



EFSI Stakeholders' consultation

Summary report

7 September 2016

Prepared by EFSI Secretariat

This report summarises the discussions from the EFSI Stakeholders' consultation event on the orientation and implementation of EFSI investment policy, held on the 7 September 2016 at the EIB premises in Luxembourg. For any questions please contact: EFSI Secretariat at EFSISecretariat@eib.org

Table of Contents

BACKGROUND INFORMATION	1
KEY TOPICS DISCUSSED AND MAIN CONCLUSIONS	2
SUMMARY OF THE PANEL DISCUSSIONS.....	3
Panel discussion 1: EFSI implementation under the Infrastructure and Innovation Window (IIW)...	3
Panel discussion 2: EFSI implementation under SME Window (SMEW)	4
Panel discussion 3: EFSI Strategic Orientation - state of play.....	5
RECOMMENDATIONS FROM STAKEHOLDERS AND FEEDBACK FROM EFSI GOVERNING BODIES AND EIB GROUP	7
1. EFSI products.....	7
2. Additionality.....	8
3. Geographical coverage	9
4. Sector diversification	9
5. Collaboration with National Promotional Banks and Institutions (NPBIs)	10
6. Investment Platforms.....	10
7. Combination of EFSI with ESIF/State aid issues	11
8. EUROSTAT rules	12
9. Advisory Hub (EIAH).....	12
10. Governance and Transparency	12

BACKGROUND INFORMATION

The Steering Board, with the support of the EFSI Secretariat, organised the first EFSI stakeholders' consultation on the 7 September 2016 at the EIB premises in Luxembourg in order to discuss the EFSI Strategic orientations and the implementation of the EFSI investment policy.

The EFSI Stakeholders' consultation was organised in line with the EFSI Regulation, Article 7.3 *"The Steering Board shall regularly organise a consultation of relevant stakeholders - in particular co-investors, public authorities, experts, education, training and research institutions, the relevant social partners and representatives of civil society - on the orientation and implementation of the investment policy carried out by the EIB under this Regulation"* and the EFSI Steering Board decisions ([Stakeholders' consultation paper](#), adopted in March 2016).

Over 30 participants, including representatives from civil society, think tanks and private and banking sector associations took part in the event¹:

- WWF
- Bankwatch
- Friends of Earth
- Counter Balance
- Climate Action Network
- Notre Europe - Jacques Delors Institute
- Centre for European Policy Studies (CEPS)
- Confrontations Europe
- Business Europe
- European Association of Craft, Small and Medium-sized Enterprises (UEAPME)
- European Association of Guarantee Institutions (AECM)
- European Banking Federation (EBF)
- European Savings and Retail Banking Group (ESBG)
- European Association of Public Banks (EAPB)
- European Association of Cooperative Banks (EACB)
- European Long Term Investors Association (ELTI)
- Long Term Infrastructure Investors Association (LTIIA)
- Network of European Financial Institutions for SMEs (NEFI)

The event was organised into three panel discussions:

Panel discussion #1: EFSI Implementation under the Infrastructure and Innovation Window

Panel discussion #2: EFSI Implementation under the Small and Medium Enterprises Window

Panel discussion #3: EFSI Strategic Orientation: current state and the way forward

Closing remarks by Gerassimos THOMAS, Chairman of the EFSI Steering Board

¹ According to Article 7(3) of Regulation (EU) 2015/1017 on the European Fund for Strategic Investments (EFSI Regulation), the Steering Board shall regularly organise a consultation of relevant stakeholders - in particular co-investors, public authorities, experts, education, training and research institutions, the relevant social partners and representatives of civil society - on the orientation and implementation of the investment policy carried out by the EIB under the EFSI Regulation.

KEY TOPICS DISCUSSED AND MAIN CONCLUSIONS

Many of the topics that were addressed during the consultation event, such as **additionality, geographical and sector balance, and transparency**, have already been discussed by the Steering Board at its bi-lateral meetings with the stakeholders and acknowledged as key areas of further development in the EFSI Strategic Orientation. The role of the Steering Board is to set up strategic directions for the successful implementation of EFSI, whereas the Investment Committee, made up of independent market experts, assesses whether specific projects can be supported by the EU guarantee, as laid out in the investment guidelines set in the Regulation, and agreed by Member States and the European Parliament.

Overall the meeting concluded that the setting-up of the EFSI structures and governance has been appreciated both by external stakeholders and the EIB Group's clients. While several EFSI evaluations conducted by the EIB and the European Commission are currently under preparation to assess EFSI processes, governance, use of the EU guarantee and to take a closer look at Pillar 2 and 3 of the Investment Plan for Europe, it is already possible to draw lessons and make certain improvements in parallel to any decisions that might be made in the framework of decisions on the EFSI extension.

As a way forward, the Steering Board will closely observe the following **five key areas**:

- It shall ensure EFSI governance continues moving in the right direction, including further integration and operationalisation of the Investment Committee;
- It shall follow-up on EFSI products and new product developments in line with market conditions and demand;
- Cooperation with National Promotional Institutions (NPIs) and the establishment of Investment platforms is key and has to be further enhanced; the same applies to the combination of EFSI with the European Structural and Investment Funds (ESIF), where there are several regulatory framework changes under way (e.g. Common Provisions Regulation, Financial Regulation);
- As the strategic governance body of EFSI, the Steering Board will regularly and proactively check the consistency of EFSI policies with EU policies and regulations (including ESTAT rules) and EIB Group policies;
- The Steering Board acknowledges the importance of transparency on EFSI matters and will therefore continue to work closely with the EIB Group's services to ensure that better and more extensive communication is publicly available where possible.

The Steering Board welcomes regular and open dialogue with external stakeholders and encouraged the participants to channel their feedback and communication via the EFSI Secretariat. The next Stakeholders' consultation event will take place in 2017.

SUMMARY OF THE PANEL DISCUSSIONS

Panel discussion 1: EFSI implementation under the Infrastructure and Innovation Window (IIW)

Moderator: Ambroise Fayolle, Steering Board member; presenter: Jean-Christophe Laloux, Director General Lending, EIB

Introduction

The EIB Director General of Lending gave an overview of some of the main achievements of EFSI under the IIW and addressed some **specific points**:

- Three out of four EFSI beneficiaries are new EIB clients; the counterparts welcome EFSI and its new products;
- Many new products in banking sector; higher risk-taking and focus on innovation; all EFSI projects are special activities; many new products have been developed in the last 18 months;
- Equity strategy for IIW to be presented to the Board of Directors soon; this would open the door to new initiatives.

Geographical distribution

EFSI has been implemented in nearly all Member States (MS); at end of September, EFSI investments under the SMEW were present in 27 MS (no operations so far in Cyprus), while EFSI operations under the IIW cover 19 countries so far.

In absolute financial volumes, France, Germany, Italy, Spain and UK are in the lead under the IIW. However, analysis of EFSI support and investment mobilised per capita or with respect to GDP show that smaller MS benefited to the same extent as the larger MS. For instance, in terms of EFSI investments mobilised with respect to GDP under the IIW, Slovakia, Lithuania and Greece are among the top five beneficiaries; at EIB Group level (EFSI, IWW and SMEW together), Estonia, Slovenia, Slovakia and Lithuania are in the top five beneficiaries.

Sectorial distribution

Energy and research, development and innovation (RDI) form a major part of EFSI investments. Sector diversification is still picking up speed and may change in future.

Some examples of EFSI supported projects

- Creta Farms (Greece): helps to cope with difficult financing situation in Greece; project (nutritional sector) would not work without EFSI;
- Novamont (Italy): produces innovative bio plastics (RDI);
- Heidelberger Druck (Germany): RDI project concerning digital printing;
- Ginkgo II (Belgium/France): equity operation in investment fund that invests in transforming former industrial sites (project risks: for example soil decontamination), equity operations to be increased generally;
- Beatrice offshore PPP (UK) - new generation of turbines, entailing technology risks.

Future outlook/ongoing developments

- **Product development:** including hybrid instrument pilot project; electricity companies (often regulated) currently facing constraints in equity investments; this is a clear case where hybrid instruments could be suitable;
- **Collaboration with NPIs:** new products with full/partial delegation arrangement - currently a difference in situation among MS can be observed - the EIF is making a particular effort to develop new ways to collaborate with NPIs (with its long-standing experience in working with NPIs achieved so far); the focus is on developing new products and allowing for more delegation and establishment of Investment Platforms (IPs); there are currently ongoing discussions about the creation of an IP in Italy and others are under preparation, while an Investment Platform in France has already been signed;
- **Revised EFSI Agreement** was developed with a view to accommodating new products;
- **Blending of EU budget instruments,** regulatory constraints: the streamlining work is still ahead;
- **Additionality:** is provided via all EFSI operations; however, it depends on many factors, including the degree of subordination, delivery of appropriate instruments, bankable projects and market demand.

Panel discussion 2: EFSI implementation under SME Window (SMEW)

Moderator: Irmfried Schwimann, Steering Board member; Presenter: Pier Luigi Gilibert, CEO EIF

Introduction

The CEO of the EIF made a general introduction about the mission, mandates and the EIF shareholders and gave an overview of some of the main achievements of EFSI under the SMEW, emphasising that:

- At the end of July 2016, **63%** of EFSI investment targets (of EUR 5.5bn) had **already been committed** (EUR 3.49bn); the approved EFSI commitments are expected to mobilise EUR 50.05bn, which represents 61% of the EUR 82.5bn target; overall, the deployment of EFSI under the SMEW is showing very good results;
- Over 80% of commitments under the EFSI SMEW are expected to support RDI and the digital sector;
- Furthermore, the additional EUR 500m EU guarantee from the IIW to the SMEW will boost equity financing for SMEs and will also be used to top-up InnovFin and COSME loan guarantee instruments as well as the EU Programme for Employment and Social Innovation (EaSI);
- It is expected that EFSI will be rapidly deployed by early 2018.

Geographical diversification

As at end of July, EFSI approvals (a total of 194 transactions) under the SMEW reached **26 Member States** and are expected to benefit over 200 000 SMEs and midcaps in the coming years; more effort will be directed to covering the remaining two countries, namely Malta and Cyprus.

Sectoral diversification

The largest share of approved EFSI SMEW operations will be targeted at the RDI sector (55%), followed by investments in the digital (28%), smaller businesses (9%) and social infrastructure, health and human capital (8%) sectors. This is in line with the EIF's mission to finance riskier and innovative companies, as well as smaller businesses (including start-ups) which have difficulty accessing alternative sources of financing.

New developments under SMEW

- The EIF is working on the development of a new SMEW equity product, to be invested in early, growth and expansion stage funds; the EUR 2.5bn provided by the EIB under RCR has already been deployed in full;
- Securitisation is another area where new developments are ongoing (ENSI platform);
- EaSI should be covered by EFSI soon;
- Additional resources will be allocated to InnovFin SMEG, COSME LGF and EaSI.

Overall, such rapid product development shows the EIF's commitment to continue deploying EFSI at full speed until 2018.

Panel discussion 3: EFSI Strategic Orientation - state of play

Moderator: Benjamin Angel, Steering Board member; Presenter: Wilhelm Molterer, EFSI Managing Director

Introduction

The EFSI Managing Director gave a general introduction on the key features and functioning of EFSI.

A particularly successful element is the EFSI lean governance structure, comprising the Steering Board and the Investment Committee, which allows for quick and successful EFSI implementation.

Geographical diversification

EFSI aims to cover all 28 EU Member States by the end of the investment period, possibly together with projects involving an entity in a Member State and extending to Enlargement countries (Western Balkans, Turkey), the EU East/South Neighbourhood, EEA/EFTA (Norway, Switzerland, and Liechtenstein), and Overseas Countries and Territories.

In line with the EFSI Strategic Orientation:

- Under IIW, at the end of the investment period, EFSI operations shall cover all 28 EU Member States and the share of investments in any three Member States together will not exceed 45% of the total EFSI portfolio at the end of the EFSI investment period under IIW;
- Under SMEW, at the end of the investment period, EFSI operations will cover all EU Member States and achieve satisfactory geographical diversification among them.

Sectoral diversification

EFSI operations are to be consistent with EU policies and support any of the following sectors/areas: research, development and innovation, energy, transport, information and communication technologies, environment and resource efficiency, human capital, culture and health, support for SMEs and midcap companies, through local partner banks and institutions.

In line with the EFSI Strategic Orientation there is an indicative concentration limit of 30% of the IIW portfolio in any of these sectors.

New product development

Under EFSI, the EIB Group is able to offer a broader variety of products:

- The EIB is already operating with the following products under EFSI: long-term debt products, subordinated loans, project finance and equity-type products;
- The EIF is engaging in: venture capital, guarantee schemes, securitisation activities, growth finance plus microfinance and social entrepreneurship;

- The Investment Platforms (IP) have great potential in reaching out to several promoters and blending several smaller projects (in several sectors) under a common umbrella, complemented by the advisory component; EFSI offers the opportunity to establish more IPs;
- Combination of EFSI and ESIF: national authorities and project promoters are encouraged to make use of the existing guidelines.

Advisory services

The European Investment Advisory Hub (EIAH) went live on 1 September 2015 and requests for technical assistance support can be submitted online at www.eib.org/eiah. The European Investment Advisory Hub is a joint initiative by the European Commission (EC) and the European Investment Bank (EIB). The EIB manages the Hub, which is jointly funded with the EC. The Hub is a single point of entry to comprehensive advisory and technical assistance.

It provides targeted support for the sourcing, preparation and development of investment projects across the European Union. The Hub's services include project development support throughout all stages of the project cycle (from pre-feasibility to financing), as well as upstream and policy advice on market studies, sector strategies, and project screening. Financial advice is also provided to enhance a company's ability to access adequate sources of financing. More horizontal assistance can be obtained via process and methodological guidance and training related to investment projects (e.g. tendering process, cost benefit analysis), access to finance and use of EU funds.

At the end of July 2016, 239 requests had been received from 27 Member States of which 180 were project-related. More than 60% of project-specific requests came from the private sector. Requests cover a wide variety of sectors, with energy, transport, RDI and ICT being predominant. The functioning of the Hub is completely market and demand-driven, which may also explain why there may be more requests from certain MS than from others.

The EIAH team carefully analysed the requests received and concluded that the Hub could play a more pro-active role in engaging with promoters who may have not been active in reaching out via the existing website, however would represent the real needs of the economy. The EIAH envisages playing a more proactive role in collaboration with NPIs, reaching out to those Member States which require more support and being more engaged at the local level.

RECOMMENDATIONS FROM STAKEHOLDERS AND FEEDBACK FROM EFSI GOVERNING BODIES AND EIB GROUP

Generally, the stakeholders gave positive feedback on EFSI implementation, in particular its positive effect on improving the risk appetite of the markets. In addition, EFSI implementation under SMEW was viewed positively, emphasising the role of EFSI:

- (i) In reaching out to SMEs and midcaps and supporting the SME sector's recovery;
- (ii) In contributing to a cultural transition (e.g. from the use of grants to financial instruments) and increasing risk appetite on the market;
- (iii) In incentivising the equity culture on the market and contributing to closing the existing equity gap.

The stakeholders also welcomed the decision to shift additional EUR 500m from IIW to SMEW and reacted positively to the rapid deployment of EFSI activities under SMEW, as well as to the continuous development of new products.

Nonetheless, there are certain aspects where clarification is necessary and/or which could be further improved, as summarised below:

1. EFSI products

Recommendations from the stakeholders

Infrastructure and Innovation Window (IIW) specific:

- Based on the positive feedback, the EIB should provide more guarantees and counter-guarantees; a practical way to implement this would be to adopt the minimum level/share of (counter-)guarantee instruments under EFSI;
- In the case of a portfolio approach, the guarantee of the EIB should also offer real protection by guaranteeing the first loss piece, at least up to a certain limit;
- More subordinated loans would be welcome;
- EFSI has generated a "cultural transformation" in financing within the Bank – this shift could be extended to the NPIs by developing riskier EFSI projects in close collaboration with NPIs.

Small and Medium Enterprises Window (SMEW) specific:

- Develop an Equity Platform in order to further develop the European equity market;
- Develop or leverage on quasi-instruments, such as subordinated loans, in order to provide financing to smaller, family-type businesses, which are very common in Europe;
- More cross-border operations, including a pan-European fund for venture capital;
- Concerns that the granting of direct guarantees to commercial banks may inevitably lead to competition with guarantee institutions, as well as a decrease in the quality of the project portfolio; in addition, guarantee instruments should remain as simple as possible and have a broad coverage range. Instruments focusing on market niches, defined in an overly narrow manner, are not popular among financial intermediaries as they are very challenging to implement and do not provide economies of scale;
- Under EFSI mainly counter-guarantees should be used as they ensure the involvement of existing local promotional banks and provide the benefits of a much

- higher financial multiplier, and thus a much more efficient use of funds allocated to SME support;
 - In the case of the SME sector the guarantee fee should either be set on preferential terms or dropped completely;
 - The maximum loan amount under COSME of EUR 150 000 should be increased;
 - Reporting requirements should not be too extensive as the burden is always ultimately on the final beneficiary;
 - Frontloading: concerns that, due to frontloading, the programmes will not be able to run until the end of 2019; hence, there is a need to ensure that financial instruments are adequately equipped with sufficient financial means until the end of the current programming period until 2020 and beyond;
 - Microfinance could be considered for EFSI as well, as it has great potential.
- Financing opportunities for smaller/family businesses: there are existing mezzanine funds deployed under EFSI which may be suitable for family-type businesses, as well as subordinated debt under the COSME and InnovFin mandates;
 - EFSI is 100% market-driven and with an expanding appetite for direct guarantees on the market, the EIF is ready to listen to more detailed recommendations and work in cooperation with guarantee institutions.

2. Additionality

Recommendations from the stakeholders

- There is a general concern that additionality is not being sufficiently observed and delivered via EFSI; therefore, in future it needs to be strengthened and systematically communicated;
 - The rationale of additionality based on the risk of projects alone may not be sufficient to demonstrate how EFSI covers market failures or sub-optimal investment situations. Besides the risk of the project, the impact of EFSI-financed projects on the real economy needs to be addressed as well; in this respect, the selection criteria for projects financed by EFSI need to be clear in order to incentivise the investors and the markets;
 - The stakeholders agreed that the definition of additionality is already comprehensive and clear, as defined in the EFSI Regulation; the application and assessment of additionality could be improved, particularly in the way this assessment is communicated to the outside world, which could only positively enhance the credibility of EFSI.
- Feedback from the Steering Board, Managing Director and EIB Group***
- Small and Medium Enterprises Window (SMEW) specific:
- Significant effort is being made to develop new products, which should start to be deployed by the end of 2016/beginning of 2017, both in equity and debt (e.g. Equity Platform, securitisation, etc.), which would further contribute to SME financing and recovery;
 - Microfinance: the EIF CEO provided the example of EaSI - a dedicated EUR 96m instrument for microfinance institutions which has already been fully allocated; in addition, the EIF will allocate EUR 16m for capacity-building activities under this microfinance scheme. [Outside EFSI, the EIF is investing EUR 75m for senior loans targeted at microfinance institutions];
 - The Social Impact Investment sub-window is currently under development and is aimed at complementing the existing products under the SMEW;
 - EFSI Frontloading of EaSI for EUR 50m;
 - Uncapped guarantee for EaSi, similar to InnovFin scheme;

- EFSI projects are market-driven and have to demonstrate economic viability. With the progress of EFSI implementation the EIB Group sees the need to take diversified types of risk and consequently new products have to be developed in particular where other financial institutions (e.g. commercial banks) cannot address such needs.

3. Geographical coverage

Recommendations from the stakeholders

- The stakeholders view EFSI potential in increasing the financing of smaller and riskier projects, particularly in smaller Member States where the financing should also be accompanied by technical assistance (TA);
- The smaller and/or new MS may have very specific needs, in particular: more advisory services, both on national and regional level, greater TA; hence, the Hub and the EIB Group local offices should play a more active role in reaching out to potential promoters;
- There are currently a limited number of EFSI cross-border projects; the assessment of the possible reasons deserves attention, as it may be due to the regulatory constraints to be addressed in Pillar 3 of the Investment Plan for Europe (IPE).

Feedback from the Steering Board, Managing Director and EIB Group

- The EFSI Strategic Orientation aims to ensure coverage across all EU MS; any geographical concentration of EFSI operations in specific territories is to be avoided. In addition, the role of EIAH and EIB Group local offices and teams will be crucial to achieving the target of complete geographical coverage of EFSI. For instance, the dedicated Task Force team for Greece has proven successful and should be replicated for other Member States.

4. Sector diversification

Recommendations from the stakeholders

Infrastructure and Innovation Window (IIW) specific:

- Following an analysis of the recent EFSI and EIB business as usual activities, some stakeholders concluded that while the share of the EFSI funding in renewable energy has increased, it significantly decreased in the EIB “business as usual/non-EFSI” operations. It is important to ensure that EFSI does not crowd out the normal activities of the EIB;
- A group of stakeholders analysed the 97 EFSI projects financed under IIW with respect to their climate friendliness and contribution to clean energy production. As a result, there are general concerns about sustainability of certain EFSI projects with the following underlying rationale:
 - Most projects in the renewable energy and energy efficiency sectors are located in Western European countries like France and the UK (more than 50% going to UK/IT/FR), while smaller and Eastern MS received less than 12%; there was a recommendation for more EFSI engagement in this area;
 - There are various energy projects supported by EFSI financing that are using fossil fuels, in particular natural gas - 50% are gas projects in IT, ES and DE. The disadvantages of using the natural gas supply were addressed as follows and should be considered when approving new projects:
 - ✓ Gas projects might crowd out other projects in the energy sector, e.g. those in the energy efficiency area;
 - ✓ In addition, the possible political aim of increased independency from Russian gas supply is not always a motive, e.g. with the Spanish gas transmission project;
 - ✓ There are doubts regarding real market demand for gas technology and supply; it is considered that demand is mainly coming from governments, and since governmental priorities might change or demand will decline because of general decarbonising strategies, the dedicated EFSI projects may become stranded, and

- therefore bear a considerable long-term risk.
- **Transport sector:** in terms of climate friendly projects EFSI is considered as being below the level of normal EIB business; certain stakeholders believe there are too many road and airport infrastructure projects supported by EFSI and few in the railways sector, which are considered more climate friendly:
 - ✓ Roads are mainly supported in Western European countries, where additionality is in doubt and negative sustainability arises.
- **SME sector:** the stakeholders would like to better understand the impact of the EFSI investments on the SME sector under IIW;
- **Human capital, health and culture sector:** there are very few EFSI projects, therefore proposals and initiatives by the EIB are expected.

Feedback from the Steering Board, Managing Director and EIB Group

Infrastructure and Innovation Window (IIW) specific:

- Support of sustainable projects is aligned with the EU energy policy; the use of gas in energy supply, for instance, is supported in certain Member States;
- In terms of economic viability, all transport projects are considered as being sustainable. As a matter of fact, (riskier) Public Private Partnerships are observed in the road sector rather than in the railway sector, which reflects the market drivers and, therefore, the EFSI's direction. The human capital, health and culture sector seems to be more challenging, as the projects in this sector are less bankable; most probably this sector will continue to be under-represented, although the EIB will continue its efforts in identifying promoters with economically viable projects in this sector;

- Finally, the EFSI portfolio is still at the initial stage; at the launch of EFSI it was already expected that EFSI operations would pick up more quickly in certain Member States than in others (e.g. newer Member States may take longer to put the necessary infrastructure in place); however, the direction is to have sustainable and economically viable projects supported by EFSI across all EU member countries.

5. Collaboration with National Promotional Banks and Institutions (NPBIs)

Recommendations from the stakeholders

- The existing cooperation with NPBIs is appreciated and it should be further reinforced; such collaboration addresses the needs of the local markets;
- EIB products may overlap with existing NPBIs' financial products. Additionally, NPBIs are at a significant disadvantage given the fact that the EIB is not subject to state aid rules, so NPBIs run the risk of being crowded out;
- Harmonise investment rules between the EIB and EIF to ensure complementarity, including with NPBIs.

Feedback from the Steering Board, Managing Director and EIB Group

- Over 40% of EIF EFSI commitments were conducted in close cooperation with NPBIs. There are no indications of crowding-out NPBIs under the SMEW, there should be room for all types of Financial Intermediaries. It should be noted that cooperation with NPBIs is primarily market-driven.

6. Investment Platforms

Recommendations from the stakeholders

- Investment Platforms enable the bundling of diverse initiatives and smaller projects at regional and local levels;

- In addition, Investment Platforms are seen as an opportunity for Member States without NPBI. Nonetheless, it was questioned if Investment Platforms could be set-up in MS where there are no NPBI and what measures can be taken to support such MS;
- The broad definition of Investment Platforms provided in the EFSI Regulation is clear and comprehensive, however not yet applied in practice. Hence, the existing promotional structures should be taken into account, especially in terms of the defined regional area of activity, the minimum amounts, the thematic scopes and the possibility of fully delegated credit decisions;
- More clarification and support is needed in better understanding the set up and functioning of IPs.

Feedback from the Steering Board, Managing Director and EIB Group

- Agreement that Investment Platforms can play a pivotal role, especially in countries which have not fully benefited from EFSI so far;
- The definition of the Investment Platform is indeed quite comprehensive and broad, allowing for many types of projects to be merged under the same platform; nonetheless, in order to stimulate the establishment of Investment Platforms, the communication strategy should not be underestimated. More effort is needed to showcase the flagship examples of Investment Platforms which have already been set-up.

7. Combination of EFSI with European Structural and Investment Funds (ESIF)/ State aid issues

Recommendations from the Stakeholders

- Combining the support from EFSI with ESIF should be much simpler. The current guidelines do not provide sufficient simplicity and transparency. There is still a lack of information and clarity, especially

concerning smaller operational programmes. Therefore, the guidelines need to address these issues;

- Projects benefiting from EFSI support provided on market conditions should be considered as free of state aid, also in parts funded on similar terms from sources other than the EIB, for example NPBI. The stakeholders would welcome such rules as they would enhance cooperation and ease the financing solutions in general. The EFSI guarantee which is at present only available for the EIB should be extended to operations by NPBI;
- State aid rules differ across Member States and therefore clarity on these rules is important.

Feedback from the Steering Board, Managing Director and EIB Group

- The combination of EFSI and ESIF is an important topic and this combination is already picking up; further regulatory improvements are under way;
- There are ongoing developments under Pillar 3 of the Investment Plan for Europe (e.g. Capital Markets Union, Energy, etc.) aimed at facilitating the deployment and usage of equity type products. In addition, the European Commission plans to develop new guidelines targeted at innovative start-ups;
- The European Commission has modernised the state aid framework in many areas (e.g. broadband, energy, transport, etc.). As a general rule, the EIB Group's activities are not state aid. Scrutiny of EFSI projects (by DG COMP) is performed supportively, a fast-track procedure has been established, and explanatory documents on procedures already exist. State aid has not yet caused problems for EFSI project approval and implementation. However, the Steering Board acknowledges that there are still rules to be clarified and will continue its efforts in this direction.

8. EUROSTAT rules

Recommendations from the stakeholders

- Member States have to include public-private partnership (PPP) projects on the government balance sheet, which may lead to a decrease in PPP projects. The stakeholders reflected on whether EFSI could play a role in the current state of play. More clarity on Eurostat guidelines is needed;
- In addition, consider the exclusion of certain infrastructure projects, funded by EFSI for their strategic importance, from the Maastricht criteria of deficit/debt calculations for national governments (to the extent these projects are recognised on government balance sheets).

Feedback from the Steering Board, Managing Director and EIB Group

- The European Commission has developed global guidelines for successful Public Private Partnerships and on the 29 September 2016 Eurostat released additional guidelines to further complement the existing PPP rules and help PPP practitioners, both in the public and private sector, to understand how the different features included in PPP contracts might impact the classification and functioning of PPPs.

9. Advisory Hub (EIAH)

Recommendations from the stakeholders

- Generally, the stakeholders gave positive feedback regarding the services offered by the EIAH;
- At the same time, an assessment of EIAH performance would be welcome, in particular the role it can play in smaller and/or newer Member States; it should also be taken into account that certain Member States may require more Technical Assistance than others;

- EIAH could engage in more active and regular communication with the European Commission regarding the regulatory improvements under Pillar 3 of the Investment Plan for Europe;
- The treatment of advisory services under the EIAH from public service providers (i.e. NPBIs) with regard to state aid as well as competition with private service providers should be reflected in principle.

Feedback from the Steering Board, Managing Director and EIB Group

- Agreement that the EIAH could be further enhanced by ensuring wider and more decentralised outreach to cover demand that has not been explicitly expressed via the existing EIAH website;
- In matters related to Technical Assistance, the European Commission has already launched a working group to assess the possibility of merging all TA lines (currently estimated at EUR 0.5bn).

10. Governance and Transparency

Recommendations from the stakeholders

- The stakeholders appreciated the transparency of information regarding the decisions of the EFSI governing bodies (e.g. Minutes and Summary of decisions published on the EIB website), however would recommend disclosing the project-based scoreboards. This recommendation would contribute to fostering dialogue between the EU institutions and external counterparts; in addition, disclosing more information about the projects would showcase the additionality of EFSI financed projects.

Feedback from the Steering Board, Managing Director and EIB Group

- The Steering Board called for attention to be paid to protecting commercially sensitive project-related information. While it has to be understood that the EIB is a bank, the Steering Board encouraged the EIB to assess the possibility of publishing additional information, especially after the signature of EFSI operations;

- Given the nature of the SMEW run by EIF it is rather challenging to report on a project by project basis (individual SME level), as these EFSI operations are intermediated and frequently bound by confidentiality agreements with the Financial Intermediaries. Nevertheless, significant effort is currently being directed to assessing what type of information could be publicly disclosed, e.g. in the form of selected case studies.