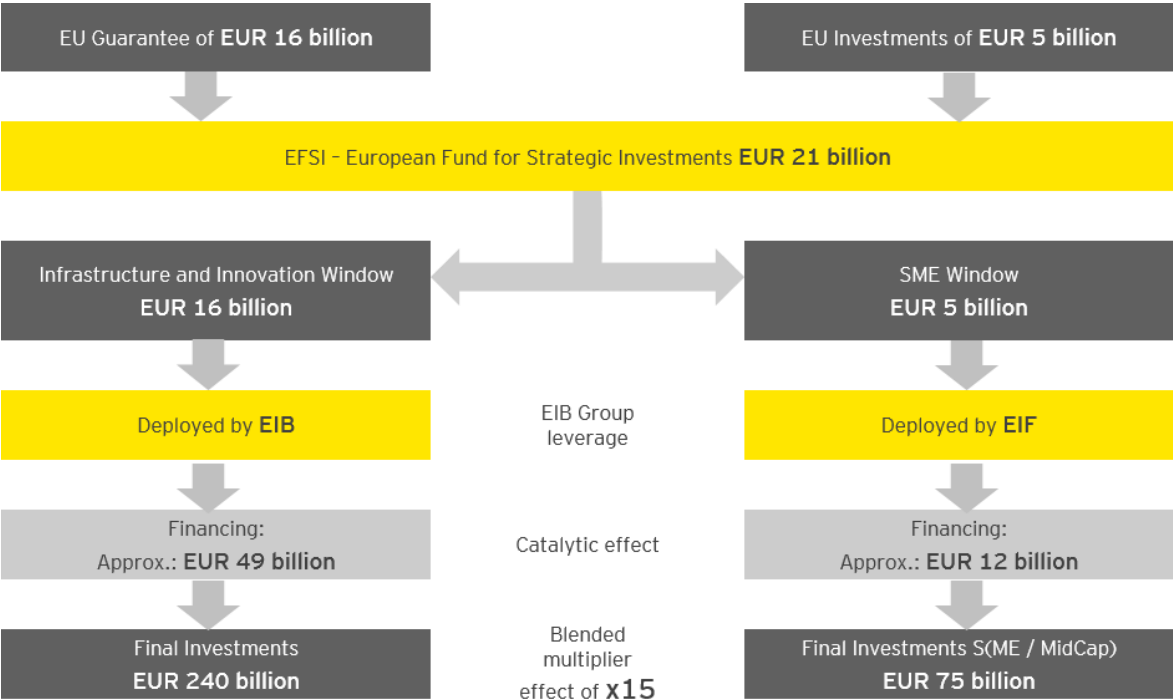
The Investment Plan for Europe (IPE) was designed to address uncertainty surrounding private and public investments and to reduce the investment gaps. The IPE goal is to boost competitiveness and support economic recovery. The EFSI, as the first pillar of the IPE, contributes to this goal as it is designed to unlock and mobilise public and private investments in the real economy of at least € 315 billion over three years (i.e. by mid-2018).

The purpose of EFSI is to help resolve difficulties to financing and to implement strategic, transformative and productive investments that provide a high level of added value to the economy, the environment and the society, aiming at reducing unemployment levels and boosting economic growth (in line with EU policy). Moreover, EFSI should improve access to financing and ameliorate competitiveness of enterprises, focused at (but not limited to) Small and Medium sized Enterprises (SMEs) and small mid-cap companies which employ not more than 3000 people.

For this purpose, the Commission and the EIB Group have set aside € 21 billion (€16 billion guarantee from the EU budget and €5 billion contribution by EIB), to support investments and increase access to finance for SMEs and mid-cap companies. Hence, EFSI is not a Fund, but an initiative based on a EU budget guarantee provided to the EIB Group, and on a capital contribution from the EIB. €16 billion of the EFSI support was dedicated to EIB operations under the Infrastructure and Innovation Window, which are operations aiming at financing investments in a number of sectors identified in the EFSI Regulation, whereas €5 billion of the EFSI support was dedicated to operations under the SME Window, implemented by EIF and aimed at increasing and facilitating the access to finance for small and medium enterprises and mid-caps.

The €21 billion committed to the EFSI is expected to internally leverage up to €61 billion in additional EIB and EIF financing. Moreover, EFSI is expected to ‘crowd in’ public and private sector finance worth in total 15 times the initial EFSI resources, generating total investments in the Union of at least €315 billion within 2015-2018. A schematic representation of the plan is presented below:

EFSI support mechanism



The EFSI (€21 billion) is -and will- be provided as ‘additional’ financing, meaning market failures and sub-optimal investment situations are addressed to make investments more attractive to external investors by lowering the overall risk. EFSI is not a Fund, but an initiative based on a EU guarantee provided to the EIB Group and on a capital contribution from the EIB.

The EFSI focuses on projects within specific key sectors as per Article 9(2) of the EFSI Regulation: It should support investment in: transport, energy and digital infrastructure; education and training, health, research and development, information and communications technology and innovation; expansion of renewable energy and resource efficiency; environmental, urban and social projects; as well as support for smaller businesses and midcap companies. EFSI is a market-driven initiative and should ensure additionality. Moreover, EFSI targets technically and economically viable projects without any sectoral or regional pre-allocation, in particular to address high investment needs or market failures/sub-optimal investment situations.

Projects are eligible when they are economically and technically viable, provide additionality and are mature enough to be bankable. Additionality is defined in the Regulation as:

'The support by the EFSI of operations which address market failures or sub-optimal investment situations and which could not have been carried out in the period during which the EU guarantee can be used, or not to the same extent, by the EIB, the EIF or under existing Union financial instruments without EFSI support. Projects supported by the EFSI shall typically have a higher risk profile than projects supported by EIB normal operations and the EFSI portfolio shall have overall a higher risk profile than the portfolio of investments supported by the EIB under its normal investment policies before the entry into force of this Regulation.

The projects supported by the EFSI, while striving to create employment and sustainable growth, shall be considered to provide additionality if they carry a risk corresponding to EIB special activities, as defined in Article 16 of the EIB Statute and by the credit risk policy guidelines of the EIB.¹ (Article 5 of the Regulation)

To ensure the best fit with the specifics of individual projects, a wide range of financial products, including equity and quasi-equity participations, debt (standard loans, guarantees, counter-guarantees, de-linked financing etc.) are provided under EFSI, allowing it to adapt to market circumstances whilst catalysing private investments in projects to the maximum extent possible rather than being a substitute to the private investors. Via the EIF, the EFSI aims to address capital shortages, market failures and financial fragmentation experienced by SMEs and mid-cap companies, by providing loan guarantees and by means of direct and indirect equity injections.

In terms of governance, the potential investments are examined and evaluated by the Investment Committee, which is composed of a managing director (MD) and eight independent experts with experience in one or more key EFSI-related sectors. The normal EIB/EIF appraisal processes remain in place, but the Investment Committee decides on the application of the EU Guarantee on the basis of a four pillar examination (as presented in the Scoreboard, assessed per project):

1. Contribution to EFSI and EU policy objectives.
2. Quality and soundness of the project (including growth and employment).
3. Technical and financial contribution to the project.
4. Complementary indicators.

The European Investment Advisory Hub

The objective of the European Investment Advisory Hub (EIAH), part of the second pillar, is indicated in the EFSI Regulation (article 14): to build upon existing EIB and Commission advisory services in order to provide advisory support for the identification, preparation and development of investment projects and to act as a single technical advisory hub for project financing within the Union. Such support should include providing targeted support on the use of technical assistance for project structuring, on the use of innovative financial instruments and on the use of public-private partnerships and advice, as appropriate, on relevant issues relating to Union law, taking into account the specificities and needs of Member States with less-developed financial markets.

The EIAH should be able to provide technical assistance in the areas listed in Article 9(2)⁹, in particular energy efficiency, TEN-T and urban mobility. The EIAH should provide services in addition to those already available under other Union programmes, including:

- ▶ Providing a single point of entry for technical assistance for authorities and project promoters;
- ▶ Assisting project promoters, where appropriate, in developing their projects so that they fulfil the eligibility criteria set out in Article 6;
- ▶ Leveraging local knowledge to facilitate EFSI support across the Union;
- ▶ Providing a platform for peer-to-peer exchange and sharing of know-how regarding project development;
- ▶ Providing advice on the establishment of investment platforms.

⁹ This includes R&D, energy, transport infrastructure, SME and small mid-cap companies, information and communication technologies, environment and resource efficiency, human capital, culture and health.

EIAH services should be available for public and private project promoters, including national promotional banks or institutions and investment platforms or funds and regional and local public entities. In order to achieve the objective, the EIAH should seek to use the expertise of the EIB, the Commission, national promotional banks or institutions, and the managing authorities of the European Structural and Investment Funds. In order to ensure broad coverage of services provided by the EIAH across the whole Union, the EIAH should cooperate where possible with providers of similar services at Union, regional, national or sub-national level.

Cooperation between, on the one hand, the EIAH and, on the other hand, a national promotional bank or institution or an institution or a managing authority, including those acting as a national advisor, having expertise relevant for the purposes of the EIAH, may take the form of a contractual partnership.

The Guarantee Fund and the EU Guarantee

The Guarantee Fund was established in order to cover the potential losses incurred by the EFSI guaranteed operations. The Guarantee Fund is constituted by a gradual payment from the general budget of the Union and must be maintained at a certain percentage of the total amount of EU guaranteed obligations. The EFSI Regulation foresees that, based on experience on the nature of investments to be supported by the EFSI, the level of resources in the Guarantee Fund should represent a ratio of 50 % of the total EU guaranteed obligations. The Guarantee Fund subsequently receives revenues from projects that benefit from the EU Guarantee under EFSI, returns on the Guarantee Fund resources invested in the financial markets, and also amounts recovered from defaulting debtors for which the Guarantee Fund has already honoured a guarantee call from the EIB.

The EU Guarantee is an irrevocable and unconditional guarantee to the EIB for financing and investment operations covered by this Regulation and by the EFSI Agreement. The EU Guarantee is to support, directly or indirectly, the financing of new operations. In the infrastructure field, greenfield investments (asset creation) should be encouraged. Brownfield investments (extension and modernisation of existing assets) may also be supported. As a rule, the EU guarantee shall not be granted for supporting refinancing operations (such as replacing existing loan agreements or other forms of financial support for projects which have already partially or fully materialised), except in exceptional and well-justified circumstances where it is demonstrated that such a transaction will enable a new investment of an amount at least equivalent to the amount of the transaction and that would fulfil the eligibility criteria and general objectives laid down in the Regulation.

The EU Guarantee shall support a wide range of products to allow the EFSI to adapt to market needs while encouraging private investment in projects, without crowding out private market finance. In this context, it is expected that the EIB will provide finance under the EFSI with a view to reach an overall initial target of at least € 315 billion of public or private investment.

The eligible products include loans, guarantees /counter-guarantees, mezzanine and subordinated finance, capital market instruments including credit enhancement, and equity or quasi-equity participations, including through national promotional banks or institutions, investment platforms or funds. In this context, in order to allow a broad range of investors to invest in EFSI supported projects, the EIB shall be allowed to structure appropriate portfolios. National promotional banks or institutions and investment platforms or funds shall be eligible for coverage by an EIB guarantee provided as a counter-guarantee of the EU guarantee.

The governance structure of EFSI is composed of:

- (a) a steering board, which, for the purpose of the use of the EU guarantee, is to determine, in conformity with the general objectives of EFSI, the strategic orientation of the EFSI, its operating policies and procedures, the rules applicable to operations with Investment Platforms and NPBs/NPIs, and the risk profile of EFSI;
- (b) a managing director, who is responsible for the day- to-day management of the EFSI and the preparation and chairing of meetings of the Investment Committee;
- (c) an Investment Committee which is responsible for examining potential projects in line with the EFSI investment policies and for approving the support of the EU guarantee for EIB operations and operations with investment platforms and NPBs/NPIs.

The Commission proposal for amending Regulation (EU) 2015/1017 or EFSI 2.0

Although outside the scope of the evaluation, we present the proposal for amendment of the Regulation as a context factor. In September 2016, the Commission proposed the extension of the European Fund for Strategic Investments (EFSI) until 31 December 2020 with a view to reach a target of at least €500 billion in private and public investment, the scaling-up of the SMEW within the existing framework and the enhancement of the European Investment Advisory Hub (EIAH), in order to maintain the efforts to bring investment back to its long term sustainable trend.

This proposal states that the extended EFSI should address remaining market failures and sub-optimal investment situations and continue to mobilise private sector financing crucial for Europe's future growth. It also places importance on additionality which should be strengthened in the selection of projects.

The Commission proposes a number of amendments concerning the EU Guarantee, such as to increase it from €16 billion up to € 26 billion. It is expected that when the EU guarantee is combined with the € 7,5 billion provided by the EIB, the EFSI support will generate at least half a trillion euros of new investment by 2020. Besides, it is proposed that the provisioning of the Guarantee Fund is brought to 35% of the total EU guarantee obligations by 2020, ensuring an adequate level of protection.

The proposal highlights that SME financing under the EFSI should be enhanced, in particular for social enterprises, including through the development and deployment of new instruments.

Additionally, the transparency should be improved. Consequently, the Investment Committee should explain the reasons why an operation should be supported by the EU guarantee, with particular focus on compliance with additionality criterion. Moreover, the scoreboard of indicators is proposed to become public after the signature of an operation supported by the EU guarantee.

Finally, the EC proposed that the EIAH be enhanced, in particular in supporting further objectives, such as the preparation of projects involving two or more Member States and projects that contribute to reaching the objectives of COP21¹⁰. The EIAH should also contribute actively to the objective of sectorial and geographical diversification of the EFSI, support the EIB where needed in originating projects and should be enhanced to bring its services closer to the final beneficiaries and provide advisory support at local level. It should also contribute to the establishment of investment platforms.

¹⁰ Paris Climate Conference

2 Answers to the evaluation questions

2.1 The European Fund for Strategic Investments

2.1.1 Relevance

To what extent has the EFSI addressed the investment gaps and the market needs identified initially (in terms of size and sector and geographical coverage)?

This question approaches the relevance of the EFSI initiative on broad aspects. In order to address the question in a structured way, we sub-divide it in 3 sections. The first section covers the investments gaps and market needs, followed by a section on the size and a last section on the geographical and sectorial coverage.

Investment gaps and market needs.

In December 2014, a study was conducted by the Special Task Force (Member States, Commission and EIB) on Investment in the EU with the aim of highlighting if there were sufficient relevant projects to finance in Europe. This study brought attention on a Europe affected by the global financial crisis of 2008 in terms of global competitiveness, confidence and growth. The pace of economic recovery remained low and mostly due to the insufficiency of investment. As a matter of fact, the tightness in human and physical capital investment jeopardised future competitiveness, growth and employment and placed EU behind other leading economies worldwide.

In spite of that, the study pointed out that potential for investment subsisted and ranged up to €1,3 trillion, out of which € 500 billion was reachable over the coming three years (i.e. from 2015 to 2017). However, the main blocking challenge stood in the investment climate which was impeded by macroeconomic uncertainty, structural reforms' insufficiencies, regulatory constraints and unavailability of adequate funding.

In January 2016, the EIB team conducted a study on EU competitiveness.¹¹ The report accentuated the high importance of mobilising efforts to create an environment more conducive to private investment.

Furthermore, the [EIB] study stated that the EU's recovery remains slow due to an EU's productivity growth weaker than the US's one, the misallocation of investment and many structural weaknesses. Indeed, Investment gaps and market needs still persist in Europe. Gaps to invest in R&D, energy, ICT, education, industry, transport & logistics and water & waste are estimated at an annual € 655 billion¹².

Besides, investment in R&D and new technologies in advanced European countries remains depressed and behind the US and Japan. This is critical because the EU has to defend a competitive position in salient sectors like life sciences, semiconductors and software.

Moreover, young innovative firms and SMEs lack access to finance for innovation. In the Euro area, 28% of SMEs faces challenges to get access to finance. The explanation is twofold. On one side, as EU SMEs are strongly dependent on bank financing the ability of banks to take on risk is reduced in a post-crisis environment, due to rising non-performing loan ratios and the trying-up of the securitisation market. On the other side, SMEs have difficulties in accessing capital markets due to underdeveloped market structures.

Another critical point underlined in the study is the underinvestment. It persists for many years and has led to obsolete infrastructure assets on one side and on the other side a lack of state-of-the-art facilities required to meet the high demands of the future in terms of energy, mobility, logistics, digital services and environmental concern.

¹¹ EIB: Restoring EU competitiveness, 2016

¹² EIB: Restoring EU competitiveness, 2016

To conclude, the study states most of the highlighted investments needs have to be translated into concrete investment projects and most of those projects will have to come from the private sector. To catalyse private investment and make optimal use of it, it is fundamental to ensure efficiency, competition and further integration of Europe's internal market via structural reforms, public investment policy focused on market inefficiencies, advice on project preparation and technical expertise and public support for higher-risk investment.

In this economical context of 2014, the Investment Plan for Europe has been created to address the identified challenges with the ultimate objective of removing obstacles to investment, providing visibility and technical assistance to investment projects and making smarter use of new and existing financial resources¹³. The EFSI has been established to be part of the IPE and contributes to this objective as it is designed to unlock and mobilise public and private investments in the real economy of at least € 315 billion over three years. Based on the study conducted in 2016, the investment gaps and needs still remain.

The EFSI Regulation presents the EFSI initiative as *'a comprehensive action required to reverse the vicious circle created by a lack of investment and by increasing disparities between regions, and to reinforce confidence in the Union economy, while incentives for creating an investment-inducing environment in Member States could boost economic recovery. (...) A European fund for strategic investments (EFSI), strengthened by Member State contributions, must be a complement to an overall strategy to improve Union competitiveness and attract investment.'*¹⁴

The EFSI's financial structure combines a EU Guarantee provided by the European Commission of maximum € 16 billion split between two 'windows': up to €13,5 billion for the Infrastructure and Innovation Window and up to €2,5 billion for the SME Window, and a contribution of €5 billion provided by the EIB split equally between the two windows. Regarding this split, after one year's implementation (30 June 2016), we observe a strong uptake of EFSI support under the SMEW portfolio confirmed also by the decision of the Steering Board in July 2016 to transfer €500 million from the IIW to the SMEW (as already foreseen by the EFSI Regulation).

Our interviews with representatives of the EIB and the Investment Committee confirmed that Europe has been facing an underdeveloped capital market in which investment levels are too low, amounting to a shortage of circa €600 billion of investments per year¹⁵. The interviewees confirmed the analysis that liquidity is not so much the constraint, whereas the absence of risk taking with banks, the public sector and the private sector is the fundamental issue. This is the issue the Union wants to address. The transmission mechanism to the real economy is distorted due to a too low risk taking capacity. Policy makers wanted the EIB to take more risk while maintaining its AAA credit rating. Therefore EFSI has been designed to allow the EIB to increase the availability of high risk financing to eligible projects without endangering its AAA credit rating.

As of 30 June 2016, interviewees (EIB and EIF) confirm, backed by a new study¹⁶ on the existence of market gaps in the Union, that the market gaps are still significantly influencing risk taking behaviour amongst investors. NPBs also indicate that there is a need for risk financing for the SME sector. Both NPBs and intermediaries, do not identify changes in the market needs since the inception of the EFSI in 2015. Concerning future needs, beneficiaries expect that the future funding needs for risky projects (that will not be fully financed by commercial banks) will increase (9 respondents) or remain the same (6 respondents). Only one respondent expects decrease in those needs. The expectations of the financial intermediaries (both windows) and NPBs are very similar, i.e. overall the funding needs for risky projects are expected to increase, or remain the same.

¹³ https://ec.europa.eu/priorities/jobs-growth-and-investment/investment-plan_en

¹⁴ EFSI Regulation (EU) 2015/1017

¹⁵ Investment and Investment Finance in Europe, Economics Department of EIB, 2015

¹⁶ Presentation Does Higher Public Investment lead to more growth, Debora Revoltella, October 2016

The study of the Centre for European Policy Studies (2016)¹⁷ confirms the gaps. It is stated that: 'Limited cross-sectional risk sharing in Europe is a potential source of financial instability and a primary cause of the growing funding gap for companies at an early stage of development, when they need prompt liquidity injections that are rarely offered by traditional banking tools, and for mid-sized companies that are looking for market (equity or debt) funding opportunities to expand their business activity.' (p. 171) It furthermore indicates that there is currently a big funding gap between the US and the European industry. In the period 2010-14, US private equity and venture capital funds invested on average €119 billion per year, compared to €37 billion in Europe. After the financial crisis, volumes have picked up, but they are not at pre-crisis level. Most notably, 35% of funds come from non-European investors, which shows how the market is still in the phase of creating stable pan-European funding for private equity and venture capital. This is also true if we consider that private equity and venture capital is only developed in a few European countries, with a lot of cross-country differences.' (p.123)¹⁸

A study performed in 2015 by several Universities¹⁹ also confirms the existence of financing gaps in the EU and compared those gaps to those of the USA for the SME sector specifically. In the following table the main findings of this study are presented.

Table Spread of the Financing Gap (as % of GDP) in 2013

	France	Germany	Netherlands	Poland	Romania	US
Loan gap	3,37%- 5,16%	2,7%- 6,04%	6,01% 10,34%	5,01% 14,73%	1,35% 4,02%	1,12% 2,25%
Equity gap	2,23%- 3,06%	2,07% 3,95%	0,7%- 3,49%	0,44%- 3,49%	4,83%- 13,05%	0,96%- 1,52%
Financing gap	5,6%- 8,22%	4,77%- 9,22%	6,71% 20,33%	5,45%- 18,22%	6,18%- 17,07%	2,3%- 3,78%

Source: Prof. Florencio Lopez de Silanes Molina et al, The European Capital Markets Study, Estimating the Financing Gaps of SMEs, 2015, p. 9

Before the launch of EFSI, the EIB was signing circa €4 billion²⁰ of Special Activities²¹ per annum. Since EFSI, the EIB is expecting to sign circa €15 to €20 billion of Special Activities under EFSI, so in this respect EFSI is relevant in addressing the market gaps and supporting riskier projects. However, interviews revealed that the EIB has tended in this ramp-up period to channel eligible Special Activities to EFSI rather than first exhausting its capacity to undertake Special Activities at its own risk as from the moment that these projects prove to be eligible for EFSI funding. This could imply that 'Special Activities' that could have been funded by the EIB, were pushed to EFSI rather than being funded at the EIB own risk. Given that a project is considered additional if it could not have been carried out by the EIB, or carried out within the same timeframe and size, without the use of the EU Guarantee, this could raise the question of the additionality of that specific project under EFSI. The EIB explained that they need to maintain a buffer for Special Activities under own-resources for which the capacity is limited to max €4-5bn p.a. given the high capital requirements. The rationale is that if the Investment Committee decides that projects submitted for EU guarantee should not benefit from it, these projects, if approved by the EIB Board, would need to be financed as EIB own activities (Special Activities under own-resources). Against this backdrop, after this initial ramp-up period, an even more thorough project case is probably required to ensure that every specific project addresses a market failure or a sub-optimal investment situation, and that it could not have been carried out in the period during which the EU guarantee can be used, or to a lesser extent.

¹⁷ Centre for European Policy Studies, 2016, Europe's Untapped Capital Market Rethinking financial integration after the crisis, Final Report of the European Capital Markets Expert Group Chaired by Francesco Papadia

¹⁸ Centre for European Policy Studies, 2016, Europe's Untapped Capital Market Rethinking financial integration after the crisis, Final Report of the European Capital Markets Expert Group Chaired by Francesco Papadia

¹⁹ Prof. Florencio Lopez de Silanes Molina et al, The European Capital Markets Study, Estimating the Financing Gaps of SMEs, 2015, p. 9

²⁰ Operations Evaluation - Evaluation of the Functioning of the European Fund for Strategic Investments (EFSI), September 2016

²¹ 'Special Activities' is an internal EIB risk classification for riskier projects

Interviewees confirmed that the demand for financial products in the SME Window has been quite important since its inception and that they expect a further increase. To respond to the large demand under the SMEW, a €500 million transfer of funds from the IIW to the SMEW has been made in summer 2016. The high take up in the SMEW is due to the approach used by EIF under the SMEW, which allowed the deployment of existing mandates (InnovFin, COSME and RCR) for EFSI purposes. This approach facilitated a much faster ramp-up than in the IIW, where new products, internal systems and procedures had to be developed. Moreover, the nature of EIF projects enhances a quick take-up whereas in the IIW, due to their nature, project development takes a longer time.

Size

The target of EFSI is to mobilise €315 billion in new investments between 2015 and 2018. One year after EFSI's introduction, the EIB's evaluation has analysed the total operations portfolio. As of 30 June 2016, the number of approved operations have amounted to 262, accounting for an amount of €17.45 billion. That represents an expected total investment of €104.75 billion based on the EFSI's multiplier calculation. This means that one third of the total € 315 billion target investment has been reached in terms of approval. Out of those 262 operations, 204 have been signed for an amount of €10.57 billion, representing a multiplied total investment of €66.6 billion (i.e. a lower 21% of the investment target).^{22,23}

The EIB's evaluation accentuated that the EFSI-supported financing will actually reach the real economy once it is disbursed. In that view, the amount disbursed under the IIW is € 1.81 billion, meaning 38% of the signed EFSI-supported financing under the IIW at the end of June 2016. Under the SMEW, disbursements linked to COSME²⁴ amount to €494 million (i.e. 93.7% of the actual portfolio volume) whereas in link to InnovFin²⁵ €442 million has reached the financial intermediaries (i.e. 89.6% of the actual portfolio). Data on disbursements linked to risk capital resource mandates (RCR) are not available.²⁶

Geographical and sectoral coverage

EFSI's objective is to boost investments in the EU in order to restore EU competitiveness. Besides the political rationale of ensuring broad geographical and sectoral coverage, there is a financial rationale of avoiding risk concentration. Indeed, by means of diversification, the risk of a portfolio decreases.

In terms of geographical spread, the EFSI Investment Guidelines specifies that *'EFSI-supported operations shall not be concentrated in any specific territory at the end of the initial investment period. To this end the Steering Board shall adopt indicative geographical diversification and concentration guidelines. (...) The EFSI should aim to cover all Member States.'*²⁷ More precisely, the EFSI Strategic Orientation states for the IIW that *'In order to avoid EFSI-supported operations from being concentrated in any specific territory: (1) At the end of the investment period, the EFSI should aim to cover all 28 EU Member States; (2) At the end of the investment period, the share of investment in any three Member States together (measured by signed loan/investment amounts) should not exceed 45% of the total EFSI portfolio. For the SMEW, the EIF will aim at reaching all the EU Member States and also at achieving a satisfactory geographical diversification among them.'*²⁸

²² Operations Evaluation - Evaluation of the Functioning of the European Fund for Strategic Investments (EFSI), September 2016

²³ Figures from the EIB evaluation are based on preliminary data, the data presented later in this report differ and are based on the consolidated data

²⁴ COSME is the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (SMEs). It runs from 2014 to 2020 with a planned budget of €2.3 billion.

²⁵ 'InnovFin - EU Finance for Innovators' is a joint initiative launched by the European Investment Bank Group (EIB and EIF) in cooperation with the European Commission under Horizon 2020.

²⁶ Operations Evaluation - Evaluation of the Functioning of the European Fund for Strategic Investments (EFSI), September 2016

²⁷ EFSI Regulation (EU) 2015/1017 - Annex II

²⁸ EFSI Strategic Orientation, August 2015

Geographical spread of signed operations with EFSI support

<i>Currency: € million</i>	EFSI	Mobilised	EFSI %
Italy	2,055	10,839	19.4
United Kingdom	1,858	12,878	17.6
France	1,032	5,454	9.8
Top 3	4,945	29,171	46.8
Germany	825	6,354	7.8
Spain	687	6,081	6.5
Top 5	6,457	41,606	61.1
Top 10	7,808	46,211	73.8
Other	929	6,042	8.8
Multi-country	1,837	14,331	17.4
Total Member States	10,574	66,584	100.0
KPIs			
Countries not covered	2		
Countries covered	26		

Geographical spread

As at 30 June 2016, signed operations under EFSI to the top 3 countries amounted to €4.9 billion or 46,8% of total funding which has resulted in €41.6 billion mobilised investments. 26 Member States recorded EFSI operations. Only 2 Member States (Cyprus and Malta) did not record signed operations by the 30st of June (currently only Cyprus is not covered by EFSI financing). Under the IIW, 16 countries recorded EFSI operations, whereas under the SMEW, 25 countries recorded operations. 15 countries recorded operations under both the IIW and the SMEW.

Geographical spread - EFSI support under IIW

<i>Currency: € million</i>	IIW	IIW %
United Kingdom	1,369	29.0
Italy	1,153	24.4
Spain	470	9.9
Top 3	2,992	63.4
Slovakia	427	9.0
France	409	8.7
Top 5	3,827	81.0
Other	895	19.0
Total Member States	4,722	100.0
KPIs		
Countries not covered	12	
Countries covered	16	

Under the IIW, three countries, i.e. the UK, Italy and Spain, recorded €3 billion EFSI portfolio signed operations or 63,4% of total funding (€4.7 billion). These top 3 exceed the 45% concentration limit target set by the Steering Board to be achieved at the end of the investment period. The top 5 countries recording EFSI operations under the IIW represented €3.8 billion or 81,0% of total funding. Slovakia, which recorded €427 million EFSI support or 9% of total EFSI-supported financing under IIW, is the only EU13 country represented in the top 5 under the IIW. EU13 countries recorded 9.2% of funding under the IIW.

16 Union Member States recorded projects that received support under the IIW, of which 14 EU15 Member States (amounting to €4.3 billion) and two EU13 Member States (Slovakia and Poland, amounting to €427 million and €9 million resp.).

Geographical spread - EFSI support under SMEW

<i>Currency: € million</i>	SMEW	SMEW %
Italy	903	15.4
France	623	10.7
Germany	586	10.0
Top 3	2,112	36.1
United Kingdom	488	8.3
Spain	217	3.7
Top 5	2,817	48.1
Other	1,197	20.5
Multi-country (SMEW)	1,837	31.4
Total member states	5,852	100.0
KPIs		
Countries not covered	3	
Countries covered	25	

Under the SMEW, three countries, i.e. Italy, France and Germany, recorded €2.1 billion or 36,1% of total EFSI support under the SMEW (€5.9 billion). The top 5 countries recorded EFSI operations for €2.8 billion or 48,1% of total support. No EU13 countries was present within the top 5, and total EFSI support to operations in EU13 countries amounted to €315 million or 5,4% of total funding.

Under the SMEW, three countries, i.e. Finland, Cyprus and Malta, did not record any EFSI supported operations as of 30 June 2016. Multi country operations amounted to €1.8 billion and represented 31,4% of total operations supported. Multi country operations comprised of support for projects that are reached through financial intermediaries which are allowed to distribute to more than one country.

Geographical spread per million GDP

<i>Currency: € million</i>	EFSI	GDP	EFSI per mil GDP
Slovakia	433	120,307	3,598
Luxembourg	57	43,490	1,306
Italy	2,055	1,669,486	1,231
Top 3	2,545	1,833,283	1,388
Finland	205	171,201	1,197
Lithuania	61	61,732	988
Top 5	2,811	2,066,216	1,360
Other	5,926	12,599,814	470
Multi-country	1,837	na	na
EU 28	10,574	14,696,945	719

If we compare the ranking of EFSI support recorded by the Member States relative to their GDP, the top 5 Member States receive on average €1.360 of EFSI support per million of GDP, whereas other countries receive only €470 per million of GDP. Slovakia, which is included under the EU13 Member States, did receive the most EFSI support per GDP, and thus performs much better than the other EU13 countries in terms of EFSI investment per million GDP.

Support provided: EU15 vs. EU13 Member States

<i>Currency: € million</i>	IIW	SMEW	EFSI
EU15	4,286	3,700	7,986
EU13	436	315	751
Multi country	-	1,837	1,837
EFSI support	4.722	5.852	10.574
KPIs			
EU15 %	90.8	63.2	75.5
EU13 %	9.2	5.4	7.1
Multi country (%)	-	31.4	17.4

If we compare the support of funds recorded in EU15 and EU13 Member States, our analysis of 30 June 2016 figures show an imbalance. The table 'support provided' shows that on an aggregate basis, EU15 countries received €8 billion or 75,5% of total EFSI support (€10.6 billion, EIB/EIF own contributions included), whereas EU13 countries received €0.8 billion (or 7.1%). This balance is even more distorted when we exclude multi-country projects as EU15 and EU13 countries recorded 91,4% and 8,6% respectively.

Under the IIW, 90,8% of EFSI support went to EU15 countries, which implies that EU13 countries recorded only 9,2% of total support provided under EFSI. Under the SMEW, €1.8 billion or 31,4% of support went to multi country projects. When the latter are excluded, EU13 countries received 7,8% of support, whereas the EU15 countries received 92,2%.

The table below shows GDP and EFSI support per capita. If we exclude multi country operations, EU15 Member States' GDP amounts to 86,2% of EU28 GDP, whereas their EFSI support amounts to 91,4%. EU13 Member States' GDP amounts to 13,8% of EU28 GDP, whereas EU13 EFSI support amounts to 8,6%. In other words, EU15 Member States received €631 EFSI support per million GDP, whereas EU13 Member States received €370 per million GDP. In EU15 Member States, EFSI supported on average €20 per capita, whereas in EU13 Member States, the support per capita amounts to €7. One could question if countries with a lower GDP per capita would benefit more from EFSI support than countries with a higher GDP per capita. Therefore, policy makers should have to assess if the market gap in EU13 Member States is more dominant than in EU15 Member States. If the latter proves to be true, one could argue that EFSI support could be better allocated than it is right now.

GDP and EFSI support per capita: EU15 vs. EU13 Member States

<i>Currency: € million</i>	Habitants (mil)	GDP	EFSI	GDP per capita	per EFSI per mil. GDP	EFSI per capita
EU15	406	12,664,729	7,986	31,221	631	20
EU13	104	2,032,215	751	19,465	370	7
Multi country	na	na	1,837	na	na	na
EU28	510	14,696,945	10,574	28,814	719	21

* EFSI per capita for EU28 includes Multi country support. GDP figures are 2015 figures from EUROSTAT. The number of habitants represent January 2016 figures from EUROSTAT.

In terms of geographical coverage, interviewees touched on the difference in EFSI delivery between EU15 and EU13 Member States. EFSI has been better in delivering to EU15, whereas the development needs in the EU 13 may be bigger and the financing gap analysis shows at least in Poland and Romania a high need (see table on financing gaps page 21. In this respect, there is still room for improvement. In order to address this issue, follow up research is needed on the reasons for a lower take up of EFSI in these countries, in order to take measures to address the needs of these countries. Interviewees, mainly from some of the eastern Member States, find that the differences amongst Member States in the EU13 are too big to be addressed as if they were a single homogenous group of countries. Moreover, as mentioned by interviewees from different countries across Europe, the limited size of the projects in certain countries or sectors would require an intermediary or platform to be able to receive EFSI support, but the creation of a platform on an international level is rather complex.

Sector spread

In terms of sector spread, the EFSI Investment Guidelines indicate: *'In order to manage sector diversification and concentration of the EFSI portfolio, the Steering Board shall set indicative concentration limits in respect of the volume of operations supported by the EU guarantee at the end of the initial investment period. The indicative concentration limits shall be made public.'*²⁹ The Steering Board Regulation set up a concentration limit target of 30% in any one sector for the IIW portfolio of signed operations. With regard to the SMEW portfolio, no limit has been set up because it solely engages in intermediated operations and, therefore, the EIF cannot exert the same degree of control over sector distribution as the EIB for the IIW.'

More specifically, the EFSI Strategic Orientation states that the eligible sectors/areas are as per Article 9(2) of the EFSI Regulation: *'Research, development and innovation; Development of the energy sector in accordance with the Energy Union priorities; Development of transport infrastructures, and equipment and innovative technologies for transport; Financial support through the EIF and the EIB to entities having up to 3 000 employees; Development and deployment of information and communication technologies; Environment and resource efficiency; and human capital, culture and health.'*

Sector spread - EFSI

Currency: € billion	EFSI	Mob.	EFSI %
RD&I	4,711	23,281	44.6
Energy	2,191	13,011	20.7
ICT	1,757	11,074	16.6
Transport	921	2,305	8.7
Human capital, culture and health	537	3,046	5.1
Entities < 3.000 employees	366	13,338	3.5
Environment and resource efficiency	92	530	0.9
Total sectors	10,574	66,584	100.0
KPIs			
Sectors not covered	-	-	
Sectors covered	7	7	

As at 30 June 2016, all sectors or domains defined in the EFSI Regulation have been addressed. Sector or domain coverage in RD&I amounts to €4.7 billion or 44,6% of total EFSI support and mobilised €23.3 billion of investments. Operations within the energy sector and energy union priorities received €2.2 billion of support (20,7%), whereas operations within the ICT sector received €1.8 billion (16,6%). The domain 'financial support through the EIF and the EIB to entities having up to 3 000 employees' did record €366 million (or 3,5%), which resulted in a mobilisation of €13,3 billion of investments.

Sector spread - IIW

Currency: € million	IIW	Mob.	IIW %
Energy	2,191	13,011	46.4
Transport	921	2,305	19.5
RD&I	643	2,959	13.6
ICT	563	1,709	11.9
Human capital, culture and health	225	1,134	4.8
Environment and resource efficiency	92	530	2.0
Entities < 3.000 employees	89	737	1.9
Total sectors	4,722	22,385	100,0
KPIs			
Sectors not covered	-	-	
Sectors covered	7	7	

Under the IIW, €4.7 billion of support has been distributed amongst operations of which €2.2 billion (46,4% of total support under IIW) within the energy sector and energy union priorities. This is above the concentration limit of 30% set by the EFSI Regulation for the IIW portfolio at the end of the investment period. The domain of development of transport infrastructures, equipment and innovative technologies record €921 million (or 19,5% of IIW support) under the IIW.

²⁹ EFSI Regulation (EU) 2015/1017 - Annex II

Sector spread - SMEW

Currency: € million			SMEW
	SMEW	Mob.	%
RD&I	4,069	20,321	69.5
ICT	1,194	9,365	20.4
Human capital, culture and health	312	1,912	5.3
Entities < 3.000 employees	277	12,601	4.7
Total sectors	5,852	44,199	100.0
KPIs			
Sectors not covered	3	3	
Sectors covered	4	4	

Under the SMEW, operations in RD&I secured €4.1 billion or 69,5% of total support under the SMEW (€5.9 billion). €1.2 billion went to operations in the ICT sector. The domain of 'financial support through the EIF and the EIB to entities having up to 3 000 employees' did record €277 million (or 4,7%), which resulted in a mobilisation of €12.6 billion of investments. Interviewees shared the opinion that sectorial rebalancing is not a major issue. Moreover, EFSI is designed to be demand driven so in that respect a balanced sectorial distribution is rather an observation than a target. The interviewees, especially from the east and south of Europe, mention that they mainly see opportunities for addressing the financing needs of smaller projects.

In terms of sector coverage, the majority of the final beneficiaries of the IIW (13 respondents) claim that EFSI support is highly/moderately needed in their sectors of operations, while 3 declared low need for such support. In the case of financial intermediaries (from both windows), all respondents see high/moderate need for EFSI type of support. None of the NPBs and intermediaries identified a sector eligible for financing for which there is a potential high need, but which is not covered by EFSI. All of these results suggest that currently the EFSI sectorial coverage is considered as adequate.

To what extent has the design of EFSI responded to the needs of stakeholders?

The purpose of the EFSI is to help resolve the difficulties in financing and implementing strategic, transformative and productive investments with high economic, environmental and societal added value. EFSI should assist enterprises and other entities, with a special focus on SME's and mid-cap companies.

In order to address the market failures, as well as the market and the stakeholders' needs, EFSI should support a wide range of financial products, including equity, debt and guarantees whilst mobilising private investment to projects. Consequently, adapted products have been developed under the two windows.

Under the SMEW, the existing products InnovFin, COSME and RCR mandates have been deemed appropriate for EFSI purposes and thus approved as eligible for the use of the EU Guarantee. Accordingly, through EFSI support, transactions were frontloaded with existing products at a greater extent than would have been possible without EFSI. Additionally, it has been decided to develop new products in the second half of EFSI's investment period.

Under the IIW, according to the EIB, the level of Special Activities is expected to increase quite significantly. In this context, new equity-type products (e.g. ABS and Layered Mezzanine, (de-)linked risk sharing with a guarantee rate of over 50%) are needed to address these higher-risk investments. Those equity-type products are expected to make a high contribution to the EFSI target investment due to their high expected external multiplier. When deployed to the market, these equity-type products are expected to contribute approximately 30% of the EFSI target under the IIW (i.e. € 75 billion out of € 240 billion).³⁰

With regard to the EFSI design, several aspects can be developed. One of those is the development of new products. The EIB evaluation has analysed these under the 2 windows portfolio as of 30 June 2016.

Under the IIW, not many new products have been used in operations signed up to 30 June 2016. Although 8 operations rank in equity/quasi-equity products, these products have been used by the EIB already for several years and are quite common to the market. One project is financed by a relatively new product, namely a project finance guarantee. Of the 37 operations approved but not yet signed, the different products used are relatively new. Among them, equity/quasi-equity products (some with a risk sharing mechanism), classified guarantees (also with a risk sharing mechanism for some of them), and combination of loan and guarantee within the same operation. Under the SMEW, the 165 signed operations are based on products offered under mandates (InnovFin SMEG, COSME LGF and the RCR mandate) that existed prior to EFSI.

³⁰ Operations Evaluation - Evaluation of the Functioning of the European Fund for Strategic Investments (EFSI), September 2016, p.9.

The aspects concerning the way EFSI addresses market failures and provides support to attract investments have been addressed during the interviews and surveys. Final beneficiaries and financial intermediaries expressed positive opinion regarding the suitability of the EFSI support to projects/business financing to address market failures / sub-optimal investment situations and to enhance access to finance. This was particularly the case with the SME window intermediaries - 13 of the respondents considered EFSI support through InnovFin and/or COSME as suitable to enhance access to finance for SMEs, while only one respondent characterised it as partly suitable. Yet, it needs to be considered that overall 11 respondents under both windows think that the design of the EFSI support is partly suitable, which is a signal for needs of improvement.

The most frequent problem in the design of the EFSI, identified by the respondents, is complexity: complexity of process (5 of the financial intermediaries and 4 of the NPB respondents) and complexity of rules for co-financing with the Structural Funds (6 of the NPBs). For NPBs the financial conditions (pricing, maturity, collateral requirements, and other covenants) were a particular problem in the design, while for the SME window intermediaries eligibility criteria were a challenge. The financial intermediaries receiving support under the SME window flag reporting as a particular problem. This is why they recommend simplification of reporting and the provision of further guidance.

It is noteworthy that the majority of final beneficiaries and financial intermediaries claim that they did not experience problems in receiving EFSI support. Yet, about half (13 out of the 29) beneficiaries/intermediaries who participated in the survey declared minor problems.

EFSI has the potential to reach a wide public through the NPBs, as these are close to the local market. However, in order to structure an efficient collaboration, the form of support provided by EFSI needs to be adapted in order to overcome some hurdles the NPBs are still facing.

First, NPBs (especially in the eastern part of Europe) share the opinion that the definition of EFSI is hard to capture and it is unclear how it could benefit them and what are the eligibility criteria from their perspective. EFSI support could be better communicated to emphasise its functionalities, benefits and steps to take when applying for financing.

Second, out of some NPB interviews another problem has been revealed. Thanks to the EU guarantee, the EIB can take more risk than it could take before. As the EIB takes more risk, NPBs are experiencing the EIB presence in their market as competition to their own activities. Moreover, during the first months since the inception of EFSI, EIB was reluctant to take subordinated positions to NPBs. EIB went for the projects itself and by consequence, some NPBs experienced EFSI as competition to their own activities. Nowadays, the relationship between NPBs and EFSI has improved due to the fact that EIB is willing to take more subordinated positions with NPBs.

In relation to bigger projects, it is mentioned that NPBs and other banks are generally more willing to fund larger projects to get exposure, by which they possibly have to compete with EFSI. At the same time, this exposure is less present for smaller projects, in which cases EFSI supported financing is very relevant as NPBs (and probably also commercial banks) are less willing to finance them. NPBs see an opportunity for EFSI and a need for financing for smaller projects, but those projects are too small on their own to be financed directly by the EIB. Hence, these funds need to be channelled through local financial intermediaries. Another option would be the creation of a platform in order to mobilise EFSI supported financing towards smaller projects. However, it is still not clear for NPBs how to shape the platform and what the specific role of the EIB would be in the platform.

To what extent have the NPBs and the Investment Platforms supported the achievement of the EFSI objectives?

The EFSI Regulation specifies '(...), national promotional banks or institutions and investment platforms and funds, with the support of the EU guarantee, should play a prominent role in identifying viable projects, developing and, where appropriate, bundling projects, and attracting potential investors.(...).'

The EFSI Regulation foresees the possible contribution of third parties including NPBs at three levels:

- 1) Participation at EFSI level, by contributing directly to EFSI in cash or with guarantees (the latter for Member States only), subject to the agreement of the Steering Board, without taking part in EFSI governance.
- 2) Participation in Investment Platforms as sponsors/investors or implementing entities.
- 3) Participation in individual EFSI financed projects as co-financiers.'³¹

First, we analyse the NPBs and then the investment platforms:

1) National Promotional Banks or Institutions - NPBs/NPIs

The EFSI Regulation defines NPBs or NPIs as '*legal entities carrying out financial activities on a professional basis which are given a mandate by a Member State or a Member State's entity at central, regional or local level, to carry out development or promotional activities.*'³²

The principal economic rationale for a promotional bank is that a public institution is better placed than private operators to address the market failures leading to less investment than necessary.'

In addition, they are considered as strategic partners in the sense that the NPBs can bring knowledge of the local context, business and investor communities as well as national policies and strategies.

Shortly after the launch of EFSI, the EC released a communication to consider the best practices NPBs should adopt:

- 1) The NPBs should operate on sectors where the market failures are pervasive and then underserved by commercial banks or other private finance providers.
- 2) To avoid market distortions, the need for the intervention of the NPB in new investment platforms is recommended to be justified based on a market study, which becomes necessary if EU financial instruments are to be used, as part of their ex-ante assessment.
- 3) The NPBs should focus on economically viable projects with sufficient profitability to maintain financial soundness without continued capital injections by the government. High standards of transparency and accountability, as well as professional management and independence are requested.
- 4) Strong governance, such as competency, adequate power separation and approval, integrity and objectivity are also required.
- 5) Sound risk management and internal control procedures should be put in place.

The EIB's evaluation analyses the cooperation of the EFSI with the national promotional banks. It indicates that initially, a cumulative contribution to the EFSI/Juncker plan of up to € 42 billion was announced by various Member States, NPBs or NPIs. The support from the NPBs is not aimed at contributing to the EFSI guarantee but is centred on the cooperation at the level of investment platforms or individual projects.

The EIB evaluation also reports that out of the 204 operations signed under EFSI support, 69 operations (more than a third) involve NPB co-financing, accounting for €3.36 billion and expecting to mobilise €23.43 billion. In addition, interviews conducted by the EIB evaluators point out that the development of new products and investment platforms is increasing the pipeline of projects that NPBs/NPIs may co-finance.

³¹ EFSI Regulation (EU) 2015/1017

³² EFSI Regulation (EU) 2015/1017

In general, interviewed NPBs by EY share the opinion that operations are only supported by the EIB under EFSI when they are properly sized. However, especially under the IIW, there is high demand for risky financing with smaller projects as banks are less willing to finance smaller projects. NPBs emphasises that platforms could help addressing those projects, but the role of EFSI (EIB and EIF) within those platforms will be a crucial factor to their success.

Moreover, NPBs experience some competition with EFSI on bigger projects, particularly for debt products. There are not that many big projects and banks are keen to finance them. EFSI does not solely address projects that would not have been financed by NPBs because the high risk targeted by EFSI seems not that risky in the eyes of NPBs. Some NPBs are confirming that they could have financed certain EFSI eligible projects themselves to the same extent. Therefore EFSI is perceived in some cases rather competing with NPBs for the same projects than complementing NPB activities. To truly add value, the EIB should take more risk than they currently do (for example with equity products or counter guarantees) to complement NPBs in their activities on selected operations. Under the SMEW, EIF is succeeding in addressing smaller projects through intermediaries due to the nature of its instruments and its operational flexibility.

Interview opinions of NPBs have proven to be dependent on geography as we noticed differences between EU15 and EU13 opinions about EFSI. They state market characteristics are different in both regions. First, the EU13 do not have a well-developed public-private partnership (PPP) market. Public and private sectors are operating next to each other, they rarely collaborate or co-finance projects, which happens more often in the Western part of Europe. In the Eastern Member States, the public sector has a more material role compared to the private sector. Due to the fact that public and private sectors rarely cooperate, the objective of maximising private investment through EFSI is difficult to be achieved in the EU13.

In order to increase the cooperation with the NPBs [in those cases where it is needed], it is important that the products provided are tailored to individual country needs.

Concerning the NPBs' cooperation with the EIB, the NPBs often see the cooperation with the EIAH mixed with the cooperation on EFSI support. The cooperation with the EIAH is further addressed in the section on the EIAH, but generally there is a need for support for NPBs that are less developed or are relatively new, while more mature NPBs could play a role in the further promotion and provision of technical assistance to project promoters. This latter aspect is, however, currently only at its start.

2) Investment platforms

The EFSI Regulation defines investment platforms as *'special purpose vehicles, managed accounts, contract-based co-financing or risk-sharing arrangements or arrangements established by any other means by which entities channel a financial contribution in order to finance a number of investment projects, and which may include:*

- 1) *National or sub-national platforms that group together several investment projects on the territory of a given Member State;*
- 2) *Multi-country or regional platforms that group together partners from several Member States or third countries interested in projects in a given geographic area;*
- 3) *Thematic platforms that group together investment projects in a given sector.'*

Investment platforms are therefore co-investment arrangements taking different forms and aiming to catalyse investments in a portfolio of projects. They are also a means to aggregate investment projects, reduce transaction and information costs and provide for more efficient risk allocation between various investors with a wide variety of products.³³

³³ EFSI Regulation (EU) 2015/1017

According to the interviewees, up until now, not many Investment Platforms been established yet, as it takes time to establish them and there are also potential issues with the capacity within Member States to establish such a platform (the first platform was established after 30 June 2016). Furthermore, it is not clear to all stakeholders what the role of the EIB would be in those platforms. However, there is a need and potential for these platforms, as different forms of financing can be combined, providing the possibility to address the different needs, and as it allows for the financing of smaller projects. Interviewees indicate that there is a high demand for innovation projects that are below the threshold for EFSI projects under the IIW. Currently, it seems that the need for financing smaller projects is not sufficiently addressed through establishing platforms or by distributing the resources through financial intermediaries.

2.1.2 Effectiveness

To what extent has the EFSI been on track in achieving its objectives, in particular the target of mobilising €315 billion of total investment by 4 July 2018?

The figures concerning the signed and approved operations are exposed in the first question related to how EFSI addresses the investments gaps and market needs. The internal evaluation conducted by the European Commission³⁴ provides more details concerning the 2 windows portfolio. As of 30 June 2016, 76 operations have been approved under the IIW, accounting for an amount of €11 billion. Out of these 76 operations, 39 have been signed for an investment amount of €4.7 billion and are expected to represent a total investment of €58 billion. On the side of the SMEW, 186 operations have been approved for an amount of €3.4 billion, of which €3.3 billion have been signed. This represents a total investment of €48.4 billion.

The EIB concludes in its evaluation that at the ending period 30 June 2016, in terms of EFSI financing approved, the total investment mobilised equals approximately one-third of the target amount of €315 billion. In terms of signatures, this accounts for 21% of total investment to be mobilised. In brief, EFSI is on track regarding the approved operations but is lagging behind regarding the amount of signed operations.

The difference between the IIW and the SMEW with regards to their distance to target is explained by the EIB evaluation. First, under the SMEW, the fast start is explained by the fact that the EIF agreed with the EC and the EIB to use EFSI to accelerate the roll-out of existing mandates. The EC mandates were constrained by their annual budgets, but EFSI enabled them to be 'frontloaded' so that they could i) enter more guarantee exposures and ii) reach out to more SMEs in a shorter period of time avoiding therefore possible disruption due to EC annual budget allocation. Similarly, EFSI enabled the EIF to increase the investment limits under the EIB's RCR mandate. In parallel to this, new products could be developed under the SMEW in view of a roll out starting in the second half of 2016. In contrast, under the IIW, several new products had to be developed and internal procedures and systems had to be changed, which required more time to become operational compared to the SMEW. Hence, the number and volume of operations under the IIW, especially with new products, are expected to increase in the second half of the EFSI period.

Second, under the SMEW's debt-type operations generate higher multipliers than those of the IIW. In the case of the latter, the majority of signed operations were projects that were already in preparation before EFSI was established and are mainly investment loans with a multiplier that is expected to be lower than those of operations benefitting from new products. Thus, with the development and roll-out of new products, the IIW will be better equipped to reach its investment target.³⁵

³⁴ EC internal evaluation, SWD(2016) 297 final/2, Brussels 22/09/2016

³⁵ Operations Evaluation - Evaluation of the Functioning of the European Fund for Strategic Investments (EFSI), September 2016, p 5

Reported multiplier

Multiplier	Internal	External	Multip.
IIW	4.0	3.5	14.1
SMEW	3.6	7.2	26.1
Debt	3.9	4.9	18.8
IIW	1.0	17.0	17.0
SMEW	1.2	7.9	9.7
Equity	1.2	8.7	10.5
IIW	3.5	4.2	14.6
SMEW	1.8	7.6	13.9
Aggr. multiplier	2.4	6.0	14.1

The reported multiplier table shows the EFSI reported multipliers per window and per product as at 30 June 2016 by the EIB. The reported multiplier as presented by the EIB is the expected (notional) multiplier the EIB expects to achieve at the end of the investment period with the current portfolio (€7.3 billion of the €21.0 billion made available under EFSI has been used). The reported aggregate multiplier amounts to 14.1³⁶, which is close to the target multiplier of 15. The SMEW multiplier in debt transactions is much higher than the IIW multiplier, and the opposite is true for the equity transactions. One could conclude that in general EFSI seems on track in mobilising investments across Europe.

EFSI performance

Currency: € billion	IIW	SMEW	EFSI
EIB/EIF signed operations	4.7	5.9	10.6
Supported by EU guarantee	4.6	0.4	5.0
Supported by EIB risk bearing capacity	0.1	2.2	2.3
Supported by EFSI	4.7	2.6	7.3
Other EIB / EIF funding	0.0	3.3	3.3
External financing	17.7	38.3	56.0
Investment mobilised	22.4	44.2	66.6
KPIs			
Actual multiplier (%)	4.8	17.0	9.1
Expected (notional) multiplier	14.6	13.9	14.1
Target investment to be mobilised	240.0	75.0	315.0
Actual investment mobilised (%)	9.3	58.9	21.1
EFSI support committed	16.0	5.0	21.0
Actual EFSI support (%)	29.4	52.0	34.8

The EFSI performance table shows the utilization of the €21.0 billion EFSI fund made available by the EC Guarantee (€16 billion) and the EIB own investment (€5 billion). As at 30 June 2016, €7.3 billion has been used, amounting to 34,8% of the EFSI fund. Nevertheless, EIB states that during the first year of EFSI, more low-leverage (debt) products have been used, whereas high levered (equity-like) products were in development. The latter are expected to be effective in the upcoming years, which would imply that an increase in the multiplier could be expected.

With the €7.3 billion virtual use, EFSI managed to mobilise €66.6 billion of investment, which implies an actual multiplier of 9.1. The actual multiplier is lower than the expected notional multiplier as reported by the EIB due to the fact that the EIB will -by definition- contribute own funding in addition to the EFSI support (it was estimated that the first loss piece covered by the EU guarantee under the IIW debt window would represent at the end of the investment period around 25% of the volume of operations signed under such window, with the EIB bearing the residual risk). This implies that the leverage of the €4.7

billion EFSI support is expected to increase significantly at the end of the investment period.

In terms of the pipeline, the EIB stated that they have an internal pipeline for the next 9 months, which however was not disclosed, hence we were not able to quantify the volume of the pipeline. Nevertheless, additional data as of 12 October 2016³⁷ shows that 361 operations in 27 Member States (only Cyprus did not record EFSI operations) did receive EFSI approval, amounting to €24.8 billion of approvals, of which €13.8 billion has been signed. Total investment mobilised related to EFSI approvals amounts to €138.3 billion. This progress indicates that after the cut-off date of this evaluation 99 operations have been approved, amounting to a €3.2 billion increase in signatures compared to 30 June 2016.

Based on the data as of October 2016, under the IIW, 134 operations in 23 Member States did receive EFSI approval, amounting to €17.4 billion approvals, of which €6.9 billion has been signed. Under the SMEW, 227 operations in 27 Member States did receive EFSI approval, amounting to €7.5 billion EFSI approvals, of which €6.9 billion has been signed.

³⁶ The multiplier figure is as per the Operational report provided by the EIB and calculated according to the EFSI Multiplier Methodology Calculation (http://www.eib.org/attachments/strategies/efsi_steering_board_efsi_multiplier_methodology_calculation_en.pdf). The multiplier for the IIW is calculated on the basis of the notional guarantee allocated, meaning the EU guarantee expected to be allocated to the EIB under the IIW at the end of the investment period.

³⁷ Based on data file 'EFSI IIW signatures to EC - October 2016', which is unaudited.

The data as of October 2016 confirm the conclusions of the two evaluations: the number and volume of operations under the IIW are indeed starting to increase faster; and the EFSI is still lagging behind regarding the amount of signatures.

To what extent has the EFSI increased access to financing and mobilised private capital?

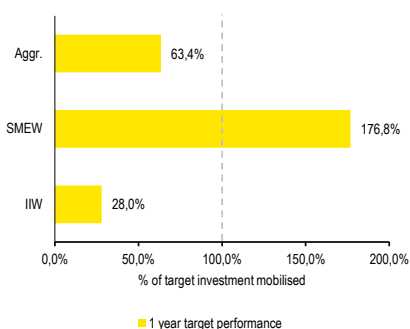
The EFSI Regulation indicates *'The EFSI should be part of a comprehensive strategy designed to address uncertainty surrounding public and private investments and to reduce the investment gaps in the Union. (...) Such a wide range of products should allow the EFSI to adapt to market needs whilst encouraging private investment in projects. (...)'*³⁸ Besides, the Regulation establishes one KPI for the mobilisation of private capital.

The table on the right presents the (a priori expected) mobilised capital by projects signed under EFSI as at 30 June 2016. On an aggregate basis, EFSI mobilised (an expected) €66.6 billion or 21,1% of the €315 billion target stated in the EFSI Regulation. As at 30 June 2016, EFSI is in one third of its lifetime. Under the IIW, projects signed mobilised €22.4 billion of investments or 9,3% of the 240 million targeted. The SMEW has mobilised €44.2 billion, representing 58,9% of the €75 billion target under its window.

EFSI mobilised capital

Currency: € billion	IIW	SMEW	Aggr.
Expected to be mobilised	22.4	44.2	66.6
To be mobilised	217.6	30.8	248.4
3 year target mobilization	240.0	75.0	315.0
Mobilized capital %	9.3	58.9	21.1

EFSI performance (1 year target)



Regarding the mobilisation of capital, one could argue that EFSI should have performed up to one third of its €315 billion objective. The opposite graph shows the performance of EFSI signatures after one year compared to one third of its three year objective per window. On an aggregate basis, EFSI has mobilised 63,4% of the annual target (€105 billion), which shows that EFSI is lagging behind in terms of signatures.

Under the SMEW, the EIF has been able to use existing instruments under existing programmes together with high demand, which facilitated a quick ramp-up of activities resulting in a mobilisation of 176,8% compared to its' €25 billion target. The over performance of EFSI under the SMEW supports the €500 million guarantee transfer from the IIW to the SMEW as discussed above.

Under the IIW, EFSI has mobilised 28% of its €80 billion annual target. Solely looking at figures, one could say the IIW is underperforming, but this would be a simplistic conclusion as projects under the IIW require a longer development time. Moreover, the EIB could not use existing programmes to ramp-up EFSI activities but had to develop new products to address market needs, which required time to be designed and to be approved.

The interviews revealed that private investors follow risk-return preferences. Under current market conditions, liquidity is present but there is a distortion within risk-return preferences from private investors resulting in a decreased willingness to take risk and therefore investments levels are too low. This risk-return preference is exactly what EFSI aims to address. EFSI comes in with financing for high-risk tranches, takes a longer maturity, doesn't require collateral by using unsecured positions, and uses equity type of funding. All those elements contribute to lower the risk levels for private investors, making projects fit within their risk-return preferences. Thanks to EFSI efforts, private investments are being mobilised.

³⁸ EFSI Regulation (EU) 2015/1017

To conclude, one should take into account that measuring the progress towards the 3-year target on a yearly basis can be reductive because EFSI has just been launched. Under the IIW, new products need to be developed which require the design, approval and implementation of new procedures and projects have a longer start-up and development time than projects under the SMEW. In that respect, one should be cautious to take conclusions about the overall underperformance of EFSI as the IIW window (representing €240 billion of the EFSI target of €315 billion) has a slower start-up by the nature of the projects and financial instruments required. The SMEW has mobilised 58,9% of the €75 billion target under its window. Since beneficiaries expect the market to be the same and provided that the implementation under the SMEW will keep the same pace in the coming years (as currently expected), our anticipation is that the budget available for SMEW will be sufficient to cover the demand until mid-2018.

How likely are the expected results of the EFSI to be achieved within the set timeframe?

After one year of EFSI implementation, we can conclude that it has reached one third of the target regarding the operations' approvals. Therefore it seems on track to reach the targeted €315 billion. Nevertheless, regarding the operations' signatures and in terms of financial disbursement, EFSI lags behind. Only 21% of the total investment has been signed. This is especially true for the IIW, partly due to the nature of projects financed under the IIW, which take a long preparation time. Also, it takes time to develop new (more risky) products under this window. Hence, a ramp up is expected in the coming years.

2.1.3 Efficiency

To what extent are the financial resources provided to EFSI, namely the EU Guarantee and the EIB Group resources, appropriately sized to achieve its expected effects?

This question has been addressed by the European Commission in its internal evaluation and indicates that regarding the concern of supporting the EIB to finance higher-risk operations, this objective has been reached. Indeed, under IIW, the EU Guarantee enabled to increase the volume of special activities. During the 1st year of EFSI, the volume of approved operations, including the operations approved under the 'warehousing' system, amounted up to € 11 billion. And it is expected that operations will be signed for around € 17-18 billion by the end of 2016. In comparison with an annual amount of special activities of around € 4 billion in 2014, the Commission concludes that the EU Guarantee reached one of the main objectives of EFSI, being to finance more higher-risk operations.

However, regarding the cooperation with NPBs or NPIs, as well as the deployment of new financing products for corporates, some adjustments had to be done. Firstly the EC indicates that some changes have been performed in the way of co-financing with NPBs and NPIs. More precisely, it was needed to introduce the possibility to segment the first-loss piece coverage in several portfolios. Secondly some adaptations to the EFSI Agreement have been done in order to provide subordinated financing to corporates (including hybrid debt-equity products).

In addition, the Commission points out that the EU Guarantee is not designed to cover EIB operations covering excessive risks as their pricing³⁹ would not be acceptable from a market perspective. The EIB and the Commission have addressed this limitation by developing initiatives combining resources from the European Structural and Investments Funds (ESIF) or InnovFin, taking the riskier tranches, with the EFSI support provided by the EIB bearing the risk on the mezzanine tranches.

³⁹ The EFSI Regulation foresees that the EIB applies its pricing methodology for debt operations and market based pricing for equity-type ones. This limitation does not apply to the SME Window.

On the side of the SMEW, the Commission evaluation finds that this window has reached a very strong uptake. After one year, the consolidated figures show that EFSI has been able to mobilise a total investment of € 44.1 billion which represent 59%⁴⁰ of the € 75 billion target for the SMEW over the three years. The evaluation adds that given this optimistic progress, it has been decided to adjust the limit of the SMEW up to the maximum of €3 billion by reassigning €500 million from the IIW portfolio to the SMEW as foreseen in the Regulation. Finally, the EC accentuates that the main effect of EFSI on COSME and InnovFin is the rapidity of their deployment while the volumes of support are the same as would have been reached with the Union budget, only on a longer horizon.⁴¹ This is due to the so called 'frontloading'. EIF was able to use the full amount of the COSME and InnovFin programmes and invest it right away by means of EFSI. Otherwise, COSME and InnovFin budgets would have lasted longer and would have been invested under a longer time span. This implies that, despite the huge demand from the market, COSME and InnovFin budgets are almost consumed. Therefore, a further extension of the programmes would require a budget increase or shift.

Regarding the Guarantee calls, the Commission stated that so far no calls due to defaults or value adjustments have been triggered.

According to the interviews, one of the common criteria for efficiency is speed of the application process. This is why in the online questionnaire questions aiming to gather the opinion of stakeholders on the duration of the application process were included.

For most of the final beneficiaries (11 out of 17 who answered the question) the EIB/EIF application procedure was moderately easy, while 4 respondents found the procedure difficult. In terms of time lag between application and signature of the contract, most respondents (12) considered the lag as short, while for 6 respondents it was too long, but it did not affect negatively the investment. Interestingly, the perception of the time lag was not directly affected by the actual duration of the period between application and contract signature. For some beneficiaries the procedure took between 7-12 months, but they still considered it as reasonably short, while for others the procedure was 4-6 months, but they still considered it as too long.

For the majority of the financial intermediaries (both EFSI windows) the application procedure was considered as moderately easy. In general they do not consider the length as a significant issue since only 1 (out of 24 respondents) claims that the procedure was too long and affected negatively the investment. Overall, the opinion of the intermediaries of the SME window is more favourable since the specified time lag between application and contract signature was shorter as compared to the Infrastructure window.

Regarding the time between approval and signature under the SMEW, 41 InnovFin projects have been signed within 1-3 months since approval, 8 projects within 4-6 months and 9 projects within 7-12 months. Under COSME, 33 projects have been signed within 1-3 months since approval, 3 projects within 4-6 months and 2 projects within 7-12 months. No data has been available regarding RCR. Moreover, it is not clear how to assess this analysis for the IIW as the provided data files record an EIB board approval date, Investment Committee approval date, a Commission opinion date and a signature date. The latter is not always dated later than the approval date(s) for operations for which the Commission approved the use of the EU Guarantee in the transitional phase.

Although no major problems were identified regarding the length of the procedures, it is noteworthy that the need for speeding up of the approval process / due diligence was among the few overall recommendations provided by the beneficiaries and intermediaries.

The EIB mentioned that the project pipeline for the IIW is filling up and taking into account that the preparation for viable projects takes time under this window, it is expected that the uptake of the IIW operations will increase in the coming time. For the SMEW, it is clear that the quick uptake was facilitated by providing the guarantee on COSME and InnovFin.

⁴⁰ The Commission concluded this on the unconsolidated figures of € 48.4 billion which represents about 65% of the target

⁴¹ EC internal evaluation, SWD(2016) 297 final/2, Brussels 22/09/2016

To what extent are the governance structures of the EFSI in place, namely the Investment Committee, the Managing Director, the Deputy Managing Director and the Steering Board efficient in helping the implementation of EFSI?

The EFSI Regulation stipulates that *'the EFSI should be provided with an appropriate governance structure with its sole purpose of ensuring the appropriate use of the EU guarantee. That governance structure should be composed of a steering board, a managing director and an investment committee. It should not encroach upon or interfere with the decision-making of the EIB, or be a substitute for the governing bodies of the latter. The Steering Board should in particular set the strategic orientations of the EFSI and the rules necessary for its functioning. The Managing Director should be responsible for the daily management of the EFSI and should carry out the preparatory work of the meetings of the Investment Committee.*

*The Investment Committee should take decisions on the use of the EU guarantee for potential projects and for the operations with national promotional banks or institutions or investment platforms in a transparent and independent manner. The Investment Committee should be composed of eight independent experts, representing a broad range of expertise as outlined in this Regulation, and the Managing Director. The Investment Committee should be accountable to the Steering Board, which should supervise the fulfilment of the EFSI's objectives and monitor on a continuous basis the respect by the members of the Investment Committee of their obligations under this Regulation.'*⁴²

The EIB evaluation addresses the governance's topic and finds the following: 'The governing bodies of EFSI have been set up and are functioning as envisaged in the Regulation: they are added to existing EIB Group structures without encroaching upon or interfering with the decision-making process of the EIB or the EIF. Furthermore, they are supporting the swift and efficient implementation of EFSI. Three aspects, however, have been identified that merit further reflection. First, the EIB evaluation indicates that the procedures to manage potential conflicts of interest should be extended to the Steering Board, as it is already done for other EFSI governing bodies. Second, the roles and responsibilities of the Managing Director office, the EFSI Secretariat, and EIB Services working on EFSI, could be made clearer in order to avoid potential overlaps. Third, to sustain the swift implementation of EFSI, lines of communication should be made more explicit, particularly amongst EFSI's different governing bodies, and between EFSI's governing bodies at the EIB.'⁴³

To reach those conclusions, the EIB first evaluates the governance's bodies and their mission. Second, the evaluation makes an assessment of the EFSI and EIB operations and highlights the following concerns:

- 1) Due to additional procedures for EFSI projects, time constraints are accentuated on the EIB.
- 2) Although documentation can differ in terms of content and purpose depending on the addressee, it is required that common content is enhanced where possible.
- 3) To approve EFSI eligibility, the Investment Committee has to present questions to the EIB which has to provide written answers 2 days before a scheduled meeting. It is challenging for the EIB Services. In response to that, the EIB evaluators suggest that the appraisal team attends the IC meetings to answer the questions immediately.
- 4) The operations validation's process constitutes a delaying bottleneck due to the important Vice President validations required and should be reduced.
- 5) EFSI has limited impact on the EIF's operation lifecycle, as the roles and responsibilities for EFSI governing bodies are more limited for the SMEW than for the IIW due to the will of the legislator to avoid a double governance structure for the COSME and InnovFin products.

⁴² EFSI Regulation (EU) 2015/1017

⁴³ Operations Evaluation - Evaluation of the Functioning of the European Fund for Strategic Investments (EFSI), September 2016.

The EIB evaluation finally underlines three issues:

- 1) Roles and responsibilities: Firstly, there is a risk that the roles of the Managing Director and the Secretariat are overlapping, hence further clarification of their roles is suggested. Secondly, the reporting, accountability and general interaction between the Managing Director and the Steering Board are light. And finally, the roles and responsibilities of the Managing Director's office, the EFSI Secretariat, and the EIB Services working on EFSI could be more explicit to avoid potential overlaps.
- 2) Independence, conflict of interest and insider knowledge: The Commission and the EIB are represented by the Steering Board, with three of its four members sitting on the EIB or the EIF's Board of Directors. (However, the Commission indicates in a reaction on this issue, the Commission indicates that in its opinion there is no conflict interest, since the Steering Board does not decide on individual projects and only gives strategic directions).
- 3) Lines of communication: EIB operational staff do not receive feedback from IC discussions. This information could improve future project preparation. In addition, the IC doesn't know afterwards if the EIB Board has approved the project. This also could be productive information. Moreover, interviews conducted by the EIB point out that the Commission and the Steering Board should communicate directly with EIB services. Discussions on the day-to-day implementation of EFSI should involve the Managing Director and the EFSI Secretariat.

In the current ad hoc audit, the evaluation question on governance was less important and the evaluators have not deeply investigated on this. However, we conclude that the governance structure is in place and that there are no major issues in relation to its efficient functioning.

To what extent have EFSI communication methods been efficiently used to engage promoters?

The EFSI Regulation indicates that *'the EFSI is established as a distinct, clearly identifiable and transparent facility ...'*⁴⁴

In terms of overall awareness of the EFSI, the majority of the NPB respondents claim that the Fund is known by the potential users. Most NPBs (7 respondents) share the opinion that wider promotion would lead to a higher demand/use of the EFSI. As regards financial intermediaries, most respondents consider the EFSI as partly known by potential users and also claim that wider promotion would lead to higher demand/use of the EFSI. Particularly for the SME window, most financial intermediaries (8 respondents) claim to have known at the time of application that InnovFin and/or COSME guarantees would benefit from the EFSI guarantee support.

According to final beneficiaries and intermediaries (both windows), the most frequent channel for getting to know the EFSI initiative is the EIB/EIF. Promotional events and the EFSI/European Commission's Investment Plan for Europe webpages are identified by final beneficiaries as the main sources in far less occasions.

2.1.4 Coherence, added value and additionality

To what extent have the projects supported by EFSI provided additionality?

The EFSI Regulation defines additionality as 'the support by the EFSI of operations which address market failures or sub-optimal investment situations and which could not have been carried out in the period during which the EU guarantee can be used, or not to the same extent, by the EIB, the EIF or under existing Union financial instruments without EFSI support. Projects supported by the EFSI shall typically have a higher risk profile than projects supported by EIB normal operations and the EFSI portfolio shall have overall a higher risk profile than the portfolio of investments supported by the EIB under its normal investment policies before the entry into force of this Regulation.

The projects supported by the EFSI, while striving to create employment and sustainable growth, shall be considered to provide additionality if they carry a risk corresponding to EIB special activities, as defined in Article 16 of the EIB Statute and by the credit risk policy guidelines of the EIB.

*EIB projects carrying a risk lower than the minimum risk under EIB special activities may also be supported by the EFSI if the use of the EU guarantee is required to ensure additionality as defined in the first subparagraph of this paragraph.*⁴⁵

The Commission and the EIB evaluations state that all the operations which have been approved so far are classified as Special Activities and thus comply with the Additionality criterion. The EIB has increased the volume of its higher-risk portfolio from around € 4 billion to more than € 20 billion per year.⁴⁶

In its evaluation, the EIB discusses the criterion of additionality and states that in higher risk operations, the EIB will take a higher risk tranche and crowd in other investors that will take lower risk tranches to enable EFSI to provide additionality. The EIB accentuates the fact that there might be situations in which the risk profile does not reflect additionality, i.e. alternative structures (including less risky structures) could have been considered.

⁴⁴ EFSI Regulation (EU) 2015/1017

⁴⁵ EFSI Regulation (EU) 2015/1017

⁴⁶ Communication from the Commission - Europe investing again taking stock of the Investment Plan for Europe and next steps, 01/06/2016.

The evaluators of this evaluation underline the suggestion to further clarify the definition and use of additionality and also to better communicate on this definition towards the market. One of the questions to be addressed is related to the risk criterion, which is now to be understood as a risk profile that is higher than the projects supported by EIB normal operations. However, from the survey and interviews (notably NPBs), there are signals that financing projects with this risk profile may be an additional activity for the EIB, but is not per se considered additional by the market, as other banks could have financed the project in some cases to the same extent or on the same time frame without EFSI support. During the interview, the EIB underlined that if other banks could have financed those projects to the same extent and in the same time frame, it would be reasonable to expect that borrowers would prefer to use these national banks given the extensive due diligence requirements of the EIB.

The project applications submitted to the EFSI Investment Committee for support under the IIW revealed a more detailed description on the Additionality aspect. However the market (NPBs, beneficiaries) is still in doubt whether additionality is always met. For the future, this remains a crucial parameter for an optimal usage of the EU budget and a maximal contribution of private funds alongside to cover risky projects in line with EFSI policy.

Overall, there is a need to better clarify/define and communicate the concept of additionality, which is understood differently by the various stakeholders. This is also suggested by the EIB evaluation, which suggests that the definition and use of additionality regarding the Special Activities may need further clarification to allow higher consistency in the way projects supported are documented and to mitigate reputational risk posed to EFSI. Indeed, IC members and the EIB's Board of Directors scrutinise the additionality for all operations including Special Activities.

Answering the additionality question is currently not straightforward and covers a range of criteria. As regards the 39 signed project applications under the IIW, the additionality criterion was described as a separate topic. Explanations given on the additionality nature were:

- ▶ Equity type instruments;
- ▶ Long term & illiquid nature of financing;
- ▶ Difficult valuation and thus exit out of a fund;
- ▶ Higher country risk e.g. Greece.
- ▶ Solution of suboptimal investment situation:
 - Venture Capital/Private Equity;
 - SMEs & Mid-caps' lack of financing;
 - Offering of alternative financing;
 - Challenging macro-economic conditions.
- ▶ Other risk factors:
 - Existing leverage - high risk balance sheet;
 - Cash flow generation depending on success future strategies;
 - Dependency on export market acceptance;
 - Raw material price fluctuations.
- ▶ Limited interest from banks for financing (small loan amounts, high market risks);
- ▶ EIB (and partner investor) to step in as anchor investor which is a signalling effect to crowd in other investors;
- ▶ Project financing thus higher risk (non-recourse financing, debt repayment from cash flows, no or low security package, technical risks etc.);
- ▶ Structural subordination;
- ▶ No track record of a specific fund;
- ▶ Higher EIB support possible due to the EU guarantee;
- ▶ Longer construction period thus higher risk;
- ▶ Larger total project costs & long availability period => exceeding usual market standards for financing.

One of the questions that was raised through the online surveys was if the projects could have been carried out without EIB/EIF funding with support from EFSI to the same extent or within the same timeframe. Of the 29 responses in respect of financing received under the Infrastructure and Innovation Window, eight answered that their projects could have been financed to the same extent (i.e. on the same scale and in the same timeframe) from other sources, which raises concerns about the additionality of EFSI financing for these projects. Eight responded that the EFSI support made it possible to realise the projects in the envisaged time frame, indicating that there is additionality in terms of timing of the project, while for other ten of the respondents the projects could not have been carried out without the support to the same extent, or within the same timeframe. These latter projects prove to be clearly additional in this respect. One of the beneficiaries claims that their project could have been financed with other sources, but at a higher cost. In this regard, the opinion of over 50% of the respondents (16 respondents out of 29) is that the EFSI support is cheaper than alternative financing. One third also share the view that EFSI support has a longer tenor than other alternatives (10 respondents) and that EFSI support lowered the risk to other investors by taking a higher risk tranche of the project (6 respondents).

As regards the SME Window, all of the financial intermediaries indicated that the projects could not have been carried to the same extent or within the same timeframe without the EFSI support. The difference in opinion between the windows may be caused by the fact that the SME Window only governs smaller projects, for which there are indications that there is a higher need in the market. The NPBs are a bit less optimistic about the additionality. For the SME window 3 of the 9 respondents consider that projects could have been financed from other sources (same size and timeframe), at the same time 4 out of 9 respondents state that the projects would not have been financed or only partly without EFSI under this window. For the IIW three out of the nine respondents claimed that the projects could have been fully financed without EFSI, while one indicates that the project could not have been financed on the same scale. The other 5 NPBs did not have own projects yet or did not know whether the project could have been financed through other sources.

In terms of considering EFSI support as critical/essential for future projects/business financing, only two out of 27 respondents (2 respondents could not answer the question) in relation to the Infrastructure and Innovation window and none out of 14 respondents in relation to the SME window responded that they would not consider EFSI support in the future. The remaining responded positively (22 respondents) or that it would depend on the prevailing conditions at the time (17 respondents).

To what extent is EFSI complementary and coherent with other related initiatives?

The EFSI Regulation indicates that *'the EFSI should be part of a comprehensive strategy designed to address uncertainty surrounding public and private investments and to reduce the investment gaps in the Union. (...). The EFSI should be seen as a complement to all other actions needed to reduce the investment gaps in the Union and - by acting as a guarantee fund - as a stimulus for new investments.'*⁴⁷

The EIB addresses the co-ordination, complementarity and coherence of the EFSI and analyses the synergies with EFSI and pillars 2 and 3, the new forms of cooperation around the EU funds and the cooperation with the NPBs and NPIs.

With regard to IPE pillar 2, the EIAH and the EIPP, and IPE pillar 3, improving the investment environment, EIB finds that more complementarity is necessary to support EFSI and therefore IPE to reach its objectives.

With regard to new forms of cooperation with EU funds, the EIB evaluation mentions first the 'Connecting Europe Facility (CEF)' and Horizon 2020 (H2020)' and finds that there are both risks and opportunities in the relationship between the EIB and those programmes. In terms of risk, the EIB evaluation points out EIB privileges EFSI operations over CEF or H2020 operations. In terms of opportunities, synergies could reside in the fact that EC could use CEF and H2020 funds to finance the First Loss Piece (FLP)⁴⁸ of operations, while the EIB would finance mezzanine tranches under EFSI.

⁴⁷ EFSI Regulation (EU) 2015/1017

⁴⁸ 'Portfolio First Loss Piece' means, in relation to the IIW Debt Portfolio, the first loss tranche provided by the EU Guarantee which covers initial reductions in value of the IIW Debt Portfolio following an effective loss. Under

The evaluators of the present evaluation underline this risk identified on privileging EFSI over CEF. The EFSI objectives of the IIW window cover also the objectives of CEF (promotion of growth and jobs and competitiveness through infrastructure investments), and could be a competitor to the CEF debt instrument as EFSI covers the same type of investments. The arrangements on risk and risk sharing under CEF, are different than those under EFSI, where the risk under the first loss piece is fully covered by the EU guarantee. Information from interviews revealed that there might have been projects that are eligible for CEF that are financed by EFSI.

The Connecting Europe Facility

The Connecting Europe Facility (CEF) is a EU funding instrument to promote growth, jobs and competitiveness through targeted infrastructure investment at European level. It supports the development of high performing, sustainable and efficiently interconnected trans-European networks in the fields of transport, energy and digital services. CEF offers project support through grants, programme support actions as well as through financial instruments. Financial instruments that may be used according to the regulation are equity instruments, such as investment funds with a focus on providing risk capital for actions contributing to projects of common interest as well as loans and/or guarantees facilitated by risk-sharing instruments, including the credit enhancement mechanism for project bonds, backing individual projects or portfolios of projects issued by a financial institution on its own resources with a Union contribution to the provisioning and/or capital allocation. The CEF Debt Instrument was launched in July 2015 and is currently implemented by the EIB and provides senior or subordinated loans, guarantees (risk-sharing and credit enhancement mechanisms in the form deployed under the Pilot Phase of the Project Bond Initiative and the Loan Guarantee Instrument for Trans-European Transport). As at the cut-off date of this evaluation, the CEF Equity instrument has not yet been launched.

Horizon 2020

Horizon 2020 is the EU financial instrument directed to innovation and also aims to drive economic growth and create jobs. Horizon2020 is aiming at a large participation of the SME sector. It is implemented primarily through transnational collaborative projects, delivered through calls for proposals. Horizon 2020 is also implemented through public-private and public-public partnerships. Support under the instrument is provided through grants, prizes, procurement and financial instruments with the latter being the main form of funding for activities close to market.

As mentioned in the 2016-2017 Horizon 2020 Work Programme¹, synergies with the EFSI will be promoted. This is particularly relevant to the financial instruments, targeted in particular to SMEs as they aim to contribute to the availability of a wider range of debt and equity financing products and facilities to support research and innovation.

It is worth mentioning the SME Instrument, which targets primarily highly innovative SMEs with a clear commercial ambition and a potential for growth and internationalization. In addition to grants and coaching, the instrument offers also access to a wide range of innovation support services and facilitated access to risk finance.

Then the EIB evaluation mentions the 'EU Structural and Investment Funds (ESIF)' which is the common designation for five European funds. These funds have sectoral policy objectives which map to those of EFSI. There are, therefore, opportunities for complementarity between the interventions.

The EFSI Regulation highlights the importance of complementarity with the ESIF. EFSI and ESIF can in theory be combined at different levels. By combining ESIF and EFSI, the ESIF funds could for example finance the FLP, while the mezzanine tranche would be financed by the EIB (backed by EFSI support), and the senior tranche would be financed by other investors.

the EFSI Agreement, the EU provides 100% of the PFLP for the IIW Debt Portfolio, while the EIB retains the full risk in relation to the remaining tranche. The PFLP is expected to represent around 25 % of the overall portfolio of operations financed by the EIB at the end of the investment period, and must remain available in full until the total outstanding exposure under the IIW Debt Portfolio becomes lower than the available FLP. From that point onwards, the FLP is foreseen to decrease in line with the decrease of the total nominal exposure under the IIW Debt Portfolio.

In reality, by the time of the EIB's evaluation, few EFSI operations had received complementary finance from ESIF funds, and the different eligibility criteria or Regulations do not ease a combined usage. In some interviews conducted by the EIB, it was mentioned that there may even be perceived a strong competition between EFSI and grants from ESIF particularly in the cohesion countries.

This competition between EFSI and ESIF is confirmed by the interviews conducted for the current evaluation, especially for the Cohesion countries that receive large amounts of ESIF funding. This funding is allocated to specific countries and themes and the allocated budget has to be committed within the programming period (2014-2020). ESIF covers a wide range of themes, which can be chosen by the Member States. Especially in the Cohesion countries, ESIF covers infrastructural investments, often through grants. In all Member States innovation and SME development covered by the funds, either through grants or financial instruments that are established under the different programmes in the Member States. In many countries the absorption of these funds is of the highest priority, as there is a high political will to use all the funds allocated.

Concerning the blending of EFSI and ESIF, there are indeed regulatory issues that hinder the blending. For this purpose, a proposal for revision of the ESIF Common Provisions Regulation has been made. However, this revised regulation will not address for instance the state aid issue (ESIF is governed by the state aid regulation while EFSI supported EIB interventions do not constitute State Aid), which may remain a potential hindrance. Also, ESIF already provides for the establishment of local financial instruments and the question is whether Managing Authorities are willing to add another instrument during the current programming period.

The collaboration with NPBs and NPIS is addressed in earlier sections of this report.

The opinion of the survey respondents on the availability of other financial solutions, which are similar to the EFSI is diverse. Starting from the final beneficiaries, 8 of them consider the EFSI support as unique, while 8 believe that there are other institutions/resources available, e.g. NPBs, regional/national resources, EU budget sources, Export Credit Agencies, and commercial banks. The opinion of the financial intermediaries is also almost equally split. The opinion of the NPBs that participated in the survey is more categorical: 8 out of 9 think that there are also other supporting instruments, which can be used instead of the EFSI. Eight of the respondents think that NPBs offer similar financial solutions.

The results from the questionnaires on the comparison between the financial solutions are as follows:

- ▶ Administrative burden - Final beneficiaries in general do not consider other solutions as having lower administrative burden. The majority of financial intermediaries also claim that other solutions do not have lower administrative burden. In contrast, most NPBs claim that other solutions are less burdensome, or at least partly less burdensome.
- ▶ Ease of application - Similarly to the above, final beneficiaries do not consider other solutions easier to apply (only 2 respondents claim that other solutions are partly easier to apply). The overall majority of financial intermediaries do not consider other solutions easier to apply for, although half of the SME Window financial intermediaries claim that other national instruments are partly easier to apply for. Most of the NPBs consider alternative national solutions as easier, or partly easier to apply for.
- ▶ Addressing regional/local needs - the majority of final beneficiaries and financial intermediaries respondents do not consider other solutions as being in a better position to address regional/local needs. The opinion of the NPBs is split - 4 of the respondents consider other solutions as more suitable to address regional/local needs, while 5 consider them as partly more suitable.
- ▶ Compliance with regional/local legislation - the general consensus among all respondents is that other solutions do not offer better compliance with regional/local legislation.

In general, interviews confirm there is a need for financing more risky and earlier stage investment gaps. The offering of the perfect blending of capital, grants, subordinated debt, debt and guarantees from multiple sources to jointly solve projects' financing seems the solution suggested by the majority of stakeholders.

What is the added value of the EFSI supported projects so far? To what extent and by which means can the EU added value of the initiative be maximised?

The 'Investment Guidelines' explain the 'added value' in the sense of '*contribution to the EFSI objectives*' ('*Projects benefitting from the EU guarantee shall respect the eligibility criteria and general objectives set out in Article 6 and Article 9(2) respectively.*')

In article 7 of the EFSI Regulation, it is indicated that '*The Commission shall be empowered to adopt delegated acts in accordance with Article 23(1) to (3) and (5) to supplement this Regulation by establishing a scoreboard of indicators to be used by the Investment Committee to ensure an independent and transparent assessment of the potential and actual use of the EU guarantee. Such delegated acts shall be prepared in close dialogue with the EIB.*'⁴⁹

Additionally, it is specified in the Commission Delegated Regulation, recital 3, that '*the scoreboard of indicators should be used to ensure that the EU guarantee is directed towards projects with higher added value.*'⁵⁰

The EIB's evaluation explains the scoreboard as a tool used by the Investment Committee to assess the added value through the eligibility and quality of projects in the EU as well as the EIB's contribution to the projects.

The EIB's evaluation states that, as of 30 June 2016, operations under the IIW were '*deemed to be strongly aligned with EFSI policy objectives and are of high quality*'. Additionally, '*all of the eligible sectors listed in Article 9(2) of the EFSI Regulation were covered by at least one EFSI operation. The aggregation of Scoreboard data also confirms that IIW operations are, thus far, largely focused on the development of the energy sector.*'⁵¹ In the data room organised by EIB we found evidence of the scoreboard developed per IIW project, explaining in detail the various parameters and their 'scores'. However the scoreboards showed a very diverse answer pattern, with some very strong scores, some very moderate scores. The Investment Committee approved every IIW project analysing the scoreboard. It was not possible to assess purely quantitatively whether the highest added value was achieved for a specific project. Indeed, it is not possible to have an overall score due to the presence of qualitative parameters and non-rankable indicators in the scoreboard.

Under the SMEW, the added value of an operation focuses on the EIF's contribution to the operation. Based on that definition, the EIF assesses (1) the degree of difficulty for an operation to secure alternative funding, (2) the EIF's role in structuring and advising on a deal, and (3) the catalytic effect of the EIF using EFSI support. The added value of operations under the SMEW are discussed at EIF board-level, not decided upon in the IC as for the IIW operations⁵².

2.2 EU Guarantee

To what extent has the EU Guarantee been used to support the EFSI operations and to achieve the EFSI policy objectives?

We refer to the question above 'To what extent are the financial resources provided to EFSI, namely the EU Guarantee and the EIB Group resources appropriately sized to achieve the expected effects?'

The European Commission concluded in its evaluation that despite the recent start of EFSI, the EU Guarantee enabled EIB to undertake riskier activities in line with the objectives set.

⁴⁹ EFSI Regulation (EU) 2015/1017

⁵⁰ Commission Delegated Regulation (EU) 2015/1558 of 22 July 2015 supplementing Regulation (EU) 2015/1017 of the European Parliament and of the Council by the establishment of a Scoreboard of indicators for the application of the EU Guarantee.

⁵¹ Operations Evaluation - Evaluation of the Functioning of the European Fund for Strategic Investments (EFSI), September 2016.

⁵² The EFSI Regulation and the EFSI Agreement establish that the EFSI Steering Board approve new SMEW products on the basis of their added value following consultation of the Investment Committee, but individual operations are not to be discussed by the Steering Board or the Investment Committee.

However, regarding the cooperation with NPBs or NPIs, as well as the deployment of new financing products for corporates (subordinated), or the amount of the guarantee dedicated to the SMEW due to a strong uptake, some adjustments had to be undertaken.

In addition, the Commission pointed out that the EU Guarantee is not designed to cover excessive risks for EIB operations as their pricing would not be acceptable from a market perspective. The EIB and the Commission have addressed this limitation by aiming to complement with instruments such as European Structural and Investments Funds (ESIF) or InnovFin to take the riskier tranches, with the EIB bearing the risk on the mezzanine tranches. The EU Guarantee has not been designed to cover potential currency fluctuations either.

Has the EU Guarantee been used to respond to the identified needs? To what extent do the identified needs still exist?

The European Commission concluded in its evaluation that despite the recent start of EFSI, the EU Guarantee has been efficient and effective to increase the special activities (higher risk financing) of EIB and EIF guarantees in favour of SMEs and mid-caps, in line with EFSI policy objectives.

The Commission evaluation analyses this point at sub-window level:

- 1) The IIW Debt sub-window: the EU Guarantee supported operations typically with a higher risk profile than EIB normal operations. As of 30 June 2016, 59 debt-type operations have been approved, all considered as special activities. The signed operations amount to € 4.5 billion.
- 2) The IIW Equity sub-window: the EU Guarantee supported direct investments in individual companies or projects or financing for funds or analogous portfolio risks, as long as the EIB invests on a *pari passu* basis. As of 30 June 2016, 18 equity-type operations have been approved. The signed operations amount to € 267 million.
- 3) The SME window: the EU Guarantee supported the COSME Loan Guarantee Facility (LGF), guaranteeing loans to SMEs with a higher-risk profile, and InnovFin financial instruments, guaranteeing loans to innovative and research-intensive SMEs and small mid-caps. The frontloading of COSME LGF and InnovFin budgets in the period 2016-2020 amounts to € 500 million and € 750 million respectively. As of 30 June 2016, 186 operations have been approved accounting for € 3.4 billion in EFSI financing. Of the 186 operations, 71 are equity projects, financed from the EIB's € 2.5 billion contribution to the SMEW, 43 are COSME and 72 are InnovFin guarantee operations. The investment for the signed operations reach € 3.3 billion expecting to support an amount of around € 48.4 billion⁵³. Around 180,000 SMEs and mid-caps would benefit from those operations.

The evaluator of this evaluation agrees with the conclusion of the Commission that if the need to reinforce investment in viable projects presenting a higher risk still exists, the EU Guarantee allows support of riskier activities as expected.

To what extent will the level of the EU budget resources available for the EU Guarantee be appropriate in the light of the evolution of the exposures to be covered in the future?

The Commission internal evaluation finds that at the end of the 1st year of the EFSI's launch, the use of the EU Guarantee has been efficient and effective regarding the aim of supporting special activities. However, the Commission and the EIB Group have been able to perform some adjustments to adapt EFSI to the new needs, e.g. the reinforcement of the SMEW by € 500 million or the possibility to have different portfolios and the clarification of the guarantee treatment of subordinated debt under the IIW.

⁵³ According to the consolidated figures provided to the evaluator, this amount is € 44.2 billion

In addition, research and interviews confirm that further changes are expected before the end of 2016. The most important one concerns the restructuring of the debt part of the SMEW. This will imply that the first-loss piece will be taken by financial instruments under EU programmes, such as COSME, InnovFin or EASI, whereas the EU guarantee under EFSI will take a mezzanine tranche, and, in the case of the InnovFin guarantee, the residual risk will be covered by the EIB Group's own resources. Those changes will lead to an increase in the overall size of the budgetary allocations for those instruments allowing the EIF to finance more operations.

Currently, the combined Union budgetary allocation for COSME and InnovFin SMEG would reach around € 1.7 billion by 2020 expecting to support an investment of around €34 billion. With the new set-up, the combined budget would increase to € 2.95 billion, expecting an investment of around € 60 billion.

Under the IIW, the EFSI should focus on investments and market needs at local levels to strengthen the impact of the use of the EU Guarantee. Consequently, the cooperation with the NPBs and replicable patterns should be reinforced to set up investment platforms and to combine EFSI with Union budgetary instruments.

The legislative proposal for the extension of EFSI issued by the Commission provides some adaptations such as an adjustment of the target provisioning rate, a stronger focus on risk-sharing instruments and subordinated financing, the possibility for the EU Guarantee to cover the potential impact of currency fluctuations, taking into consideration both losses and gains arising from such fluctuations.⁵⁴

Regarding the provisioning mechanism of the Guarantee and potential calls, so far no calls due to defaults or value adjustments have been triggered. The targeted provisioning of 50% at the outset has been seen as cautious and prudent to cover potential losses under the portfolio supported by the EU guarantee. Moreover, it is important that the Commission closely monitors the investment strategy of the resources held in the EFSI Guarantee Fund, bearing in mind the future exposures and risk profile of the EFSI portfolio, in order to ensure an appropriate size of the EU budget resources adapted to the EFSI portfolio future exposure.

2.3 The European Investment Advisory Hub

The objectives of EIAH are defined in Article 14 of the EFSI Regulation. Its task is to strengthen the support to investment in the real economy, by advising and supporting project development and project preparation based on the expertise of the Commission, EIB, national promotional banks and institutions and managing authorities. Projects which may be eligible for financing by the EIB should be supported, but EIAH is not solely limited to EFSI or EIB-financed projects.

The EIAH consists of three complementary advisory components. First, it is meant to act as a single point of entry to a wide range of advisory services and technical assistance for project promoters, public authorities, and the private sector, provided by internal EIB staff or external consultancy experts. Second, the EIAH is a cooperation platform, designed to exchange, leverage and disseminate expertise among the EIAH's partner institutions and other stakeholders. Third, the EIAH is designed as an instrument to both assess and address unmet market needs in terms of advisory support⁵⁵.

⁵⁴ EC internal evaluation, SWD(2016) 297 final/2, Brussels 22/09/2016, p 20

⁵⁵ With the support of an external contractor, the Hub is currently carrying out an extensive needs assessment exercise covering all sectors and Member States in an effort to map existing advisory support (EU or national funds) and identify gaps and needs. This study would support the EIB and the Commission in setting out the strategy for the EIAH by helping to define the Member States and investment sectors where improving the uptake of advisory services could have the greatest impact on investment outcomes.

2.3.1 Relevance and Effectiveness

In order to avoid repetitions, this section combines overlapping Relevance and Effectiveness questions.

To what extent has the EIAH deployment fulfilled its mission as listed in Art 14 of the EFSI Regulation, especially for paragraph 1, 2 and 3?

Which sectors is EIAH supporting most effectively? What are the challenges for making EIAH effective across all eligible sectors and areas and how can they be overcome?

The European Investment Advisory Hub is considered one of the main elements of the Investment Plan for Europe. The EFSI is the financial element of the IPE, whereas the EIAH addresses advisory support related to project preparation.⁵⁶

In regard to the requests addressed to the EIAH as of 30 June 2016, the EIB states in its report⁵⁷ that the Hub has received a total of 214 requests. The number of incoming requests has doubled over the last semester (i.e. first semester 2016) compared to the activity recorded in 2015. Out of those 214 requests, 160 are project-specific requests, 56 come from the public sector, 100 from private sector and 4 from the 'other' category (e.g. NGOs).

Since the launch of the EIAH, 19 requests have been allocated to EIB services for specialised advisory support and 79 requests were provided with advisory support directly from EIAH team and closed until June 2016.

The following table comes from the report, presenting the situation as at 30 June 2016.

Table EIAH service requests

Row Labels	1.Request For Financing or funding advice	2.Request for TA + funding	3.Proposed Cooperation	4.General Information	5.Request for TA only	Grand Total
Allocated	4	9		1	5	19
Closed	49	25	12	24	2	112
Initiated	25	44	1	8	5	83
Grand Total	78	78	13	33	12	214

The table shows that out of the 214 requests, 78 relate to financing or funding advice, 78 for technical assistance and funding, 13 for proposed cooperation and 33 for general information. These figures show that the request for technical assistance and for financing/funding advice are the most frequent categories of request.

All the requests received have been analysed. The EIAH team contacted the projects promoters to understand the needs and identify the kind of support to be provided. Appropriate expertise, where necessary, was then mobilised either from EIB operational services or from relevant advisory services and programmes.

Additionally, the technical report indicates that the activity in the 1st half of 2016 shows a similar trend to the one observed during 2015. The majority of project-specific requests emanated from the private sector and were related to financing support (e.g. project promoters looking for investors at early development stage). In many cases project promoters have been asked for additional information before any further support can be given or have been signposted directly to support from other sources.

Although it is rather early to draw solid conclusions, also in view of the Hub's ramp up phase, there is a trend towards a balance between the public and private promoters. However, the private sector remains the sector where the majority of the requests have been signposted to other services for different reasons, such as the early stage nature of most of the requests. Moreover, it should be borne in mind that fees may be charged to the private sector to recover partially the costs for the services.

⁵⁶ EIAH bi-annual technical report, January-June 2016

⁵⁷ Idem.

In regards to the sector coverage, the report informs that the sectors with the most frequent requests are energy and transport, which are eligible sectors under the EFSI Regulation. The interviewees and the online survey results confirmed that for the EIAH the key areas are Energy, Transport and Urban/Rural development. EIAH has also been seen as most effective in Transport and Urban/Rural development due to the fact that there has been a lot of demand from those sectors and the bank has strong skills to address those needs. It is important to note that these sectors are particularly highlighted by Art. 14 of the EFSI as priority sectors for provision of technical assistance. The Hub indicates that the website is often not providing sufficiently enough mature projects in the priority sectors. Hence, if the Hub is to provide more support in other sectors, this would require a pro-active approach in generating requests in these priority sectors.

In regards to the geographical spread, the requests have been received from 27 Member States by 30 June 2016, only Estonia was not represented⁵⁸. The three most active Member States so far have been the UK, Bulgaria, and Belgium. There were 7 requests which were not country specific, including 2 requests outside of Europe and 5 requests which concerned more than one country.

The Hub representatives confirmed that they face a dual requirement as they are asked to be demand driven, but at the same time to reach all regions. To reach all regions with the highest needs, will require awareness raising and targeted sourcing including at local level. Due to the capacity constraints, the Hub needs to be as efficient as possible. Being on the ground is valuable in this respect, but should be balanced efficiently. In order to be a single access point, the Hub is by default currently Luxembourg centric. The EIB Advisory services, on which the Hub partly relies, are more decentralised - besides the Luxembourg headquarters, the EIB Advisory Services have regional offices (45% of its employees are staffed outside Luxembourg) located close to regional needs.

The Hub sees huge potential in collaboration with NPBs and NPIs, but countries with the highest needs do not always have experienced NPIs. Moreover, the Hub tries to send people on the ground on a case by case basis for specific projects.

In relation to the overall relevance of the EIAH, most of the participants in the survey for EIAH services users (8 respondents) shared the opinion that the needs for technical assistance services have increased since the launch of the Hub and that these needs will further increase in the next 5 years (8 respondents).

The support provided to the users of the EIAH services, which participated in the online questionnaire, was mostly in the field of structuring projects to improve their access to finance (9 respondents); project preparation (8 respondents); and implementation and management of Financial Instruments (4 respondents). Market studies, project implementation/delivery services, project identification, capacity building, and procurement services were also used.

The services that were provided to the NPBs that participated in the online questionnaire were in the fields of: implementation and management of Financial Instruments; support to structuring projects to improve their access to finance; project identification and implementation. The sectors in which the support was sought included: telecommunications; human capital, culture, and health; energy infrastructure; and regional development.

To what extent does EIAH ensure peer-to-peer exchange and sharing of know-how regarding project development in a manner, which is compliant with its mandate?

The EFSI Regulation (Art.14 (6)) states that 'In order to ensure broad coverage of services provided by the EIAH across the whole Union, the EIAH shall cooperate where possible with providers of similar services at Union, regional, national or sub-national level. Cooperation between, on the one hand, the EIAH and, on the other hand, a national promotional bank or institution or an institution or a managing authority, including those acting as a national advisor, having expertise relevant for the purposes of the EIAH, may take the form of a contractual partnership.'

⁵⁸ Since September, the Hub received requests also from Estonia

The bi-annual report addresses this question and informs that during 2015, a Memorandum of Understanding was set up to organise a standardised framework for cooperation. As of the end of June, 19 MoUs have been signed by the Hub. Three non-exclusive forms of collaboration are envisaged:

- 1) NPIs participating in knowledge/best practice sharing and dissemination initiatives in relevant areas of expertise within EIAH's scope of activities;
- 2) NPIs acting as EIAH local point of entry/local screening body for potential clients and stakeholders;
- 3) NPIs delivering services locally on behalf of EIAH.

The MoU covers the first two forms of collaboration and the third one will be subject to the launch of specific Calls for Expression of Interest and to the signature of bilateral agreements with the implementing institutions.⁵⁹

In terms of enhancing collaboration and exchange of know-how between the different stakeholders, the EIAH organised different events, e.g. the EIAH Days 'Defining Collaboration' (October 2016) and a workshop on Kick-starting cooperation between EIB and NPIs in the context of the European Investment Advisory Hub (April 2016).

In line with the above, the interviews revealed that the organisations that signed the memorandum of understanding (MoU) did not yet employ activities under the MoUs, as the kick off meeting was only organised recently. Hence, activities are yet to start. In this regard, the results of the survey showing that nobody participated in peer-to-peer and knowledge exchange and training is not surprising. For more information on the cooperation with the NPBs, see below.

To what extent has EIAH cooperation with other providers of similar services been effective?

See the answer to question 'To what extent has EIAH proved complementarity to other existing initiatives?' further below.

How effectively has EIAH been using the expertise of the EIB, the Commission, national and promotional banks or institutions, and the managing authorities of the European Structural and Investment Funds to achieve its objective?

First of all, it needs to be said that the activities of the EIAH started relatively recently and that the EIAH is in its process to build the relationships with the different institutions. Representatives from the Hub indicate that partnerships are critical for the functioning of the Hub and that internal networks are set up, while they now need to build and strengthen the external networks. Furthermore, the number of questions and requests for services are still relatively limited. This also limits the possibility to address this question.

The EIAH is within EIB Advisory services, and gives access to all of the EIB advisory services. The Hub functions as a dispatching centre to connect projects to the right services, both for public and private promoters. The Hub tries to understand the real needs and issues, and directs to counterparts which can direct to right advices. In this way it sources all expertise from other existing EIB advisory parts and also provides advisory support.

Concerning the cooperation with the NPBs, all the NPB respondents who took part in the online survey shared that they already had a MoU with the EIAH, or were planning to sign one. Opinions were divided on the scope of the MoU – some NPBs only intend to cooperate on the first level (informing about the EIAH as a potential access to technical assistance), while others intend to expand the cooperation further. This differentiated approach on the future cooperation between the NPBs and the EIAH is noticed also in the answers to the question 'Are you planning to deepen your relationship with EIAH'. Two respondents did not have plans for further deepening the cooperation, 5 were unsure, and 2 responded positively.

⁵⁹ Bi-annual technical report, January-June 2016

Interviews revealed that the cooperation between the EIAH and NPBs and other national institutions has just started and needs to be shaped further. As the cooperation is just to start, it is also not always clear what the cooperation should cover and how it should be organised. Interviews also revealed that there is a clear need for making use of expertise that is tailored to the needs of the country and cooperation with local players, also with other institutions than the NPBs, is needed. At the same time, it is indicated that not all NPBs are able to supply services, as they may not have the capacities to do so.

These results point to the conclusion that there is still room for improving the cooperation between the National Promotional banks and the 'Hub'. It should be acknowledged, however, that it is still too early to provide a general conclusion on the effective use of existing expertise by NPBs.

The managing authorities were not targeted by this evaluation.

To what extent has EIAH been effective as a single point of entry for technical assistance for authorities and project promoters?

The EIAH representatives pointed out that the EIAH website acts as a good access point for authorities and project promoters. Next to this, project promoters are directed to the Hub through other EIB contacts (see also section on communication methods). In relation to requests received from the website, in order to improve efficiency, the Hub uses a pre-screening to signpost requests.

The users of the EIAH services that participated in the online questionnaire have no strong views about the visibility of the EIAH as a single point of entry for technical assistance for public entities and project promoters. All the responses (14) express an average assessment of its visibility. The predominant answer that the EIAH is not very visible (8 respondents) suggests that the 'Hub' needs to increase the exposure of its services. Although the sample is very small, this outcome is not surprising considering the fact that the Hub only recently started its activities and also only recently started the cooperation with the NPBs/NFIs to further disseminate information on EFSI and the Hub.

To what extent are EIAH's activities relevant to its mandate?

To a large extent this question is answered in all other questions in the EIAH section. As described above, the EIAH is clearly assisting project promoters, where appropriate, in developing their projects. Furthermore, the EIAH has been most effective in providing services in the Transport, Energy, and Urban regeneration sectors. Also the EIAH services are available for public and private project promoters, including national promotional banks or institutions and investment platforms or funds and regional and local public entities. These are all sectors, activities, and service users, which are directly relevant to the mandate of the Hub.

The Regulation also mandates the Hub to leverage local knowledge to facilitate EFSI support across the Union, which as noted above is an area in which work is in progress and improvement will be needed, paying particular attention to the specific local needs of EU MS.

In terms of its mandate to provide a single point of entry for technical assistance for authorities and project promoters, the EIAH representatives pointed out that the EIAH website acts as a good access point as evidenced by the relatively high number of requests received by the Hub. However, the results of the survey with users of the EIAH services showed that the 'Hub' needs to increase the awareness of its services.

2.3.2 Efficiency

To what extent have the financial resources provided to the Hub been appropriately sized to meet EIAH's objectives and how can they be optimised?

To what extent is the EIAH governance model efficient in meeting the EIAH objectives?

It is too early to provide a valid conclusion on the efficiency of the EIAH. Concerning the budget, the Hub is in a ramp up phase and therefore not all the available budget has been used to date. However the forecast of the Hub is that all of the budget will be spent. Next year it is expected that there will be 'overspending' in annual terms.

As concerns the governance model, the Framework Partnership Agreement (FPA) between the Commission and the EIB foresees the set-up of a 4-member Coordination Committee whose Chairperson is a Commission official appointed by the EC. According to the agreement, the committee should meet at least twice a year. The 4-member Coordination Committee has already been established and its Rules of Procedure have been adopted as expected. The committee is chaired by the EC and acts in consensus. As of the end of June 2016, 3 meetings already took place. In January the Committee took the following decisions: (i) approval of the EIAH Pricing Policy; (ii) agreement on the technical and financial reporting frequency from EIB to Commission. At the third meeting in June 2016, the Committee approved the final draft 2016 work programme together with the budget proposal from the EIB.⁶⁰

No issues have been identified as concerns the governance model, but the opinion of the users of the EIAH services and the EIAH itself is that the model for provision of services should be less centralised. The Hub already has positive experience with provision of services at local level (Greece), which could be replicated in countries that need support, based on their specific needs.

To what extent have EIAH communication methods been efficiently used to promote the service of EIAH to public and private project promoters, including national promotional banks or institutions and investment platforms or funds and regional and local public entities?

The EIAH established a communication strategy including promotion activities, conferences, workshops, case studies, brochures, targeted awareness raising and website development. The communication strategy has to be agreed by the Coordination Committee on annual basis. Before issuance and publication, reports, publications, press releases, etc. should be discussed by the Committee.

With regards to communication, the bi-annual technical report states that during the 1st half of 2016, the EIAH website has been visited 7.745 times. 148 out of the 214 requests have been submitted through the website. The website is usually found via the European Commission Investment Plan page, the EIB website and EFSI dedicated page, and social media. The EIAH website is regularly updated and the EIB started developing further the website infrastructure, content and contact since beginning of 2016.

According to the results of the online survey, the majority (9 of the respondents) of the beneficiaries of the EIAH services became acquainted with the Hub through the EIB staff. Promotional activities (e.g. conferences and social media) and the EIAH website were also instrumental in this regard. Even though the website was helpful in understanding about the EIAH services, 3 of the respondents had some reservations as concerns the clarity of the information provided online. This is to suggest that the 'Available services' and 'How can the Hub support you?' sections of the website should be expanded and further description of the services would be helpful for the users of the EIAH.

All the NPB representatives that participated in the online survey expressed awareness with the EIAH services. The NPBs clearly see their role as partners with the EIAH, including as concerns joint working groups, conferences, and events in general. However, not all NPBs declared that they promoted the services offered by the EIAH. This was also confirmed by the results of the EIAH beneficiaries' questionnaire - only one of the respondents indicated the NPBs as a source of information for learning of the EIAH. In this sense, the responses of the questionnaire suggest that NPBs should be more active in distributing information on the EIAH services.

Only 2 of the surveyed final beneficiaries of EFSI expressed awareness with the EIAH services (even though they did not use them), while 15 responded that they did not know about the Hub. The overall consensus among the surveyed NPBs also confirms that project promoters are not sufficiently aware of the support that can be provided by the Hub. These results clearly show the need for a far-reaching communication campaign on the EIAH services.

⁶⁰ Bi-annual technical report, January-June 2016

Interviewees also shared that the visibility of the Hub could be improved. Currently, the core team of the Hub consists of 6 people that participate in network events and next to that other EIB experts do promote the Hub. While the EIAH has been so far promoted in more than 100 events, when the capacity of the Hub is increased, more attention could be paid to activities that contribute to visibility.

2.3.3 Added value and complementarity

To what extent has the EIAH support to projects provided added value?

The results of the online survey with the EIAH service users show that the perception on the quality of the services provided in the early stage of the Hub development is mixed. Four of the respondents claim that the services were not tailored to their needs and 4 respondents answered that the services were tailored to some extent. At the same time, 3 respondents answered that they received tailored support and two of them responded 'to a large extent'. Similar mixed results were received on the overall satisfaction with the EIAH assistance. Three respondents were very satisfied, 3 satisfied to some extent, and 4 were not satisfied. It is also noteworthy that the 2 NPBs that participated in the online survey, which used the services offered by the EIAH, considered them as useful in terms of support for project identification, preparation, and development. Furthermore, in its conclusions for the period January-June 2016, the Hub states that with regard to the requests received, many involve projects, which were not sufficiently well-defined and the EIAH advisors often sought more information which would enable them to provide the necessary advice, but which was never eventually obtained. This offers an alternative explanation on the overall mixed perception of the services.

Nevertheless, the mixed results of the surveys suggest that the EIAH services should be further tailored to the needs of the organisations requesting them. So far the EIAH has only once received feedback from its users through a structured procedure. It is clear that in order to make sure that the opinion of stakeholders is taken into account and that services are constantly improved, a more regular feedback procedure will need to be established and is being currently considered by the EIAH.

Three possible areas for improvement of the Hub services were included in the EIAH questionnaire:

- ▶ Speed of services provision - while a majority of the respondents were satisfied with the Hub's responsiveness, three of the EIAH service users expressed negative opinion on the length of the technical advice process and three expressed only partial satisfaction. Four of the recommendations on the EIAH that were received through the questionnaire were related to the need for shorter period of provision of feedback.
- ▶ A specific recommendation that was received was to improve, or even merge the EIAH with the fi-compass. According to the Commission, the merge is not legally possible, but the EIAH could help extending the services offered by fi-compass e.g. to help developing investment platforms.

Website application process - only 1 respondent claimed that the application process is not user-friendly and 2 expressed satisfaction to a small extent, while the majority considered it as smooth. These results point to the conclusion that the application process is not a feature that currently requires improvement.

Based on the online questionnaires (EIAH and NPBs) results, it seems that the users of the EIAH services are mostly interested in capacity building support for projects, financial Instruments implementation and management, state aid, and on how to structure projects to improve their access to finance.

To what extent has EIAH proved complementarity to other existing initiatives?

Interviewees of the EIAH did not identify overlaps with other advisory services within the EIB. They pointed at the fact that the Hub enhances cooperation as it acts more as a coordination centre, which directs public and private project promoters to other EIB advisory services. The interviewees of the Hub share the opinion that collaboration with external services can be improved, but is still work in progress. It was mentioned several interviewees, also NPBs, that better use can be made of local available services, but that there should be financial resources to cover for these services.

The majority of the users of the EIAH services considered them as unique (6 respondents), while 3 respondents claimed that its services are partly provided by others. Those NPB respondents that have made use of the services offered by EIAH or are aware of project promoters that have used them, also claim that the services are partly provided by others, e.g. private sector consultancies, trade and commercial associations, NPBs, Commission -funded TA facility, and the European Association of Development Banks. It is therefore important the EIAH team continue to exercise care in avoiding crowding out of the private sector.

3 Conclusions and recommendations

3.1 Conclusions

EFSI

Relevance

- ▶ Investment gaps and market needs still persist in Europe. Gaps to invest in R&D, energy, ICT, education, industry, transport & logistics and water & waste are estimated at an annual € 655 billion⁶¹. There is not so much a need for liquidity, but rather a need for high risk financing.
- ▶ EFSI is relevant in terms of the size, as it targets €315 billion financing of investment gaps over 3 years, with which EFSI contributes to closing the above mentioned gaps.
- ▶ In terms of geographical coverage, 26⁶² out of 28 EU countries were reached, showing a broad spread. A closer look reveals, however, that the EU15 received 91% and the EU13 received a mere 9% of EFSI support (excluding multi-country operations). For the IIV UK, Italy and Spain received 63,4%, for the SMEW Italy, France and Germany received 36,1% of total EFSI support. Possible reasons for the lower EFSI support in Central and Eastern Europe are the competition from the European Structural and Investment Funds (ESIF), less capacity to develop large projects, less experience with PPP projects, a less developed venture capital market and the smaller projects' size.
- ▶ In terms of sector coverage, EFSI proved relevant in terms of covering R&D (45%), energy (21%), ICT (17%) sectors. Some sector gaps are less addressed, but this is not seen as a major issue.
- ▶ The design of EFSI enabled the EIB to address more high risk financing, both by an increase in the volume of Special Activities and the development of new financial products for high risk financing. Before the launch of EFSI, EIB was signing circa €4 billion of Special Activities⁶³ per annum. This should increase to circa €15 to €20 billion of Special Activities by the end of 2016. So in this respect EFSI is relevant in addressing market gaps by increasing the availability of high risk financing to eligible projects.
- ▶ However, there is a strong need for EFSI to provide higher risk financing, in a complementary and subordinated position to other investors. At the start, EIB was not willing to take higher risk, but this has improved.
- ▶ In general the design of EFSI is perceived as relevant, although there are some important issues of concern:
 - First, the need to complement additionality in terms of risks (which is defined in the EFSI Regulation as being a Specific Activity for the EIB) with other factors. In fact, this higher risk level may not always be higher than risk levels that other suppliers cover.
 - Secondly, the design of EFSI is less suitable for certain countries for the reasons indicated above (capacity, experience with PPP constructions, size of projects and markets).
 - Thirdly, the financial conditions of EFSI are reported to not always be sufficiently attractive for National Promotional Banks/financial institutions.
 - Lastly, the complexity of the process and the difficulty of co-financing with European Structural and Investment Funds due to the rules hinder the mixing with these Funds.
- ▶ The cooperation with National Promotional Banks/National Promotional Institutions and investment platforms started recently. Currently, NPBs/NPIs are searching for the best cooperation in their local markets, which is sometimes difficult due to their lower maturity/capabilities. As at 30 June 2016, no investment platform had been set up yet, but this may be due to the fact that it takes time and depends on the regulatory environment. Also more information is needed about the specific role of the EIB in the platforms and there is a need for Technical Assistance to set them up, especially in the EU13.

⁶¹ Source: EIB (2016) Restoring EU Competitiveness

⁶² 27 out of 28 countries after the October 2016 Board

⁶³ 'Special activities' is a EIB risk classification for riskier projects

Effectiveness

- ▶ EFSI approvals are on track after its first year. However, actual signatures are lagging behind (at 21% of the 315 billion target). This is especially true for the IIW, partly due to the nature of projects financed under the IIW, which take a long preparation time. Also, it takes time to develop new (more risky) products under this window. Hence, a ramp up is expected in the coming years.
- ▶ In terms of mobilisation of private and public capital, a multiplier of 15 is targeted. Currently the expected multiplier for the signed actions is 14.1. It is at this stage too early to assess whether with the upcoming projects the target multiplier of 15 will be reached on the total portfolio after 3 years. This is a point for attention in the selection of new projects in the context of the performance of the portfolio as a whole. However, the EIB expects the IIW multiplier to increase as the EIB is expected to ramp up the roll-out of new products that are higher leveraged than the more classic products which were mainly used during the first year of EFSI. We note that mobilising private finance is a valid objective of EFSI. However, the objective of closing investment gaps and market needs through offering the right solutions to the right projects throughout the countries and sectors should be even more important.
- ▶ In terms of the objectives relating to growth and jobs, no targets have been set for EFSI. The EIB Group will work on modelling tools to estimate the impact. We would very much welcome the monitoring of indicators relating to growth and jobs, as these are the ultimate objectives of the investments.

Efficiency

- ▶ As mentioned above, the overall multiplier needs to increase somewhat in order to reach the expected investment level. This improvement is expected by the EIB (see above).
- ▶ Governance structures are in place and are working well. There are only a few minor issues for improvement.
- ▶ Relating to the speed of approval of actions, some beneficiaries and intermediaries under the IIW have indicated the need to speed-up the approval/due diligence process.
- ▶ Although stakeholders are aware of the support which can be provided by EFSI, further effort is needed to explain the specific products and the role of the investment platforms. New products will require further promotion and explanation in order to avoid misunderstanding and to ensure a quick take up. Up until now, direct contacts with EIB and EIF prove to be the most frequently used channel. Local promotion is in the process of being taken up and needs to be further reinforced.

Additionality, Coherence and Added Value

- ▶ Firstly, in terms of added value, the new products developed by the EIB for taking higher risks, are additional to the products the EIB already provided. These new products are valued by the market, although sometimes perceived as still not risky enough. Some beneficiaries indicated that the EFSI support is cheaper compared to other investors and support has a longer tenor than alternative support instruments. These are important elements to be assessed in order to avoid potential market distortion and to guarantee additionality.
- ▶ Additionality is a key issue and linked in the Regulation to 'Special Activity' as per the EIB's governing documents. However, in some cases Special Activities are not perceived by the market as having a higher risk compared to what the commercial market can offer. The survey and interviews, especially those with NPBs, indicate that some of the financed projects could have been financed without EFSI whereas others could not have been financed to the same extent. However, in general, the fact that the promoters decided on EFSI financing suggests that the alternatives did not provide the financing to the same extent, conditions or in the same time frame.
- ▶ Special Activities identified by the EIB tend to be channelled to EFSI as from the moment that projects are eligible for EFSI funding, rather than first exhausting its capacity to undertake Special Activities on its own-funds, in order to retain some flexibility to manage the expectations of clients in the event of refusal by the Investment Committee. Hence, there is a risk that projects that normally would have been financed by the EIB without EFSI support are now covered by EFSI and thus hinder the additionality principle.

- ▶ In our opinion, the assessment whether to provide the EU Guarantee should go beyond 'ticking the box' of Special Activities, but should evolve towards fully understanding whether the EU guarantee is used as designed. The project applications submitted to the EFSI Investment Committee for support under the IIW revealed a growing substantiating description of the Additionality aspect. However the market (NPBs, beneficiaries) is still in doubt whether additionality is always met. For the future, this remains a crucial parameter for an optimal usage of the EU budget and a maximal contribution of private funds alongside to cover risky projects in line with EFSI policy. Overall, there is a need to better clarify/define the concept of additionality, which is understood differently by the various stakeholders. In order to improve transparency, within the constraints imposed by commercially sensitive information, the decisions by the Investment Committee should be made public, including a justification for the decision.
- ▶ In terms of complementarity, there is a high complementarity with COSME and InnovFin, as EFSI enables to 'frontload' these funds to respond to the market needs. For ESIF, the Commission and EIB Group see an added value in combining EFSI with ESIF. However, regulatory issues complicate this combination, which are partly addressed in a proposal for amendment for the Common Provisions Regulation for ESIF. At the same time, ESIF is in certain cases seen as a competitor to EFSI. Especially in Cohesion countries, projects will be rather financed through ESIF in order to absorb those funds in time. Concerning the financial instruments under CEF and Horizon 2020, there is an indication that EFSI competes and the risk is that EFSI covers projects that could have been financed by these instruments.
- ▶ In terms of added value, the projects are scored by EIB on different criteria, such as contribution to the EFSI objectives, additionality, economic and technical viability of the projects and maximisation of private investment. However, in accordance with the Delegated Act of the Scoreboard, there is no definition on a minimum threshold per criterion, nor a weighting. The NPBs could be even stronger partners locally. Indeed, they have access to local beneficiaries and understand the market needs. Hence, they can help in offering complementary solutions jointly with EFSI, benefiting in the maximum multiplier effect on financing.

EU Guarantee

- ▶ The EU guarantee was used for the upfront financing of SMEs and Midcaps under COSME and InnovFin and was relevant as there was a high demand for the products offered under those initiatives. For the IIW, the guarantee is used as a first loss piece for the supported operations, allowing the EIB to take on higher risk. In this sense, the guarantee proved to be relevant.
- ▶ Despite the recent start and objectives set at the end of the 3-year period, the EU Guarantee proved adequate to cover investments done by the EIB and EIF under EFSI. The division between the IIW and the SMEW needs to be monitored, there was a recent shift and a potential further shift towards the SMEW may be envisaged.
- ▶ As market conditions have not been changed and there is a high demand for risk financing, the Guarantee still responds to the identified needs.
- ▶ The EU Guarantee is efficient and effective, however some changes have been made and are suggested for future optimal usage (increased size of SMEW guarantee coverage, multiple portfolios, subordinated debt treatment, currency fluctuations). The scope of this evaluation did not include a detailed quantitative analysis of the relationship between the size of the guarantee versus the portfolio risk, which was carried out by the Commission in its evaluation. However so far the current provisioning rate of the Guarantee Fund (50%) is estimated to be higher than the amount needed to cover the risk on the EFSI portfolio (33,4%).
- ▶ So far there have been no calls under the guarantee.
- ▶ The procedures on the decision to approve the use the EU guarantee and the minimum thresholds for the different assessment criteria could be made clearer.

EIAH

Relevance and Effectiveness

- ▶ The EIAH was set up in September 2015. Its governance structure is in place and it started working on developing the activities relating to its mission as indicated in the Regulation.
- ▶ In terms of relevance, there is a high need for technical assistance support and it is expected by stakeholders that this need will grow in the coming years. In terms of its mandate to provide a single point of entry for technical assistance for authorities and project promoters, the EIAH website acts as a good access point, although the EIAH is reached through existing contacts within the EIB and the EC.
 - In terms of effectiveness and the type of support provided to the users of the EIAH services so far, it is clear that due to the short existence of EIAH, not all expected services are fully developed and promoted yet. The services currently provided have included assistance in the structuring of projects to improve access to financing; project development support, upstream or policy advice, market studies, sector strategies, and project screening. Also financial advice is provided, but there has been less activity for instance in the support provided for setting up investment platforms and in the field of training on project development or peer-to-peer exchange and sharing of know-how with NPBs and other advisory services. It should be noted that there are ongoing advisory programmes in the latter areas directly provided by other parts of EIB.
 - To date, the capacity of the Hub itself has not yet reached the level required to provide for all the support mentioned in the mandate. Considering the capacity currently available, the Hub rather directs the promoters to the right services provided by the EIB or to other service providers. However, the legal basis and the resulting work programmes indicate also the need for the Hub to provide actual advisory support through the resources made available under the EIAH budget. Moreover, there is demand to develop services within the Member States that lack capacity. A complicating factor for this is that NPBs do not always have the capacity to provide such services and, in case they have this capacity, there may be administrative issues in terms of contracting for delivering these services under the EIAH umbrella.
- ▶ Also in terms of relevance, as concerns sector coverage, the sectors where the requests for EIAH support are most frequent are Energy, Transport and Urban / rural development, which is in line with the mandate given by the EFSI Regulation.
 - Until June 2016, the geographical spread of the services is good and covers 27 Member States. However, reaching all regions where needs are greatest, central and eastern regions in particular, requires more awareness raising and targeted sourcing, for which the Hub needs local presence or to develop partnerships with NPBs/local service providers.
- ▶ Concerning the support for investment platforms, it is clear that there will be a higher demand for services in this field. However, up to the end of June 2016 very few requests relating to investment platforms have been received by EIAH but various concepts are being explored.
- ▶ It is still too early to provide a general conclusion on the effective use of existing expertise by the EIAH, as this is being established. Nonetheless, some NPBs are uncertain on the scope and nature of the future cooperation between the NPBs and the EIAH, meaning that there is still room for clarifying and strengthening the cooperation between the National Promotional Banks and the Hub.

Efficiency

- ▶ It is too early to provide a valid conclusion on the efficiency of the EIAH. Concerning the budget, the Hub is in a ramp up phase and therefore the budget has not been fully used so far, and higher absorption is expected in the forthcoming years.
- ▶ No issues have been identified as concerns the governance model, but as noted, there is a demand from Member States to adjust the model to bring more local provision of services. The EIB, also thanks to resources made available under the Hub, already has positive experience with provision of services at local level (Greece) and it is recommended to replicate it also in other selected countries according to needs.
- ▶ The awareness on the services of the EIAH is still relatively limited. Stakeholders that became acquainted with the EIAH were mainly directed to it through contact with EIB staff. The EIAH started only recently, but a wider promotion and communication on the services of the EIAH is clearly a point for attention.

Added value and complementarity

- ▶ Although there is a high need for support, the support provided up till now by the EIAH is perceived as not tailored enough to the information needs and response times are perceived as too long. It is clear that the EIAH is still in the process of developing its services, and in this process the development of tailored services is a point for attention. However, there is a balance to be achieved in this respect since more tailored services by necessity takes more time.
- ▶ So far the EIAH has received feedback once from its users through a structured procedure. It is clear that in order to make sure that the opinion of stakeholders is taken into account and that services are constantly improved, a more systematic feedback procedure will need to be established beyond the already planned client survey.
 - ▶ There is a clear need for the advisory services that the Hub should provide or direct to. In terms of complementarity, there are services provided by others, such as private sector consultants, trade and commercial associations, NPBs, Commission funded technical assistance services, etc. . It is therefore important the EIAH team continue to exercise care in avoiding crowding out of the private sector and ensuring complementarity.

3.2 Recommendations

EFSI

- ▶ In terms of relevance, it is firstly recommended to complement the key parameter of Additionality of the EFSI operations financed than is currently the case with the Special Activity selection criteria. The aim is to avoid crowding out other sources of financing and to guarantee added value. In order to increase the additionality and relevance of EFSI, it is recommended that the EIB takes a higher risk position, by e.g. granting more equity type instruments or to finance in a subordinated manner. It is furthermore recommended to maintain/increase monitoring of and communication on the additionality in the portfolio of projects, both internally (provide better guidelines for EIB staff) and externally to avoid criticism from stakeholders and increase transparency.
- ▶ Secondly, in order to better address the needs of countries that currently make less use of EFSI support, it is recommended to further investigate the specific needs and market gaps in these countries and work out concrete solutions to transform these needs in bankable project to facilitate their ability for absorption of EFSI. If market gaps in the EU13 prove to be higher than market gaps in the EU15, one could argue that EFSI support could be better allocated than it is right now. We recommend to further tailor financial products to the EU13 needs, to critically look at the suitability of the eligibility criteria, and to take actions to improve further the capacity development for the preparation for projects to be supported under EFSI.
- ▶ In view of the need to better address financing of smaller projects, attention should be paid to offering better solutions for smaller projects under the IIW. A potential solution is suggested by the bundling of projects and a stronger cooperation with other investors in local markets. We recommend to get a better view on the need for large projects under EFSI, as there are indications that this need is relatively limited as compared to smaller projects.
- ▶ In terms of added value, a positive recommendation for EIB (especially under the IIW) is to continue its recent development of new tailor made products for higher risk financing (e.g. more equity type financing).
- ▶ EFSI support is effective in terms of approvals (1/3 approved after 1/3 time), however signatures and disbursements need to speed up in order to reach the targeted investment amount. We recommend to closely review the procedures and to investigate where these can be streamlined. A close monitoring is recommended.
- ▶ EFSI support is effective in increasing access to financing and mobilizing private capital (63% private investment, 14.1 expected multiplier). However, we recommend to assess whether the expected multiplier will be reached and to monitor future evolution in this respect. This parameter is important, but should not be managed to the detriment of higher priority criteria such as relevance and additionality.
- ▶ As the ultimate goal is to contribute to growth and jobs, we recommend to identify relevant indicators and to establish monitoring procedures to reveal information on the contribution of EFSI to these objectives.
- ▶ In our view, contribution to the EFSI objectives and additionality should be the criteria to which a project should highly contribute. We recommend to define these as important parameters in the project selection criteria and to establish a minimum threshold for the different criteria in the scoreboard.
- ▶ In terms of coherence, we recommend to further structure and enable complementarity with and avoid overlap with other funds (CEF, H2020, ESIF, co-financing with NPBs & banks). This is more urgent in certain countries (EU13) or sectors.
- ▶ In terms of efficiency, we recommend to further raise awareness on EFSI, its products and especially to communicate and explain the possibilities for the set-up of investment platforms and the role EIB will have in these platforms. Communication methods could be improved, both internally within EIB Group and within EFSI governance structures (MD, IC, EIB, EIF, EIAH, SG), and externally with the market and all relevant stakeholders (NPBs/NPIs, Investment platforms, Banks, Project sponsors, MAs).

EU Guarantee

- ▶ We recommend to better weigh the different assessment criteria in the scoreboard and to set minimum criteria/thresholds, where possible, for each of the four criteria according to their importance. We recommend to monitor in greater detail and through clear procedures that the usage of the EU Guarantee fully complies with EFSI's eligibility criteria and its policy objectives.
- ▶ We recommend to clearly monitor the allocation of the EU Guarantee budget between the IIW and the SMEW. A further shift following the recent budget re-allocation may be needed if the SMEW continues to evolve at its current pace.
- ▶ The EU Guarantee has been effective in supporting riskier activities in the two windows, however we suggest to further increase the support to high risk project financing.
- ▶ In terms of efficiency, we recommend to closely follow up on the future evolution of risk on the EFSI portfolio to assess whether the provisioning rate of the Guarantee Fund remains adequate.

EIAH

- ▶ In order to raise awareness and understanding on the services the EIAH can provide, it is recommended in terms of relevance and effectiveness, to increase communication and raise awareness on potential services with relevant EIAH stakeholders through different communication channels, including direct contacts in the countries.
- ▶ To reach full implementation of its mission and throughout the EU-28, it is recommended that the capacity of the Hub is increased, and that a stronger local support is needed in order to enforce more tailor made assistance, based on the specific situation and needs in the country. This cooperation will also serve the coordination and coherence of the services provided by the EIAH and other suppliers. Special attention should be paid to those countries that have less capacity available within the institutions. There is also an issue relating to the administrative arrangements for the services provided by decentralized organizations under the EIAH umbrella
- ▶ It is recommended to monitor the speed of delivery of EIAH services and to provide an estimation of the average deliveries timing on the EIAH webpage.
- ▶ It is furthermore recommended to establish a formal feedback procedure, to track customer satisfaction and steer activities accordingly.

Appendices

Annex 1 Abbreviations

CEF	Connecting Europe Facility
COSME	(EU Programme for the) Competitiveness of Enterprises and Small and Medium-sized Enterprises
EASI	(EU Programme for) Employment and Social Innovation
EC	European Commission
EFSI	European Fund for Strategic Investments
EIAH	European Investment Advisory Hub
EIB	European Investment Bank
EIF	European Investment Fund
EIPP	European Investment Project Portal
ESIF	European Structural and Investment Fund
EU	European Union
FI	Financial Intermediary
IC	Investment Committee
Innovfin	EU Finance for Innovators
IPE	Investment Plan for Europe
IWW	Infrastructure and Innovation Window
MD	Managing Director
NPB	National Promotional Bank
NPI	National Promotional Institutions
RCR	Risk Capital Resource
SB	Steering Board
SME	Small and medium sized enterprises
SMEG	SME Guarantee Facility
SMEW	Small and medium sized enterprises Window

Annex 2 Glossary

Additionality	The support by the EFSI of operations which address market failures or sub-optimal investment situations and which could not have been carried out in the period during which the EU guarantee can be used, or not to the same extent, by the EIB, the EIF or under existing Union financial instruments without EFSI support. Projects supported by the EFSI shall typically have a higher risk profile than projects supported by EIB normal operations and the EFSI portfolio shall have overall a higher risk profile than the portfolio of investments supported by the EIB under its normal investment policies before the entry into force of Regulation (EU) 2015/1017 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal.
EFSI Agreement	The legal instrument whereby the Commission and the EIB specify the conditions laid down in this Regulation for the management of the EFSI
EIAH Agreement	The legal instrument whereby the Commission and the EIB specify the conditions laid down in this Regulation for the implementation of the EIAH
Investment platforms	Special purpose vehicles, managed accounts, contract-based co-financing or risk-sharing arrangements or arrangements established by any other means by which entities channel a financial contribution in order to finance a number of investment projects, and which may include: (a) national or sub-national platforms that group together several investment projects on the territory of a given Member State; (b) multi-country or regional platforms that group together partners from several Member States or third countries interested in projects in a given geographic area; (c) thematic platforms that group together investment projects in a given sector.
Mid-cap companies	Entities having up to 3 000 employees that are not SMEs or small mid-cap companies
National promotional banks or institutions	Legal entities carrying out financial activities on a professional basis which are given a mandate by a Member State or a Member State's entity at central, regional or local level, to carry out development or promotional activities
Small and medium-sized enterprises' or 'SMEs'	micro, small and medium-sized enterprises as defined in Article 2 of the Annex to Commission Recommendation 2003/361/EC (1)
Small mid-cap companies	Entities having up to 499 employees that are not SMEs

Annex 3 Interview topic lists

Interview questions EC

1. What developments do you see in investment gaps and market needs since the start of EFSI?
2. Has EFSI been able to help address market gaps? How? What are the features of EFSI that are responding to the needs? Which features are less relevant?
3. Please elaborate on the role of the EFSI (EIB and EIF) and EIAH in achieving the objectives of the EFSI Regulation?
4. How do you expect these market gaps to develop in the coming years? Why?
5. Is EFSI sufficiently funded to address all market gaps? Why/why not? Recommendations on the most relevant use of EFSI in the future?
6. All EFSI operations approved until now were 'special activities' hence 'additional' according to the EFSI Regulation. Do you think that the concept of 'additionality' could be refined/improved? How?
7. How do you see the coherence/overlap with other Union instruments? What are the main issues?
8. To what extent are the governance structures of the EFSI that are in place, namely the Investment Committee, the Managing Director, the Deputy Managing Director and the Steering Board efficient and effective in helping the implementation of the EFSI?
9. Are there issues in supporting financing of projects across all sectors? What needs to be done to ensure a spread over the different sectors?
10. Which are the reasons why EFSI focused on specific sectors, e.g. transport, energy, ICT, SMEs etc. (and less on e.g. social infrastructure, environment)?
11. Are there issues in supporting financing of projects across all regions/ all MSs? Please, elaborate on regional specific issues.
12. What needs to be done to overcome these issues?
13. To what extent have the NPBs and Investment platforms supported the Commissions' objectives?
14. What needs to be done to attract more private finance? What are possible bottlenecks?
15. What is the role of the EU guarantee?
16. Has the EU guarantee been effectively used so far? Did it evolve and why?
17. How will the financing supported by the EU guarantee be used in the coming 5 years? What are the main needs (size, sectors, and geography)?

18. Are there any bottlenecks in the management of the Guarantee Fund? Do you think that the call procedures are well designed?
19. How does the EC contribute to achieve the objectives of the EFSI Regulation? Do you think that the EC experience could be used differently?
20. Any recommendations for the most relevant use of the EIAH in the future?
21. How to ensure and monitor maximum job creation and growth?

Guarantee Fund

22. How is the Guarantee Fund used over time? What are the main needs (sectors, geography)?
23. How did the use of the Guarantee Fund evolve and why?
24. Are there any bottlenecks for the use of the Guarantee Funds?

Interview questions EIAH

1. What developments do you see in investment gaps and market needs since the start of EIAH?
2. How do you expect these will develop in the coming years? Why?
3. How will this affect your support?
4. What activities did you employ in relation to your mission? (Coverage of TA and other services in relation to the objectives, cooperation with partners and frequency of cooperation in relation to the objectives?)

New unmet needs found and addressed

5. To what extent has the EIAH discovered unmet needs? Which needs have been discovered?
6. Who contacted you for advice? Mainly project sponsors, public authorities, other?
7. Which type of assistance did you offer to your users?
8. Have you been able to develop new advisory services based on the needs of the beneficiaries?
9. Do you feel the beneficiaries of the EIAH were satisfied with the assistance they received? Where do you think you can improve?
10. How many of the advisory requests received by EIAH led to EFSI support?

Single point of access

11. To what extent do you function as a single point of access for technical assistance? Do you feel beneficiaries recognise this function?
12. How visible is the EIAH as a single point of entry for technical assistance for authorities and project promoters? Could the EIAH visibility be improved, if so how?
13. How do you see the coherence/overlaps with other advisory services (e.g. Jaspers, ELENA etc.)? What are the main issues?

Sectoral and geographical spread

14. To what extent do you manage to reach all regions and sectors? What are the main bottlenecks? What do you undertake to address those?

15. In which sectors is the demand for advisory services the highest? What is the reason for this and why do other sectors require less advisory services?
16. Which sectors are you supporting most effectively? What is the reason for this effectiveness and could you leverage this to other sectors?
17. Based on the requests the EIAH has received, what are the main difficulties in generating projects across all sectors? Please elaborate on sector specific issues. What needs to be done to overcome these issues?
18. What are the main difficulties in generating projects across all regions? Please, elaborate on regional specific issues. What needs to be done to overcome these issues?

Advisory services

19. Did any NPB consult the EIAH for assistance/advice? What was the scope of the advice?
20. To what extent does the EIAH ensure peer-to-peer exchange, share of know-how and support to project promoters? Are there any bottlenecks? What can be improved?
21. How and to what extent have you been able to leverage the knowledge and experience from the EIB, the Commission, NPBs, the Managing Authorities and other Union authorities?
22. How do you think EIAH will contribute to further generation of the pipeline? Are there any improvements needed?
23. What is the added value of the support of EIAH to projects to its beneficiaries in your opinion?
24. Do you monitor feedback you receive from beneficiaries? How could feedback be more efficiently used to improve the hub?

Funding

25. Is the EIAH sufficiently funded to meet its' objectives? In case of bottlenecks, explain.

Operational structure and recommendations

26. How is the operational structure organised and is there a clear division of tasks?
27. Any other recommendations for the future functioning of the EIAH?

Interview questions EIB/EIF

Market development

1. What developments do you see in investment gaps and market needs since the start of EFSI?
Are there geographical and sectoral differences in this?
2. Has EFSI been able to help address market gaps? How? What are the features of EFSI that are responding to the needs? Which features are less relevant?
3. How do you expect these market gaps will develop in the coming years? Why?
4. Is EFSI sufficiently funded to address all market gaps? Why/why not? Recommendations on the most relevant use of EFSI in the future?
5. Are there issues in generating projects across all sectors?
6. How do you see the coherence/overlap with other Union instruments? What are the main issues?
7. To what extent are the governance structures of the EFSI that are in place, namely the Investment Committee, the Managing Director, the Deputy Managing Director and the Steering Board efficient and effective in helping the implementation of the EFSI?

Project generation

8. What are the main difficulties in generating projects across all sectors? Please elaborate on sector specific issues.
9. Are there issues in generating projects across all regions?
10. What are the main difficulties in generating projects across all regions? Please elaborate on regional specific issues.
11. What needs to be done to overcome these issues?
12. How has the project pipeline developed over time?
13. What are your projections in terms of project pipeline over the coming years (increase, decrease, remain stable, what about geographical and sectoral coverage)?
14. To what extent have the NPBs and Investment platforms supported the EFSI objectives? How?

Private finance, additionality and coherence

15. What needs to be done to attract more private finance? What are the possible bottlenecks?
16. How do you assess the additionality of the supported projects?
17. How do you see the coherence/overlaps with other instruments? What are the main issues?
18. How do you stimulate and monitor the effects of EFSI on employment?

EIAH

19. How do you perceive the support from the EIAH?
20. How do you think EIAH will contribute to further generation of the pipeline? Are there any changes needed?
21. Which sectors or regions are best supported by EIAH? How to increase the coverage?
22. Any recommendations for amendments in the design of EFSI or EIAH?

Interview questions National Promotional Banks ('NPBs')

Market gaps

1. What developments do you see in investment gaps and market needs since the start of EFSI? How do you expect these market gaps to develop in the coming years? Why?
2. Which of the sectors are the most relevant (in your country), in terms of highest need for filling the financing gaps/market failure?
3. Are there any sectors that should be added to EFSI?
4. Has EFSI been able to help address market gaps? How? What are the features of EFSI that are responding to the needs? Which features are less relevant? To what extent would the investment in the project(s) have been financed without EFSI?
5. Is there a difference in this between the SME window and the other sectors?
6. What could be your role in best addressing investment gaps and market needs?
7. Did you encounter any geographical project concentration?

Cooperation

8. Do you have a Memorandum of Understanding ('MoU') with the EIB in place? If yes, what is the scope?
9. And are you planning to extend the scope of this MoU? If no MoU, what is the reason? Do you intent to sign a MoU in the near future?
10. How do you assess the cooperation with EIB?
11. How do you assess the cooperation with EIF?
12. To what extent would the investment in the project(s) have been financed without EFSI support?
13. What is the feedback you receive in your market on EFSI?
14. Would Investment Platforms have an added value?

Competing initiatives

15. Are there other financial solutions available, similar to those offered by the EIB/EIF under EFSI that could be used instead of EFSI?

16. How did you perceive the activities of the EIB/EIF within your market? Do you consider it as competition or are activities complementary?
17. To what extent would the investment in the project(s) have been financed without EFSI support?
18. What is the feedback you receive in your market on EFSI?

EIAH

19. Do you have a MoU with EIAH? What does it cover?
20. How do you perceive the functioning of the EIAH?
21. Do you promote their services?
22. To your opinion, are project promoters sufficiently aware of the support that can be provided by the European Investment Advisory Hub (EIAH, 'The Hub')?
23. Are you planning to deepen your relationship with EIAH?
24. Do you have recommendations for the optimal support of the EIAH and your cooperation with them?

Promotion

25. Is EFSI effectively promoted and has it reached all potential users?
26. To what extent would a wider promotion lead to a higher demand/use of EFSI?

Bottlenecks

27. Are there any problems in the design of EFSI that hinder the use of EFSI?

Annex 4 Outcomes Survey













Evaluation of Regulation (EU) 2015/1017 - NPBs

Status:	Live	Panelist count:	45
Start date:	04-10-2016	Bounced:	4 (8,9%)
End date:	25-10-2016	Declined:	0 (0%)
Live:	17 days	Partial completes:	3 (25%)
Questions:	35	Screened out:	0 (0%)
Languages:	en	Reached end:	9 (75%)
		Total responded:	12 (26,7%)

Filter is Off

1. In which country(ies) did/will your project(s) receive EIB financing with EFSI support? (more than one answer possible)






(Each respondent could choose MULTIPLE responses.)

Response	Total	% of responses	%
Austria	1		8
Belgium	1		8
Croatia	2		17
Czech Republic	1		8
France	1		8
Germany	1		8
Hungary	1		8
Ireland	1		8
Italy	1		8
Lithuania	1		8
Poland	1		8
Whole EU	1		8

Total respondents: 12
Skipped question: 0






2. To what extent would the investment in the project(s) have been financed without EFSI support (SME window) (in case of more than one supported investment, please take the average):

(Each respondent could choose only ONE of the following responses.)

Response	Total	% of responses	%
The project(s) would not have been financed without EFSI support	1		11
The project(s) would have been partly financed and as a result the scope would have been reduced	3		33
The project(s) was not going to be realised in the envisaged time period without EFSI support	0		0
The project(s) would have been financed for 100% from other sources	3		33
Other, please specify	0		0
I cannot answer	2		22
Total respondents: 9			
Skipped question: 0			

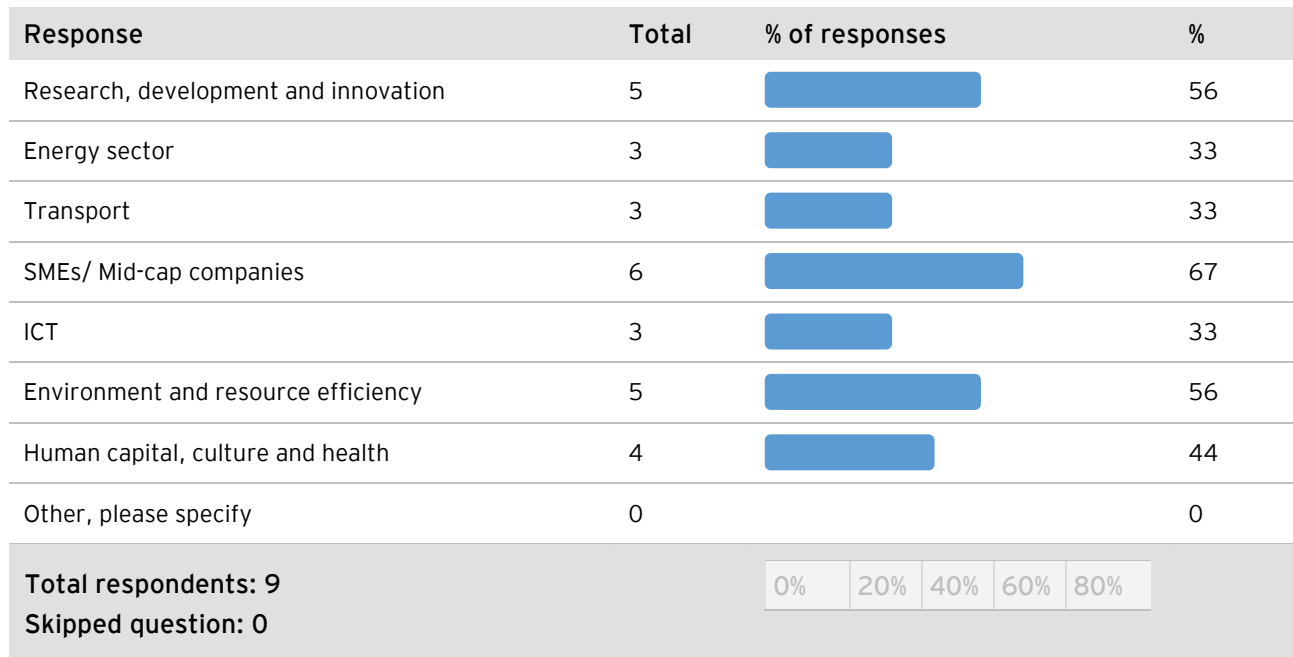
3. To what extent would the investment in the project(s) have been financed without EFSI support (infrastructure and innovation window) (in case of more than one supported investment, please take the average):

(Each respondent could choose only ONE of the following responses.)

Response	Total	% of responses	%
The project(s) would not have been financed without EFSI support	0		0
The project(s) would have been partly financed and as a result the scope would have been reduced	1		11
The project(s) was not going to be realised in the envisaged time period without EFSI support	0		0
The project(s) would have been financed for 100% from other sources	3		33
Other, please specify	3		33
I cannot answer	2		22
Total respondents: 9			
Skipped question: 0			

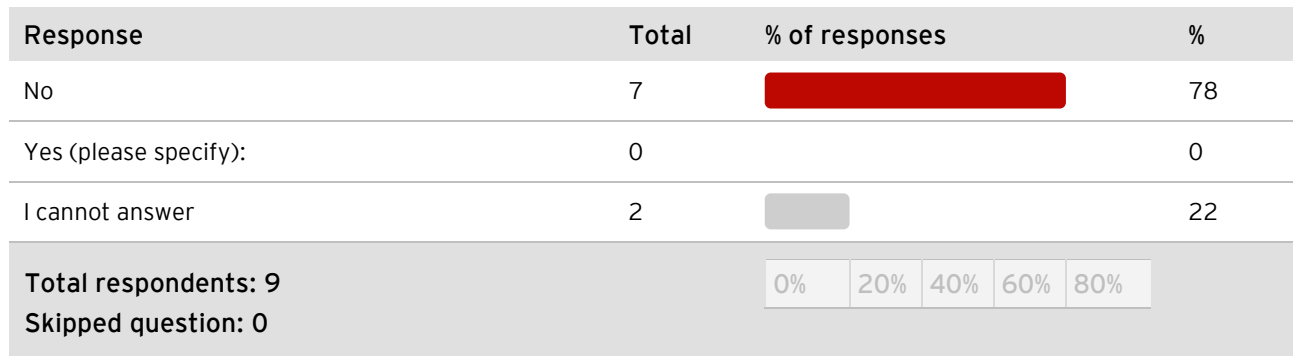
4. Which of the sectors are the most relevant in your country, in terms of highest need for filling the financing gaps/market failure? (more than one answer possible)

(Each respondent could choose MULTIPLE responses.)






5. Is there any sector eligible for financing for which there is a potential high need, but which is not covered by EFSI?

(Each respondent could choose only ONE of the following responses.)




6. Have the market needs changed since the inception of EFSI in June 2015?

(Each respondent could choose only ONE of the following responses.)


Response	Total	% of responses	%
Yes, the needs increased highly	1		11
Yes, the needs increased moderately	2		22
No, the needs are the same	6		67
Yes the needs decreased moderately	0		0
Yes the needs decreased highly	0		0
Other, please specify	0		0
I cannot answer	0		0

Total respondents: 9
Skipped question: 0

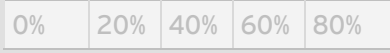


7. Which needs should EFSI address differently?

(Each respondent could write a single open-ended response of maximum 2000 characters.)

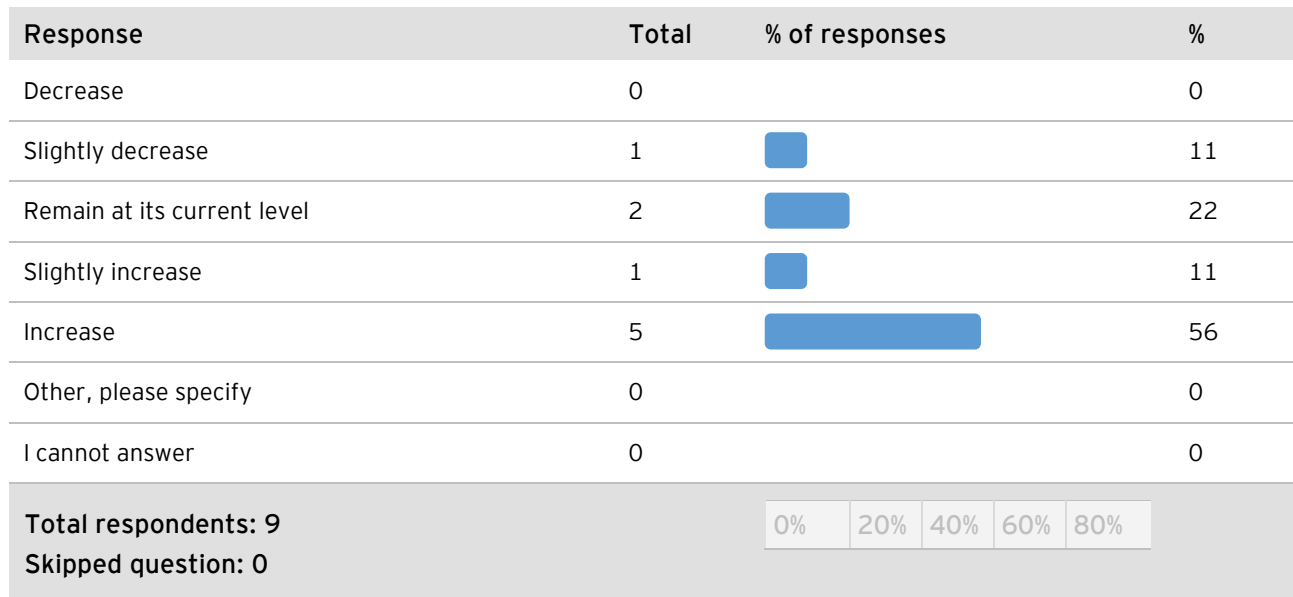
Response	Total	% of total respondents	%
Open answer	2		17

Total respondents: 2
Skipped question: 7



8. How do you expect the funding needs for risky projects (that will not be financed by banks) to evolve in the next 5 years? The demand for financing of projects with a high risk profile will:

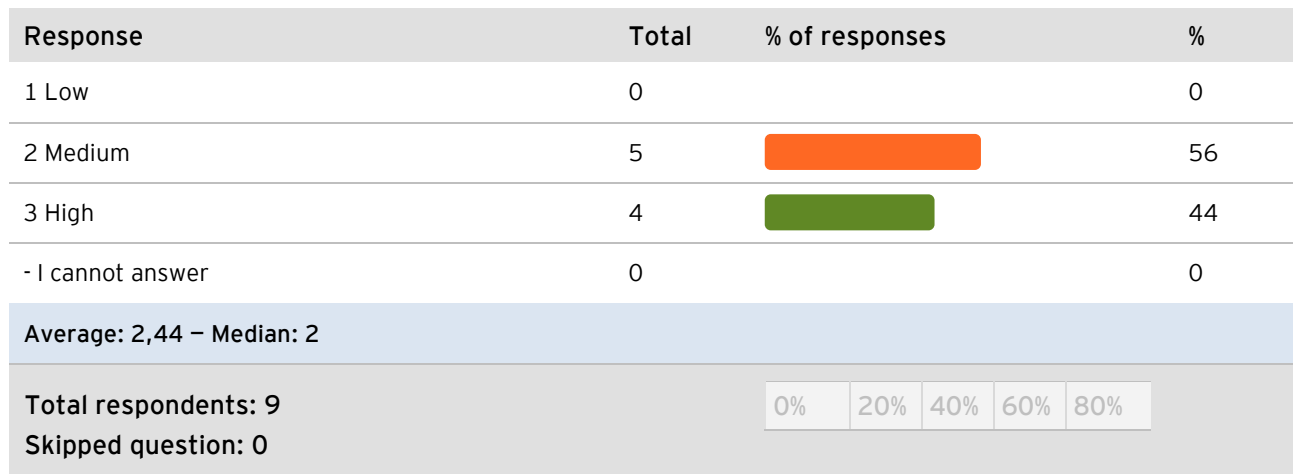
(Each respondent could choose only ONE of the following responses.)



9.1. In which fields/sectors do you expect the highest need for EFSI support in the coming years?

- Research, development and innovation

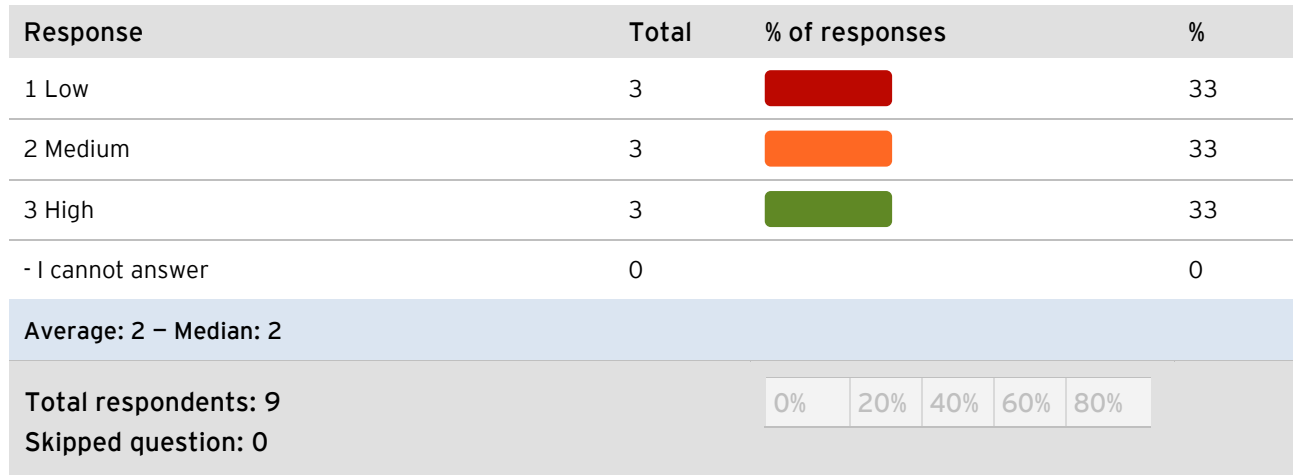
(Each respondent could choose only ONE response per sub-question.)



9.2. In which fields/sectors do you expect the highest need for EFSI support in the coming years?

- Energy sector

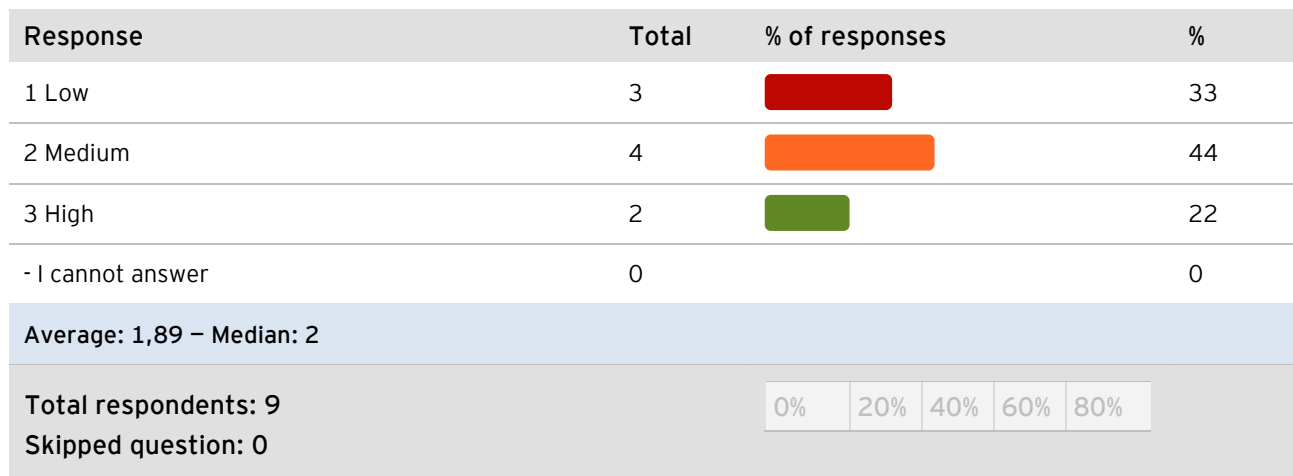
(Each respondent could choose only ONE response per sub-question.)



9.3. In which fields/sectors do you expect the highest need for EFSI support in the coming years?

- Transport

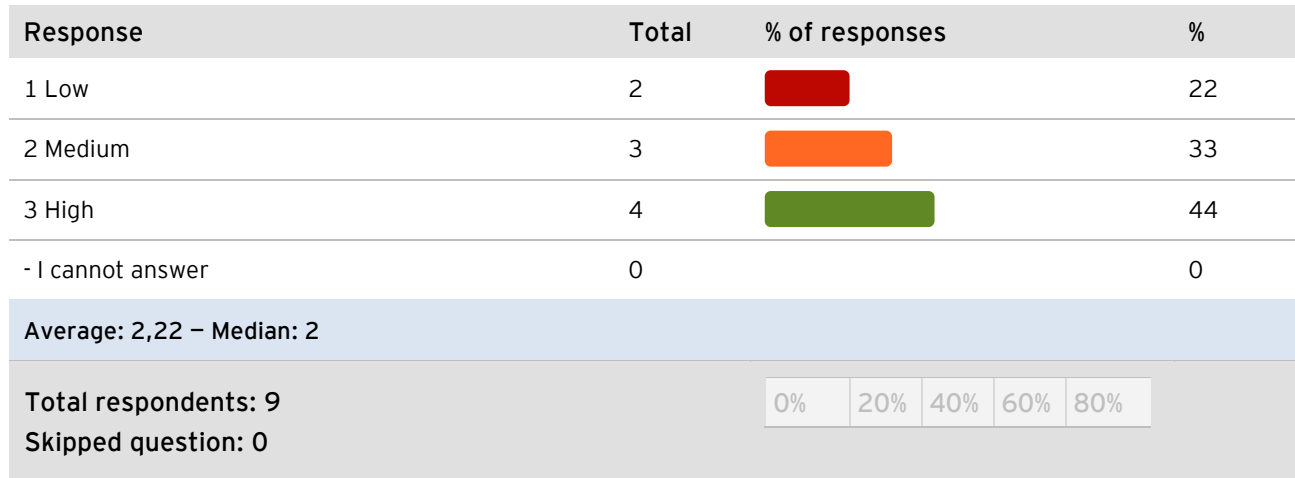
(Each respondent could choose only ONE response per sub-question.)



9.4. In which fields/sectors do you expect the highest need for EFSI support in the coming years?

- SMEs/ Mid-cap companies

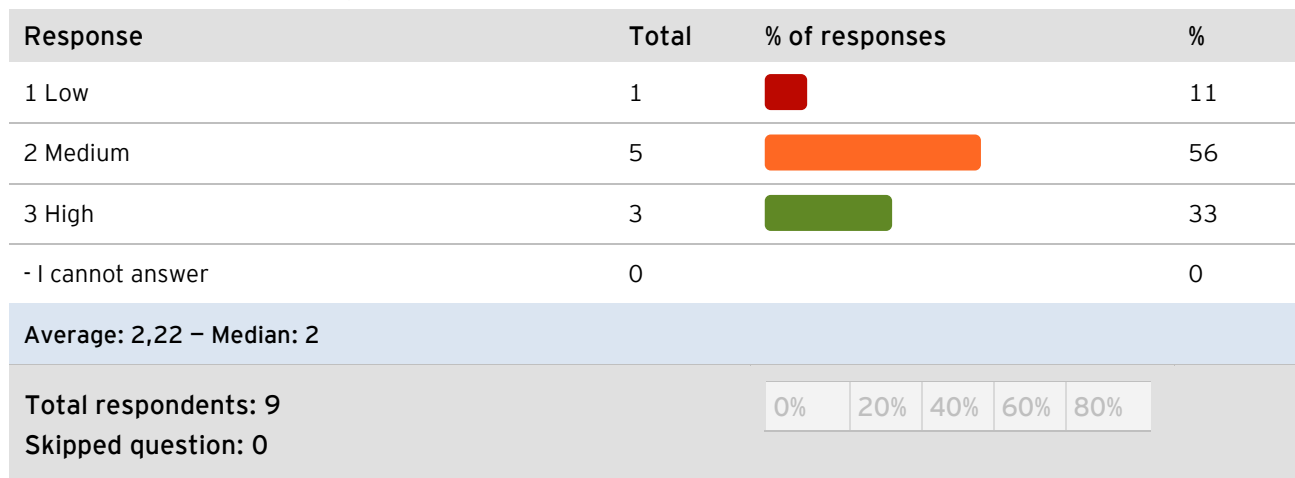
(Each respondent could choose only ONE response per sub-question.)



9.5. In which fields/sectors do you expect the highest need for EFSI support in the coming years?

- ICT

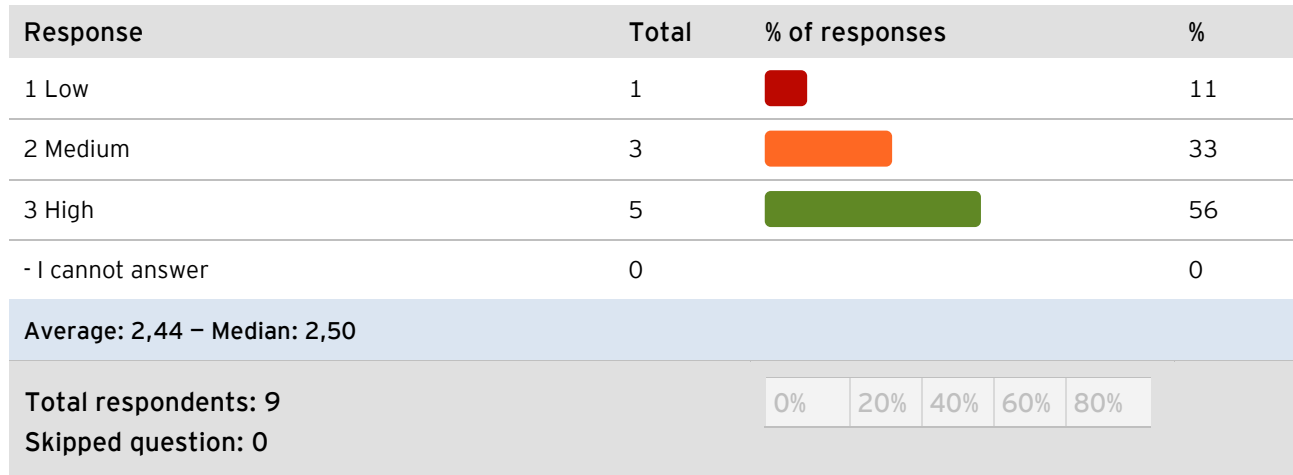
(Each respondent could choose only ONE response per sub-question.)



9.6. In which fields/sectors do you expect the highest need for EFSI support in the coming years?

- Environment and resource efficiency

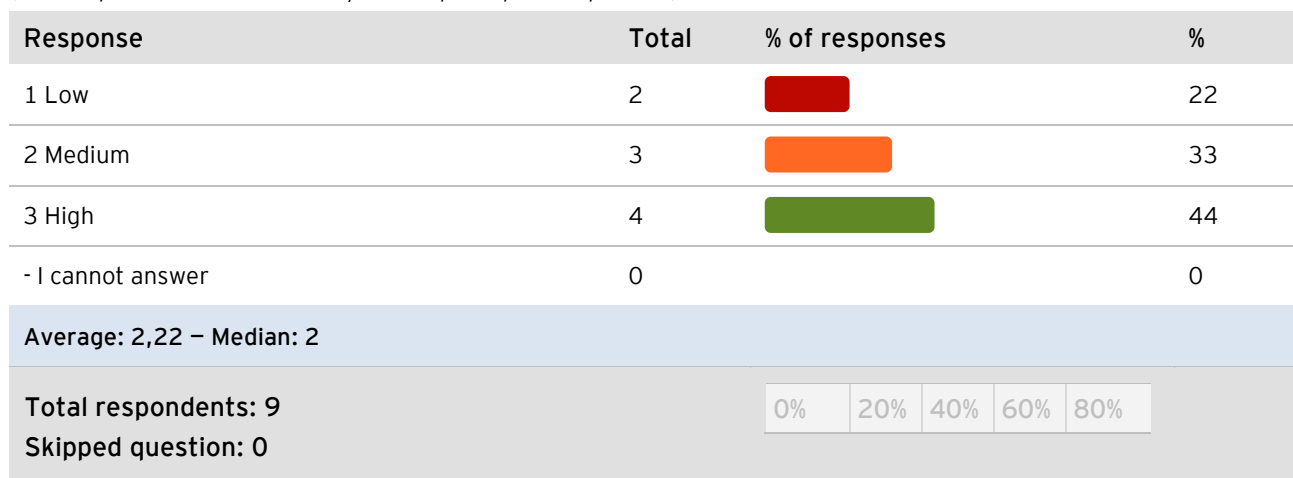
(Each respondent could choose only ONE response per sub-question.)



9.7. In which fields/sectors do you expect the highest need for EFSI support in the coming years?

- Human capital, culture and health

(Each respondent could choose only ONE response per sub-question.)



9.8. In which fields/sectors do you expect the highest need for EFSI support in the coming years?

- Other, please specify

(Each respondent could choose only ONE response per sub-question.)

Response	Total	% of responses	%
1 Low	0		0
2 Medium	0		0
3 High	0		0
- I cannot answer	1		100
Average: 0 – Median: 0			
Total respondents: 1			
Skipped question: 8			

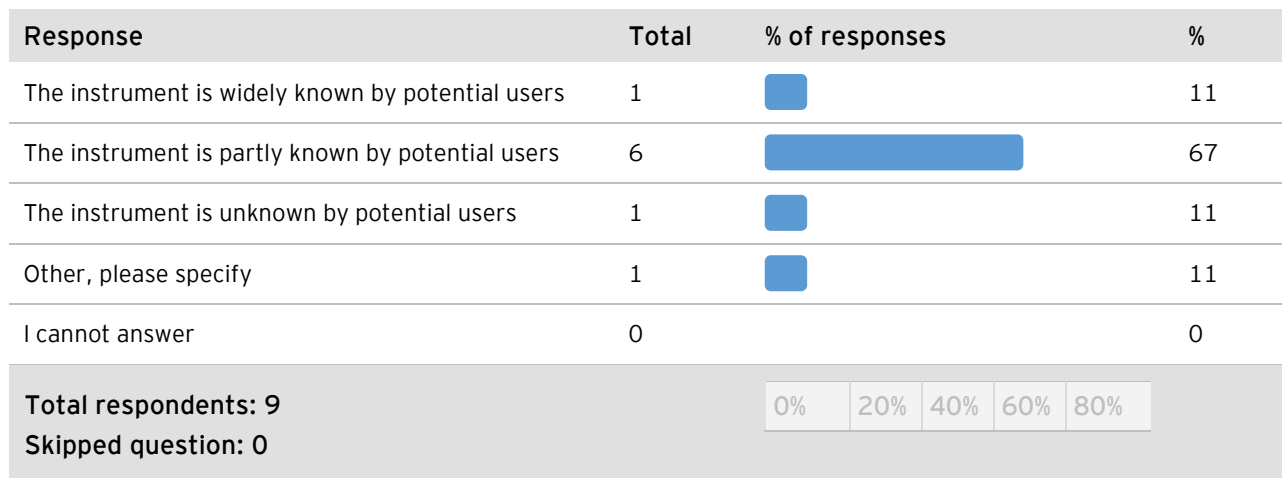
10. Are there any problems in the design of EFSI that hinder the use of EFSI? (more than one answer possible)

(Each respondent could choose MULTIPLE responses.)

Response	Total	% of responses	%
Eligibility criteria	2		22
Changed market needs	0		0
Financial conditions (pricing, maturity, collateral requirements, other covenants)	6		67
Minimum/Maximum size of the EFSI financing support	2		22
Governance	2		22
Decision process	4		44
Complexity of process	4		44
Complexity of rules for co-financing with the Structural funds	6		67
No specific problems	0		0
Other, please specify	1		11
I cannot answer	0		0
Total respondents: 9			
Skipped question: 0			

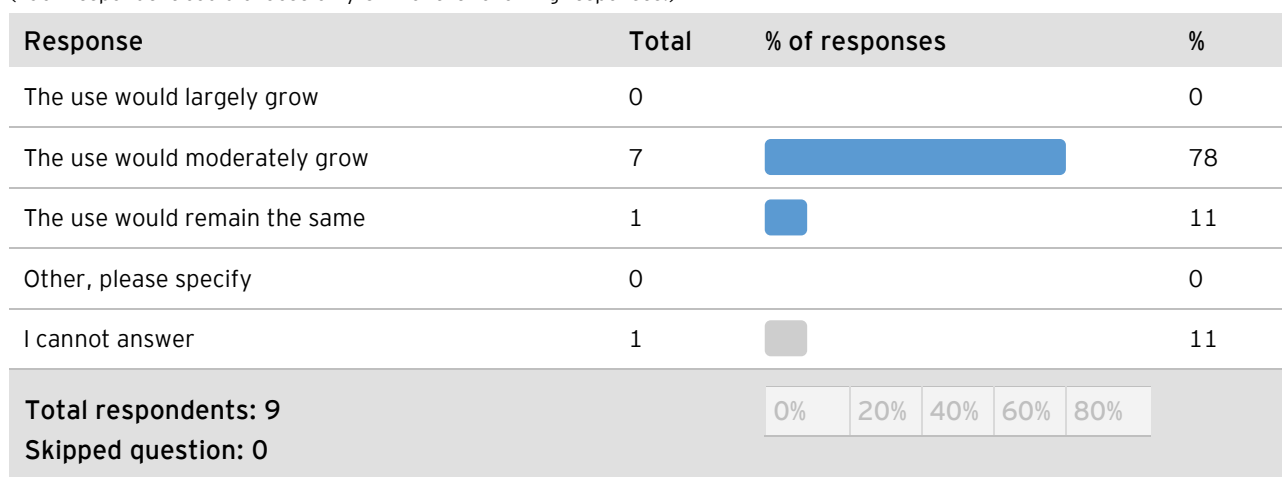
11. To what extent is EFSI effectively promoted and has it reached all potential users?

(Each respondent could choose only ONE of the following responses.)



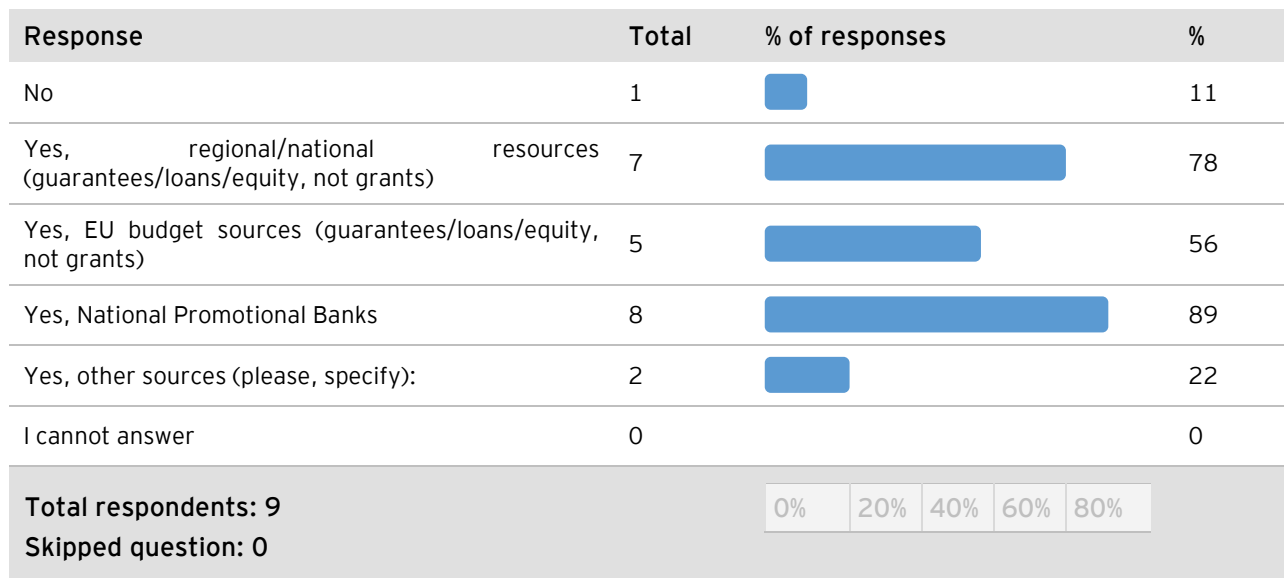
12. To what extent would a wider promotion lead to a higher demand/use of EFSI?

(Each respondent could choose only ONE of the following responses.)



13. Are there other financial solutions available, similar to those offered by the EIB/EIF under EFSI, that could be used instead of EFSI? (more than one answer possible)

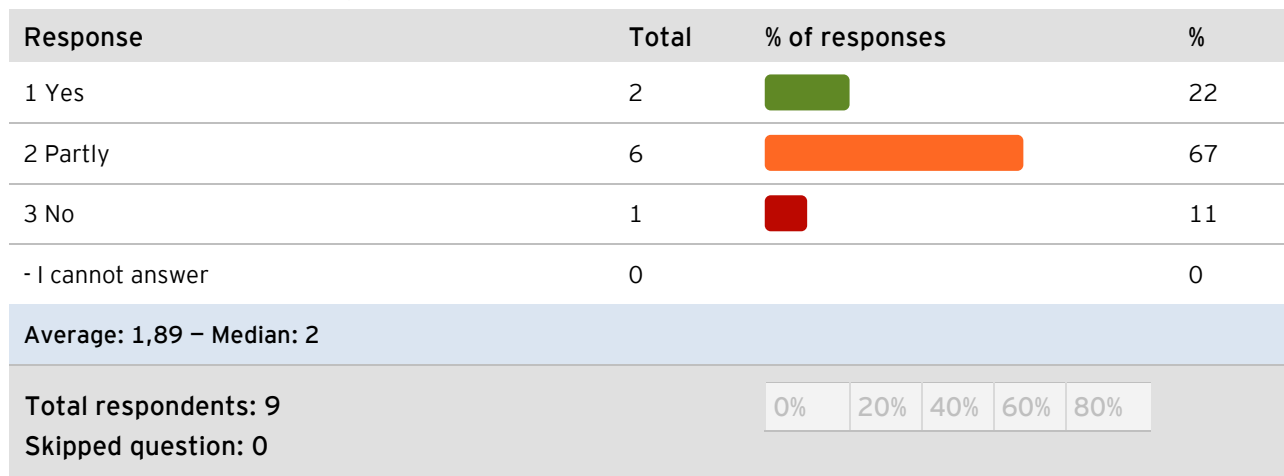
(Each respondent could choose MULTIPLE responses.)



14.1. How would you compare the other financial solutions available to the EFSI support?

- Other solutions are easier to apply for

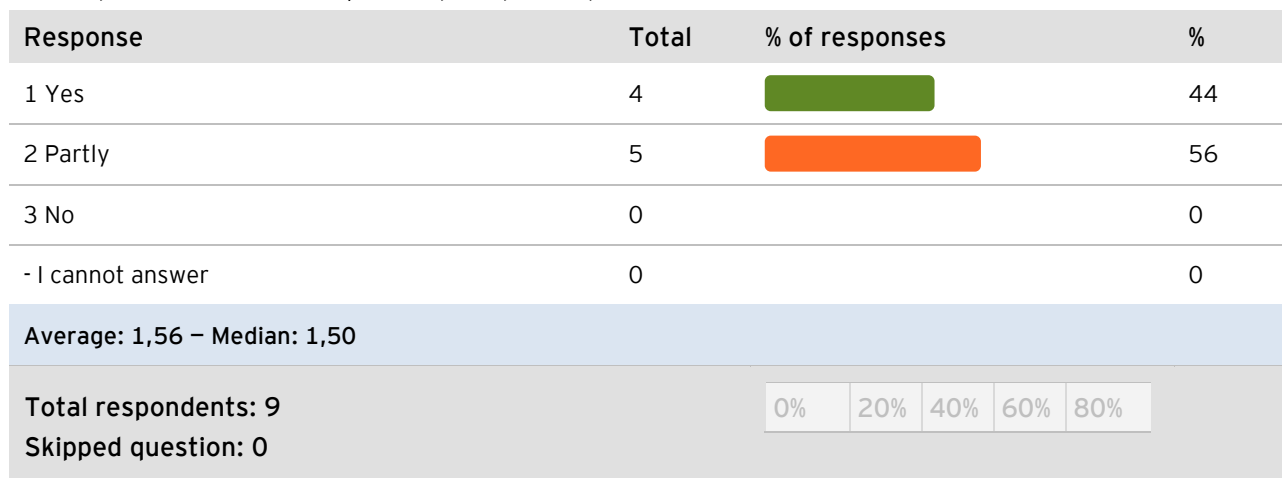
(Each respondent could choose only ONE response per sub-question.)



14.2. How would you compare the other financial solutions available to the EFSI support?

- Other solutions are better addressing local/regional needs

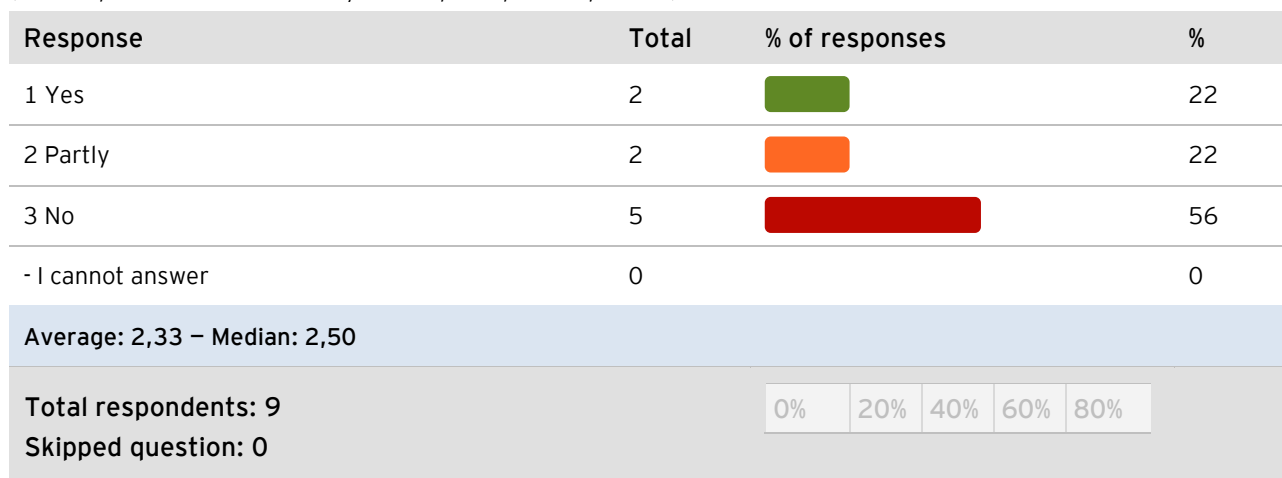
(Each respondent could choose only ONE response per sub-question.)



14.3. How would you compare the other financial solutions available to the EFSI support?

- Other solutions better comply with local/regional legislation

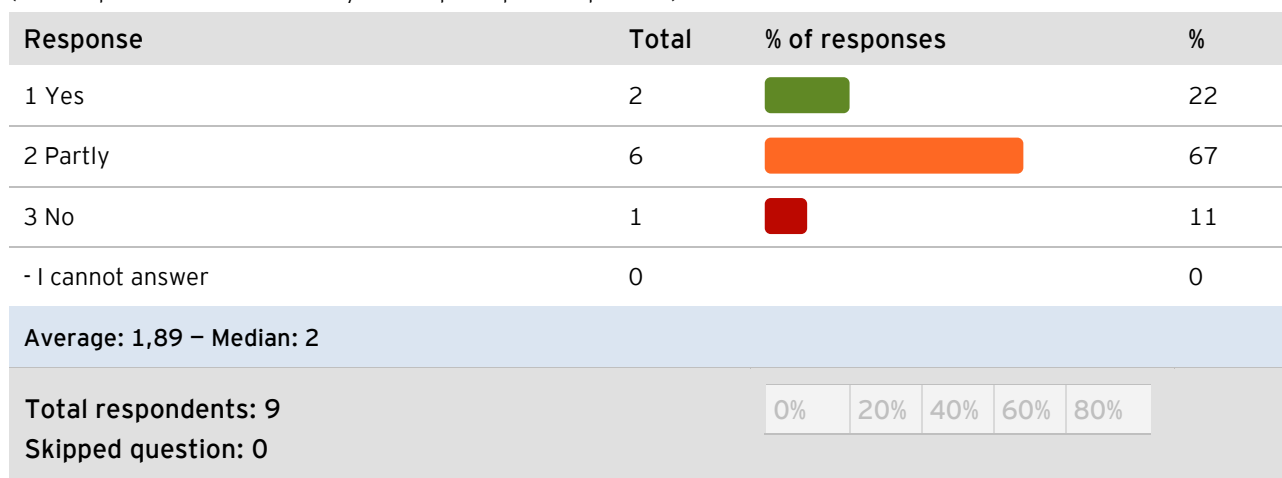
(Each respondent could choose only ONE response per sub-question.)



14.4. How would you compare the other financial solutions available to the EFSI support?

- Other solutions have a lower administrative burden

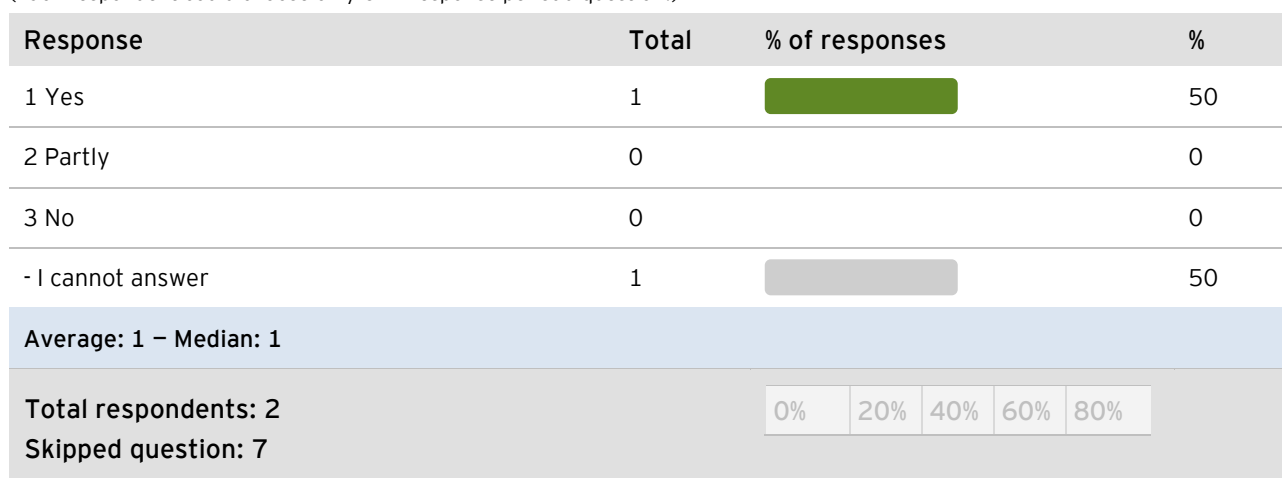
(Each respondent could choose only ONE response per sub-question.)



14.5. How would you compare the other financial solutions available to the EFSI support?




- Other, please specify

(Each respondent could choose only ONE response per sub-question.)



15. Have you already set up an Investment platform?

(Each respondent could choose only ONE of the following responses.)






Response	Total	% of responses	%
Yes	1		11
No (please, specify why not):	6		67
I cannot answer	2		22

Total respondents: 9
Skipped question: 0

0% 20% 40% 60% 80%

16. Please, share your opinion on the added value of Investment Platforms: (more than one answer possible)

(Each respondent could choose MULTIPLE responses.)

Response	Total	% of responses	%
There is no to limited added value	0		0
They would have an added value in financing projects from different sources	2		22
They would have an added value in financing smaller projects	3		33
They would have an added value in financing projects with a higher risk profile	5		56
They would provide an added value in (please, specify):	1		11
I cannot answer	2		22

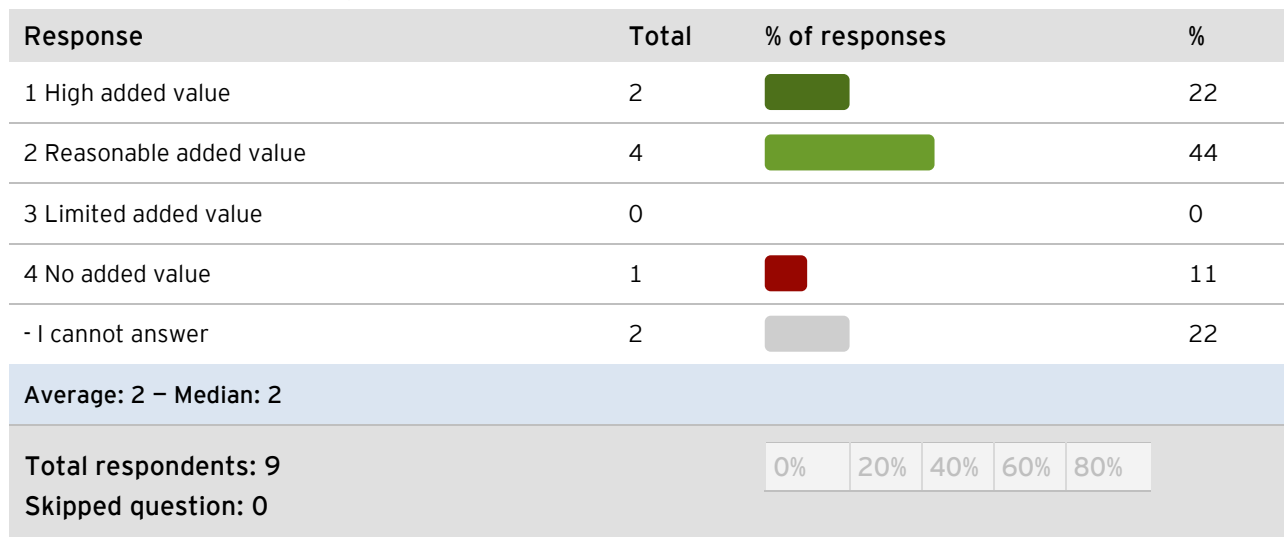
Total respondents: 9
Skipped question: 0

0% 20% 40% 60% 80%

17.1. How would you assess the added value of combining EFSI financing with other EU sources: (e.g. European Structural and Investment Funds, Connecting Europe Facility or Horizon 2020)

- European Structural and Investment Funds

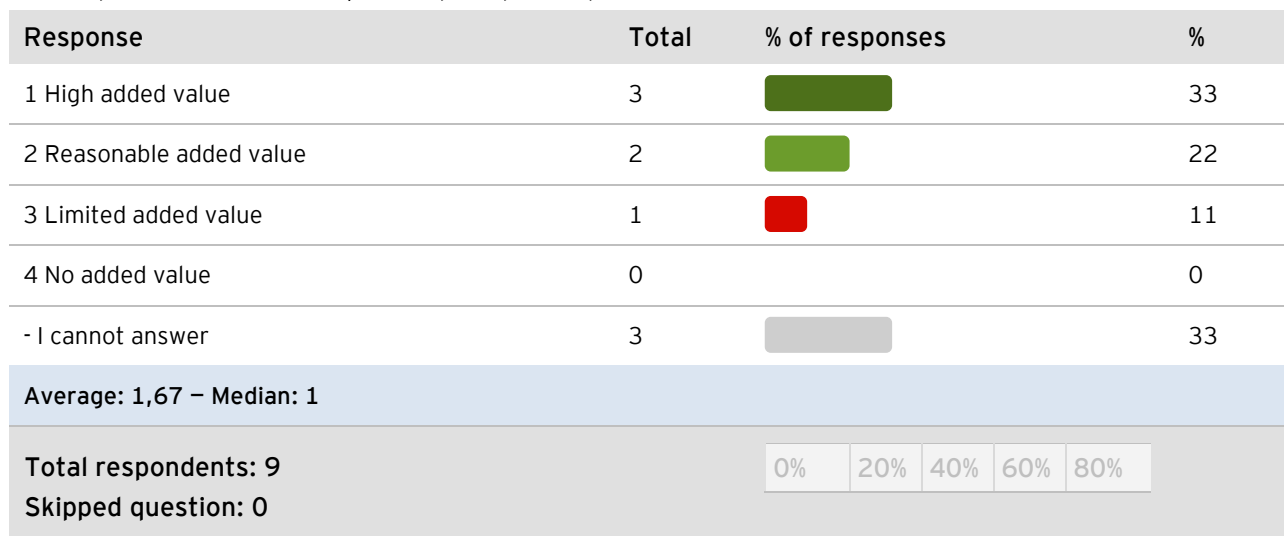
(Each respondent could choose only ONE response per sub-question.)



17.2. How would you assess the added value of combining EFSI financing with other EU sources: (e.g. European Structural and Investment Funds, Connecting Europe Facility or Horizon 2020)

- Connecting Europe Facility

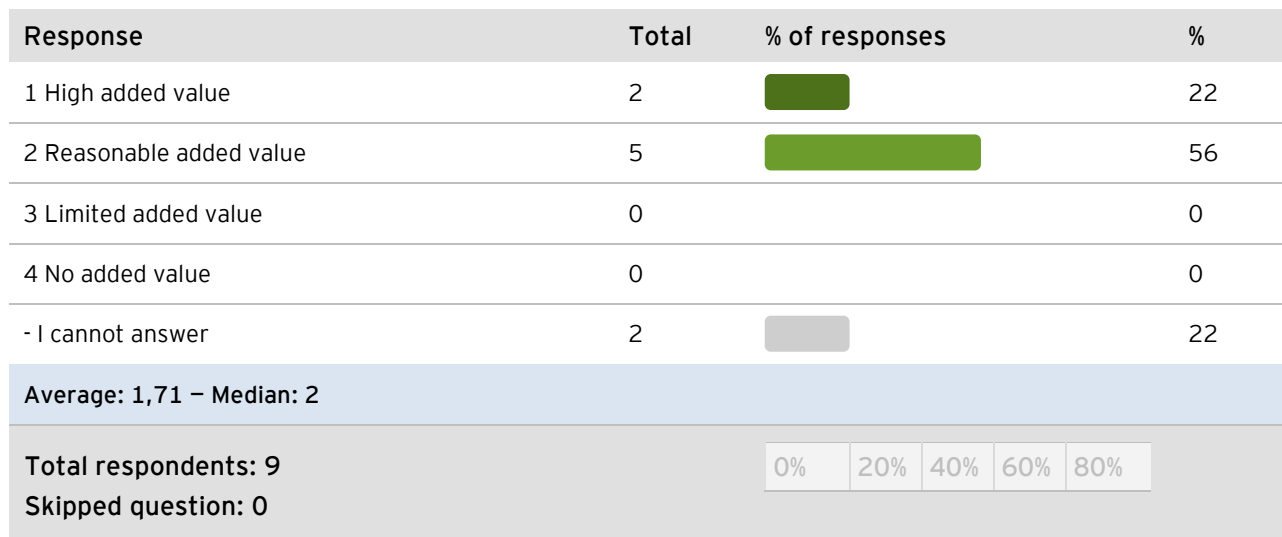
(Each respondent could choose only ONE response per sub-question.)



17.3. How would you assess the added value of combining EFSI financing with other EU sources: (e.g. European Structural and Investment Funds, Connecting Europe Facility or Horizon 2020)

- Horizon 2020

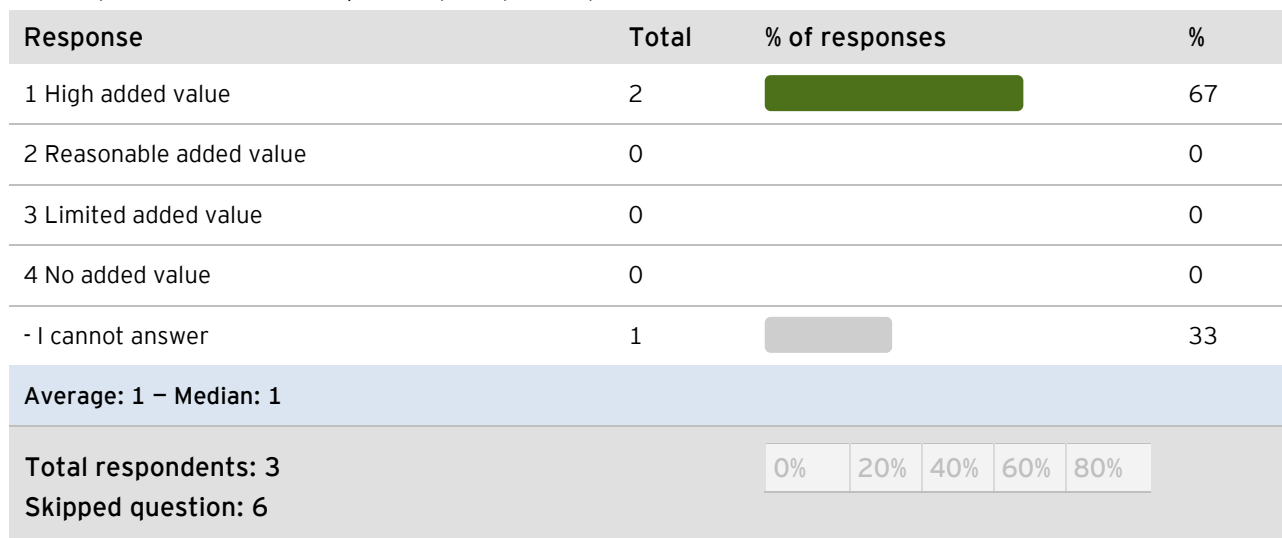
(Each respondent could choose only ONE response per sub-question.)



17.4. How would you assess the added value of combining EFSI financing with other EU sources: (e.g. European Structural and Investment Funds, Connecting Europe Facility or Horizon 2020)

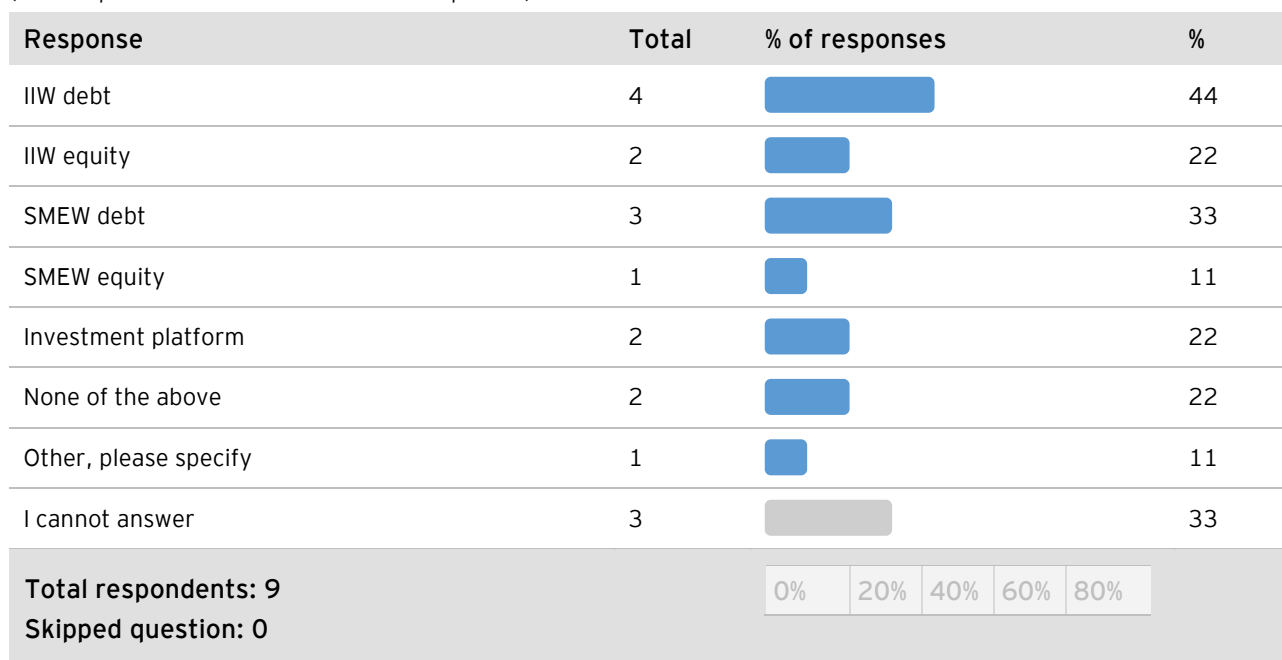
- Other, please specify

(Each respondent could choose only ONE response per sub-question.)



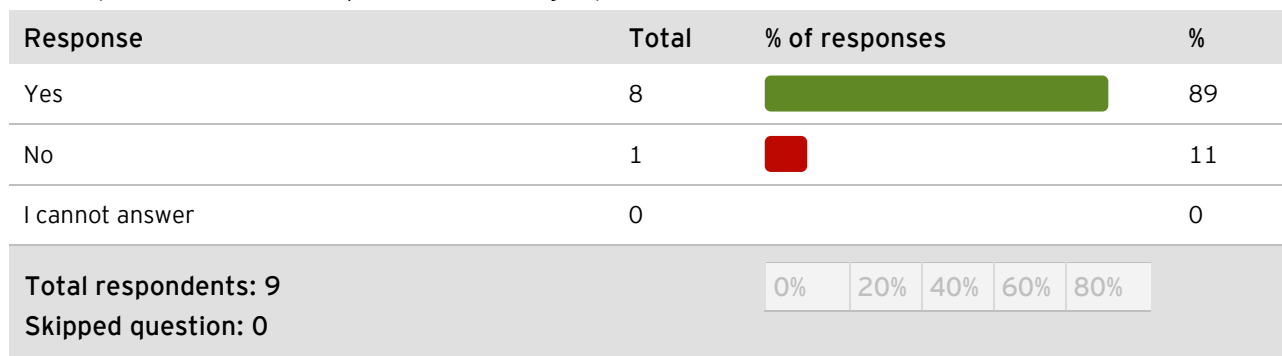
18. If you have already committed resources to the Investment Plan for Europe, how do you plan to use them? (more than one answer possible)

(Each respondent could choose MULTIPLE responses.)




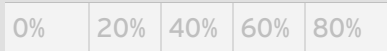
19. Do you have a Memorandum of Understanding ('MoU') concerning the European Investment Advisory Hub (EIAH) in place?

(Each respondent could choose only ONE of the following responses.)




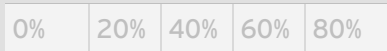
20. If you have a Memorandum of Understanding, what is the purpose and scope? Would you like to extend the scope of this MoU?

(Each respondent could write a single open-ended response of maximum 2000 characters.)

Response	Total	% of total respondents	%
Open answer	4		33
Total respondents: 4 Skipped question: 5			




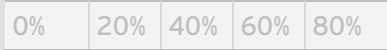
21. If you do not have a 'MoU', what is the reason? Do you intent to sign an MoU in the near future?

(Each respondent could write a single open-ended response of maximum 2000 characters.)

Response	Total	% of total respondents	%
Open answer	1		8
Total respondents: 1 Skipped question: 8			

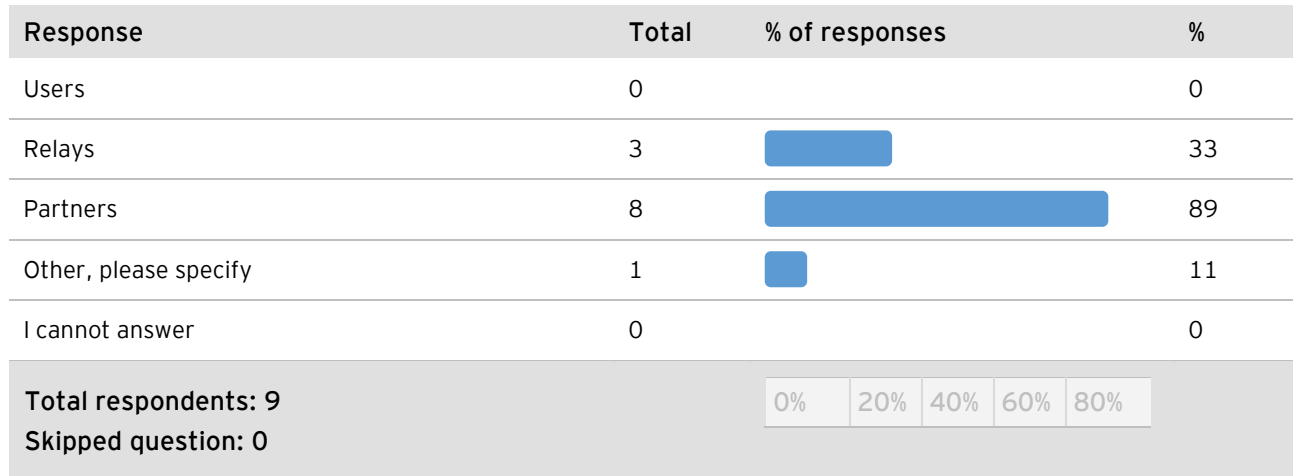
22. The European Investment Advisory Hub (EIAH, 'The Hub') was launched just over a year ago. To what extent are you aware of the services provided by 'The Hub'?

(Each respondent could choose only ONE of the following responses.)

Response	Total	% of responses	%
Fully aware of the services	2		22
Aware to a large extent	4		44
Partly aware of the services	3		33
Not aware of the services	0		0
Other, please specify	0		0
Total respondents: 9 Skipped question: 0			

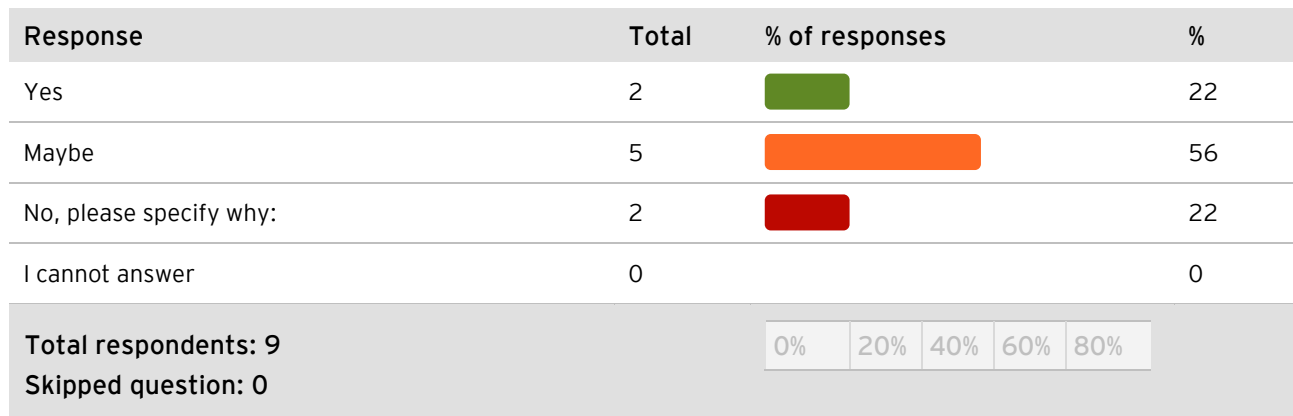
23. How do you see your role in your relationship with EIAH? (more than one answer possible)

(Each respondent could choose MULTIPLE responses.)



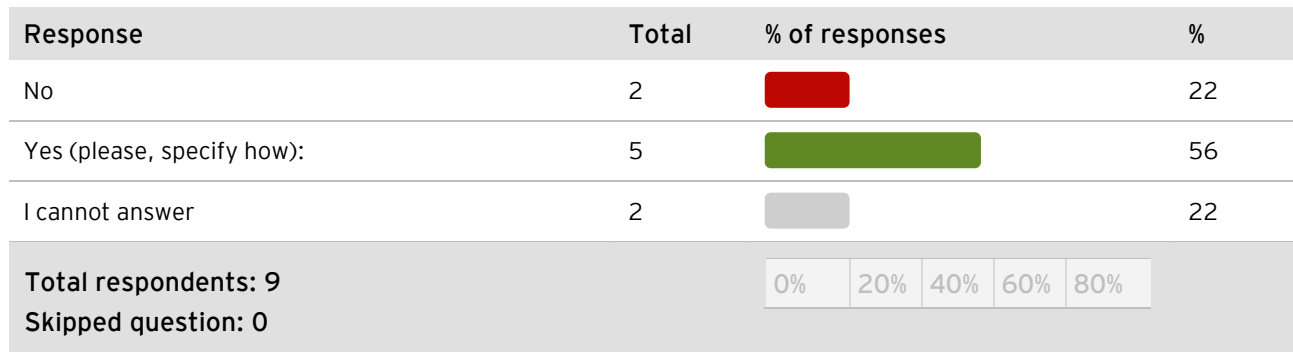
24. Are you planning to deepen your relationship with EIAH?

(Each respondent could choose only ONE of the following responses.)



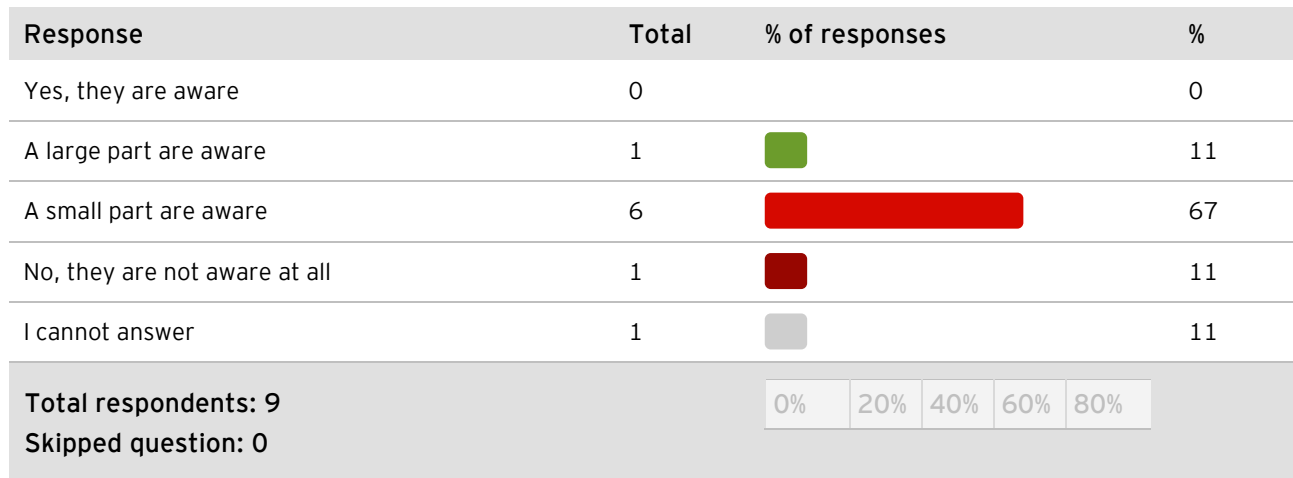
25. Are you promoting the services offered by EIAH?

(Each respondent could choose only ONE of the following responses.)



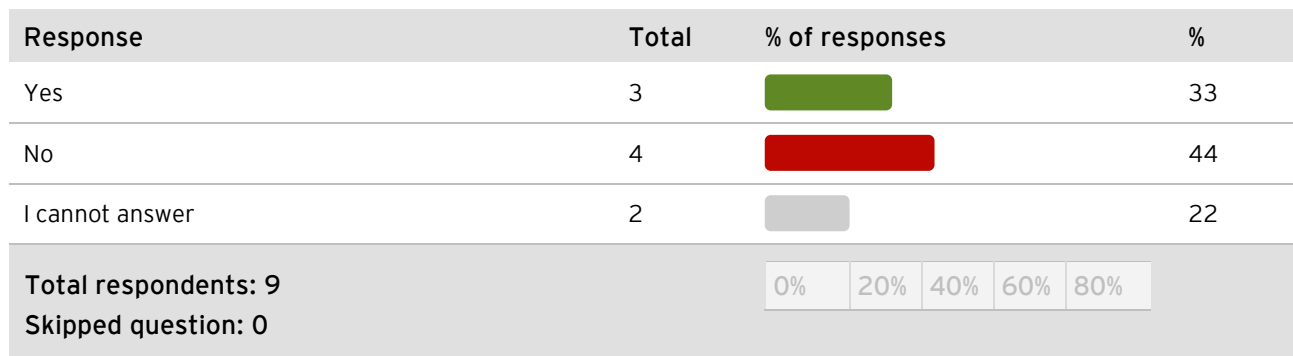
26. To your opinion, are project promoters sufficiently aware of the support that can be provided by the European Investment Advisory Hub (EIAH, 'The Hub')?

(Each respondent could choose only ONE of the following responses.)







27. Have you made use of the services offered by EIAH or are you aware of project promoters that have?

(Each respondent could choose only ONE of the following responses.)



28. What type of advisory services were sought? (more than one answer possible)

(Each respondent could choose MULTIPLE responses.)






Response	Total	% of responses	%
Project identification	2		67
Project preparation	2		67
Support to structuring projects to improve their access to finance	2		67
Implementation and management of Financial Instruments	2		67
Project implementation/ delivery	0		0
Procurement	0		0
State aid	0		0
Capacity building	0		0
Other, please specify	0		0
I cannot answer	0		0

Total respondents: 3
Skipped question: 4

0% 20% 40% 60% 80%

29. What was the sectoral / field context? (more than one answer possible)

(Each respondent could choose MULTIPLE responses.)

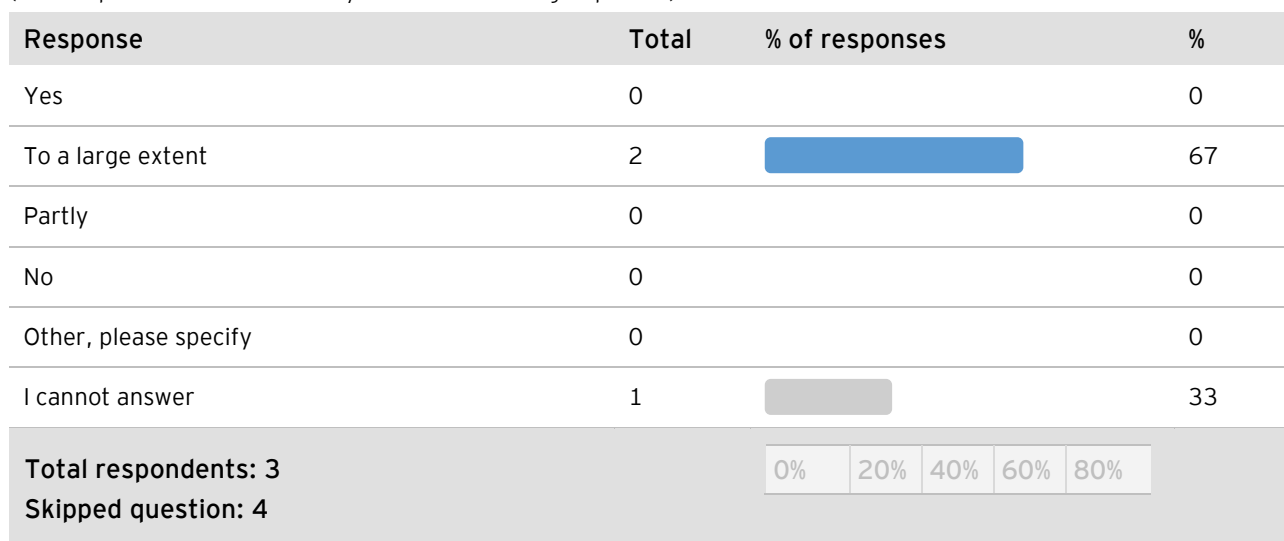
Response	Total	% of responses	%
Energy infrastructure	1		33
Transport	0		0
Telecommunications	1		33
Research, development and innovation	0		0
Environment and resource efficiency	0		0
Human capital, culture and health	1		33
Other, please specify	1		33
I cannot answer	1		33

Total respondents: 3
Skipped question: 4

0% 20% 40% 60% 80%

30. Do you consider the services of the European Investment Advisory Hub (EIAH, 'The Hub') as useful in terms of support for project identification, preparation and development?

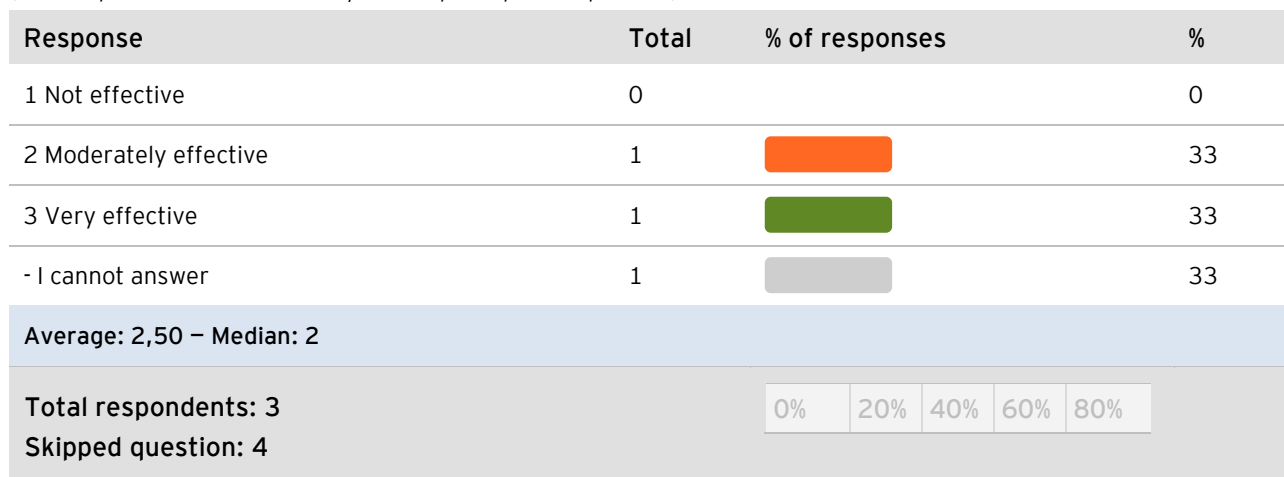
(Each respondent could choose only ONE of the following responses.)



31.1. To what extent do you consider the European Investment Advisory Hub (EIAH, 'The Hub') effective in:

- Acting as a single point of entry to a wide range of advisory and technical assistance programmes

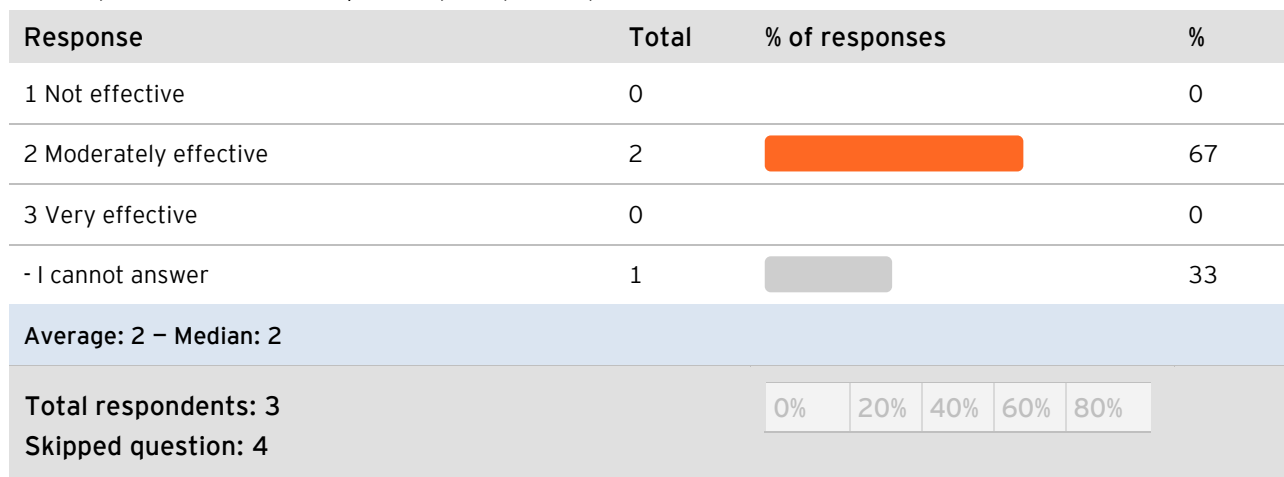
(Each respondent could choose only ONE response per sub-question.)



31.2. To what extent do you consider the European Investment Advisory Hub (EIAH, 'The Hub') effective in:

- A cooperation platform to leverage, exchange and disseminate expertise among the EIAH partner institutions and beyond

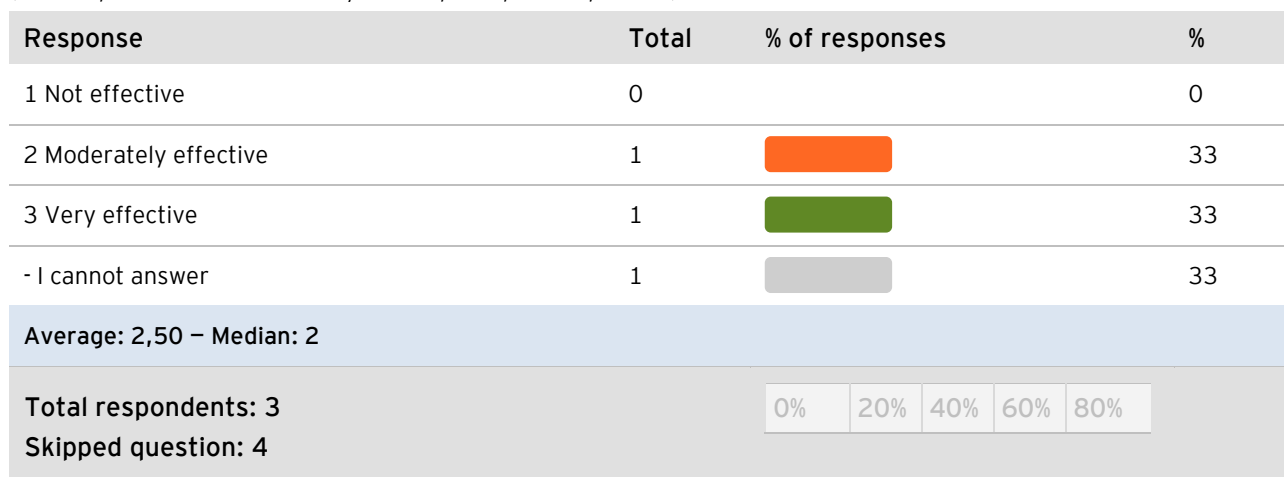
(Each respondent could choose only ONE response per sub-question.)



31.3. To what extent do you consider the European Investment Advisory Hub (EIAH, 'The Hub') effective in:

- An instrument to assess and address new needs by reinforcing or extending existing advisory services or creating new ones as demand arises

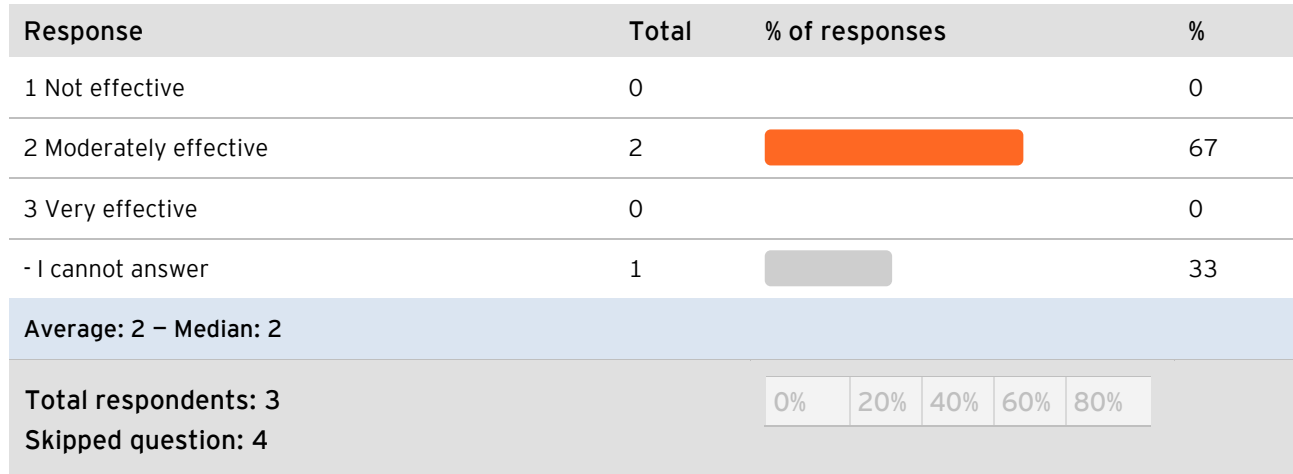
(Each respondent could choose only ONE response per sub-question.)



31.4. To what extent do you consider the European Investment Advisory Hub (EIAH, 'The Hub') effective in:

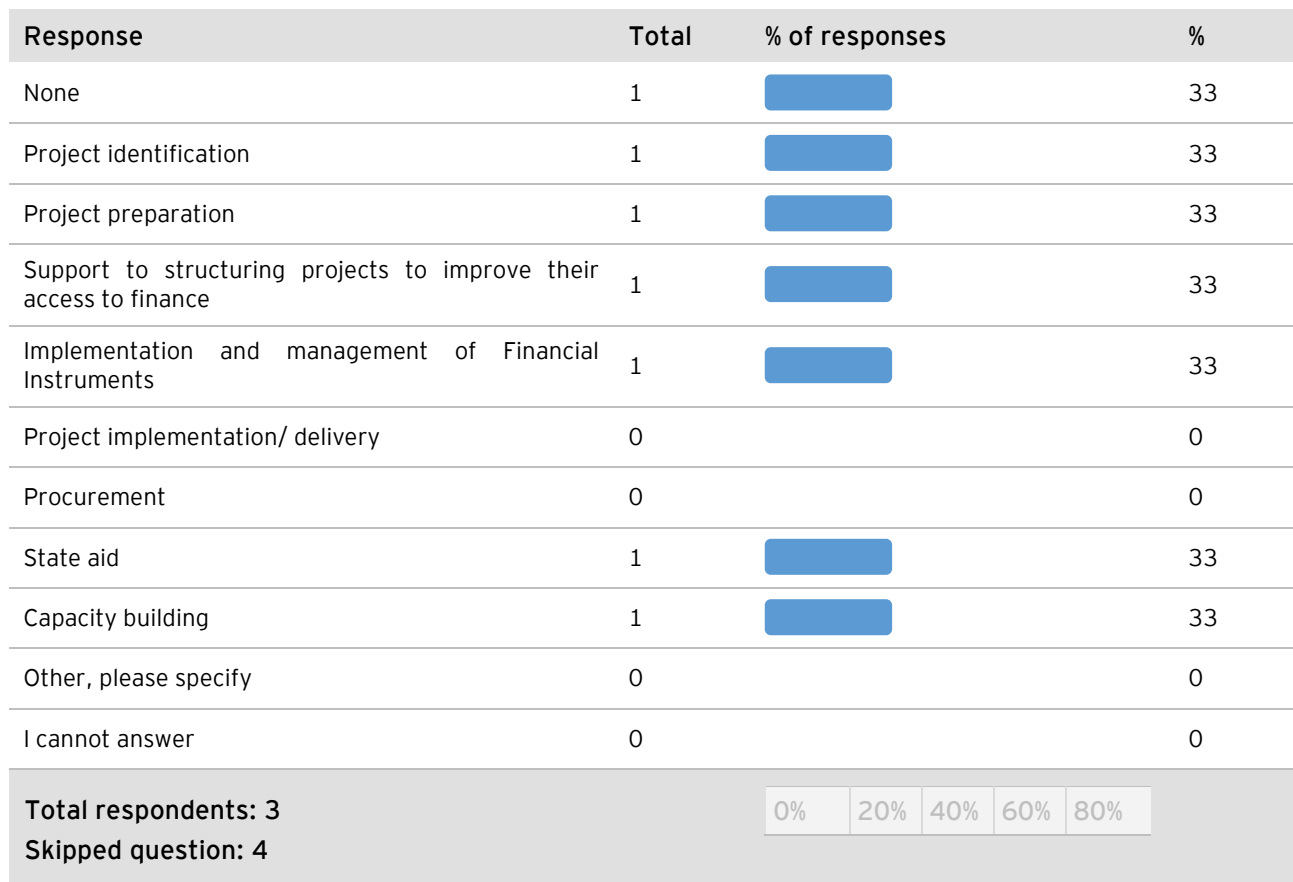
- Providing advice on the establishment of investment platforms

(Each respondent could choose only ONE response per sub-question.)



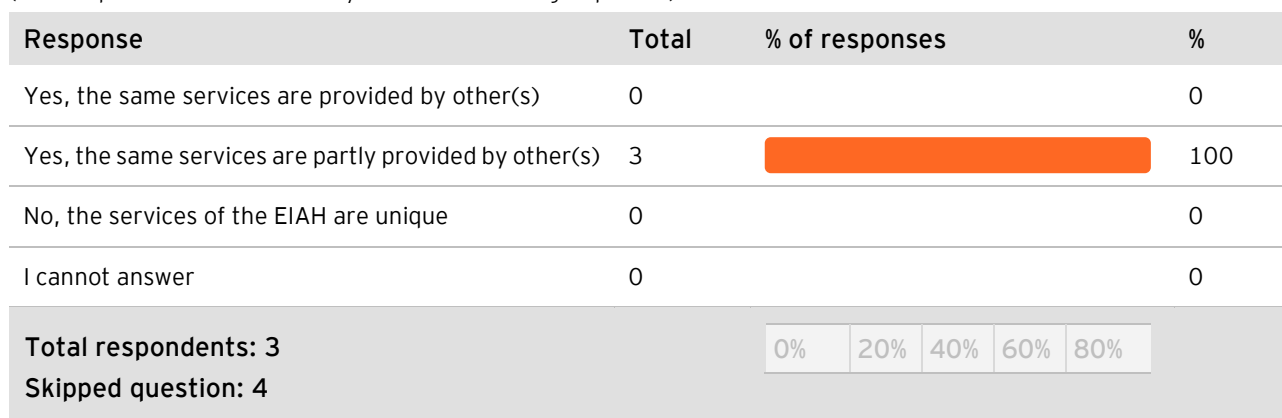
32. In what other area(s) you would have liked to receive support from EIAH? (more than one answer possible)

(Each respondent could choose MULTIPLE responses.)



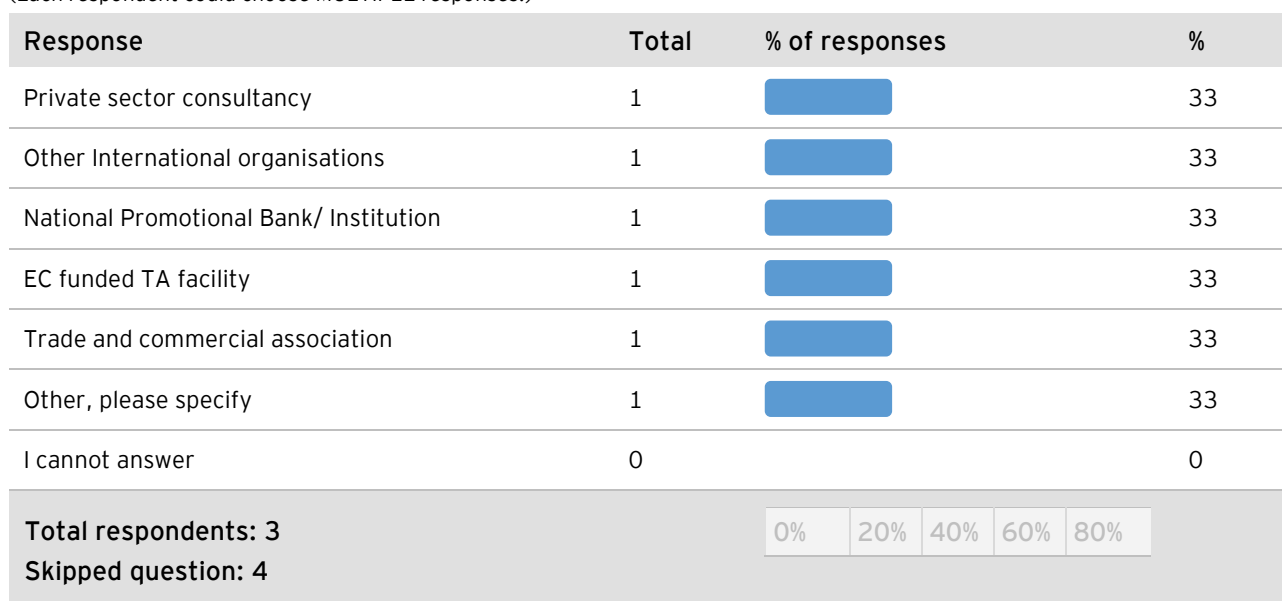
33. Are there other initiatives that you know of that provide the same services as the European Investment Advisory Hub (EIAH, 'The Hub')

(Each respondent could choose only ONE of the following responses.)




34. Which initiatives would you consider similar or potentially overlapping with the services provided by the EIAH? (more than one answer possible)

(Each respondent could choose MULTIPLE responses.)



35. Do you have any recommendations on how to improve the EFSI design and/or implementation?

(Each respondent could write a single open-ended response of maximum 2000 characters.)

Response	Total	% of total respondents	%
Open answer	5		42

Total respondents: 5
Skipped question: 0

0% 20% 40% 60% 80%











Evaluation of Regulation (EU) 2015/1017 - intermediaries

Status:	Live	Partial completes:	4 (28,6%)
Start date:	05-10-2016	Screened out:	0 (0%)
End date:	24-10-2016	Reached end:	10 (71,4%)
Live:	16 days	Total responded:	14
Questions:	29		

Filter is Off

1. In which country(ies) your business/project, for which you received EFSI support, is/will be implemented? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)

Response	Total	% of responses	%
Belgium	2		14
Denmark	1		7
France	8		57
Germany	2		14
Luxembourg	2		14
Portugal	1		7
Spain	3		21
Sweden	1		7
United Kingdom	1		7
Whole EU	1		7




Total respondents: 14

Skipped question: 0


0% 20% 40% 60% 80%

2. Please, specify your type of organisation:

(Each respondent could choose only ONE of the following responses.)



Response	Total	% of responses	%
Private entity	9		64
Public entity	4		29
Other, please specify	1		7

Total respondents: 14
Skipped question: 0




3. From which entity did you receive financing? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)







Response	Total	% of responses	%
EIB	14		100
EIF	1		7
Other, please specify	0		0

Total respondents: 14
Skipped question: 0



4. Please select the field/sector of the project(s):(more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)



Response	Total	% of responses	%
Research, development and innovation	0		0
Energy sector	8		57
Transport	1		7
SMEs/ Mid-cap companies	4		29
ICT	1		7
Environment and resource efficiency	5		36
Human capital, culture and health	0		0
Other, please specify	1		7

Total respondents: 14
Skipped question: 0

0% 20% 40% 60% 80%

5. Is there any sector eligible for financing for which there is a potential high demand not covered by EFSI?

(Each respondent could choose only ONE of the following responses.)


Response	Total	% of responses	%
No	7		50
Yes (please, specify):	0		0
I cannot answer	7		50

Total respondents: 14
Skipped question: 0

0% 20% 40% 60% 80%


6. How many of your supported investments have been co-financed by EFSI for the SME window (if not known, approximately)?

(Each respondent could write a single open-ended response of maximum 255 characters.)

Response	Total	% of total respondents	%
Open answer	10		71
Total respondents: 10		<div style="display: flex; gap: 5px;"> 0% 20% 40% 60% 80% </div>	
Skipped question: 0			

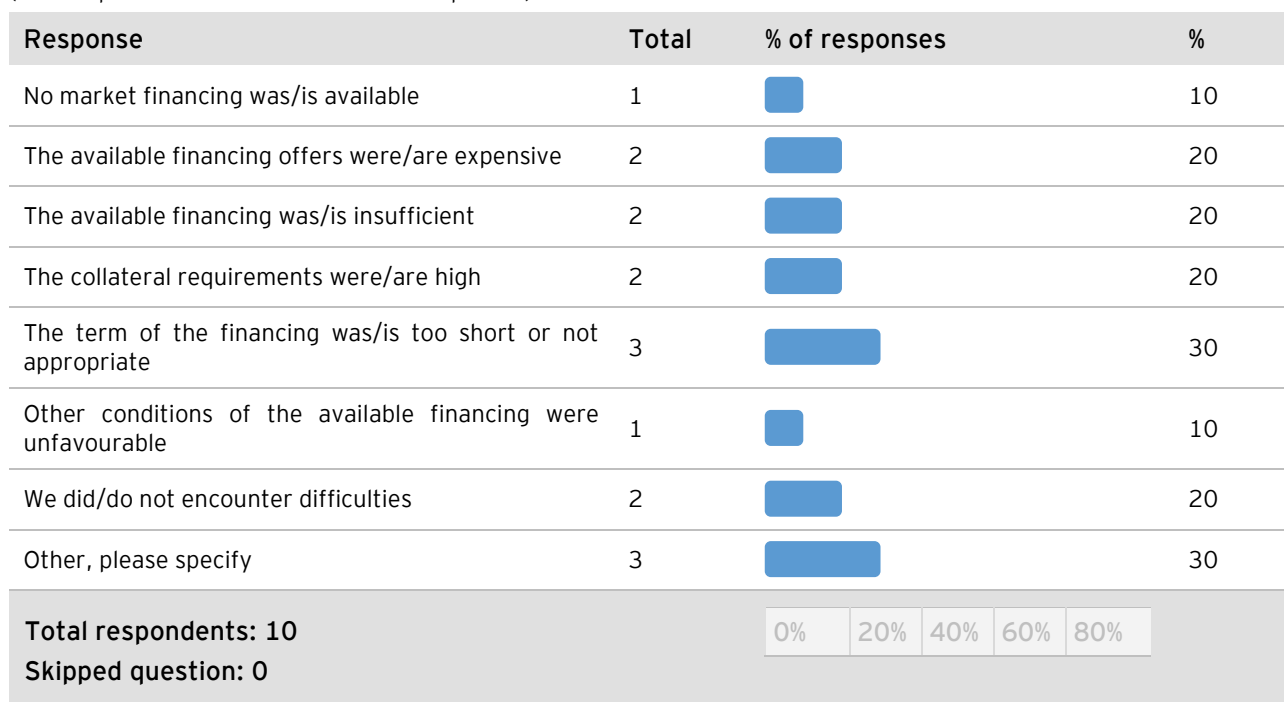
7. How many EFSI investments have you co-financed for the infrastructure and innovation window (if not known, approximately)?

(Each respondent could write a single open-ended response of maximum 255 characters.)

Response	Total	% of total respondents	%
Open answer	8		57
Total respondents: 8		<div style="display: flex; gap: 5px;"> 0% 20% 40% 60% 80% </div>	
Skipped question: 2			

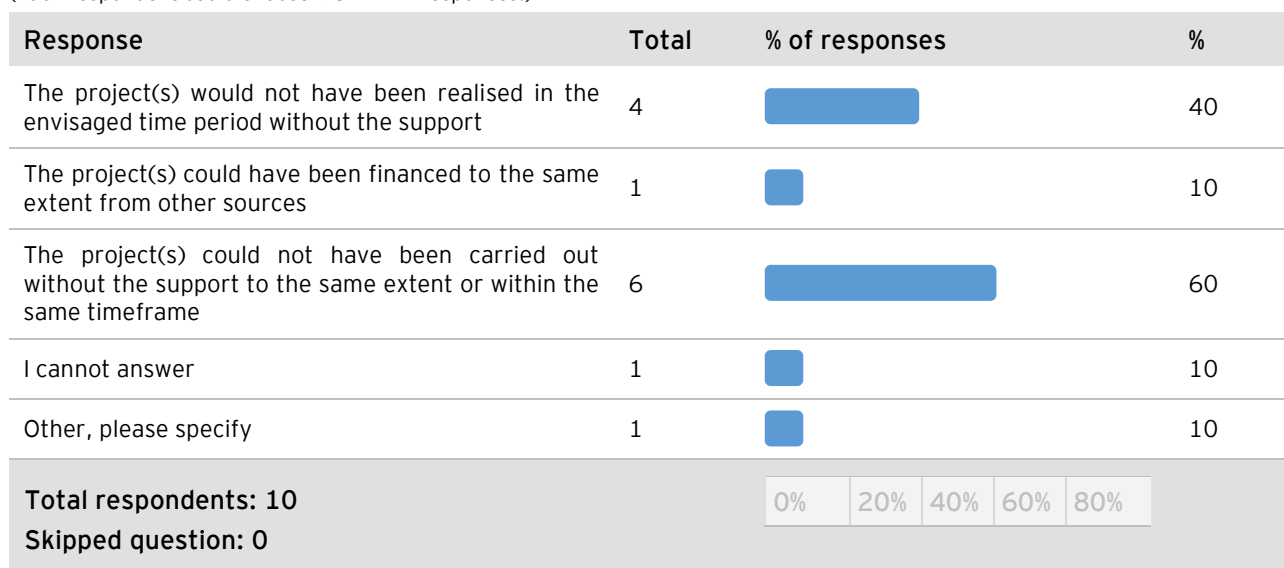
8. Which difficulties did/do you encounter when searching for financing for your project(s)? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)



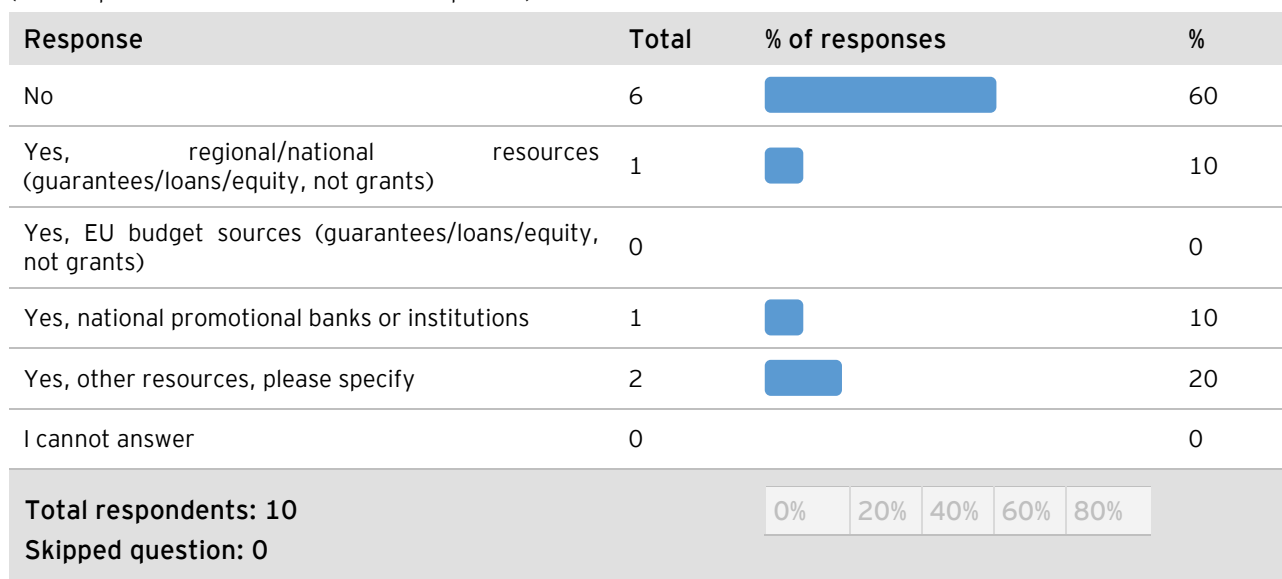
9. Could the project(s) have been carried out without EIB/EIF funding with support from EFSI to the same extent or within the same timeframe? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)



10. Are there other financial solutions available, similar to those offered by the EIB/EIF under EFSI, which could have been provided to your project, instead of EFSI? (more than one answer is possible)

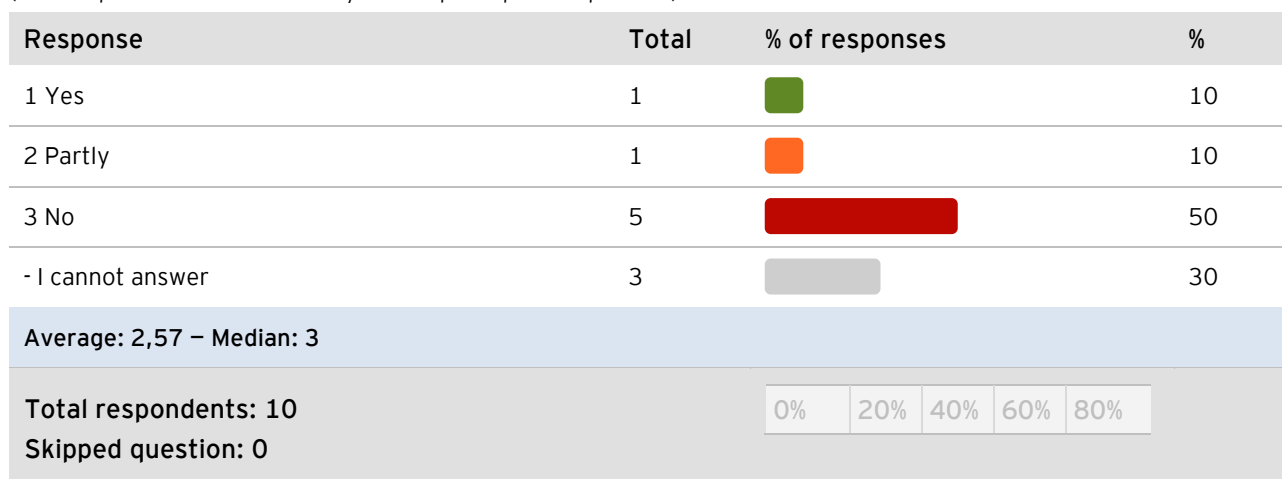
(Each respondent could choose MULTIPLE responses.)



11.1. How would you compare the other financial solutions available to the EIB/EIF funding with support from EFSI?

- Other solutions are easier to apply for

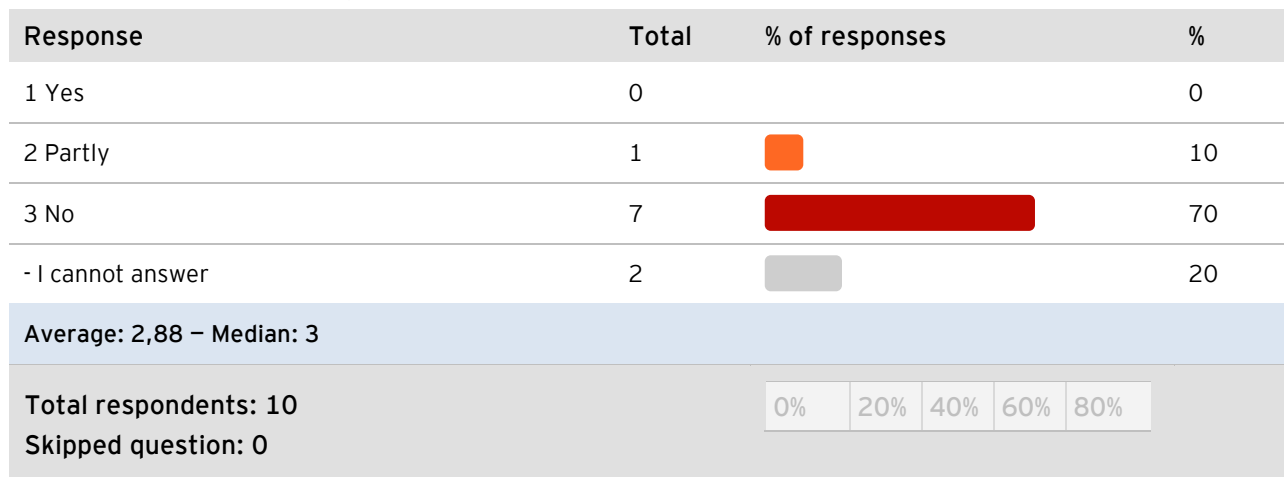
(Each respondent could choose only ONE response per sub-question.)



11.2. How would you compare the other financial solutions available to the EIB/EIF funding with support from EFSI?

- Other solutions are better addressing local/regional needs

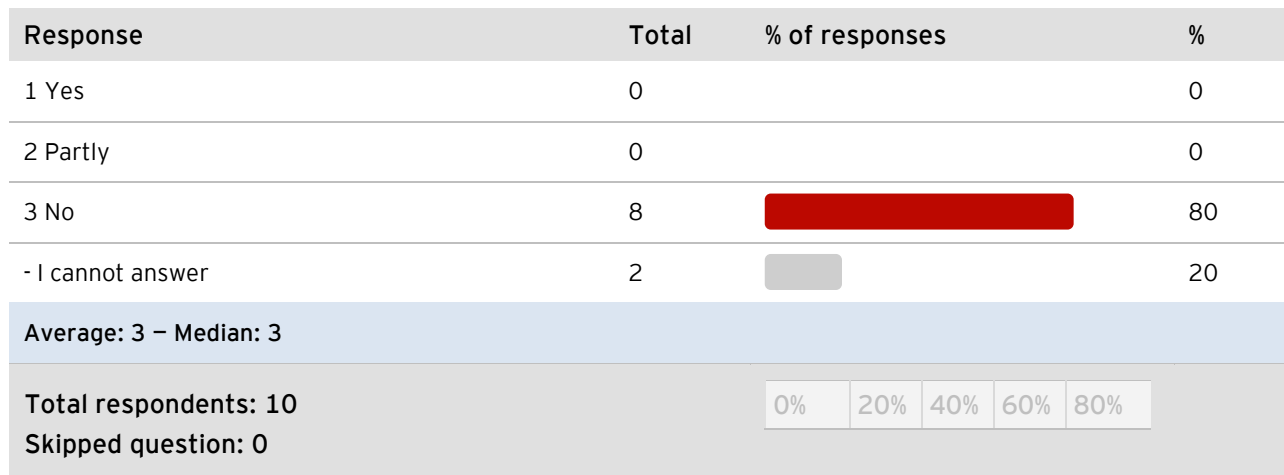
(Each respondent could choose only ONE response per sub-question.)



11.3. How would you compare the other financial solutions available to the EIB/EIF funding with support from EFSI?

- Other solutions better comply with local/regional legislation

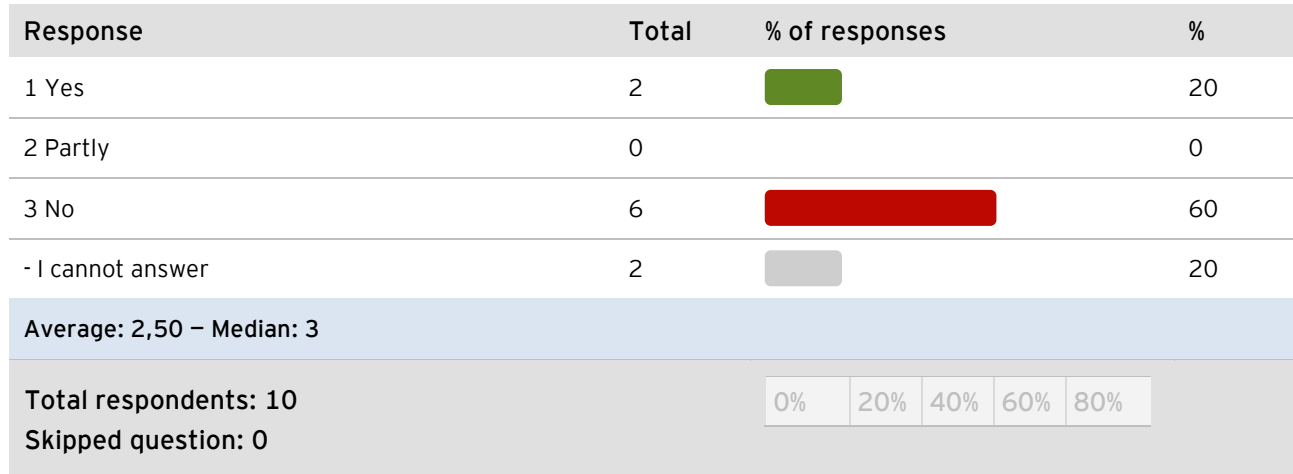
(Each respondent could choose only ONE response per sub-question.)



11.4. How would you compare the other financial solutions available to the EIB/EIF funding with support from EFSI?

- Other solutions have a lower administrative burden

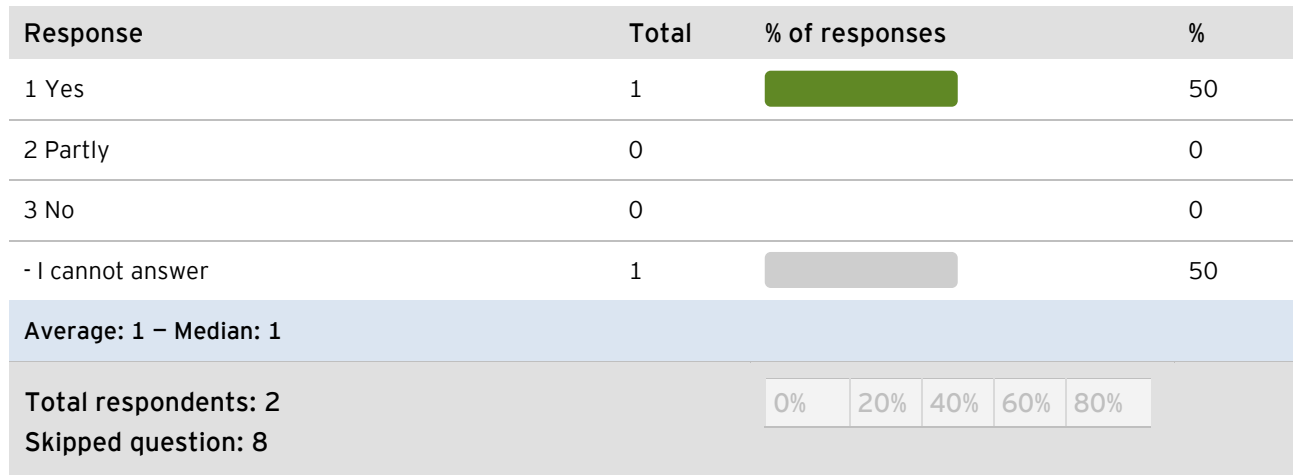
(Each respondent could choose only ONE response per sub-question.)



11.5. How would you compare the other financial solutions available to the EIB/EIF funding with support from EFSI?

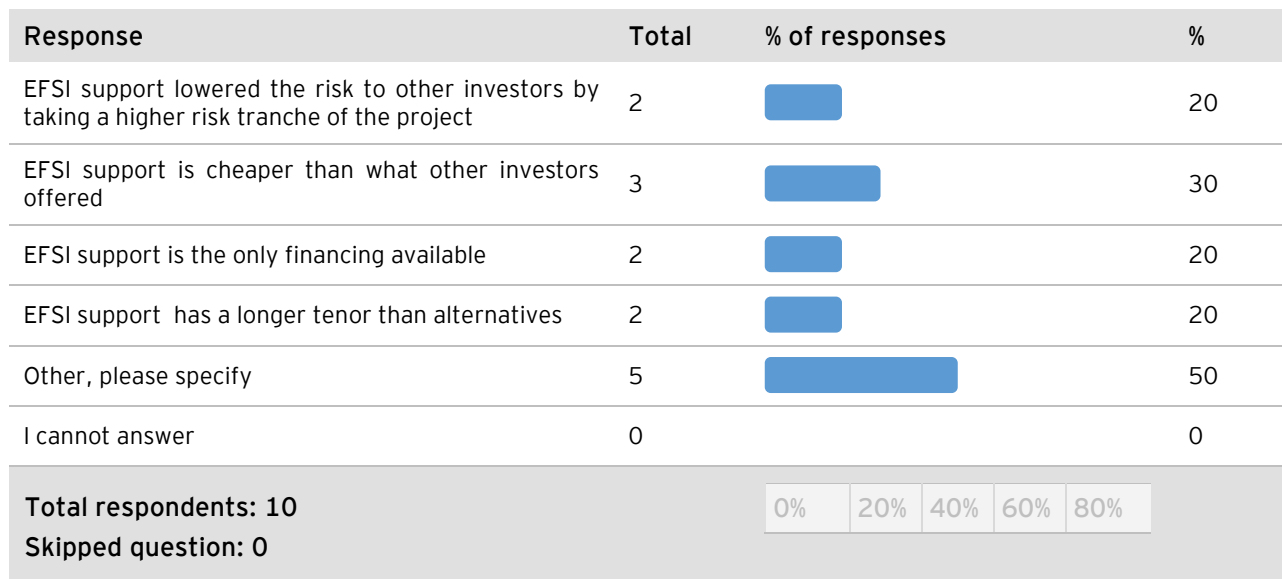
- Other, please specify

(Each respondent could choose only ONE response per sub-question.)



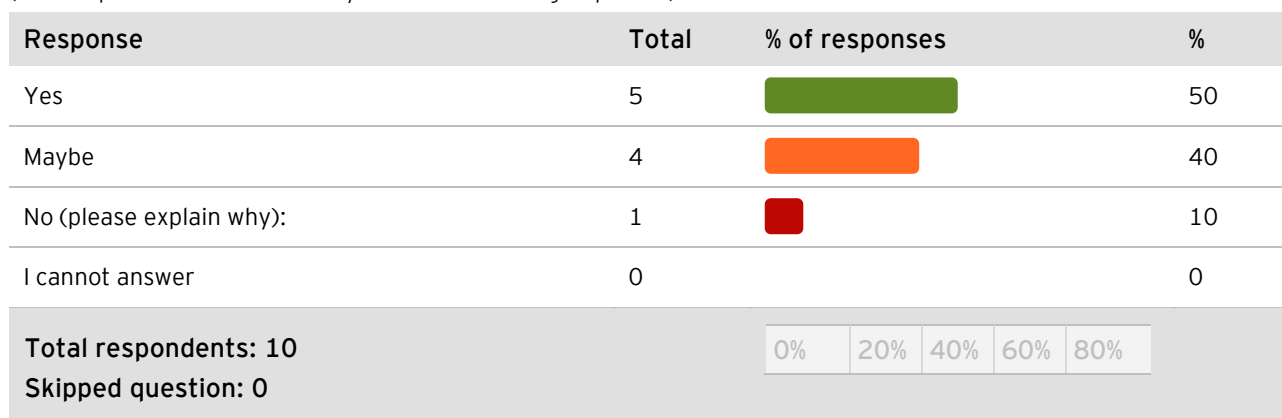
12. Why did you accept EIB/EIF financing under EFSI? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)



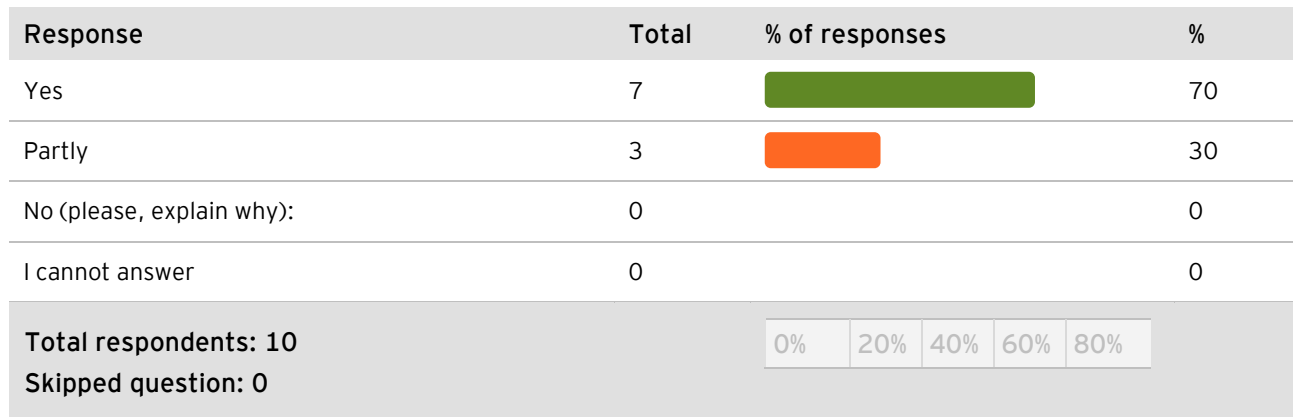
13. Would you consider EFSI support as critical/essential for your future projects/business financing?

(Each respondent could choose only ONE of the following responses.)



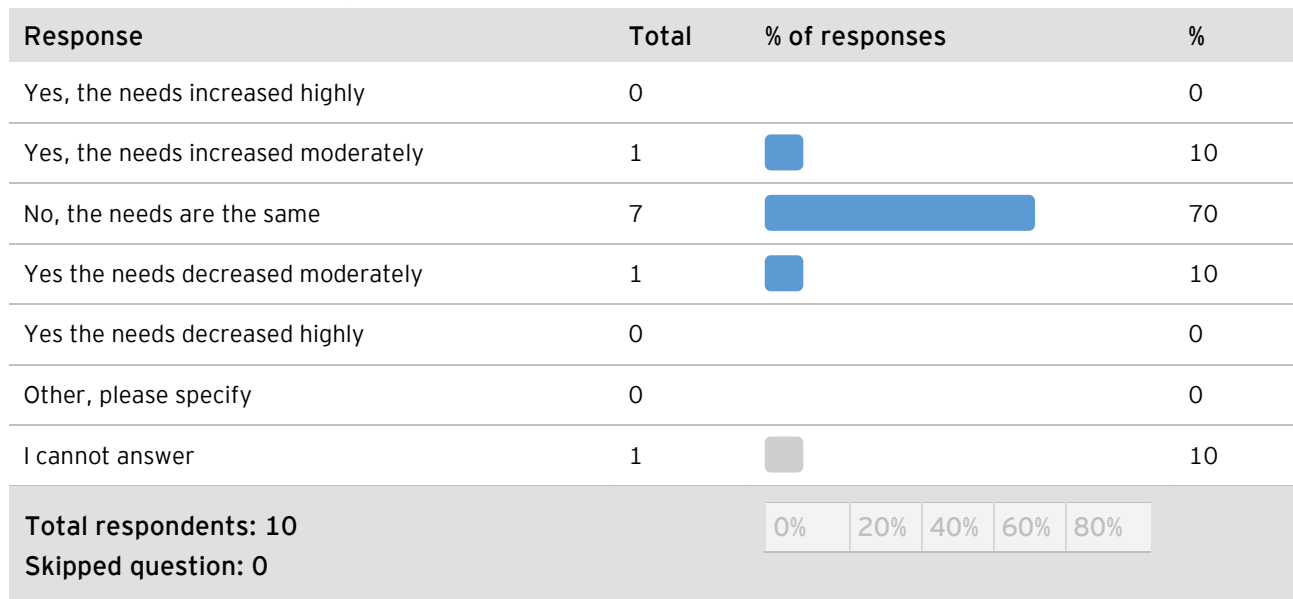
14. Do you believe that EFSI support to projects/ business financing is suitable to address market failures / sub-optimal investment situations and, for SMEs, enhance access to finance?

(Each respondent could choose only ONE of the following responses.)






15. Have the market needs addressed by EFSI changed since its inception in June 2015?

(Each respondent could choose only ONE of the following responses.)



16. Is EFSI type support needed within your sector of activity?

(Each respondent could choose only ONE of the following responses.)






Response	Total	% of responses	%
High need	4		40
Moderate need	5		50
Low need	0		0
No need	0		0
I cannot answer	1		10

Total respondents: 10
Skipped question: 0

0% 20% 40% 60% 80%

17. What are your expectations for the funding needs for risky projects (that will not be fully financed by commercial banks) in the next 5 years? The demand for financing of projects with a high risk profile will:

(Each respondent could choose only ONE of the following responses.)



Response	Total	% of responses	%
Decrease	2		20
Slightly decrease	0		0
Remain at its current level	3		30
Slightly increase	1		10
Increase	3		30
Other, please specify	0		0
I cannot answer	1		10

Total respondents: 10
Skipped question: 0

0% 20% 40% 60% 80%

18. Did you experience any problems in receiving EFSI financing?

(Each respondent could choose only ONE of the following responses.)









Response	Total	% of responses	%
We did not experience problems	6		60
We experienced minor problems	4		40
We experienced a few significant problems	0		0
We experienced many significant problems (please specify):	0		0
I cannot answer	0		0

Total respondents: 10
Skipped question: 0

0% 20% 40% 60% 80%

19. Are there any problems in the design of EFSI that hinder the use of EFSI? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)




Response	Total	% of responses	%
Eligibility criteria	2		20
Changed market needs	1		10
Financial conditions (pricing, maturity, collateral requirements, other covenants)	1		10
Minimum/Maximum size of the EFSI financing support	1		10
Governance	0		0
Decision process	1		10
Complexity of process	5		50
Other, please specify	1		10
I cannot answer	1		10

Total respondents: 10
Skipped question: 0

0% 20% 40% 60% 80%

20. To what extent is EFSI effectively promoted and has it reached all potential users?

(Each respondent could choose only ONE of the following responses.)



Response	Total	% of responses	%
The instrument is widely known by potential users	0		0
The instrument is partly known by potential users	7		70
The instrument is unknown by potential users	2		20
Other, please specify	0		0
I cannot answer	1		10

Total respondents: 10
Skipped question: 0

0% 20% 40% 60% 80%

21. To what extent would a wider promotion lead to a higher demand/use of EFSI?

(Each respondent could choose only ONE of the following responses.)



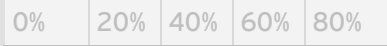
Response	Total	% of responses	%
The use would largely grow	3		30
The use would moderately grow	7		70
The use would remain the same	0		0
Other, please specify	0		0
I cannot answer	0		0

Total respondents: 10
Skipped question: 0

0% 20% 40% 60% 80%




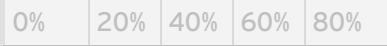
22. How did you become aware of the EFSI initiative? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)

Response	Total	% of responses	%
EFSI page on European Investment Bank website / European Commission's Investment Plan for Europe webpage	0		0
National Promotional Bank or institution	0		0
Promotional events	0		0
From a colleague	0		0
When speaking to my EIB/EIF counterpart (i.e after sending the financing application to the EIB group)	9		90
Other, please specify	2		20
Total respondents: 10			
Skipped question: 0			



23. How do you perceive the EIB/EIF application procedure (under EFSI):

(Each respondent could choose only ONE of the following responses.)

Response	Total	% of responses	%
Easy	0		0
Moderately easy	7		70
Difficult	2		20
Very difficult	0		0
Other, please specify	1		10
I cannot answer	0		0
Total respondents: 10			
Skipped question: 0			

24. How do you perceive the time lag between application and signature of the contract?

(Each respondent could choose only ONE of the following responses.)




Response	Total	% of responses	%
Too long, it affected my investment negatively	0		0
Too long, but it did not affect negatively my investment	7		70
Reasonably short	3		30
Short	0		0

Total respondents: 10
Skipped question: 0

0% 20% 40% 60% 80%

25. How many months did it take between the application and the contract signature?

(Each respondent could choose only ONE of the following responses.)


Response	Total	% of responses	%
0-3 months	1		10
4-6 months	4		40
7-12 months	5		50
More than 12 months	0		0
I cannot answer	0		0

Total respondents: 10
Skipped question: 0

0% 20% 40% 60% 80%

26. Do you know about the European Investment Advisory Hub (EIAH)?

(Each respondent could choose only ONE of the following responses.)

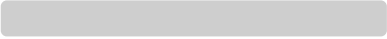
Response	Total	% of responses	%
Yes, I contacted the EIAH before receiving EFSI support	0		0
Yes, I contacted the EIAH after receiving EFSI support	0		0
Yes, but I have not contacted the EIAH	0		0
No	10		100
Other, please specify	0		0

Total respondents: 10
Skipped question: 0

0% 20% 40% 60% 80%

27. In case you contacted the EIAH, did you find their response helpful?

(Each respondent could choose only ONE of the following responses.)

Response	Total	% of responses	%
Yes	0		0
To a large extent	0		0
Partly	0		0
No	0		0
Other, please specify	0		0
I cannot answer	9		100

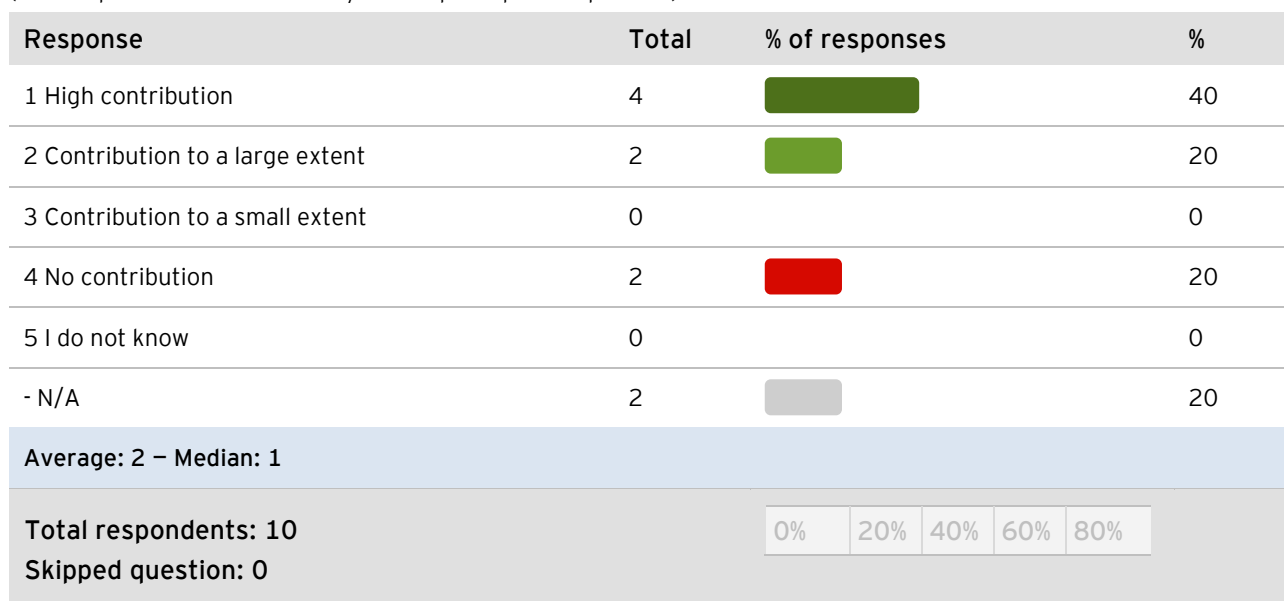
Total respondents: 9
Skipped question: 1

0% 20% 40% 60% 80%

28.1. To what extent do you think EIB contributed in:

- Identifying the EFSI project(s)

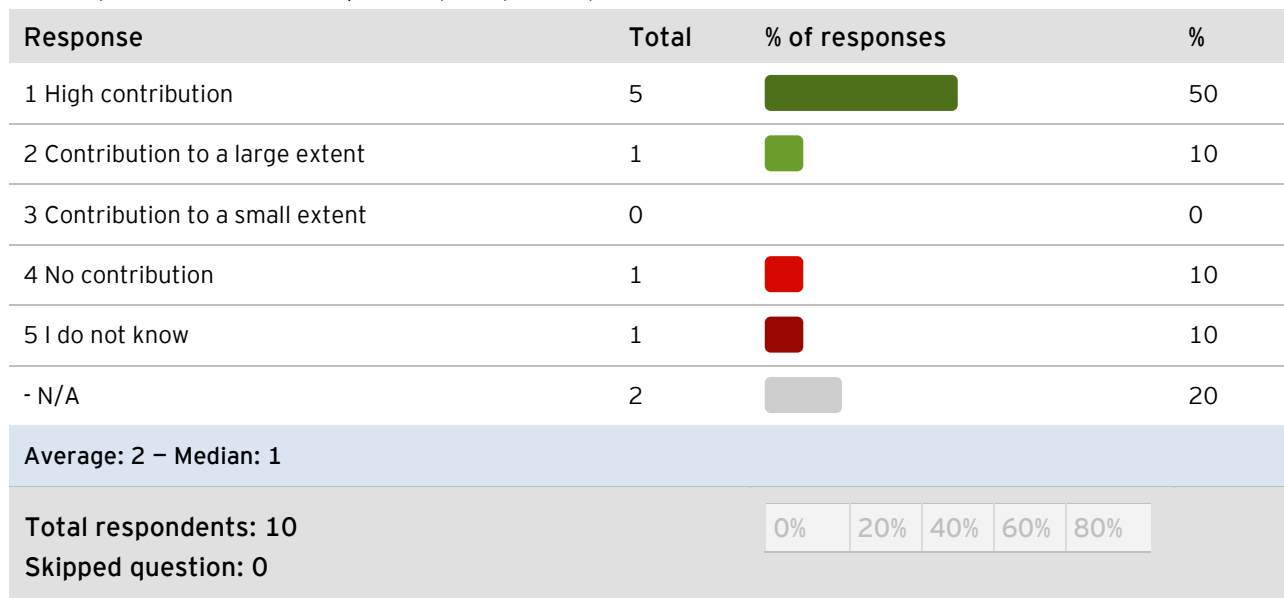
(Each respondent could choose only ONE response per sub-question.)



28.2. To what extent do you think EIB contributed in:

- Providing sufficient information for the financing opportunities

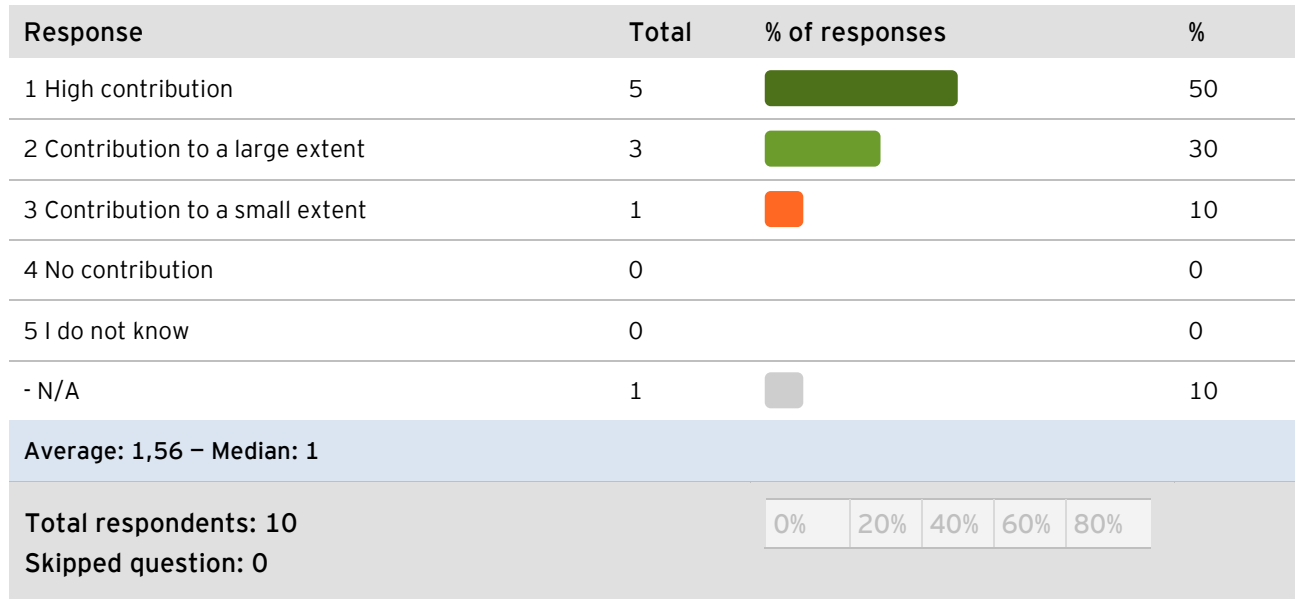
(Each respondent could choose only ONE response per sub-question.)



28.3. To what extent do you think EIB contributed in:

- Ensuring a smooth application process

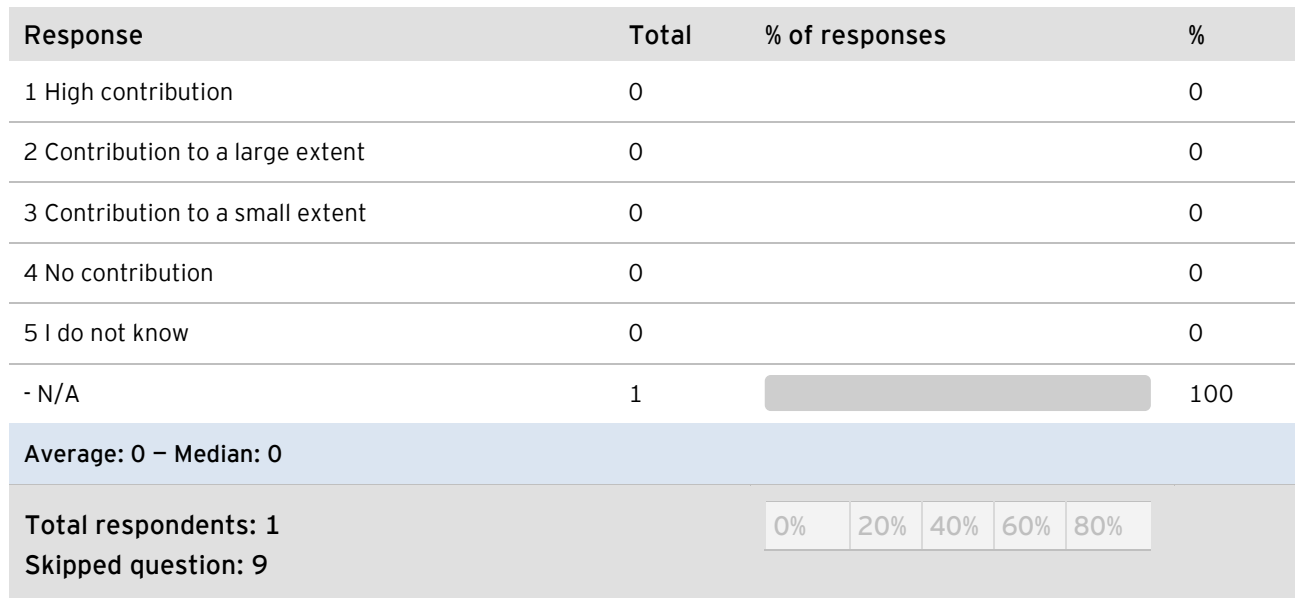
(Each respondent could choose only ONE response per sub-question.)



28.4. To what extent do you think EIB contributed in:


- Other, please specify

(Each respondent could choose only ONE response per sub-question.)



29. Do you have any recommendations on how to improve the implementation of EFSI?

(Each respondent could write a single open-ended response of maximum 2000 characters.)

Response	Total	% of total respondents	%
Open answer	3		21

Total respondents: 3
Skipped question: 0

0% 20% 40% 60% 80%









Evaluation of Regulation (EU) 2015/1017 - Fin.intermed.

Status:	Live	Partial completes:	4 (22,2%)
Start date:	12-10-2016	Screened out:	0 (0%)
End date:	02-11-2016	Reached end:	14 (77,8%)
Live:	9 days	Total responded:	18
Questions:	19		

Filter is Off

1. Which are the country(ies) of your SME lending/guaranteeing activity, for which you received EFSI support? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)

Response	Total	% of responses	%
Belgium	1		6
Czech Republic	2		11
France	2		11
Hungary	1		6
Italy	7		39
Poland	1		6
Spain	3		17
Sweden	1		6




Total respondents: 18

Skipped question: 0

0% 20% 40% 60% 80%

2. Please, specify your type of organisation:

(Each respondent could choose only ONE of the following responses.)


Response	Total	% of responses	%
Private entity	10		56
Public entity	7		39
Other, please specify	1		6

Total respondents: 18
Skipped question: 0

0% 20% 40% 60% 80%

3. What is the SME lending volume covered by InnovFin and /or COSME (EFSI) guarantee as compared to your overall SME loan origination?

(Each respondent could write a single open-ended response of maximum 255 characters.)




Response	Total	% of total respondents	%
Open answer	14		78

Total respondents: 14
Skipped question: 0

0% 20% 40% 60% 80%

4. Could the SME financing/guaranteeing have been carried out without EFSI support to the same extent and/or targeting the same SME segments and/or with the same features (e.g. level of collateral cover)? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)

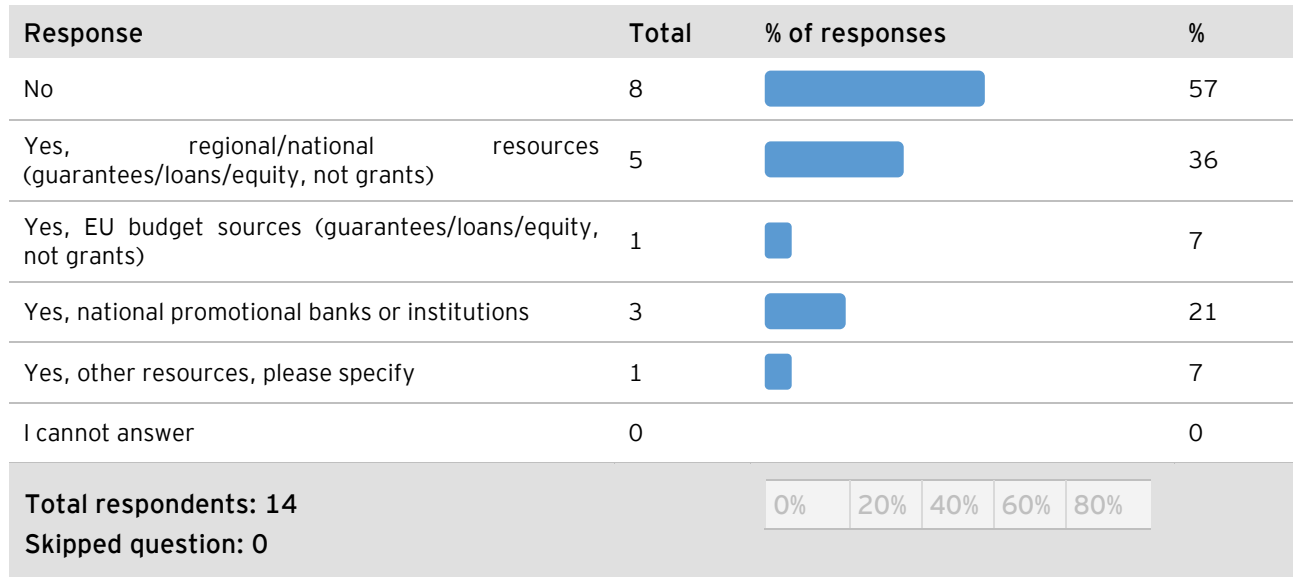
Response	Total	% of responses	%
The SME financing/guaranteeing would not have been realised without the support	7		50
The SME financing/guaranteeing could have been financed to the same extent from other sources	0		0
The SME financing/guaranteeing could not have been carried out without the support to the same extent or within the same timeframe	12		86
I cannot answer	0		0
Other, please specify	1		7

Total respondents: 14
Skipped question: 0

0% 20% 40% 60% 80%

5. Are there other financial solutions available, similar to those offered by the EIF with EFSI support, which could have been provided to your SME financing/guaranteeing activity instead? (more than one answer is possible)

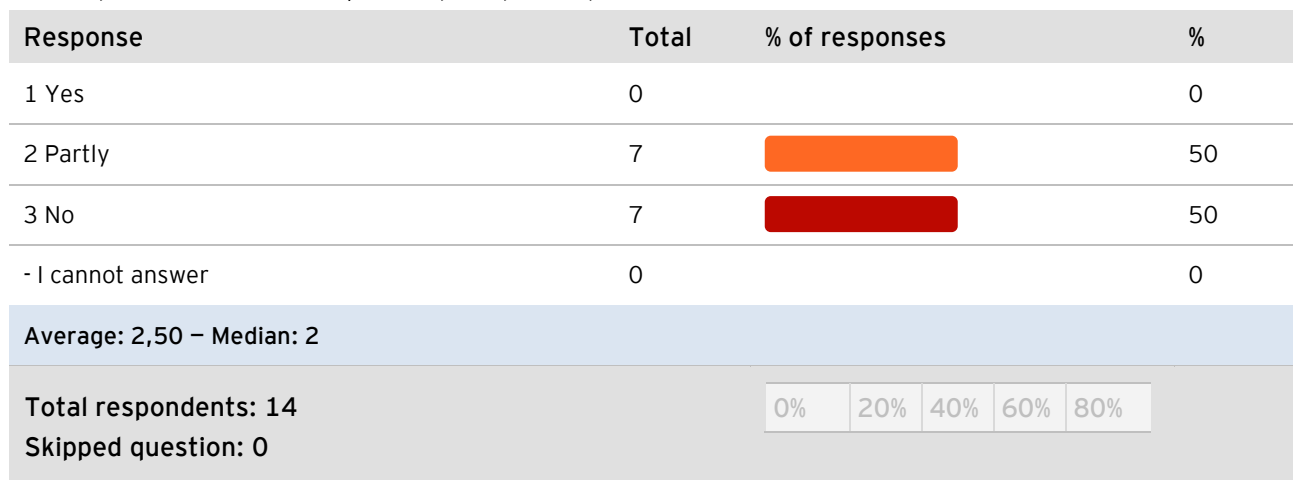
(Each respondent could choose MULTIPLE responses.)



6.1. How would you compare the other financial solutions available to the EFSI support?

- Other solutions are easier to apply for

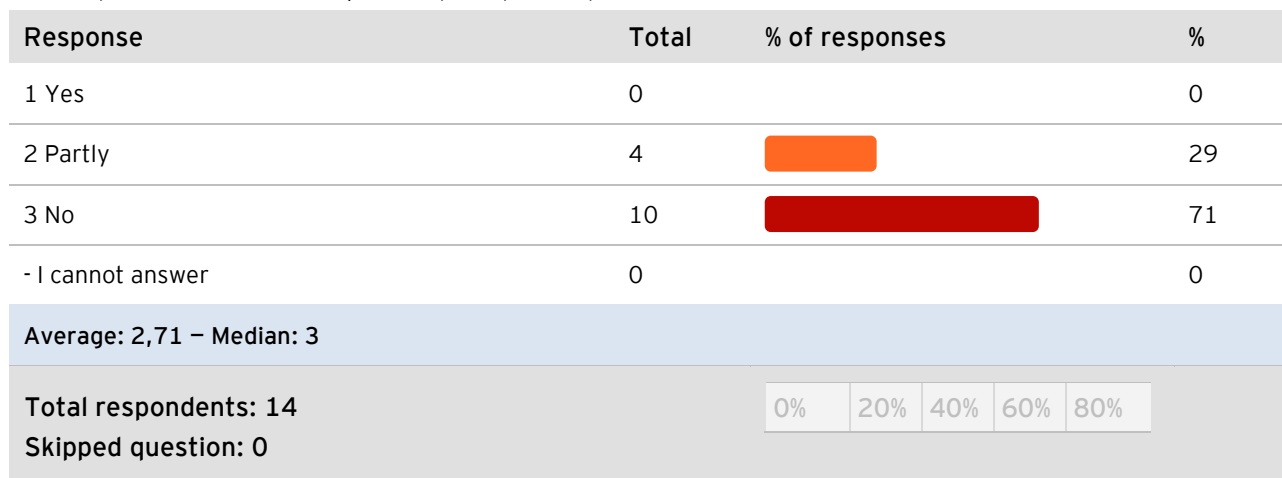
(Each respondent could choose only ONE response per sub-question.)



6.2. How would you compare the other financial solutions available to the EFSI support?

- Other solutions are better addressing local/regional needs

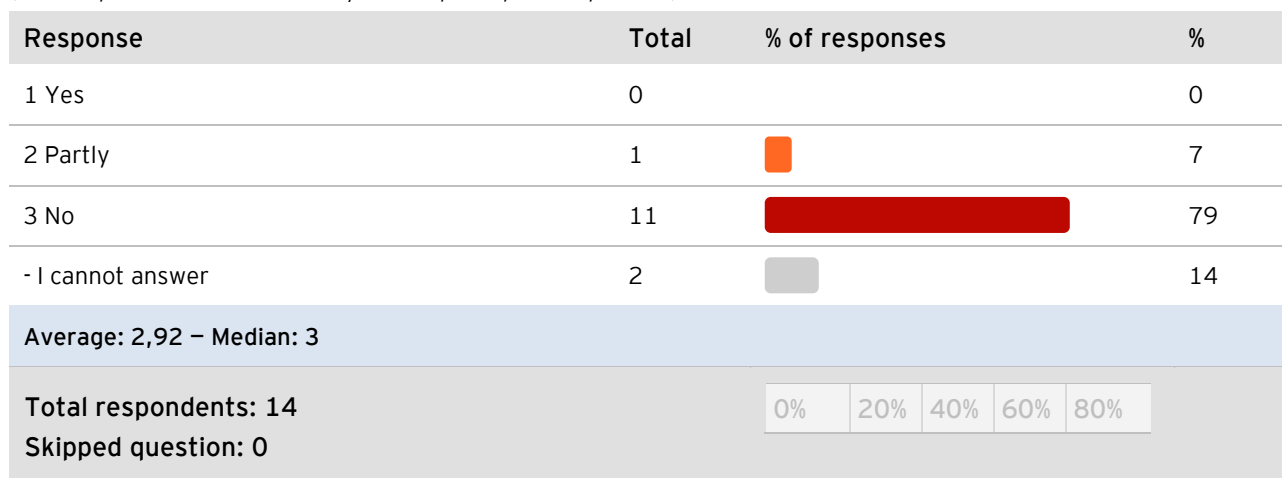
(Each respondent could choose only ONE response per sub-question.)



6.3. How would you compare the other financial solutions available to the EFSI support?

- Other solutions better comply with local/regional legislation

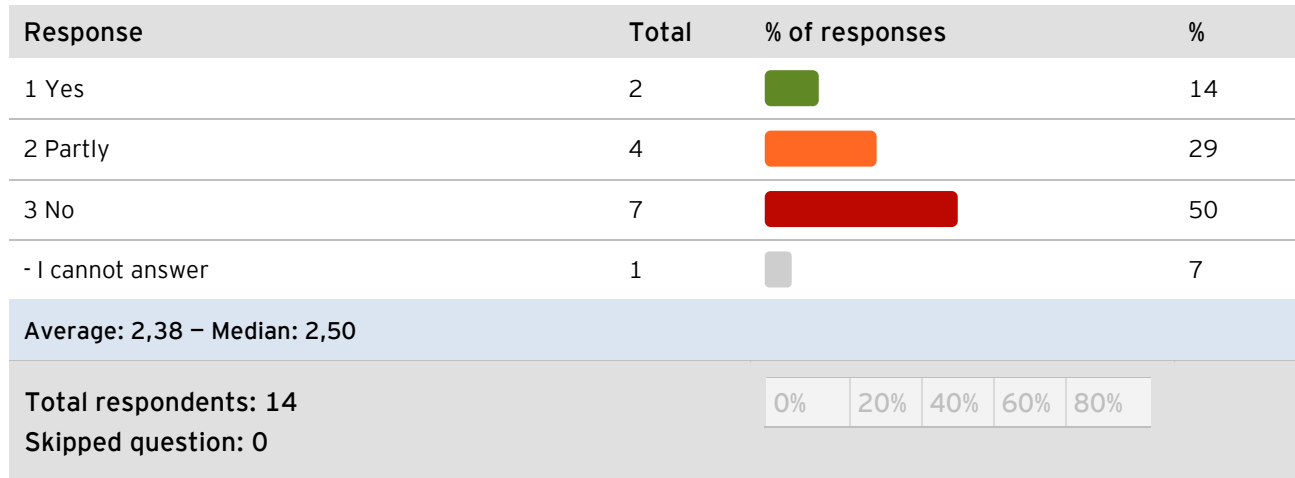
(Each respondent could choose only ONE response per sub-question.)



6.4. How would you compare the other financial solutions available to the EFSI support?

- Other solutions have a lower administrative burden

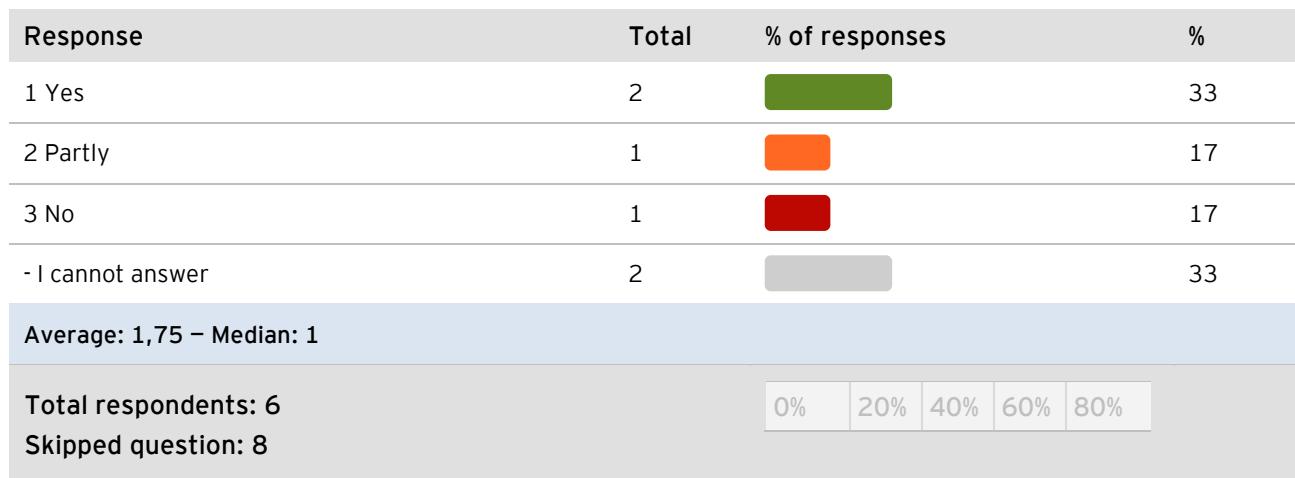
(Each respondent could choose only ONE response per sub-question.)



6.5. How would you compare the other financial solutions available to the EFSI support?



- Other, please specify

(Each respondent could choose only ONE response per sub-question.)



7. Would you consider EFSI support as critical/essential for your future SME financing/guaranteeing activity?

(Each respondent could choose only ONE of the following responses.)



Response	Total	% of responses	%
Yes	11		79
Maybe	3		21
No (please explain why):	0		0
I cannot answer	0		0

Total respondents: 14
Skipped question: 0

0% 20% 40% 60% 80%

8. Do you believe that EFSI support through InnovFin and/or COSME is suitable to enhance access to finance for SMEs?

(Each respondent could choose only ONE of the following responses.)



Response	Total	% of responses	%
Yes	13		93
Partly	1		7
No (please, explain why):	0		0
I cannot answer	0		0

Total respondents: 14
Skipped question: 0

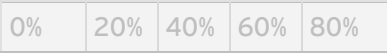
0% 20% 40% 60% 80%

9. Is EFSI type support through InnovFin and/or COSME needed within your country?

(Each respondent could choose only ONE of the following responses.)




Response	Total	% of responses	%
High need	10		71
Moderate need	4		29
Low need	0		0
No need	0		0
I cannot answer	0		0

Total respondents: 14
Skipped question: 0

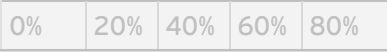


10. What are your expectations for the funding needs of SMEs for risky projects in the next 5 years? The demand for financing of projects with a high risk profile will:

(Each respondent could choose only ONE of the following responses.)



Response	Total	% of responses	%
Decrease	0		0
Slightly decrease	0		0
Remain at its current level	4		29
Slightly increase	4		29
Increase	6		43
Other, please specify	0		0
I cannot answer	0		0

Total respondents: 14
Skipped question: 0




11. Did you experience any problems in receiving EFSI support through InnovFin and/or COSME?

(Each respondent could choose only ONE of the following responses.)







Response	Total	% of responses	%
We did not experience problems	9		64
We experienced minor problems	5		36
We experienced a few significant problems	0		0
We experienced many significant problems (please specify):	0		0
I cannot answer	0		0

Total respondents: 14
Skipped question: 0




12. Are there any problems in the design of EFSI through InnovFin and/or COSME that hinder their use? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)

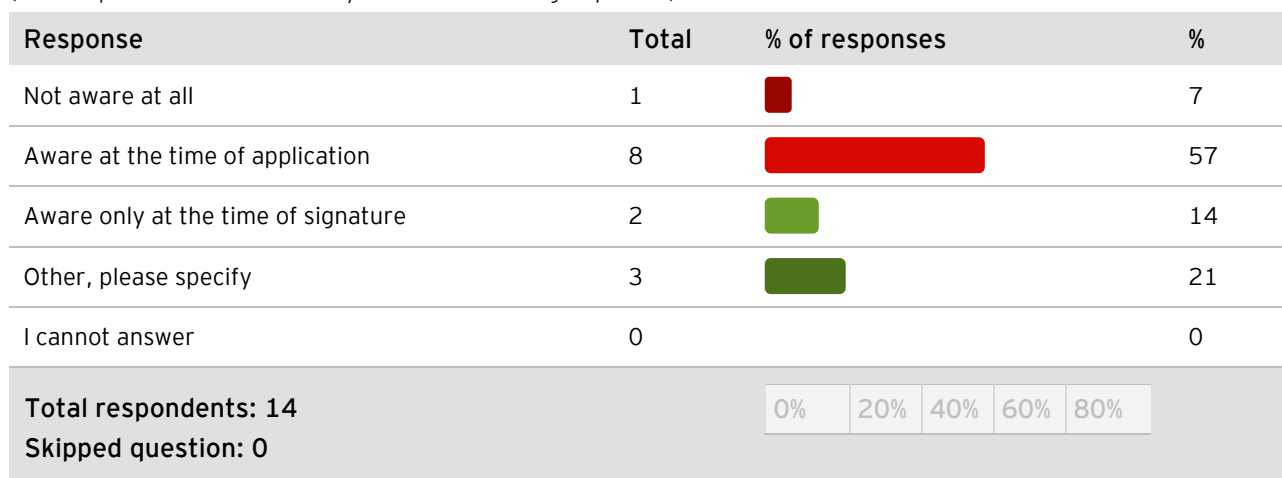
Response	Total	% of responses	%
Eligibility criteria	9		64
Changed market needs	0		0
Financial conditions (pricing, maturity, collateral requirements, other covenants)	4		29
Minimum/Maximum size of the support	2		14
Governance	0		0
Decision process	1		7
Complexity of process	1		7
Other, please specify	6		43
I cannot answer	0		0

Total respondents: 14
Skipped question: 0



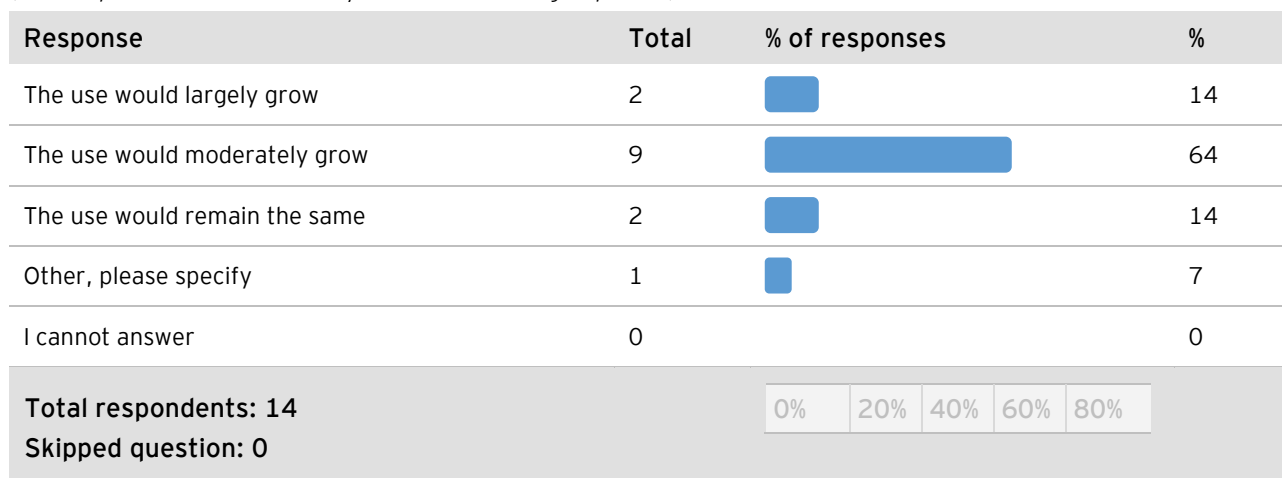
13. To what extent were you aware that InnovFin and/or COSME guarantees would benefit from the EFSI guarantee support?

(Each respondent could choose only ONE of the following responses.)



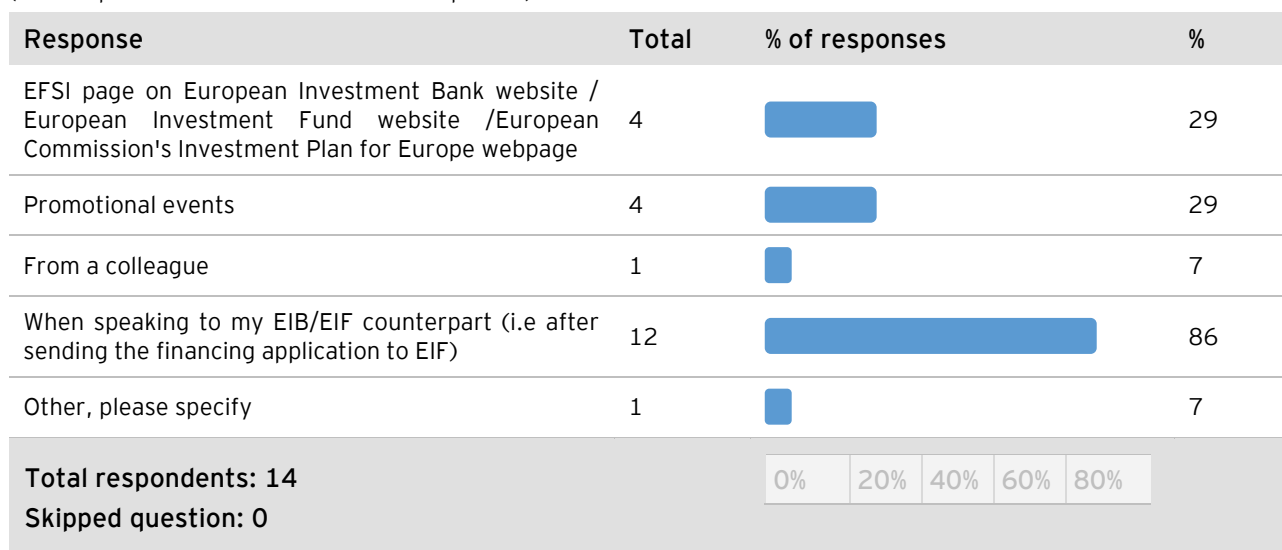
14. To what extent would a wider promotion lead to a higher demand/use of EFSI and in turn of InnovFin and/or COSME?

(Each respondent could choose only ONE of the following responses.)



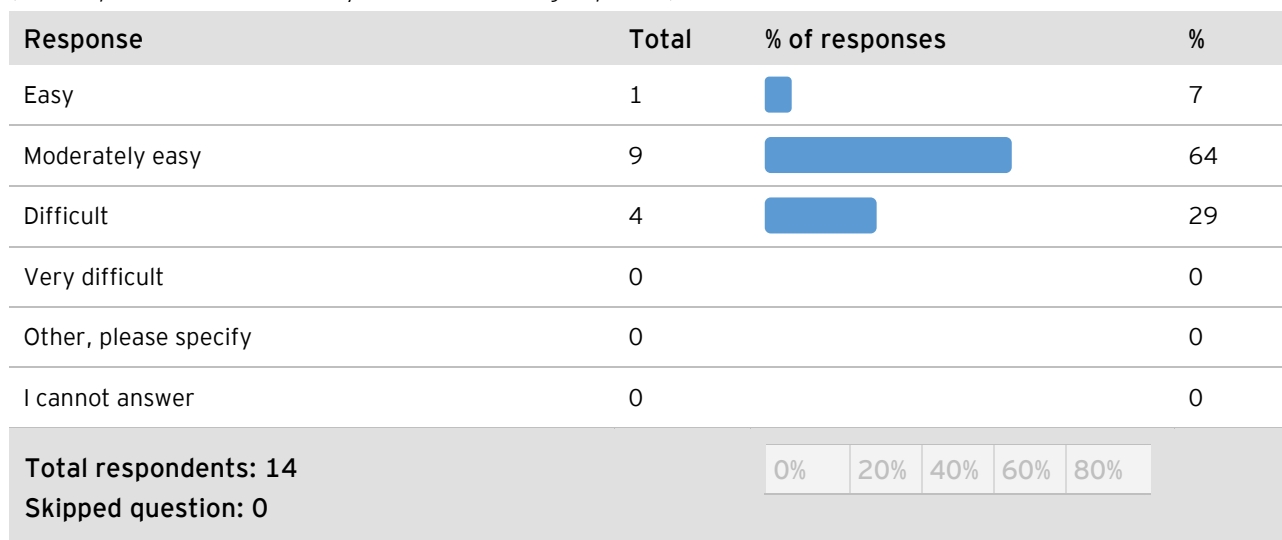
15. How did you become aware of the EFSI initiative and the InnovFin and/or COSME guarantee programmes? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)



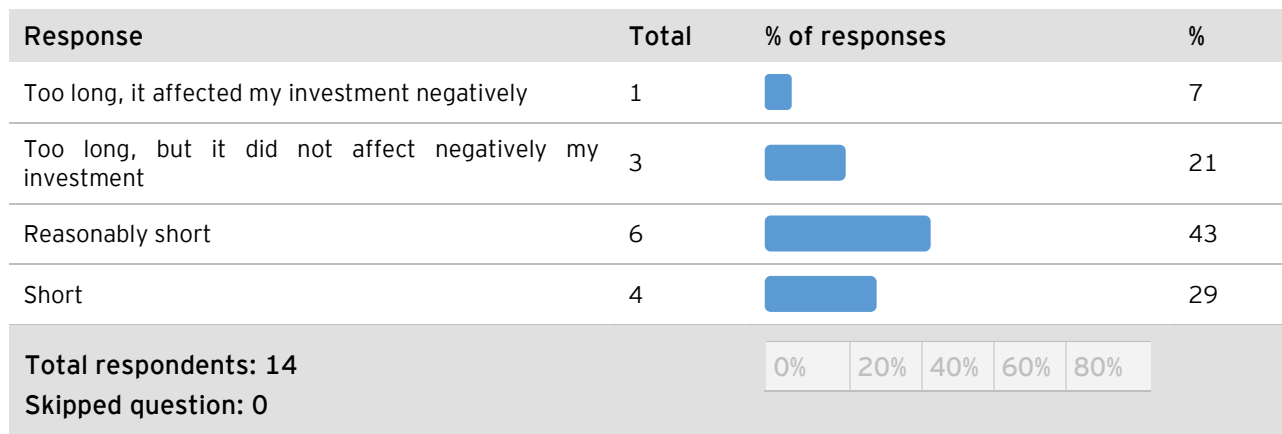
16. How do you perceive the EIF application procedure (under COSME and/or InnovFin):

(Each respondent could choose only ONE of the following responses.)



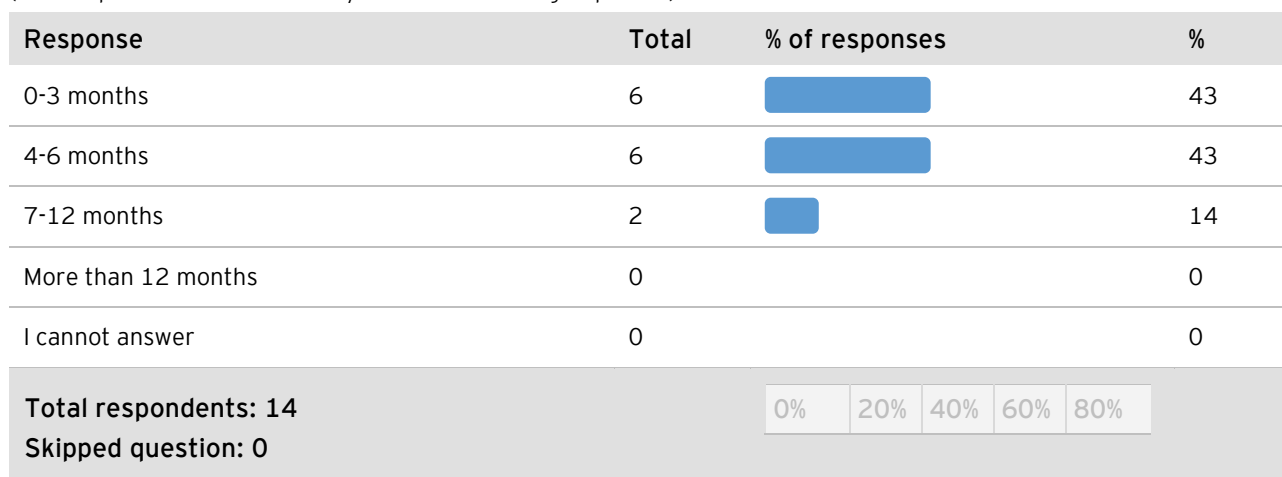
17. How do you perceive the time lag between application and signature of the contract?

(Each respondent could choose only ONE of the following responses.)



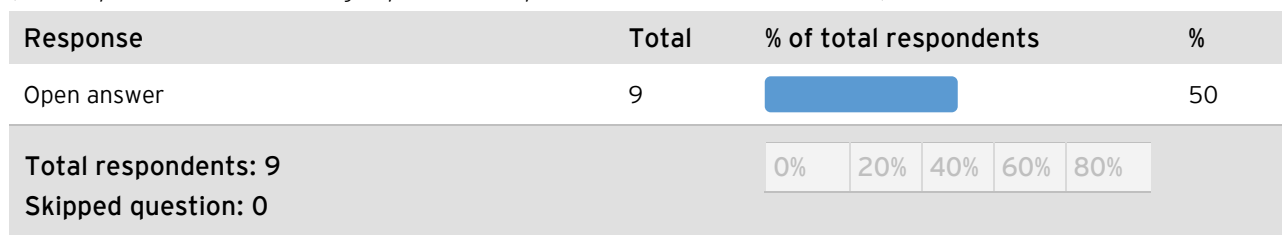
18. How many months did it take between application and signature of the contract?

(Each respondent could choose only ONE of the following responses.)



19. Do you have any recommendations on how to improve the implementation of EFSI through COSME and/or InnovFin?

(Each respondent could write a single open-ended response of maximum 2000 characters.)



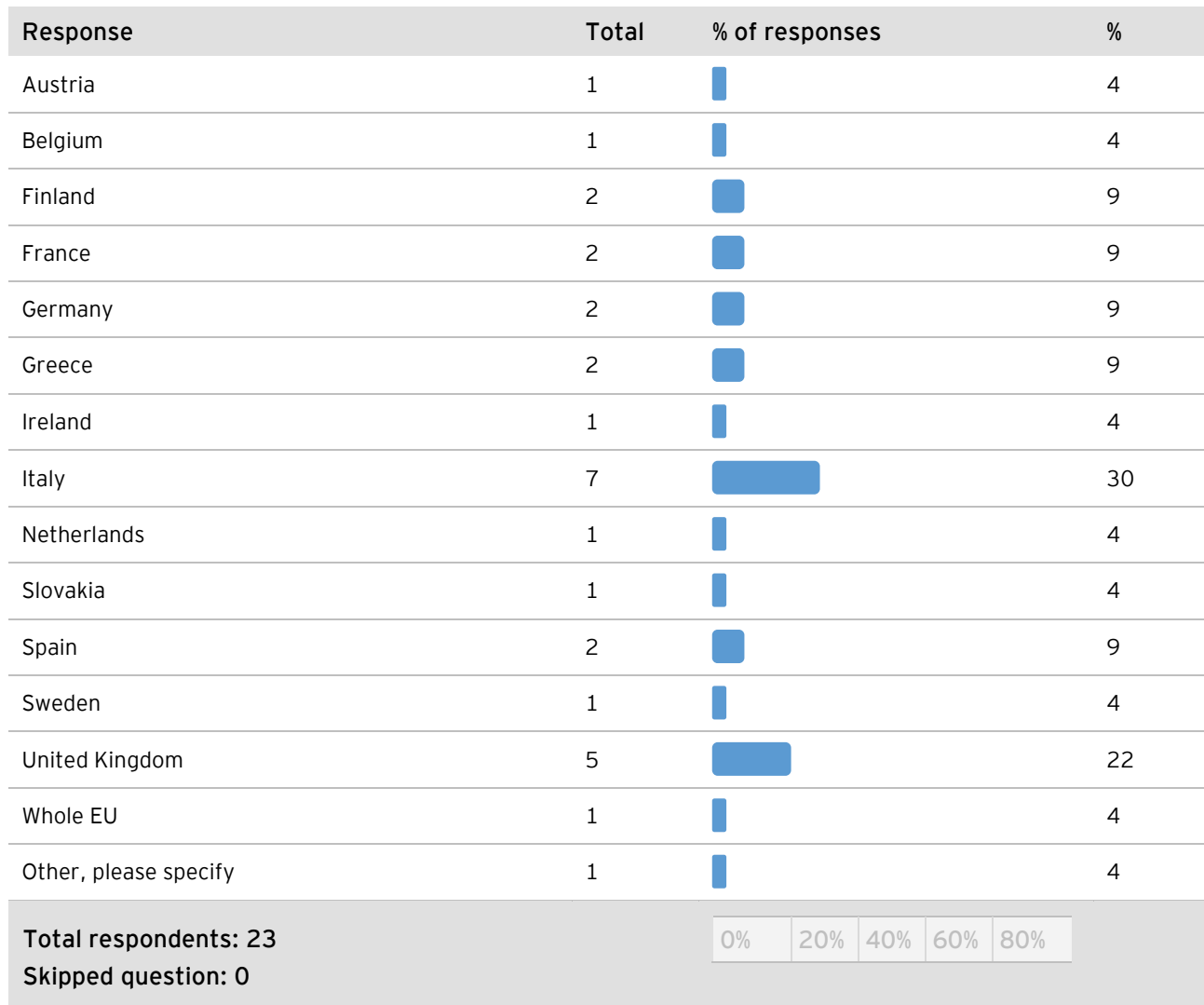
Evaluation of Regulation (EU) 2015/1017 - final beneficiaries

Status:	Live	Partial completes:	5 (21,7%)
Start date:	05-10-2016	Screened out:	0 (0%)
End date:	31-10-2016	Reached end:	18 (78,3%)
Live:	16 days	Total responded:	23
Questions:	23		

Filter is Off




1. In which country(ies) your business/project, for which you received EFSI support, is/will be implemented? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)



2. Please, specify your type of organisation:

(Each respondent could choose only ONE of the following responses.)




Response	Total	% of responses	%
Public entity	3		13
Corporate / project company	18		78
Financial intermediary	0		0
Other, please specify	2		9

Total respondents: 23
Skipped question: 0

0% 20% 40% 60% 80%

3. From which entity did you receive financing? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)

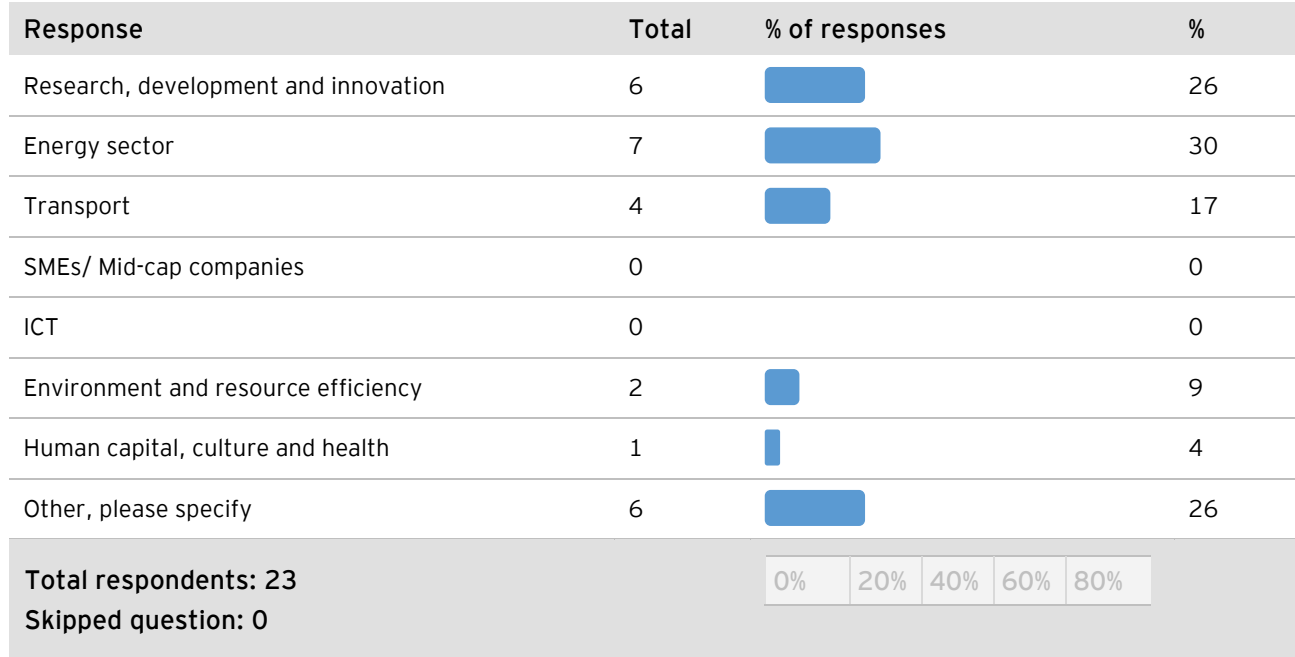
Response	Total	% of responses	%
EIB	21		91
EIF	0		0
Financial intermediary	2		9
Other, please specify	2		9

Total respondents: 23
Skipped question: 0

0% 20% 40% 60% 80%

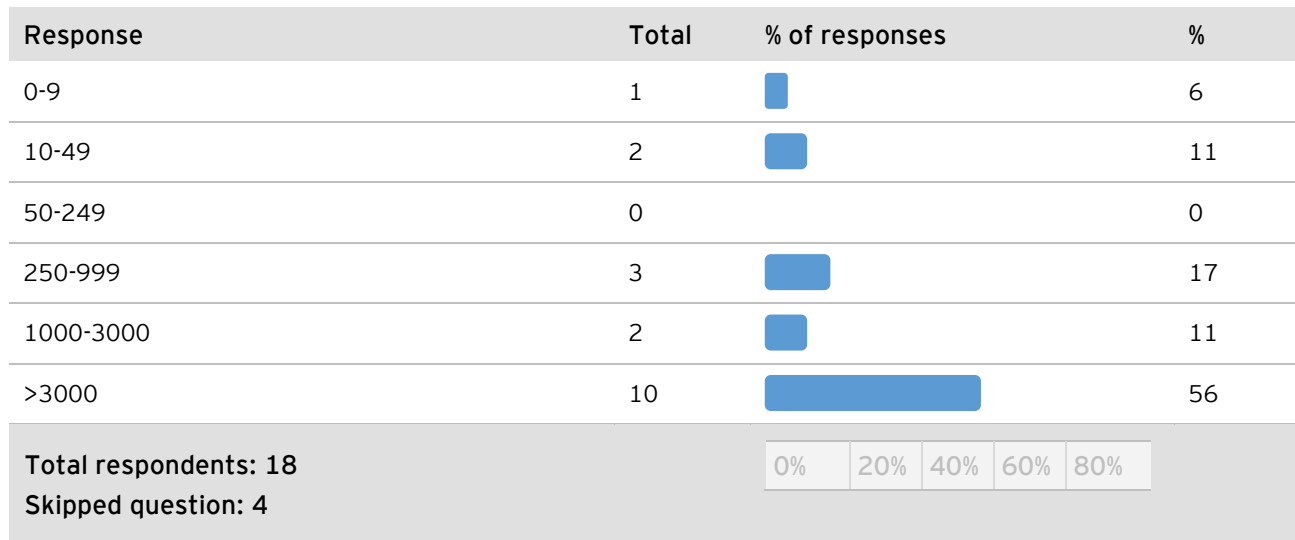
4. Please select the field/sector of the project(s):(more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)



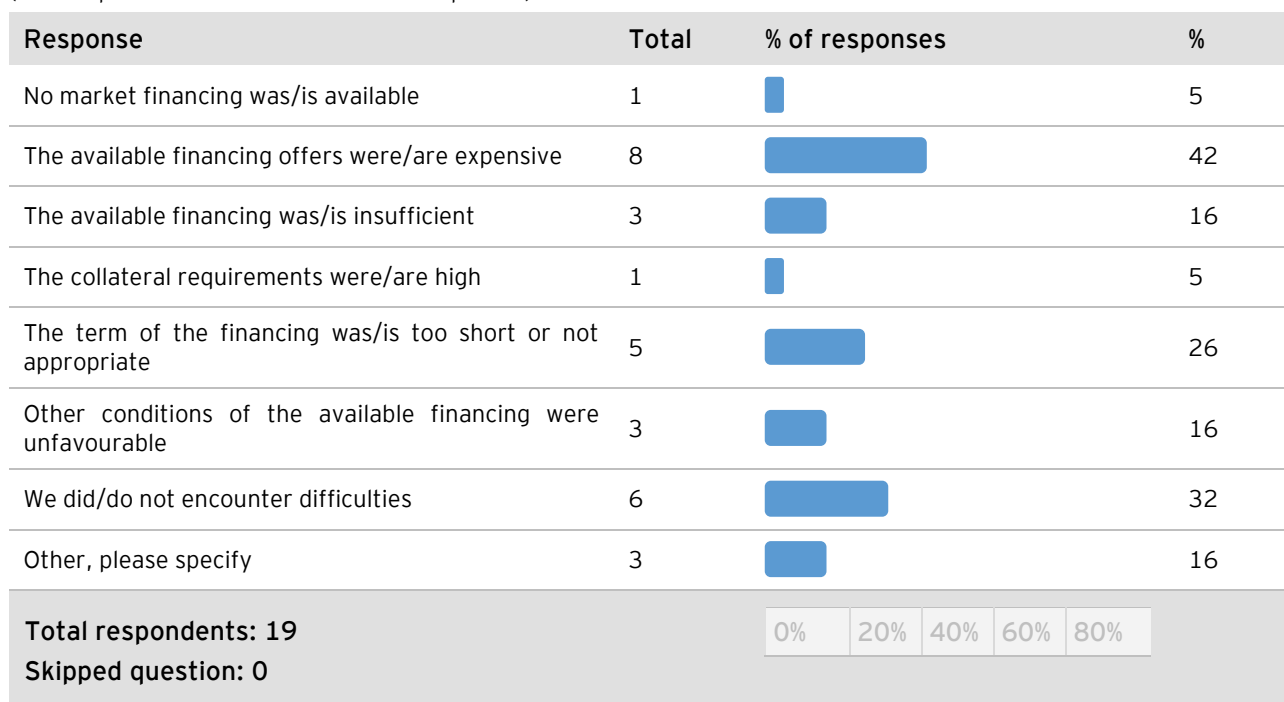
5. How many employees does your organisation currently have?

(Each respondent could choose only ONE of the following responses.)



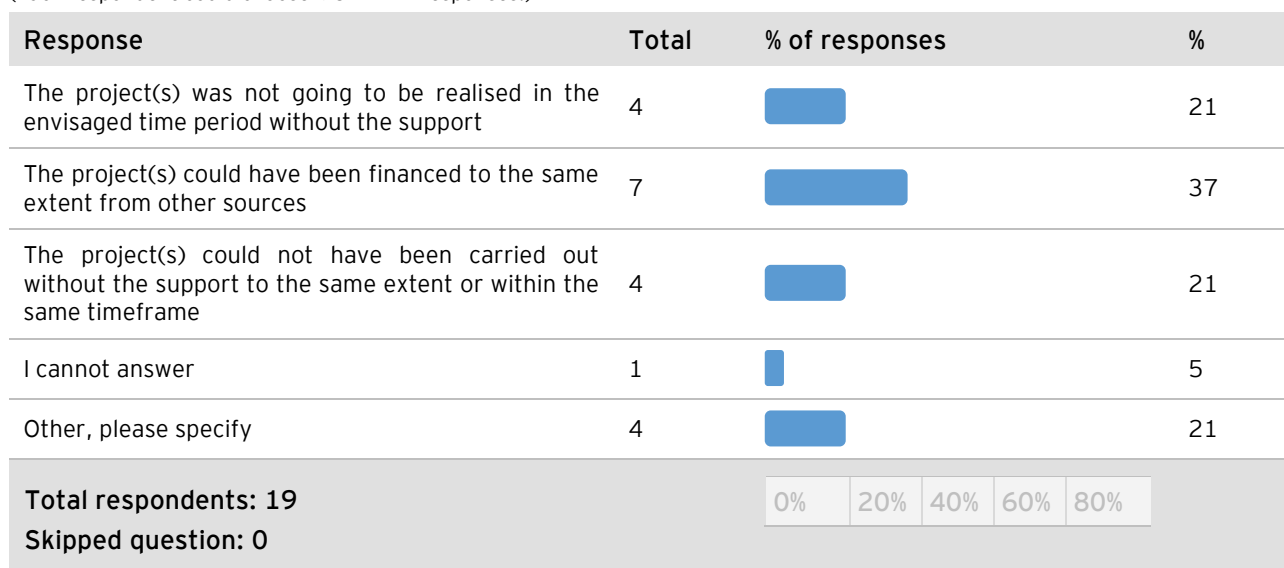
6. Which difficulties did/do you encounter when searching for financing for your project(s)? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)



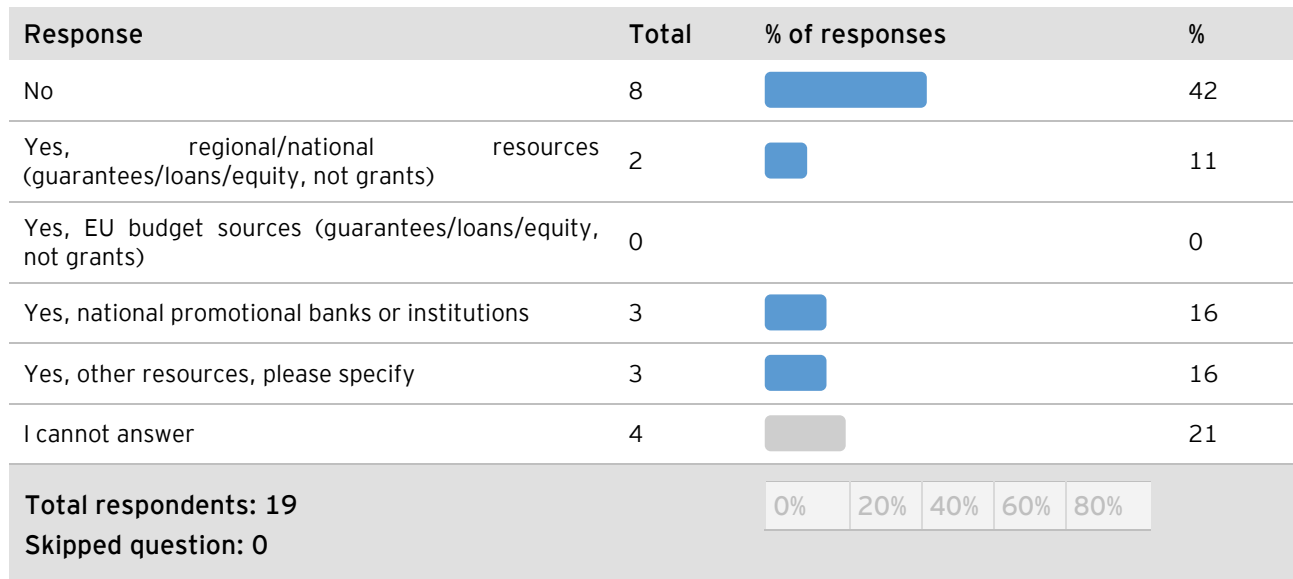
7. Could the project(s) have been carried out without EIB/EIF funding with support from EFSI to the same extent or within the same timeframe? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)



8. Are there other financial solutions available, similar to those offered by the EIB/EIF under EFSI, which could have been provided to your project, instead of EFSI? (more than one answer is possible)

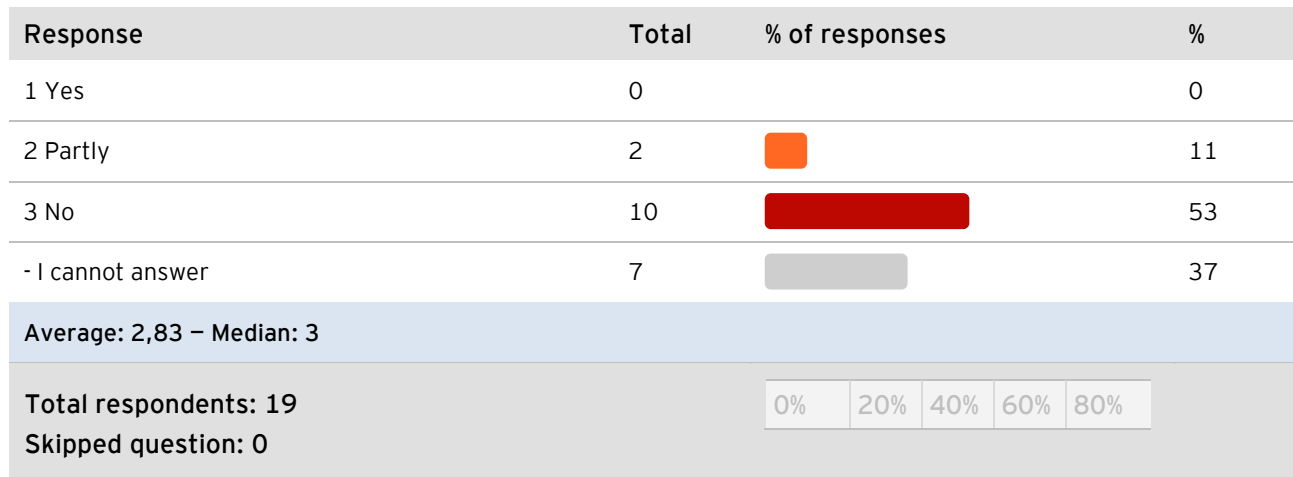
(Each respondent could choose MULTIPLE responses.)



9.1. How would you compare the other financial solutions available to the EIB/EIF funding with support from EFSI?

- Other solutions are easier to apply for

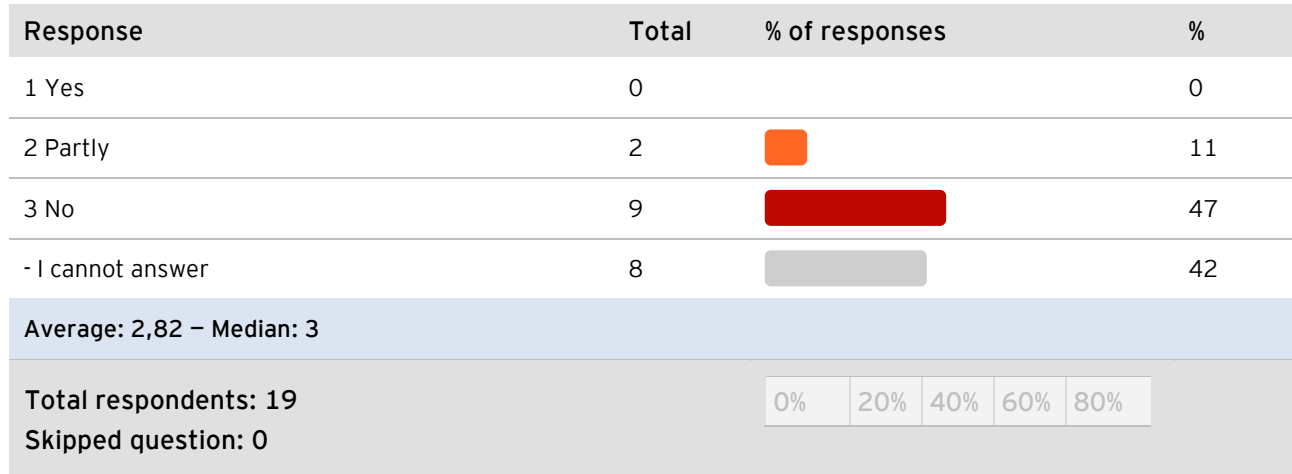
(Each respondent could choose only ONE response per sub-question.)



9.2. How would you compare the other financial solutions available to the EIB/EIF funding with support from EFSI?

- Other solutions are better addressing local/regional needs

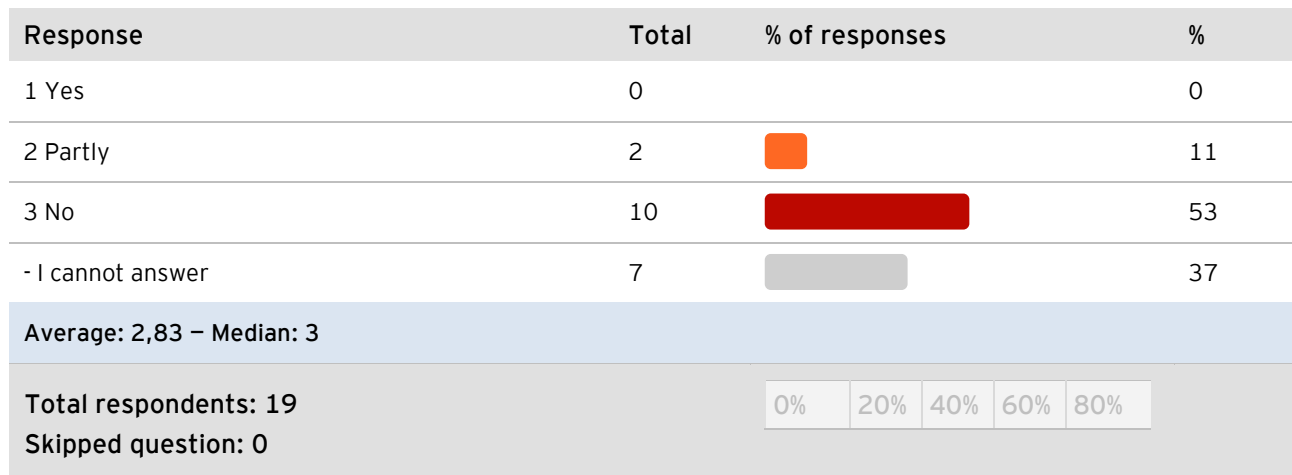
(Each respondent could choose only ONE response per sub-question.)



9.3. How would you compare the other financial solutions available to the EIB/EIF funding with support from EFSI?

- Other solutions better comply with local/regional legislation

(Each respondent could choose only ONE response per sub-question.)



9.4. How would you compare the other financial solutions available to the EIB/EIF funding with support from EFSI?

- Other solutions have a lower administrative burden

(Each respondent could choose only ONE response per sub-question.)

Response	Total	% of responses	%
1 Yes	0		0
2 Partly	5		26
3 No	7		37
- I cannot answer	7		37

Average: 2,58 – Median: 3

Total respondents: 19
Skipped question: 0

0% 20% 40% 60% 80%

9.5. How would you compare the other financial solutions available to the EIB/EIF funding with support from EFSI?

- Other, please specify

(Each respondent could choose only ONE response per sub-question.)

Response	Total	% of responses	%
1 Yes	0		0
2 Partly	0		0
3 No	0		0
- I cannot answer	6		100

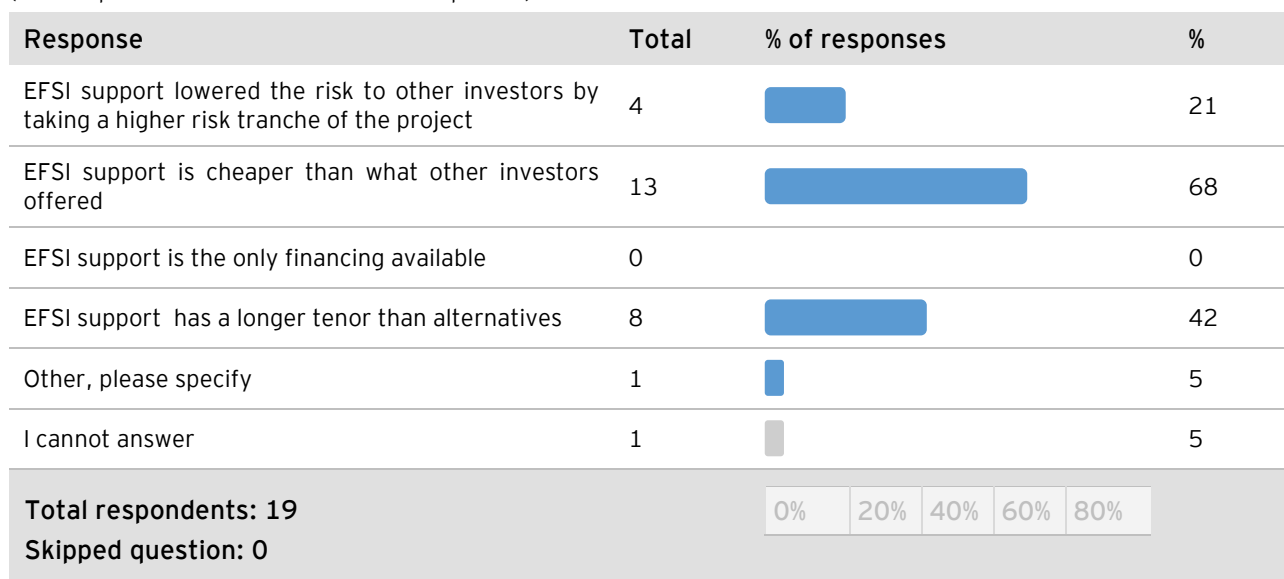
Average: 0 – Median: 0

Total respondents: 6
Skipped question: 13

0% 20% 40% 60% 80%

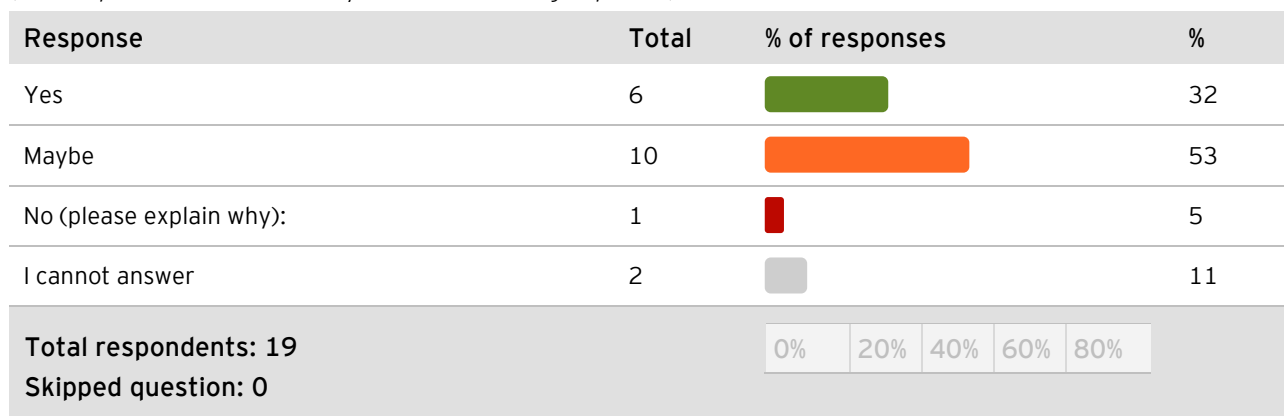
10. What features of EFSI do you consider profitable compared to other alternatives? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)







11. Would you consider EFSI support as critical/essential for your future projects/business financing?

(Each respondent could choose only ONE of the following responses.)








12. Do you believe that EFSI support to projects/ business financing is suitable to address market failures / sub-optimal investment situations and, for SMEs, enhance access to finance?

(Each respondent could choose only ONE of the following responses.)

Response	Total	% of responses	%
Yes	8		42
Partly	7		37
No (please, explain why):	0		0
I cannot answer	4		21
Total respondents: 19			
Skipped question: 0			

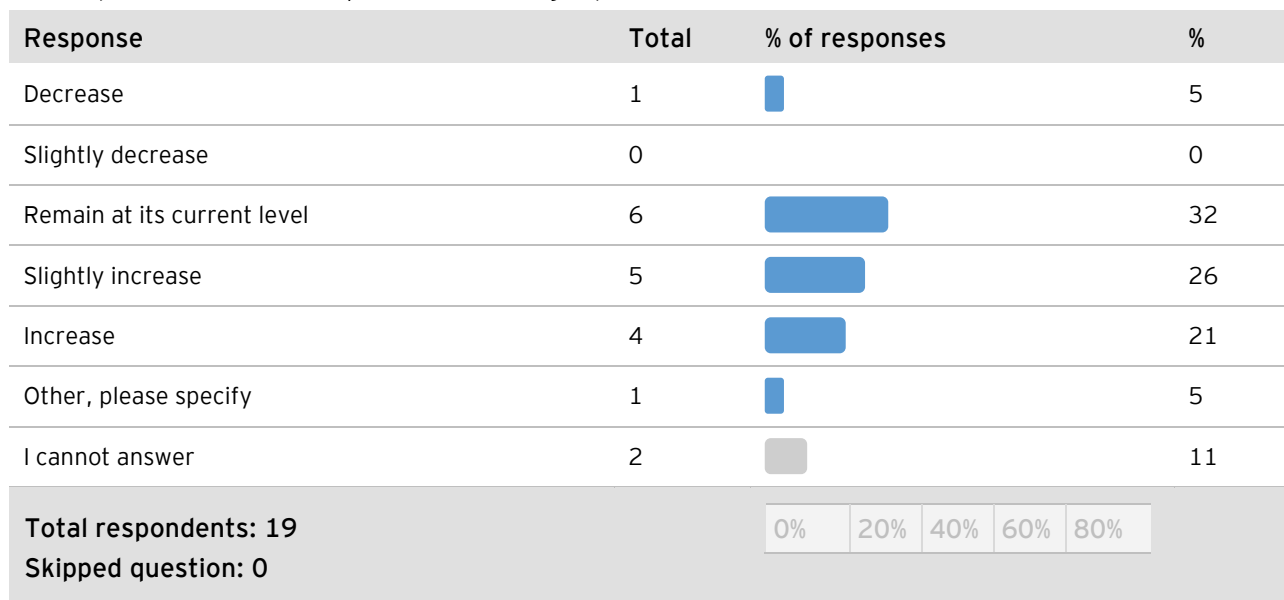
13. Is EFSI support needed within your project sector(s)?

(Each respondent could choose only ONE of the following responses.)

Response	Total	% of responses	%
High need	3		16
Moderate need	10		53
Low need	3		16
No need	0		0
I cannot answer	3		16
Total respondents: 19			
Skipped question: 0			

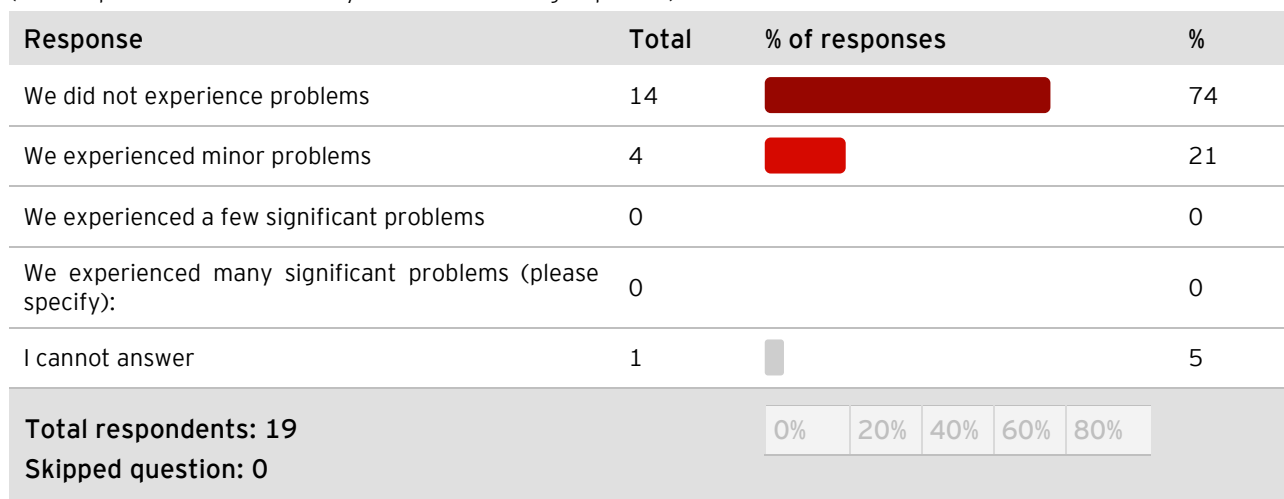
14. What are your expectations for the funding needs for risky projects (that will not be fully financed by commercial banks) in the next 5 years? The demand for financing of projects with a high risk profile will:

(Each respondent could choose only ONE of the following responses.)



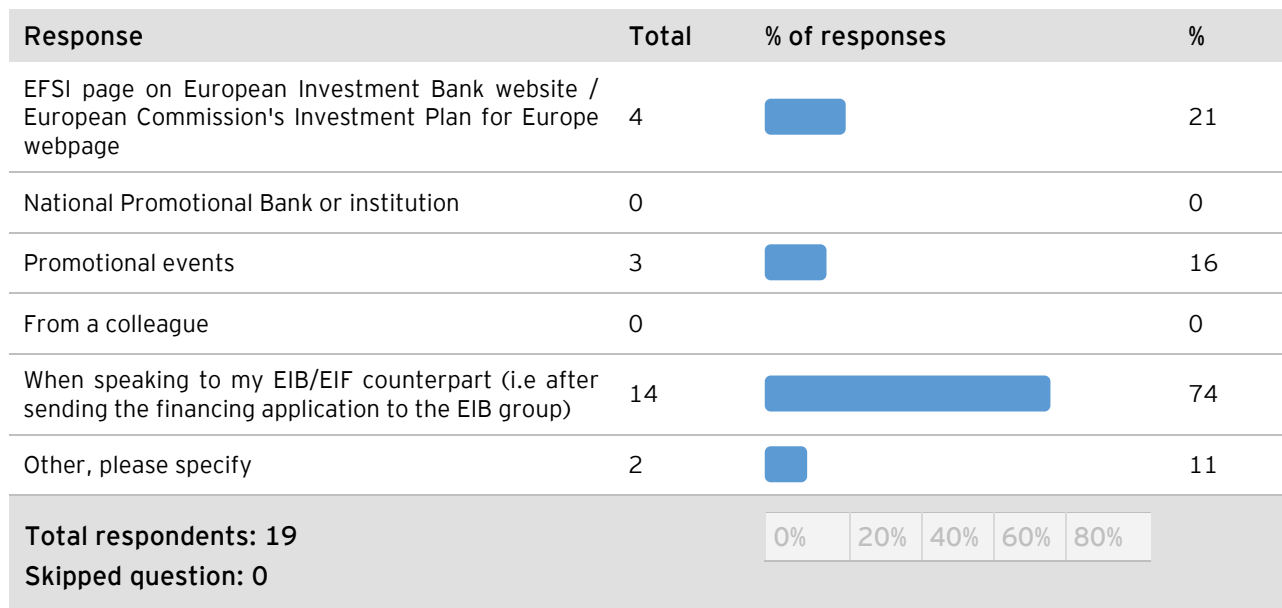
15. Did you experience any problems in receiving EFSI financing?

(Each respondent could choose only ONE of the following responses.)



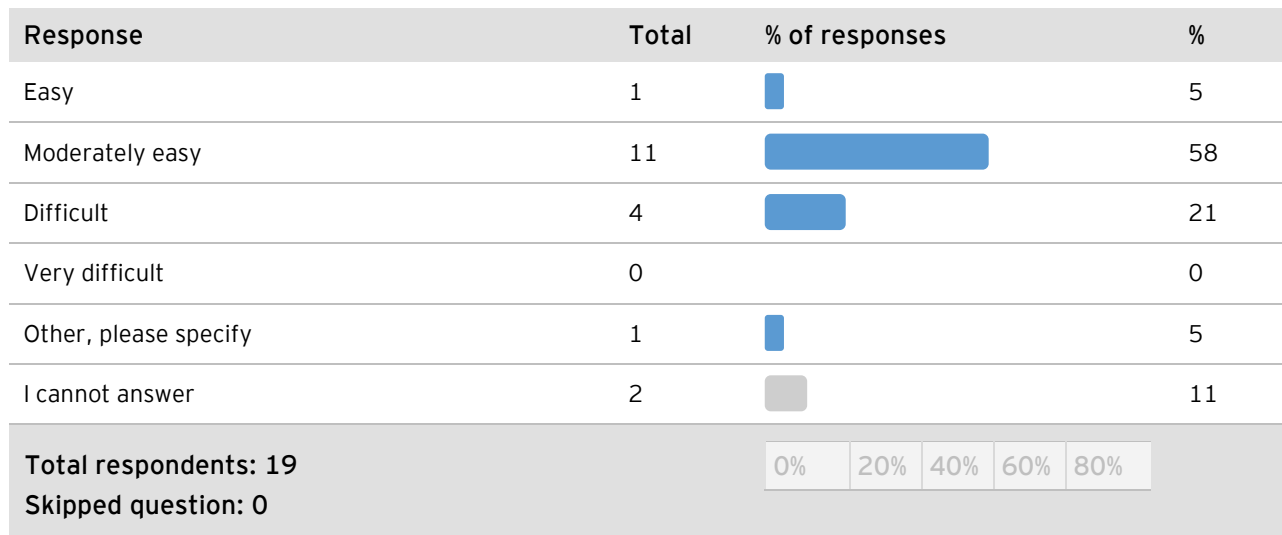
16. How did you become aware of the EFSI initiative? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)



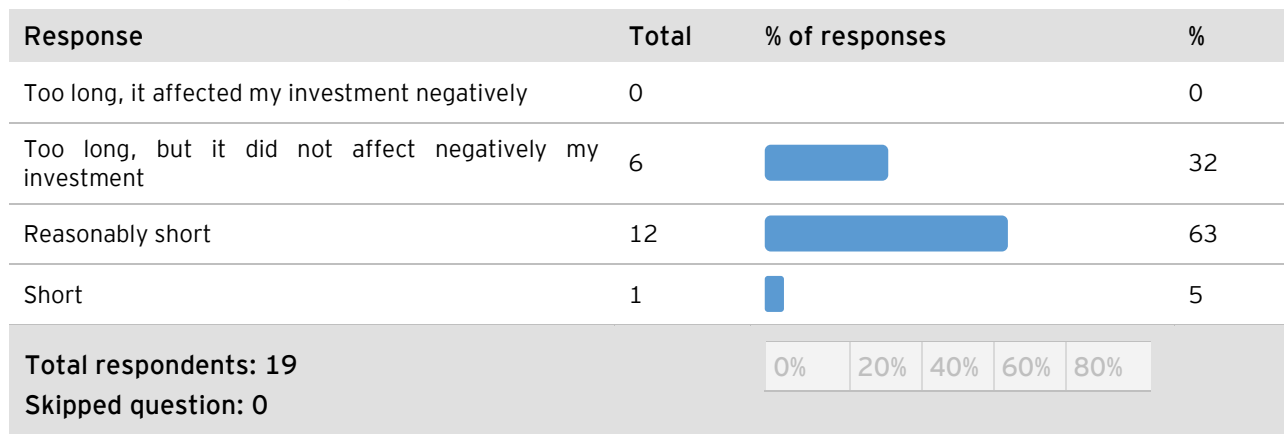
17. How do you perceive the EIB/EIF application procedure (under EFSI):

(Each respondent could choose only ONE of the following responses.)



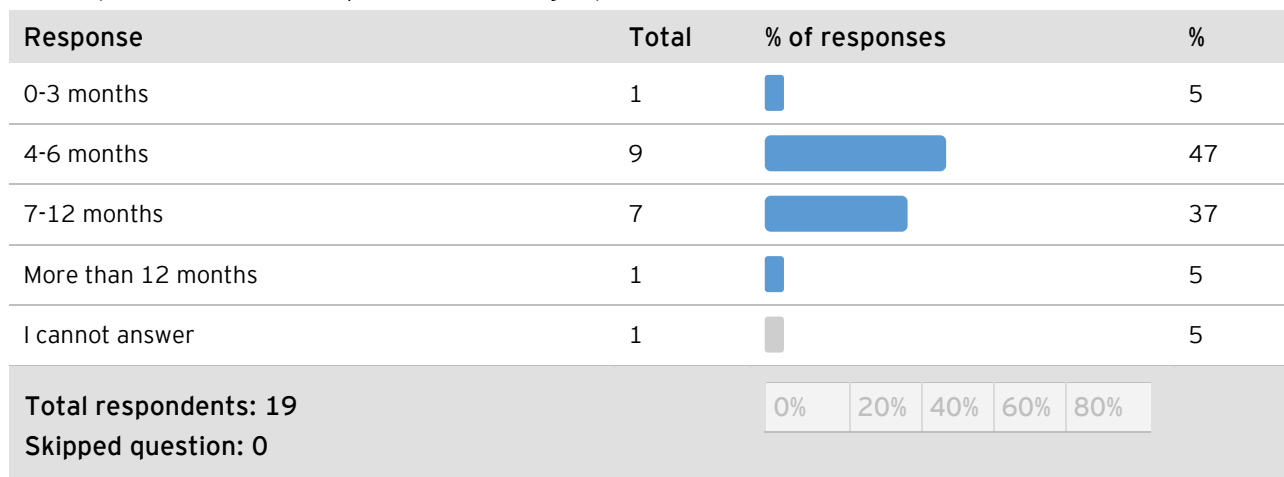
18. How do you perceive the time lag between application and signature of the contract?

(Each respondent could choose only ONE of the following responses.)






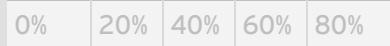
19. How many months did it take between the application and the contract signature?

(Each respondent could choose only ONE of the following responses.)







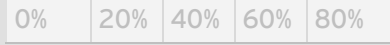
20. Do you know about the European Investment Advisory Hub (EIAH)?

(Each respondent could choose only ONE of the following responses.)

Response	Total	% of responses	%
Yes, I contacted the EIAH before receiving EFSI support	0		0
Yes, I contacted the EIAH after receiving EFSI support	0		0
Yes, but I have not contacted the EIAH	2		11
No	15		79
Other, please specify	2		11
Total respondents: 19			
Skipped question: 0			

21. In case you contacted the EIAH, did you find their response helpful?

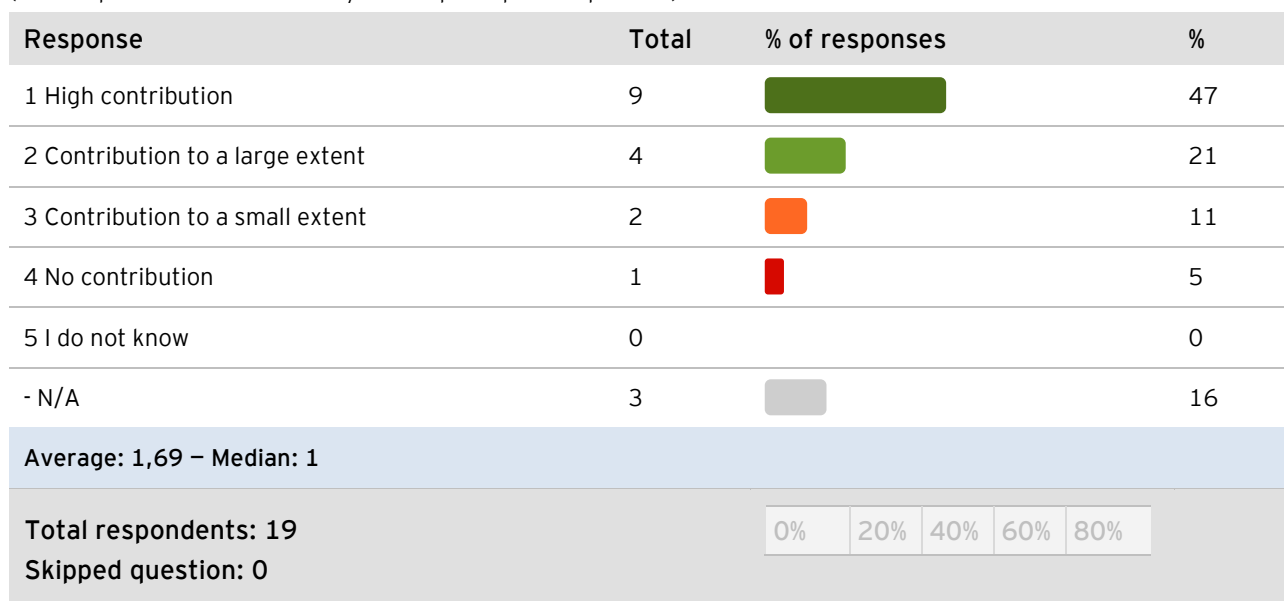
(Each respondent could choose only ONE of the following responses.)

Response	Total	% of responses	%
Yes	0		0
To a large extent	1		6
Partly	0		0
No	1		6
Other, please specify	1		6
I cannot answer	14		82
Total respondents: 17			
Skipped question: 2			

22.1. To what extent do you think EIB/EIF contributed in:

- Identifying the EFSI project(s)

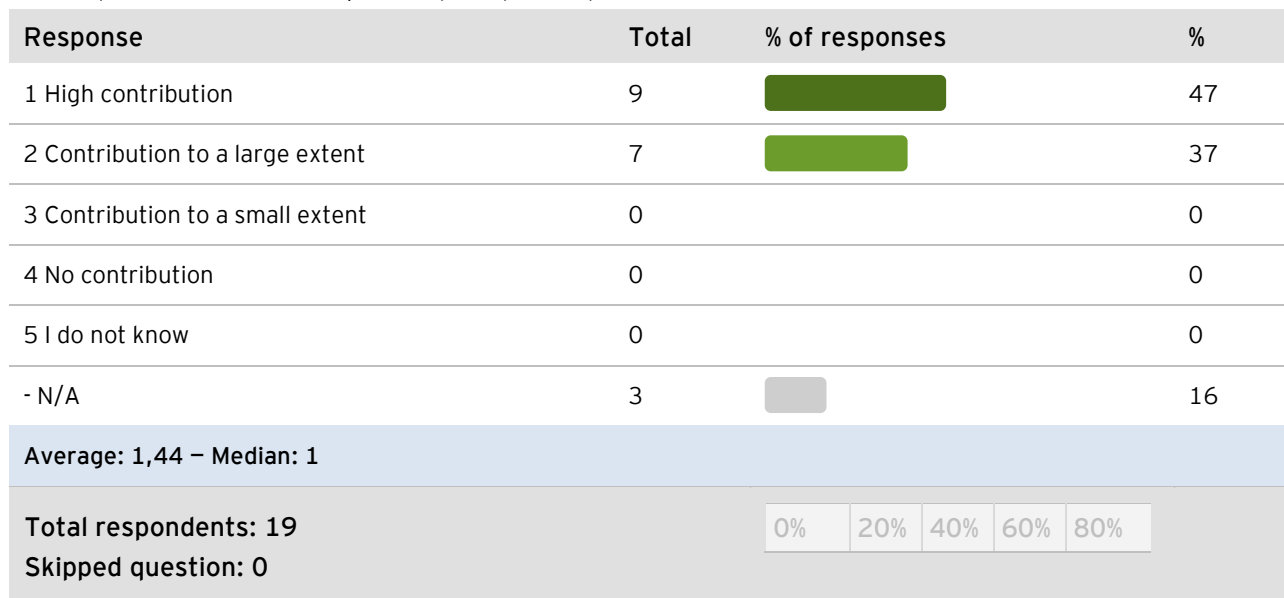
(Each respondent could choose only ONE response per sub-question.)



22.2. To what extent do you think EIB/EIF contributed in:

- Providing sufficient information for the financing opportunities

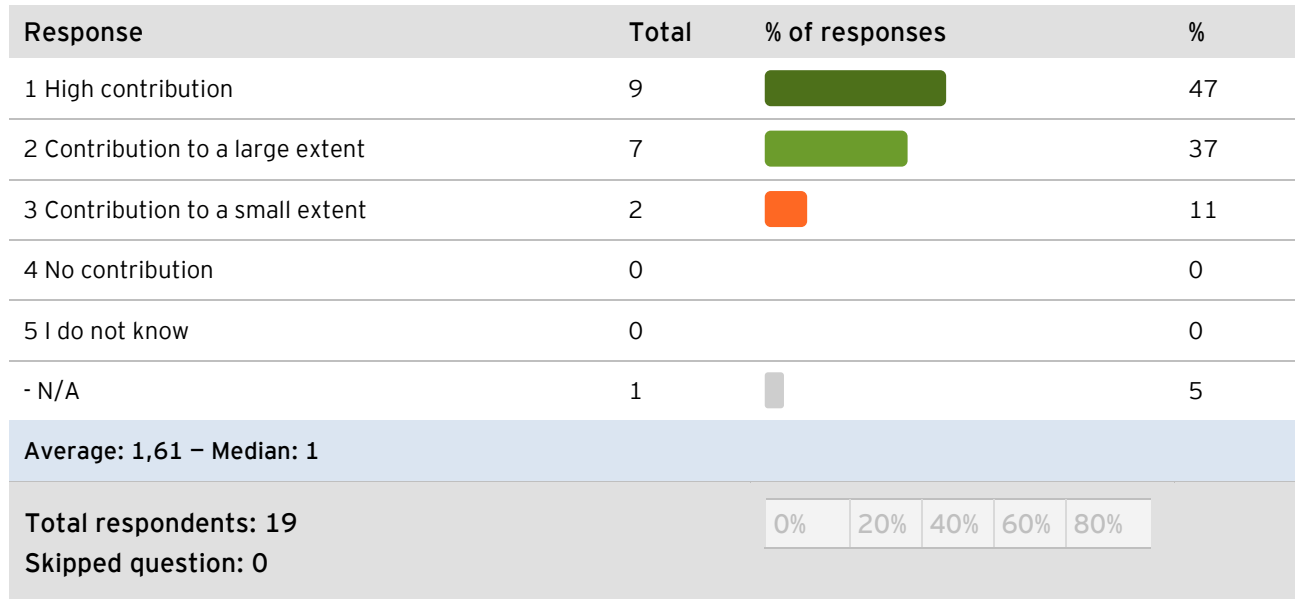
(Each respondent could choose only ONE response per sub-question.)



22.3. To what extent do you think EIB/EIF contributed in:

- Ensuring a smooth application process

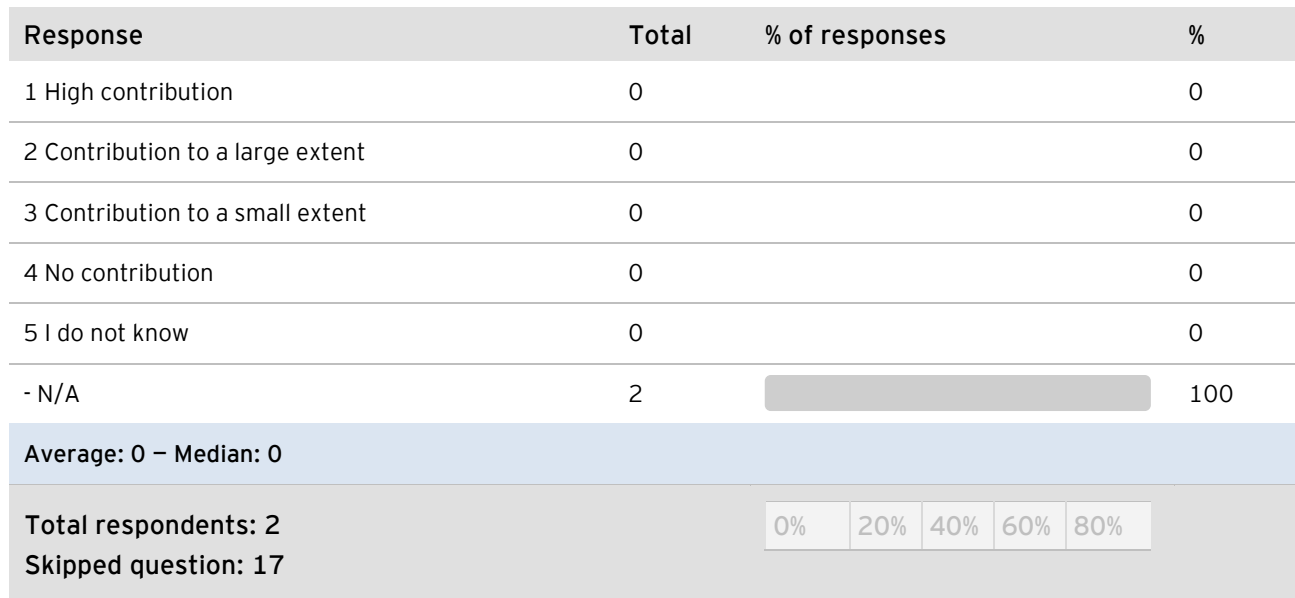
(Each respondent could choose only ONE response per sub-question.)



22.4. To what extent do you think EIB/EIF contributed in:


- Other, please specify

(Each respondent could choose only ONE response per sub-question.)



23. Do you have any recommendations on how to improve the implementation of EFSI?

(Each respondent could write a single open-ended response of maximum 2000 characters.)

Response	Total	% of total respondents	%
Open answer	2		9

Total respondents: 2
Skipped question: 0

0% 20% 40% 60% 80%


















Evaluation of Regulation (EU) 2015/1017 - EIAH

Status:	Closed	Partial completes:	1 (6,7%)
Start date:	05-10-2016	Screened out:	0 (0%)
End date:	08-11-2016	Reached end:	14 (93,3%)
Live:	35 days	Total responded:	15
Questions:	18		

Filter is Off

1. In which country(ies) will/is implemented your business/project, for which you contacted the European investment advisory hub (EIAH)? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)

Response	Total	% of responses	%
Austria	2		13
Belgium	1		7
Bulgaria	1		7
Croatia	2		13
Cyprus	2		13
Czech Republic	2		13
Finland	1		7
France	1		7
Germany	2		13
Hungary	2		13
Italy	1		7
Latvia	2		13
Romania	2		13
Slovakia	1		7
Slovenia	1		7
Spain	1		7
Other, please specify	1		7




Total respondents: 15


Skipped question: 0



2. Please, specify your type of organisation:

(Each respondent could choose only ONE of the following responses.)


Response	Total	% of responses	%
Public entity	10		67
Corporate / project company	2		13
Financial intermediary	0		0
Other, please specify	3		20


Total respondents: 15 

Skipped question: 0

3. When did you ask for EIAH advice? (please, specify MM/YYYY)

(Each respondent could write a single open-ended response of maximum 255 characters.)

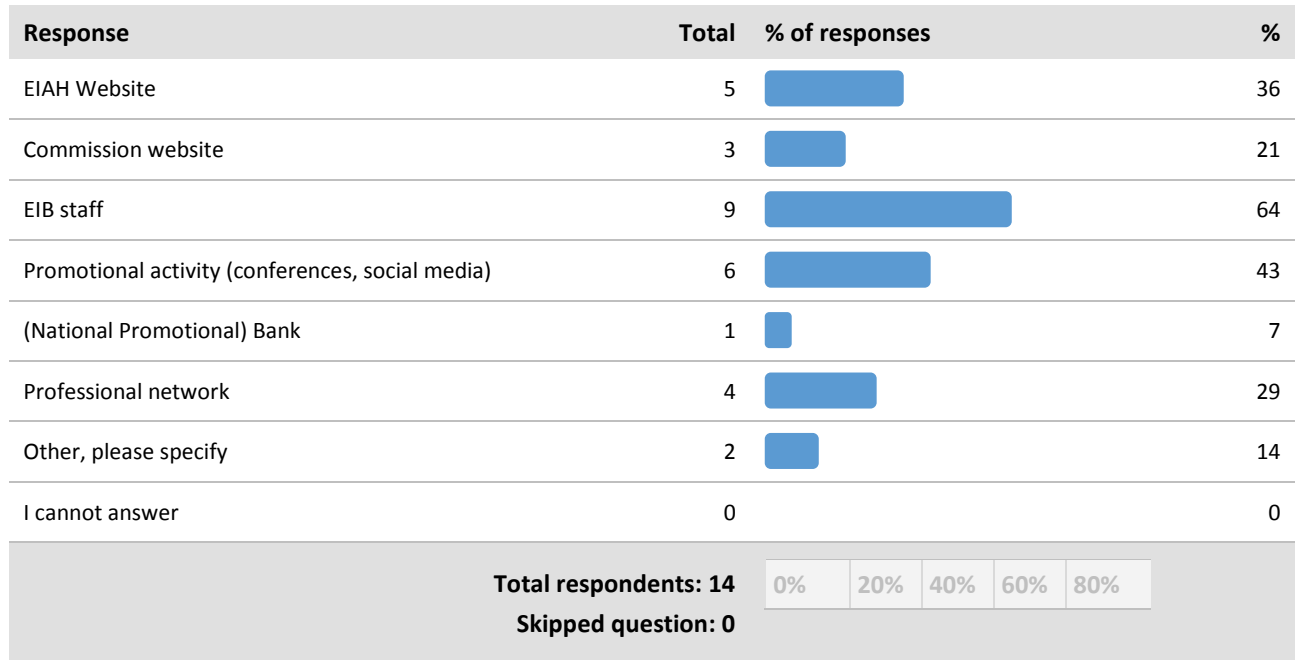
Response	Total	% of total respondents	%
Open answer	14		93

Total respondents: 14 

Skipped question: 1

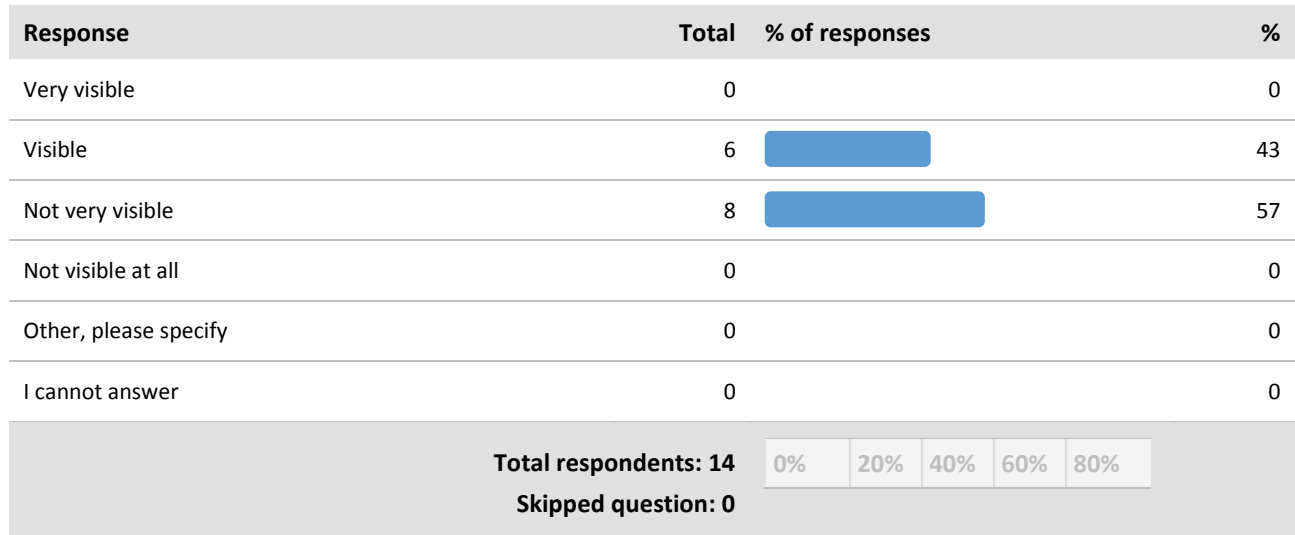
4. How did you get to know the EIAH? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)



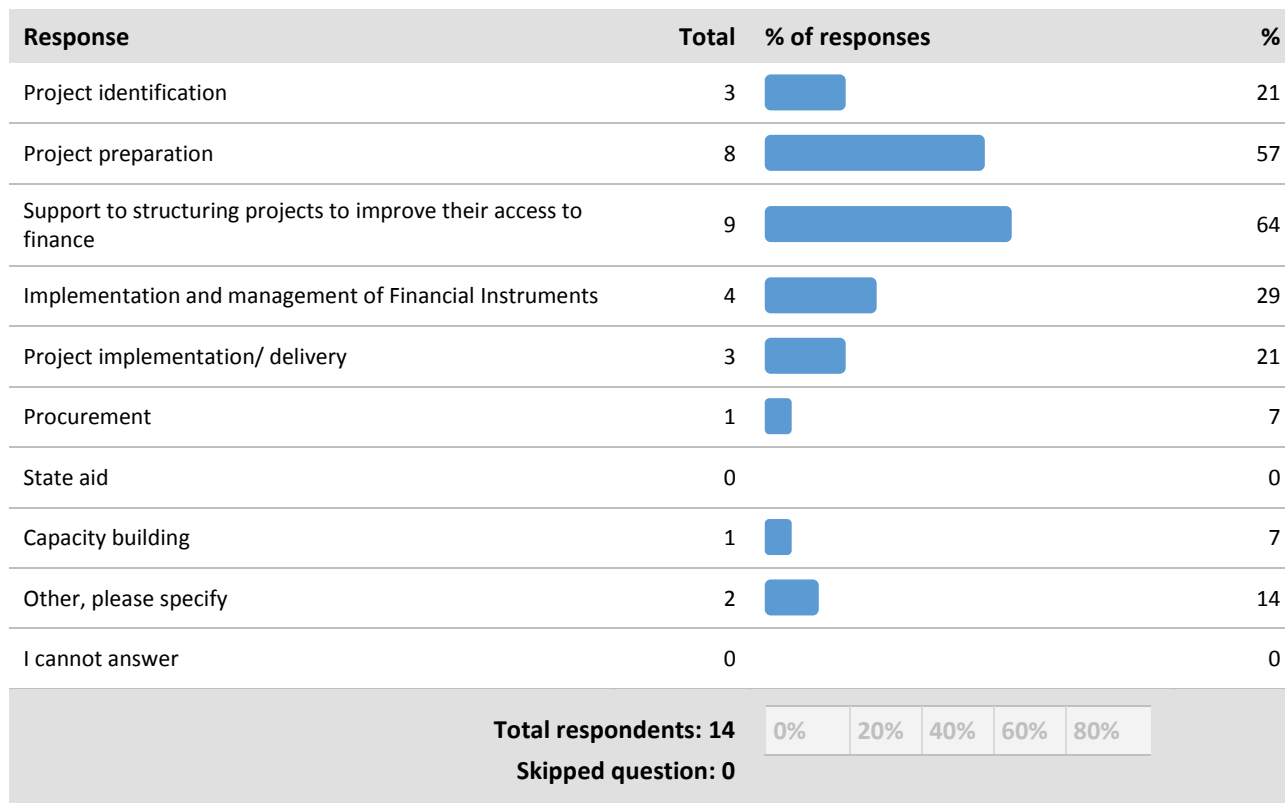
5. The European Investment Advisory Hub (EIAH, 'The Hub') was launched just over a year ago. How visible is the EIAH as a single point of entry for technical assistance for public entities and project promoters?

(Each respondent could choose only ONE of the following responses.)



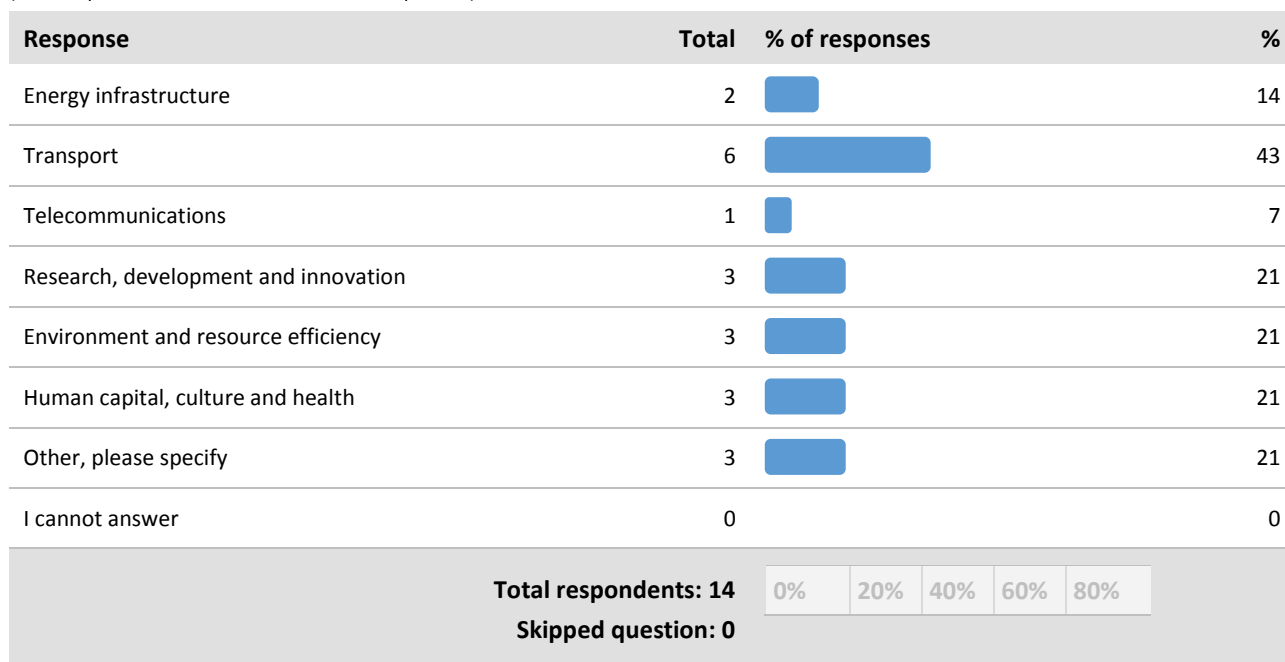
6. What type of advisory services were sought? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)



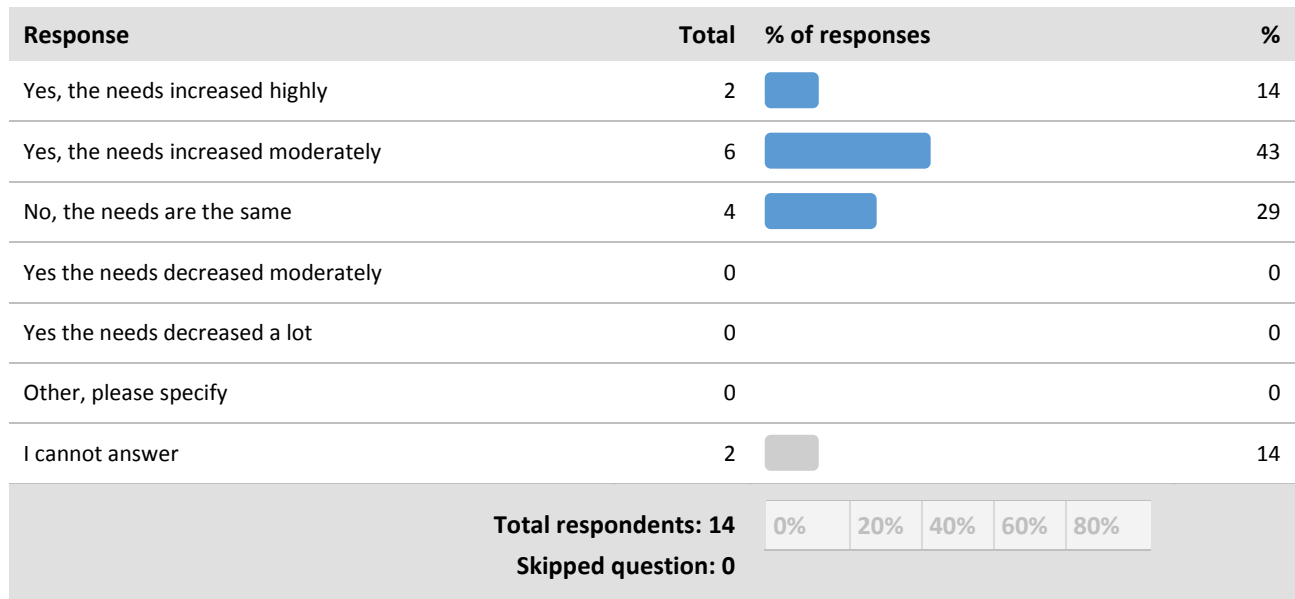
7. What sector/field does your project (or project idea) cover? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)



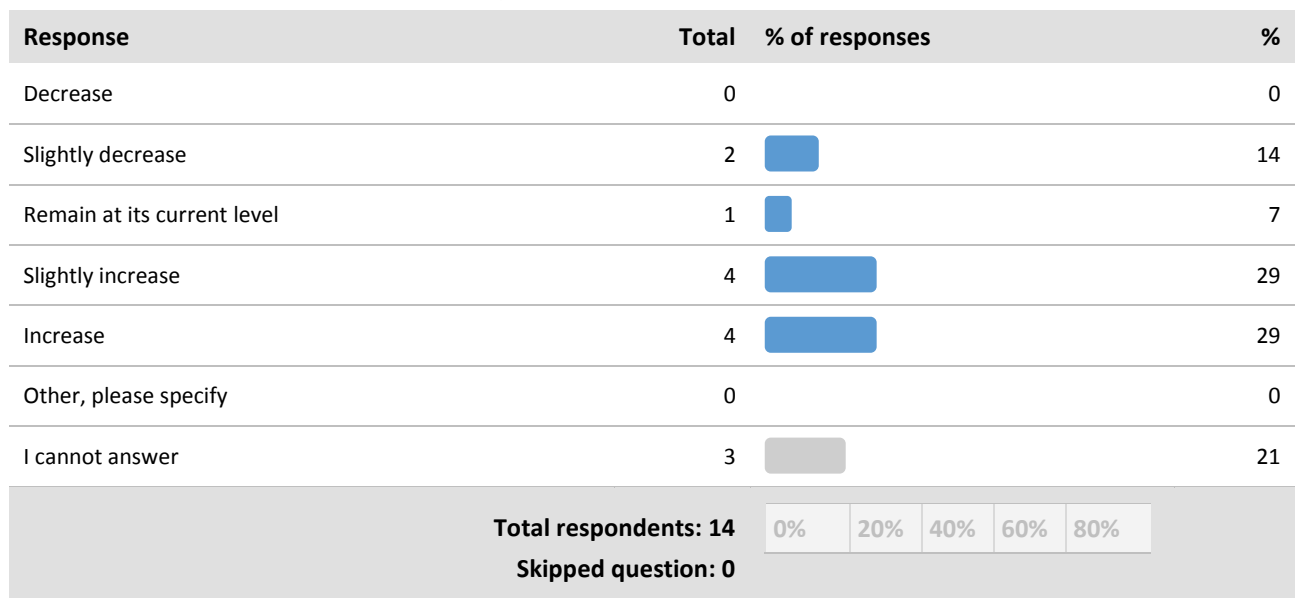
8. Have the needs in this sector (or these sectors) for technical assistance changed since the EIAH's inception in September 2015?

(Each respondent could choose only ONE of the following responses.)



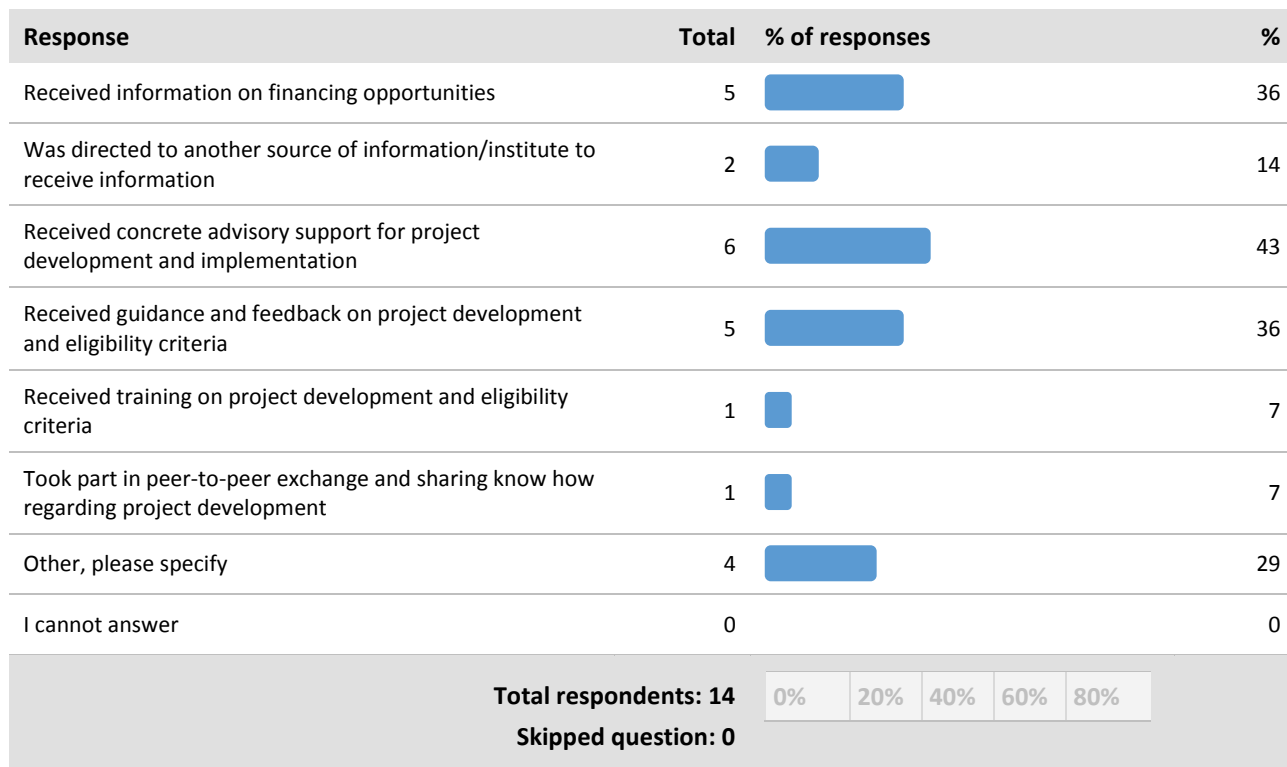
9. How do you expect the needs for technical assistance to evolve in the next 5 years? The demand for technical assistance will:

(Each respondent could choose only ONE of the following responses.)



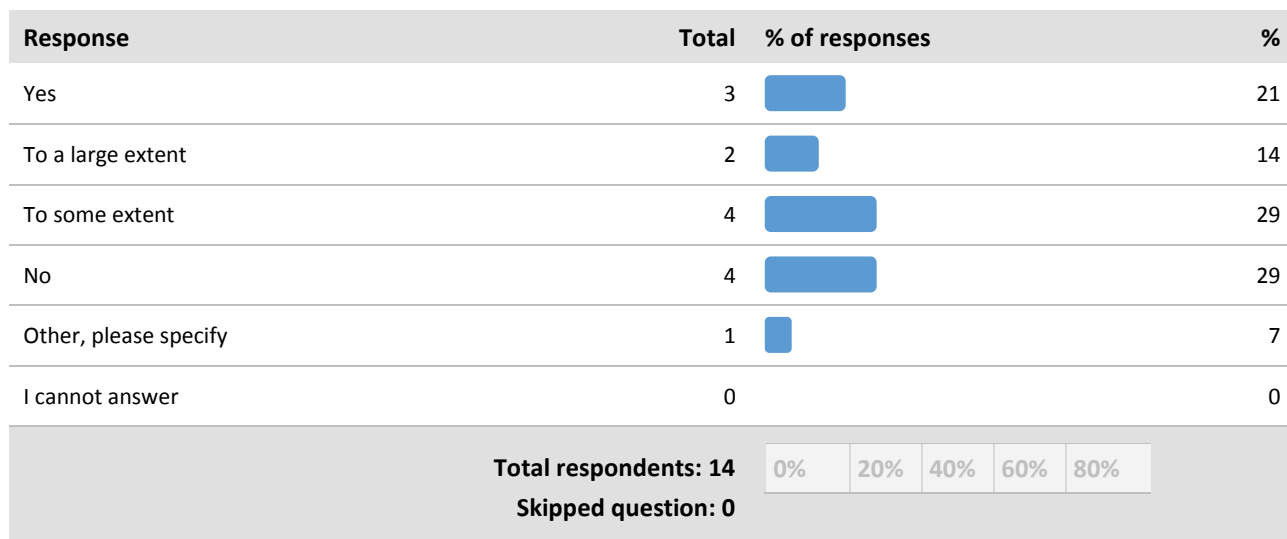
10. What type of assistance did you receive from the EIAH? (more than one answer is possible)

(Each respondent could choose MULTIPLE responses.)



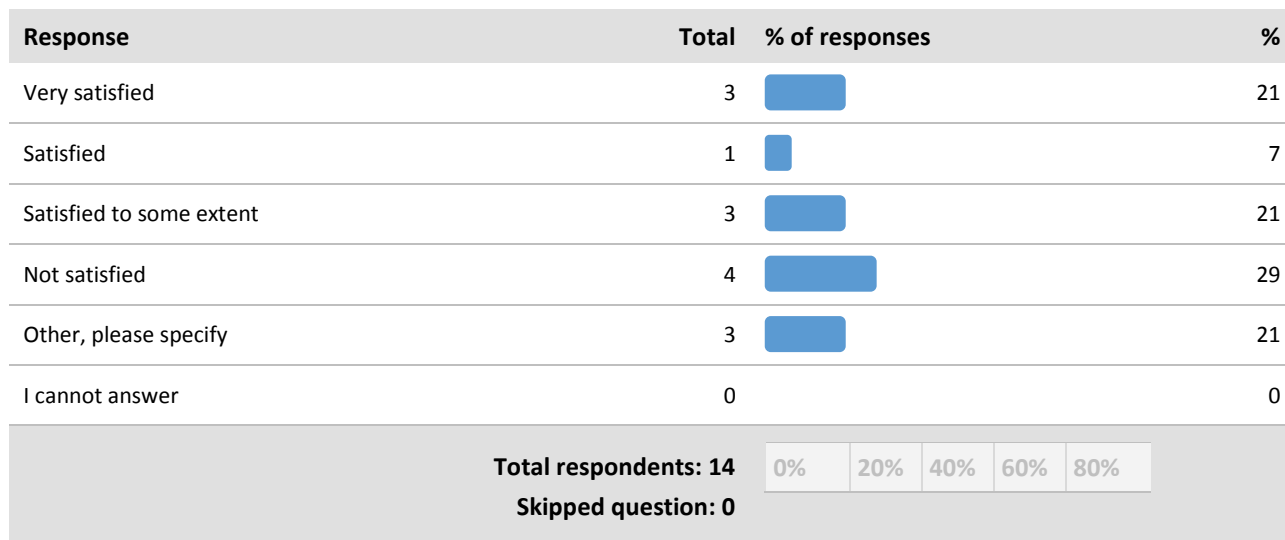
11. Did you receive tailored information that was specifically dedicated to answer your question?

(Each respondent could choose only ONE of the following responses.)



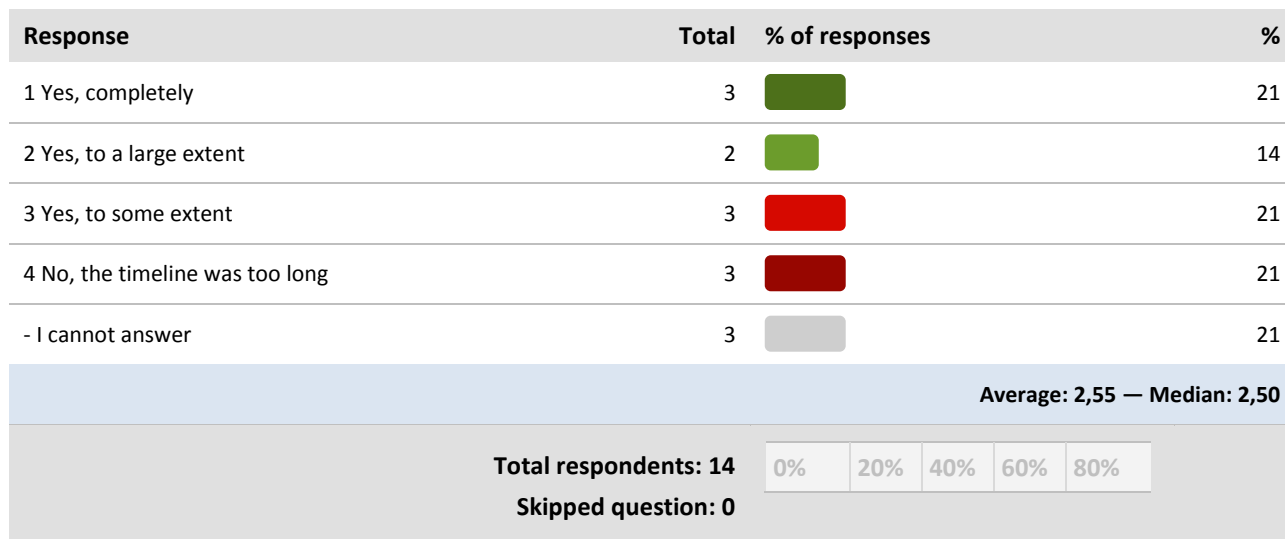
12. Were you satisfied with the assistance provided by the EIAH?

(Each respondent could choose only ONE of the following responses.)



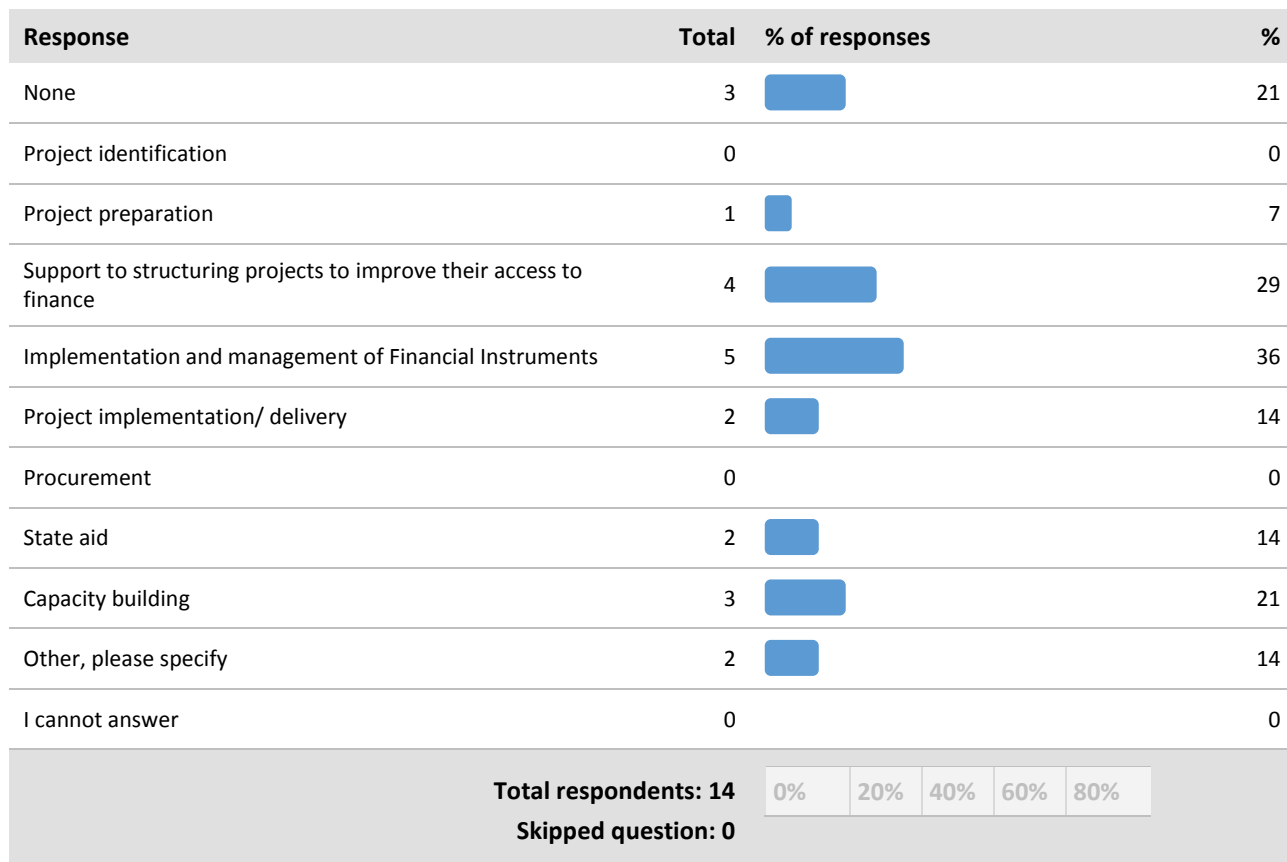
13. Was your request for technical advice dealt with within a reasonable timeline?

(Each respondent could choose only ONE of the following responses.)



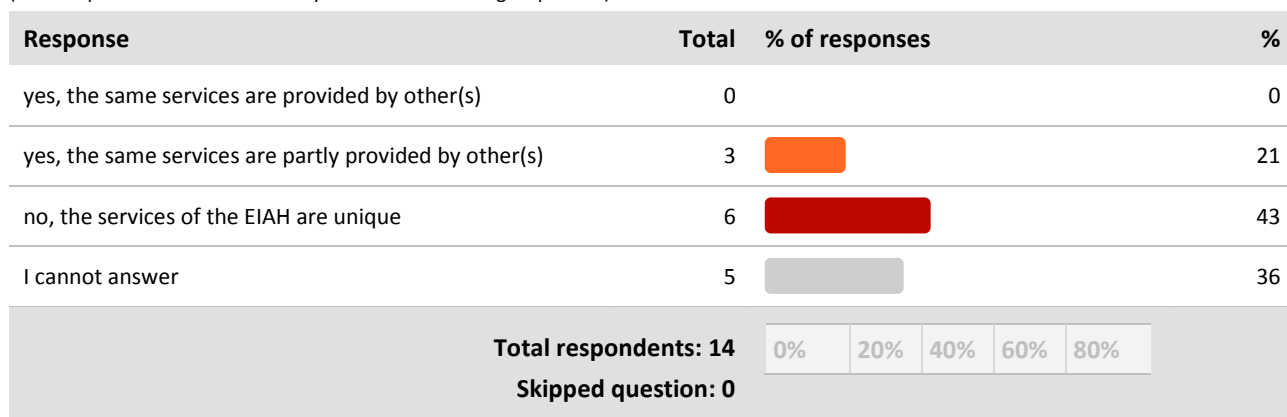
14. In what other area(s) you would have liked to receive support from EIAH?

(Each respondent could choose MULTIPLE responses.)



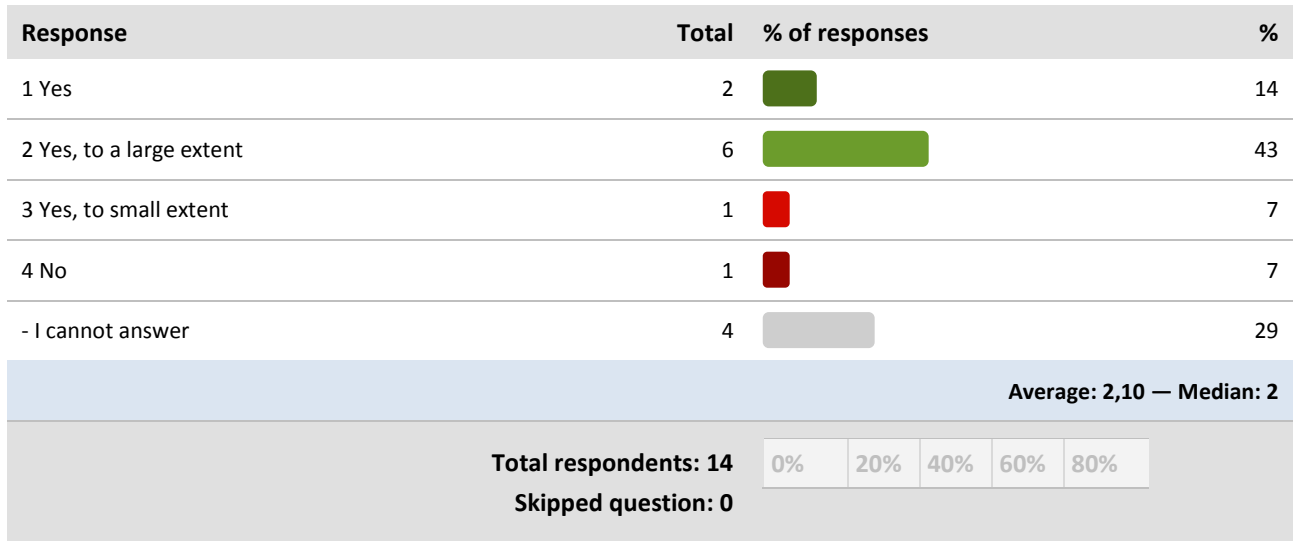
15. Are there other initiatives that you know of that provide the same services as the European Investment Advisory Hub (EIAH, 'The Hub')

(Each respondent could choose only ONE of the following responses.)



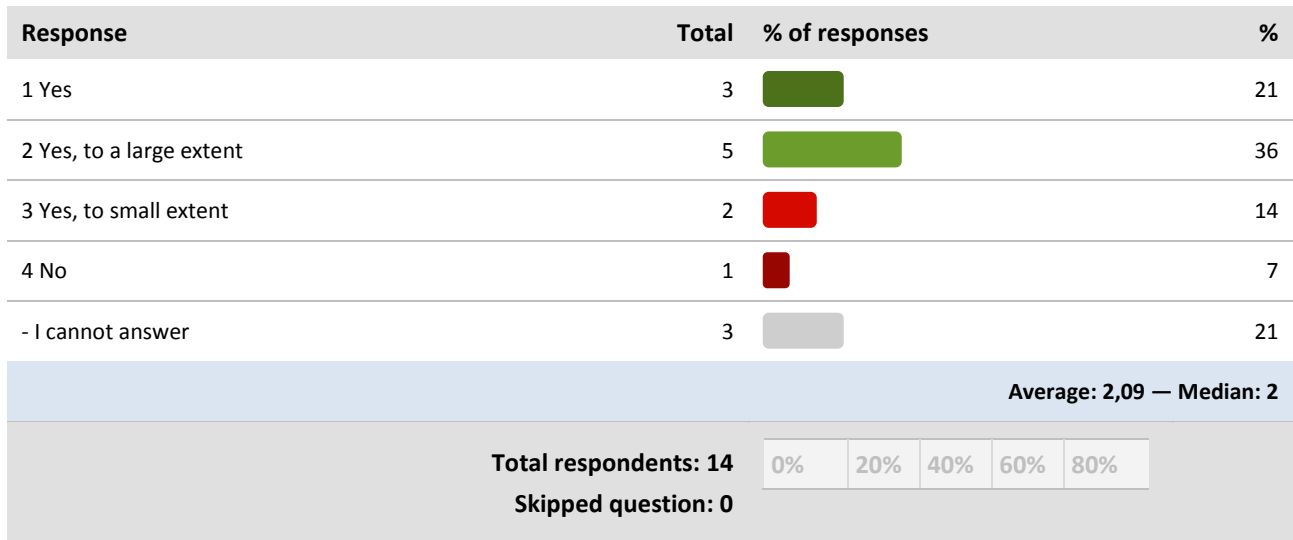
16. Do you consider the EIAH website application process as user friendly?

(Each respondent could choose only ONE of the following responses.)




17. Is the description of the EIAH services provided on its website sufficiently clear?

(Each respondent could choose only ONE of the following responses.)



18. Do you have any recommendations for improving the advisory services provided by the European Investment Advisory Hub?

(Each respondent could write a single open-ended response of maximum 2000 characters.)

Response	Total	% of total respondents	%
Open answer	5		33

Total respondents: 5
Skipped question: 9

0% 20% 40% 60% 80%

Annex 5 Bibliography

Centre for European Policy Studies	<i>2016, Europe's Untapped Capital Market Rethinking financial integration after the crisis, Final Report of the European Capital Markets Expert Group Chaired by Francesco Papadia</i>
EIB	Brussels. July 2015. <i>Agreement on the management of the European Fund for Strategic Investments and on the granting of the EU Guarantee between the European Union and the European Investment Bank.</i>
EIB	Brussels. July 2015. <i>Framework Agreement on the European Investment Advisory Hub between the European Union and the European Investment Bank.</i>
EIB	July 2015. Board of directors. <i>Report of the European Parliament and European Council on the European Investment Advisory Hub.</i>
EIB	July 2015. <i>Specific Grant Agreement ECFIN-119-2015/SI2.712039 implementing the Framework Partnership Agreement on the European Investment Advisory Hub between the European Union and the European Investment Bank for the year 2015.</i>
EIB	July 2016. Board of Directors. <i>Report to the European Parliament and European Council on the European Investment Advisory Hub.</i>
EIB	August 2016. <i>Specific Grant Agreement ECFIN-147-2016/SI2.735750 implementing the Framework Partnership Agreement on the European Investment Advisory Hub between the European Union and the European Investment Bank for the year 2016.</i>
EIB	September 2016. <i>Operations Evaluation. Evaluation of the functioning of the European Fund for Strategic Investments (EFSI).</i>
EIB	October 2016. Debora Revoltella. <i>Does Higher Public Investment lead to more growth?</i>
EC	July 2015. <i>Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 – the European Fund for Strategic Investments.</i>
EC	Brussels. July 2015. <i>Communication from the Commission to the European Parliament and the Council. Working together for jobs and growth: The role of National Promotional Banks (NPBs) in supporting the Investment Plan for Europe.</i>
EC	December 2015. <i>Amendment No 1 to the Specific Grant Agreement ECFIN-119-2015 / SI2.712039 Implementing the Framework Partnership Agreement on the European Investment Advisory Hub - Transmittal for signature.</i>
EC	Brussels. May 2016. <i>Report from the Commission to the European Parliament, the Council, and the European Court of Auditors on the management of the Guarantee Fund for the European Fund for Strategic Investment in 2015.</i>
EC	September 2016. <i>Financial Counsellors Working Party Meeting: Commission Staff Working Document EFSI Evaluation.</i>
EC	Strasbourg. September 2016. <i>State of the Union 2016: The European Fund for Strategic Investments (EFSI) - Frequently Asked Questions.</i>
EC	Brussels. June 2016. <i>Communication from the Commission to the European Parliament, the European Council, the Council, the European economic and social Committee and the Committee of the Regions. Europe investing again. Taking stock of the Investment Plan for Europe and next steps.</i>
EC	Brussels. September 2016. <i>Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub.</i>

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