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OPERATIONS EVALUATION

Evaluation of the European Fund for Strategic Investments (EFSI)

Main findings and conclusions

- **EFSI is expected to reach the target of mobilising EUR 315 billion of investment by July 2018 in terms of approvals, and by early 2019 in terms of signatures. Eighty percent of the volumes signed, by the share of EU GDP, were in Vulnerable Member States and Cohesion Countries. However, the evaluation cautions against focusing on volume targets at the expense of additionality, the latter being what matters to achieve structural, long-term impact on growth and employment.**
- **EFSI operations provided additionality, as defined by the EFSI regulation, and the majority addressed market failures. In the absence of the EU guarantee, the EIB Group could not have financed the EFSI portfolio of operations without a negative impact on its overall lending capacity and risk profile.**
- **EFSI is an adequate instrument to address structural investment gaps, but less relevant for tackling cyclical issues. Disbursements are too spread over time to pull economies that have large and persistent cyclical investment gaps out of stagnation. Moreover, by the time EFSI was launched, in some Member States investment to GDP ratios had already recovered to pre-crisis levels.**
- **EFSI catalysed the use of other EU funds through the frontloading of existing guarantee instruments. To avoid overlap, other EU instruments saw their implementation strategies revised. The combination of EFSI with the European Structural and Investment Funds has been limited. EFSI is generally complementary with the activities of National Promotional Banks.**

- **EFSI induced a considerable change in the EIB Group, which had to tailor many of its processes to fit with the projects supported by EFSI. Some of these changes may have longer-term impacts for the EIB Group. For the time being, the EU guarantee mitigates significantly the additional risk exposure brought by EFSI operations. EFSI revenues do not cover the related costs at the EIB, but do so at the EIF.**

Background:

The Investment Plan for Europe (IPE) was launched in 2014 to reduce investment gaps in Europe, thereby stimulating employment and boosting sustainable economic growth in the EU. As one of its three pillars, EFSI aims to contribute to this goal by supporting investments in infrastructure and innovation, and by increasing access to finance for SMEs and MidCap companies. EFSI is implemented by the EIB Group (EIB and EIF).

EFSI originally comprised a EUR 16 billion guarantee provided to the EIB Group from the EU budget, and a EUR 5 billion capital contribution from the EIB[1]. The EU guarantee increases the risk-bearing capacity of the EIB Group, allowing it to finance projects that address market failures or sub-optimal investment situations that it would otherwise not have financed to the same extent or within the same time frame. EFSI was expected to mobilise EUR 315 billion of investments by July 2018.

1 On 30 December 2017, EFSI was extended and the EU guarantee and EIB contribution were raised to EUR 26bn and EUR 7.5bn respectively.

This evaluation assesses EFSI in terms of relevance, results achieved (including additionality), complementarity and coordination with other EU programmes and efficiency. The evaluation draws on a wide range of sources and methods: macroeconomic and portfolio analysis, in-depth case studies, reviews of relevant documentation, interviews with internal and external stakeholders, comparative analysis of risk profiles for EFSI and non-EFSI EIB operations, and surveys of EFSI final beneficiaries.

The full report can be accessed at:
http://www.eib.org/infocentre/publications/all/evaluation-of-the-efsi.htm

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