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EVALUATION

EFSI 2.0 ex-post evaluation

{SWD(2022) 444 final}

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1. INTRODUCTION

1.1 Purpose and scope of the evaluation

According to the amended EFSI Regulation (Regulation (EU) 2017/2396, or 'EFSI 2.0 Regulation'), the Commission has to submit to the European Parliament and the Council a report containing an independent evaluation of the application of the Regulation at the end of the investment period (i.e., end-2022). It includes the functioning of the European Fund for Strategic Investments (EFSI), the use of the EU guarantee, the activity of the European Investment Advisory Hub (EIAH) as well as of the European Investment Project Portal (EIPP).

The evaluation has been performed against the criteria of relevance, effectiveness, efficiency, EU added value and coherence. Moreover, the evaluation also assesses the additionality of EFSI, as defined in the EFSI 2.0 Regulation. The assessment will cover both the Infrastructure and Innovation and the SME Windows ('IIW' and 'SMEW').

The evaluation focuses on the following elements:

- An assessment of the functioning of the EFSI, the use of the EU guarantee and the functioning of the EIAH and of the EIPP;
- An assessment of whether the EFSI consists of a good use of resources of the general budget of the Union, mobilises a sufficient level of private capital, and crowds-in private investment;
- An assessment of whether maintaining a scheme for supporting investment is useful from a macroeconomic point of view;
- An assessment of the application of the specific procedures put in place to support EFSI (as referred in Article 4(2)(a)(v) of the EFSI 2.0 Regulation);[1] and
- An evaluation concerning the use of the scoreboard of indicators used by the Investment Committee to ensure an independent and transparent assessment of the potential and actual use of the EU guarantee, in particular with regard to the consideration of the appropriateness of each pillar and their respective roles in the assessment.

The geographic coverage of the evaluation includes the 27 EU Member States and the United Kingdom. It also includes cross-border projects extended to one or more third countries falling within the scope of the European Neighbourhood Policy.

[1] This article allowed the EIB Group to reduce the financing cost (by modulating the remuneration of the EU guarantee) to certain types of viable projects such as those under stressed financial market conditions, or where investment platforms were facilitated, or to the funding of projects in sectors or areas experiencing a significant market failure or suboptimal investment situations. During the implementation of the EFSI, the need to activate the "clause" did not materialise and therefore the EIB's Pricing Policy continued to apply for the EFSI operations.

The conclusions and lessons learned of the evaluation will serve to assess the extent to which the EFSI, the EIAH, and the EIPP are achieving their objectives. The conclusions may also inform future European Commission (EC) legislative proposals related to investment support instruments.

The EFSI and the EIAH activities started in 2015, whereas the EIPP was launched in June 2016. The evaluation has taken into consideration data and results through to 31 December 2021.

1.2 Methodology applied

The evaluation is based – *inter alia* – on an independent study carried out by an external service provider (ICF SA) and is published as a Staff Working Document on the European Commission website.[2]

Primary data was collected from a sample of the portfolio of the EFSI financing and investment operations, the EIAH advisory assignments and the EIPP projects; secondary data was obtained from existing reports, studies, databases and relevant literature, as well as from consultation activities (i.e., open consultation, targeted consultations, and interviews). The analysis of this information was conducted using quantitative and qualitative methodologies, including portfolio analysis, contribution analysis, survey analysis, cost-efficiency assessment, case studies, and an evaluation matrix. The overlaps between these data collection tools and methodologies lend some robustness to the analysis, allowing for horizontal triangulations (e.g., between contribution analysis and interview results) and vertical validations (e.g., between portfolio analysis and case studies' "deep dives"). Yet, some limitations exist. Firstly, the broad scope of the evaluation relative to the resources and time available, inevitably constrained the depth and breadth of the research that could be undertaken. Secondly, the low response rate to the Open Public Consultation made it less representative for the evaluation outcome. Thirdly, the difficulty in organising large-scale surveys of counterparts and final beneficiaries (due to practical challenges relating to assembly of contact details, obtaining consent and survey fatigue) meant that the targeted consultations had to be based on existing surveys. Finally, confidentiality considerations prevent from disclosing private information on financing characteristics and activities of identifiable entities and projects.

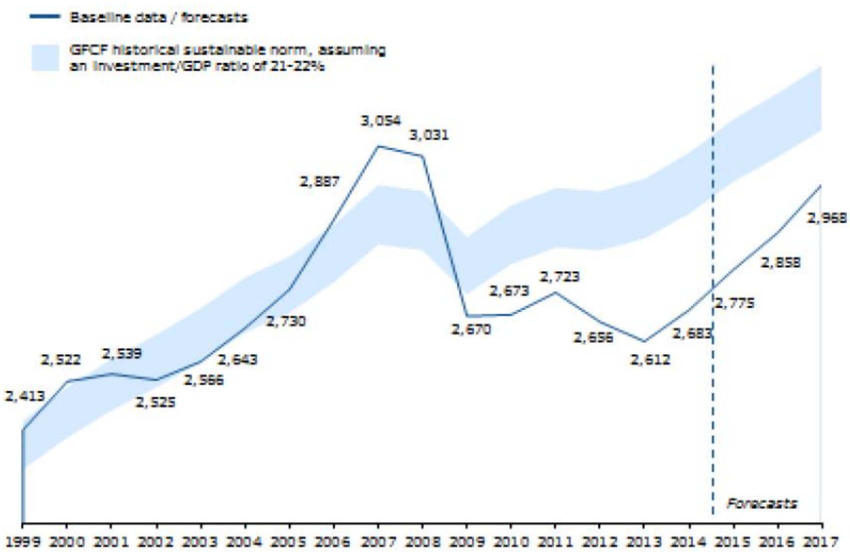
[2] The external evaluation report is also published on the same website.

2. WHAT WAS THE EXPECTED OUTCOME OF THE INTERVENTION?

2.1 Description of the intervention and its objectives

Investment expenditure collapsed in Europe in the aftermath of the 2008 global financial crisis. In this context by 2013, total investment across the EU had fallen about 20% from its peak in 2008 (Figure 1). In the most crisis-hit countries, investment had fallen by more than 40%. Moreover, during the crisis, the decline of investment in Europe was twice as much as the decline in the US and Japan.

Figure 1: Investment levels in the EU



Real gross fixed capital formation (GFCF), Baseline vs. historical norm, EU, in 2013 prices, EUR billion. *Source*: COM(2016) 359 final - Europe investing again. Taking stock of the Investment Plan for Europe and next steps.

In addition, the economic weakness lingering from the financial and sovereign debt crises left scars in the financial markets, exacerbating the difficulty to access finance, especially for small and medium-sized enterprises (SMEs). Europe had plenty of investment needs and economically viable projects in search of funding. Yet, at the same time, there were significant levels of savings and large amounts of financial liquidity that could be mobilised. The challenge was to put savings and financial liquidity to productive use in order to support sustainable jobs and growth in Europe.[3]

To address this challenge, the European Commission, in a partnership with the European Investment Bank Group (EIBG)[4], proposed in November 2014 the Investment Plan for

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[3] See *An Investment Plan for Europe*, Commission Communication, COM(2014) 903 final.

[4] European Investment Bank (EIB) and European Investment Fund (EIF).

Europe (IPE) also known as the Juncker Plan. The overarching goal was to kick start investment in Europe, and through that contribute to restoring the EU competitiveness and consequently help boost growth and employment. Indeed, upon request from the ECOFIN Council, a Special Task Force had been set up by the European Commission and the European Investment Bank, in coordination with Member States, to address the above issues. They called for financial instruments aimed at catalysing private investments in projects/programmes of EU significance, tailored to Member States' needs, including also possible cooperation with National Promotional Banks and the EIB participation.[5] Past simulations carried out through the RHOMOLO-EIB model[6] projected that, both in the short and in the long run, the EFSI-financed operations approved through the end of 2016 would significantly boost EU GDP and create employment, also via an increase in total factor productivity.[7]

The Investment Plan for Europe consists of three pillars. The **first pillar** is the European Fund for Strategic Investments, initially aimed at mobilising at least EUR 315 billion of additional investment in infrastructure, innovation, and SME financing by mid-2018. This was to be accomplished by endowing the EIB Group with an increased risk-bearing capacity via an EU budgetary guarantee of EUR 16 billion and an EIB Group's contribution of EUR 5 billion.

The **second pillar** of the Investment Plan for Europe helps to ensure that investment finance reaches the real economy by developing and promoting a robust pipeline of investment projects. It consists of the European Investment Advisory Hub that provides technical and financial advisory services to private and public project promoters, as well as of the European Investment Project Portal, that is an online platform connecting EU-based project promoters and investors from the EU and beyond.

In September 2016, the Commission proposed to strengthen the initiatives under the first and the second pillar and an amendment to the EFSI Regulation was adopted in December 2017 (Regulation (EU) 2017/2396 – the "EFSI 2.0 Regulation"). The EFSI 2.0 Regulation extended the EFSI duration, enhanced its additionality, and increased its financial capacity from EUR 21 to 33.5 billion to mobilise EUR 500 billion of

[5] See the *Final Report* of the Special Task Force (Member States, Commission, EIB) on Investment in the EU (https://www.eib.org/attachments/efsi_special_task_force_report_on_investment_in_the_eu_en.pdf).

[6] This model, originally developed in collaboration with DG REGIO, provides information on the 276 EU regions' economies, disaggregated into several economic sectors. It also simulates spatial interactions between regional economies, captured by trade matrices for goods and services, income flows, factor mobility and knowledge spill-overs. The model provides support to EU policy makers showing the macroeconomic effects of a wide range of investments and policies (e.g., human capital, research, development and innovation) at regional and sectorial level, on variables such as GDP, income, consumption, investments and savings.

[7] See RHOMOLO Press Brief 2017 (https://www.eib.org/attachments/press/media-days-sept-2017-pack-rhomolo-press-brief.pdf) for simulation details and precise figures.

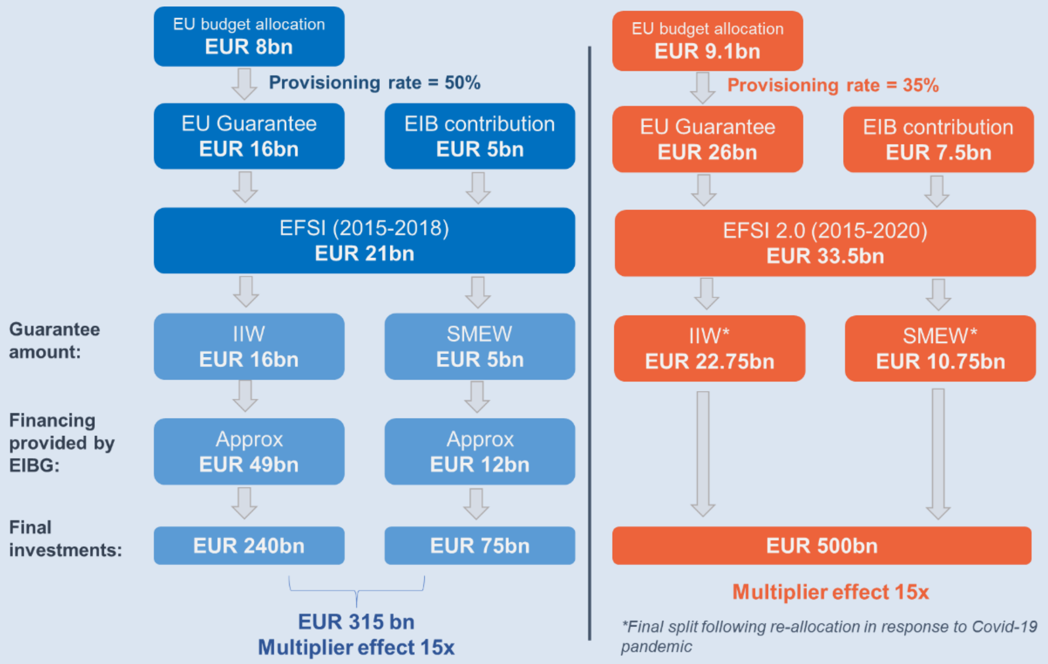
investment through end-2020. Moreover, the EFSI 2.0 included also enhancements for the EIAH which was provided a more specific mandate to support the EFSI pipeline development and to contribute to its sectoral and geographical diversification.

The EFSI financial structure both before and after EFSI 2.0 is described below:

EFSI: doing more with less

At the core of EFSI is the principle of "doing more with less". EFSI was conceived at a time when public finances were highly constrained and the EU Multi-annual Financial Framework (MFF) had already been earmarked for a seven-year period (2014-2020). In this context, the Commission had limited budgetary resources to work with. A new type of instrument – based on guarantees - was thus created. As a budgetary guarantee, EFSI was different from a classical EU financial instrument. In the case of the latter, all potential financial liabilities are fully provisioned (i.e., the amount of the EU guarantee cannot exceed the amount of budget available for the financial instrument); whereas in the case of a budgetary guarantee, the EU only covers a portion of the financial liability (actual losses/called amounts) supported by provisions. An EU guarantee thus creates an unfunded financial liability for the EU budget (i.e., a contingent liability) and in doing so, provides greater leverage to the EU budget as shown in the diagram below.

Financial structure of EFSI and EFSI 2.0

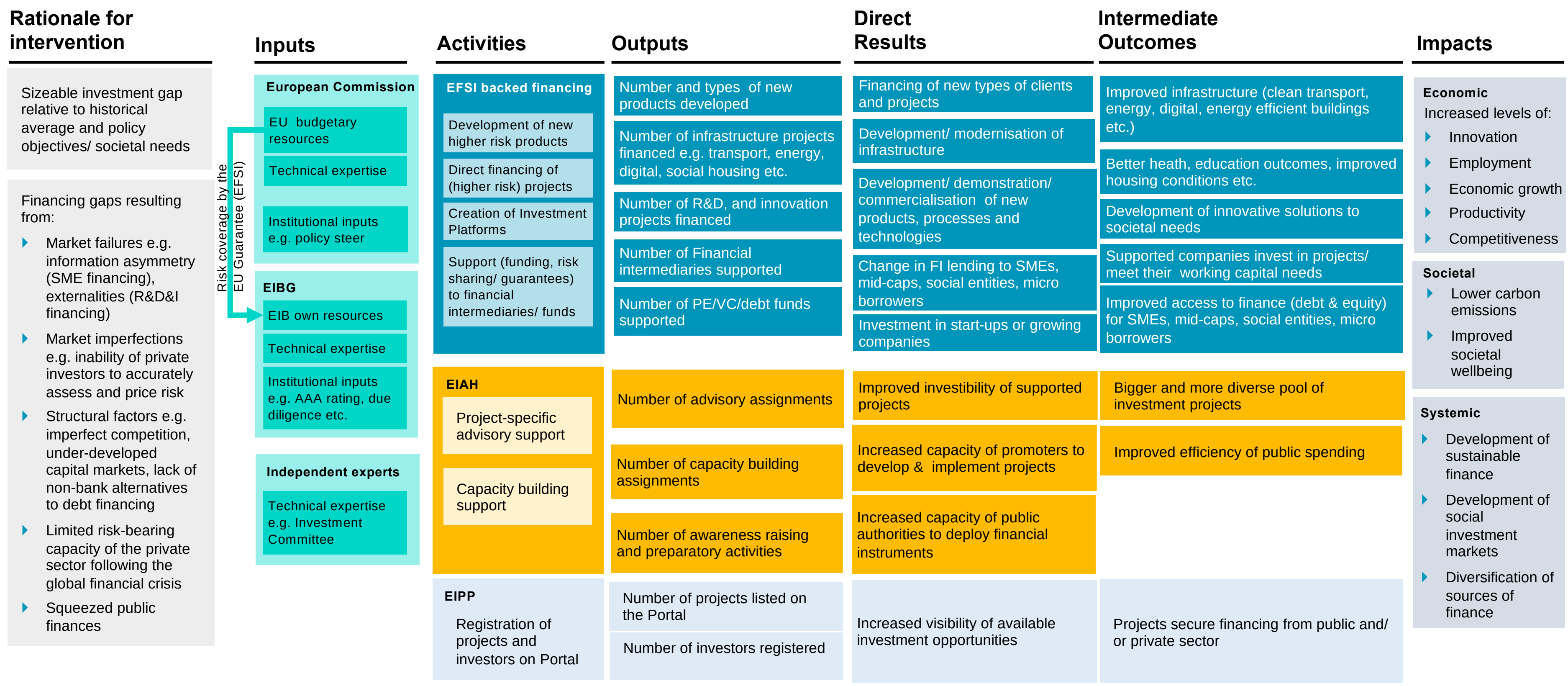


EFSI was furthermore designed as an irrevocable, unconditional, first demand guarantee to allow the EIB Group to finance higher risk projects (loan grading of D- or below) and provide subordinate or equity/ equity-type financing to projects and companies addressing market failures or sub-optimal investment situations, without jeopardising the Group entities' credit rating.

The **third pillar** aims at supporting the investment eco-system by improving the regulatory environment and eliminating barriers to investment. The activities under the third pillar of the IPE are not subject to the EFSI 2.0 Regulation, are carried out under other legal frameworks and will not be part of the scope of this evaluation.

Figure 2 illustrates the Theory of Change for the three components of the EFSI Regulation, underlying the intervention logic of the programme.

Figure 2: Intervention logic



Source: Wilkinson, C.

Under certain assumptions (see box below), the logic of the intervention runs as follows: using financial, technical and institutional resources, the EFSI increases the risk-bearing capacity of the EIB Group, allowing it to engage in new, higher-risk financing support for several sectors (e.g., transport, energy, and R&D) and groups (e.g., SMEs) which are ridden by market failures or suboptimal investment situations. Such financial products – either directly or indirectly through financial intermediaries or special vehicles – fund additional investments by the beneficiary sectors or groups. These investments, flanked by the EIAH advisory and the EIPP investment facilitation, will eventually produce additional goods and services, generating higher economic growth and employment in the EU.

There are a number of assumptions underpinning the theory of change outlined above. The extent to which (and the instances and circumstances in which) these assumptions hold true were tested as part of the evaluation. These assumptions are listed in the following box (NB: The assumptions that have been the focus of the evaluation are highlighted in **bold** below).

The theory of change has been tested in subsequent phases of the evaluation, in particular via a number of country case studies (i.e., France, Germany, Greece, Italy, and Latvia).

Assumptions		External Factors	
Assumptions underpinning Inputs>> Activities>> Outputs	Assumptions underpinning Results>> Outcomes>> Impacts	Factors affecting the take-up of the EFSI financing and of the EIAH and the EIPP services	Factors affecting the achievement of results, outcomes and impacts
EFSI products are well designed i.e., relevant to diverse and changing financing needs and attractive to market	**Supported operations would not go ahead in the same form and/or timetable without EFSI support**	Nature and scale of societal challenges and policy response (e.g. Climate Change targets) → investment opportunities and needs	Wider economic context e.g. macroeconomic situation affecting demand and supply, business and consumer sentiment etc.
There exists a suitable pipeline of investment projects that the market is not willing to finance on its own	**EFSI support makes projects attractive for private investors**	Macroeconomic conditions and business cycle → investment opportunities and levels of investment undertaken	Policy commitment to tackling societal challenges such as climate change, affordable housing, clean transport, ageing populations, rising inequality, urbanisation etc.
Demand for financing under EFSI is facilitated by EIAH and EIPP	There is demonstration effect of EFSI projects (i.e. demonstrating the viability of particular financial products or specific projects)	Regulatory environment → levels of investment undertaken	Technological advances e.g. big data, robotics
Presence of suitable financial intermediaries across EU Member States	Projects supported by EFSI deliver the planned activities	Financial development of EU Member States e.g. market structure, existence of fintechs, presence of suitable financial intermediaries (FIs) → availability of finance	Regulatory barriers to investment
NPBs are willing to cooperate and collaborate with the EIB Group and the EC in the implementation of EFSI, EIAH and EIPP	EFSI support is not used to support zombie companies	Financial market regulation and conditions (e.g. monetary policy, risk taking capacity of FIs - access to liquidity and capital constraints, regulatory framework for asset-backed securities (ABS), covered bonds, cyclical credit standards applied to SME and mid-cap lending) → demand for EIB Group products	Political and social factors e.g. impact of Covid-19 and government response
The Investment Committee selects operations that address demonstrable market gaps or suboptimal investment situations	**The advice and support provided by the EIAH is used by project promoters to improve the viability of their projects i.e. they make the necessary changes**	National financing schemes → demand for EIB Group products	Changing expectations e.g. sustainable and responsible consumption
EIBG would not normally be able to finance these projects in absence of the EU guarantee	**The evidence and capacity building support provided by the EIAH is used by public authorities**	Availability of other similar initiatives --> reduce added value / distinctiveness of EIAH and EIPP offers	
EFSI and its operations are not duplicating or crowding out market financing or other EU/national policies and programmes and are complementary with the latter	**There are good quality investment opportunities on the EIPP that are attractive for the types of investors registered/targeted**		
There is demand for the EIAH services	**The investors registered on the EIPP are genuine**		
The advice and support provided by the EIAH are used by project promoters to improve the viability of their projects i.e. they make the necessary changes	**Investors registered on the EIPP actively engage with the portal (e.g. participate in events, make use of resources available etc.)**		

Contribution to Sustainable Development Goals [8]				
SDG 1 (No Poverty)	SDG 3 (Good Health and Well-being)	SDG 4 (Quality Education)	SDG 6 (Clean Water and Sanitation)	SDG 7 (Affordable and Clean Energy)
By providing financing support and advisory targeted to micro-entrepreneurship and social entrepreneurship, e.g., for social housing projects.	By ensuring better healthcare through contribution to the rehabilitation and expansion of health facilities and the support given to medical research.	Through support for social entrepreneurship and social infrastructure, with approx. EUR 439.92 million of signed amounts, as of end-2021, mainly dedicated to social infrastructure investment for the purposes of education.	Through support to sustainable water management, wastewater treatment and sanitation, ensuring, as of 31 December 2021, around EUR 2.6 billion of total EFSI lending volume signed for projects related to water supply, sewerage and waste management.	By providing financing support targeted to energy efficiency, with signed amounts for energy and environment and resource efficiency of approx. EUR 19 billion as of end-2021, mobilising an estimated EUR 94.9 billion of investment for energy capacity building from renewable energy sources, improving energy efficiency and supporting electricity network projects.
SDG 8 (Decent Work and Economic Growth)	SDG 9 (Industry, Innovation and Infrastructure)	SDG 10 (Reduced Inequalities)	SDG 11 (Sustainable Cities and Communities)	SDG 12 (Responsible Consumption and Production)
By ultimately pursuing economic growth and employment, through the provision, as of end-2021, of guarantees worth EUR 2.7 billion to financial intermediaries, unlocking EUR 14.7 billion to finance businesses, including micro- and social enterprises as well as SMEs in the cultural and creative sectors; also, through the direct and indirect effects of IIW project financing.	By improving the EU industrial fabric through financing support to firms, particularly SMEs and midcaps; by fostering research, development and innovation through participations in risk capital of start-ups and highly innovative firms; by providing direct and indirect loans for transport, social and digital infrastructure projects.	By providing financing support and advisory targeted to social entities and to skills, education and training provision; by providing special guarantees to incentivise banks and other lenders to provide liquidity to European SMEs and small mid-cap companies hit by the economic impact of the coronavirus pandemic.	By supporting dedicated investments in economic and social infrastructure projects promoting resilient and inclusive infrastructure, as well as inclusive and sustainable cities. For example, a better waste treatment was made available for 39.5 million people through the EFSI supported investments.	By providing dedicated support to SMEs active in circular economy, those using recyclable materials, and those deploying energy efficiency measures.

[8] A detailed description of the EFSI contribution to the SDGs can be found in: Draft general budget of the European Union for the financial year 2023, Working Document Part I: Programme Statements of operational expenditure, COM(2022) 400 – June 2022 (https://data.europa.eu/doi/10.2761/451669), Section 6.5.

SDG 13 (Climate Action)	SDG 14 (Life Below Water)	SDG 15 (Life on Land)
By explicitly binding 40% of the projects supported under the Infrastructure and Innovation Window to climate action in line with the Paris Agreement.	By providing support to activities related to the sustainable use of marine resources, aquaculture and other elements of the wider bio-economy. One example is the launch of the EUR 75 million BlueInvest Fund to support equity funds investing in innovative European small and medium-sized Blue Economy companies.	By supporting investments contributing to sustainable forest management.

The IPE is an overarching programme, which provides financing support, advisory services and visibility to projects covering a wide range of sectors (R&D, transport, etc.) and groups (SMEs, unemployed, etc.). As such, even though the programme was launched before their publication, it contributes to several of the 17 UN **Sustainable Development Goals (SDG)**, and particularly to the goals presented in the box above (see also figure 2 above).

In addition, the cross-cutting effects of the programme synergically impact several SDGs (e.g., SDG 1 and SDG 10, or SDG 1 and SDG 2-No Hunger).

2.2 Point(s) of comparison

Whenever possible, this evaluation assesses the results against various points of comparison. This is naturally done in the assessment of effectiveness, but it is also present in the assessment of EU value added and of its additionality. The points of comparison used include:

- Comparison over time ("before-and-after analysis") – assessment of results in comparison to an earlier period (e.g., evolution over time);
- Comparison across space – assessment of results in comparison to similar situations in the same period (e.g., geographical distribution); and
- Comparison across states of nature ("counterfactual analysis") – Since a full-fledged micro-econometric analysis in this case was not feasible, a comparison study was performed based on a comparative perspective (see Annex VI). The results of a model-based macro-economic simulation through the RHOMOLO-EIB model are also presented.

3. How has the situation evolved over the evaluation period?

3.1 Evolution of the situation

Following the launch of the EFSI, the fading economic disruptions brought about by the financial and sovereign crises, together with the policy responses at both national and EU level, contributed to a gradual catching up of EU investment with its trend and to a loosening of the financial constraints plaguing EU SMEs and midcaps. Since 2020, however, the economic consequences of the Covid-19 pandemic reversed many of the economic gains of the previous years with a sharp contraction in economic activity and fall in investment levels.

The **European Fund for Strategic Investments** was set up in 2015, together with the European Investment Advisory Hub and the European Investment Project Portal, under Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015, amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013[9] (the EFSI Regulation), with the aim of kick-starting investments in the Union through the mobilisation of private (and public) finance. The agreement on the management of the EFSI and on the granting of the EU Guarantee (the EFSI Agreement) was signed by the European Commission and the European Investment Bank Group on 22 July 2015.

The EFSI Agreement was amended and restated several times:

- The **first amendment and restatement** of the EFSI Agreement was signed on 21 July 2016, adding two further products under the SME Window: the SMEW Equity Product and the EaSI[10] Guarantee Enhancement;
- The **second amendment and restatement** of the EFSI Agreement was signed on 21 November 2017, converting the three guarantee products under the SMEW from a temporary enhancement (frontloading) to a permanent enhancement (top-up) structure and adding a new SMEW product, the Cultural and Creative Sectors Guarantee Facility (CCS GF) Enhancement;

In 2017, to accommodate a persistently buoyant demand for investment financing, the EFSI Regulation was amended by Regulation (EU) 2017/2396 of the European Parliament and Council of 13 December 2017 amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the EFSI as well as the introduction of technical enhancements for the EFSI and the EIAH (the EFSI 2.0 Regulation). The EFSI 2.0 Regulation increased, *inter alia*, the size of the EU Guarantee from EUR 16 to 26 billion and adjusted the provisioning target rate (from 50% to 35%) in order to expand the programme's financing capacity and better reflect the estimated risk profile of the operations deployed under the EFSI. In addition, it enhanced the scoreboard of indicators, a tool for the Investment Committee to ensure an independent and transparent assessment of the potential and actual use of the EU Guarantee in its investment decisions.

- A **third amendment and restatement** of the EFSI Agreement was signed on 9 March 2018 to reflect the EFSI 2.0 Regulation.
- The **fourth amendment and restatement** of the EFSI Agreement was signed on 20 December 2018 to increase the EFSI contribution to existing SMEW products

[9] OJ L 169, 1.7.2015, p. 1-38.

[10] EU Programme for Employment and Social Innovation.

and add two further SMEW products (EFSI Combinations Product and EFSI Private Credit for SMEs Product);

- The **fifth amendment and restatement** of the EFSI Agreement was signed on 27 March 2020 to, *inter alia*, increase the EFSI contribution to the existing SMEW products and add two new SMEW products (the European Scale-up Action for Risk Capital (ESCALAR) Product and Skills and Education (S&E) Product);
- As a response to contain the economic impact of the Covid-19 virus, the **sixth amendment and restatement** of the EFSI Agreement was signed on 27 April 2020 to repurpose within EFSI resources from the Infrastructure and Innovation Window Equity Portfolio National Promotional Banks as well as certain existing SMEW products to support working capital lending to companies impacted by Covid-19.

In this context, the EU Guarantee allocated to the SMEW product labelled COSME[11] Loan Guarantee Facility (COSME LGF) Enhancement was increased to EUR 1,484 million and the EU Guarantee allocated to the SMEW product labelled InnovFin SMEG[12] Enhancement was increased to EUR 1,400 million.

The **EIAH** Framework Partnership Agreement signed with the EIB in July 2015 was amended in May 2017 and in April 2018 for the second time after the adoption of EFSI 2.0. Yearly Specific Grant Agreements (SGAs) were signed with the EIB.

The Commission Implementing Decision on the **EIPP** adopted in 2015 ((EU) 2015/1214) was amended with Commission Implementing Decision (EU) 2017/919 in 2017 to increase its accessibility and user-friendliness:

- The minimum project size was reduced from EUR 10 million to EUR 1 million, providing more opportunities for smaller projects such as those supplied by municipalities, regions, SMEs or start-ups;
- The publication of projects on the EIPP is free of charge for all project promoters (public or private) since May 2017;
- Project promoters can register their project online (previously this was done via a downloadable PDF form); and
- Investors can also register online, receive automatic notifications every time a new project is published on the Portal and also subscribe to tailored project updates according to their interests and preferences.

The EFSI commitment period ended on 31 December 2020. Signatures of the already approved EFSI operations may occur until 31 December 2022, whilst operational monitoring will continue until repayment of all financing and investment operations supported by the EU Guarantee (expected until 2080).

[11] Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises.

[12] SMEs & Small Midcaps R&I Loans Service under Horizon 2020.

3.2 Current state of play

After six and a half years since its adoption, by end-2021 the EFSI has triggered some EUR 524.3 billion of investments, thus exceeding the target for mobilised investments of EUR 500 billion. This relates to 708 approved Infrastructure and Innovation projects and 805 SME approved operations with financial intermediaries. These SMEW operations are expected to have eased access to finance for some 1,5 million start-ups, SMEs, and mid-cap companies, including micro and social enterprises (through the EaSI Guarantee Facility[13] and Impact Equity pilot) as well as individuals, enterprises and organisations investing in education and training (via the Skills & Education Guarantee Pilot).

The transactions approved covered the 27 EU Member States plus the United Kingdom across all general objectives set out in the Article 9(2) of the EFSI 2.0 Regulation (see Figures 3 and 4). This geographical spread is notable, taking into account the demand-driven nature of the EFSI and the different state of Member States' economies.

The share of the EFSI signatures in EU13[14] has consistently improved since the start of the EFSI in mid-2015, although in absolute figures (e.g., related to investment to population ratio), at the EIB Group level, the EFSI support remains relatively less predominant in this region.

In terms of guarantee calls, a total of EUR 162 million was called from the EU guarantee as at the end of 2021. However, due to the current economic and social situation and the continuous pandemic implications, an increase in the number and volume of future guarantee calls can be expected.

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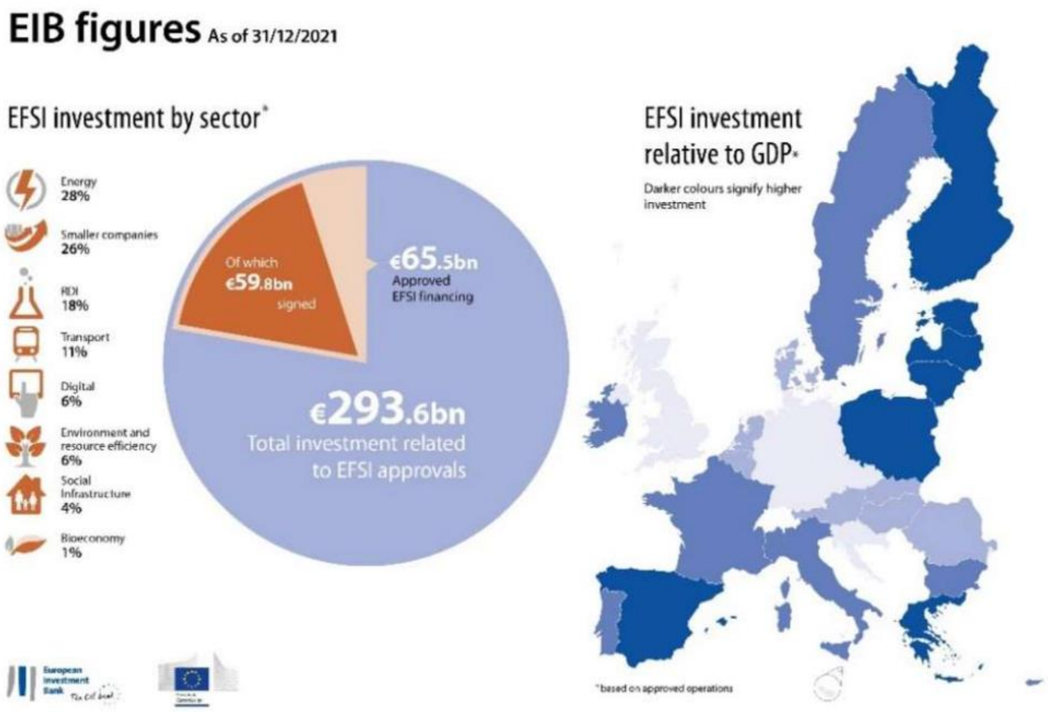
[13] The EFSI resources which were topped up as Second Loss Piece to the EaSI guarantee amounted to EUR 300 million. The first top-up of EUR 100 million was provided in December 2016. This was further increased to a total amount of EUR 300 million at the end of 2018.

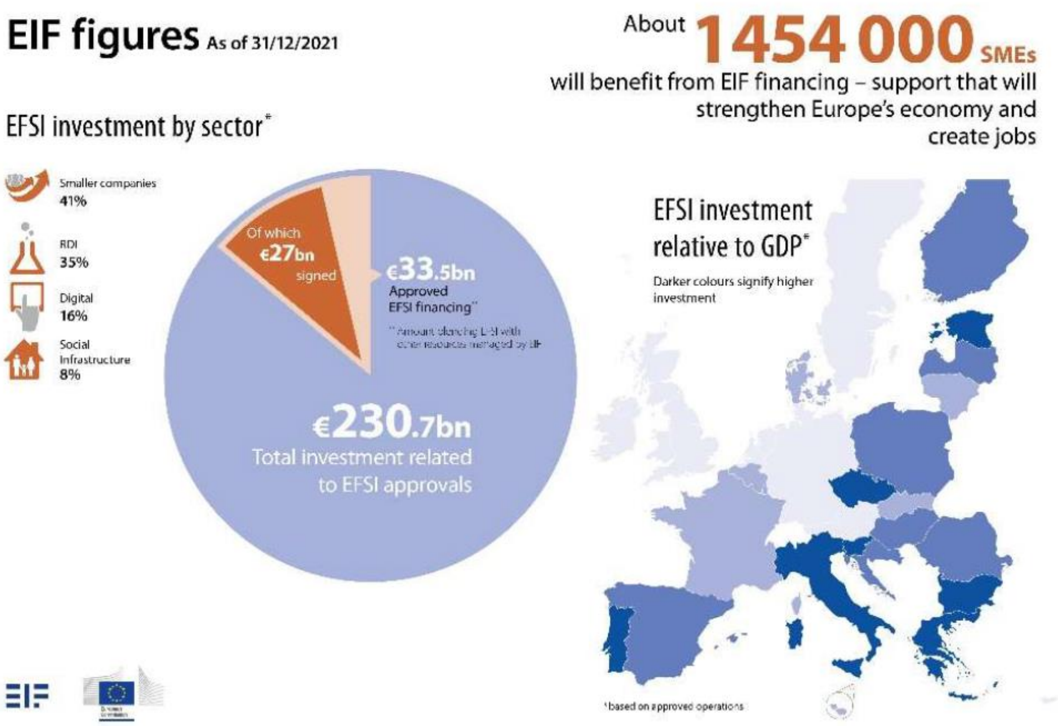
[14] EU13 stands for the group of member States joining the EU since 2004: Czechia, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovak Republic and Slovenia, Romania, Bulgaria, and Croatia.

Figure 3: EIB financing under EFSI IIW



Source: EIB (amounts in EUR are based on the exchange rate of the event (approval / signature))

Figure 4: EIF financing under EFSI SMEW



Source: EIB (based on approved operations)

As regards the EIAH, as of end-December 2021, more than 2030 requests were received from 27 Member States and the United Kingdom, of which 1715 were project-related and about 58% of them came from the private sector. As of end-2021 1,044 assignments were ongoing or completed. The underlying investment project estimated for the EIAH pipeline represents more than EUR 70 billion. Moreover, 77 EIAH-supported projects entered the EFSI pipeline.

In order to ensure broad coverage of advisory services across the whole Union and to establish the cooperation platform as requested in the EFSI Regulation, the EIB and the Commission worked closely with a group of National Promotional Banks or Institutions (NPBIs) and prepared a Memorandum of Understanding for possible cooperation between the EIAH and the NPBIs. In this context, 29 NPBIs from 22 Member States signed Memoranda of Understanding with the EIB. The EIAH, in line with the EFSI Regulation, also established cooperation with the European Bank for Reconstruction and Development (EBRD), where the EIAH supports EBRD's "Advice for Small Businesses Programme" in four Member States (Bulgaria, Croatia, Greece and Romania) in order to enhance SMEs' access to professional advice and support for their growth.

A total of 1,873 projects were submitted to the EIPP since its launch on 1 June 2016 – of which over 1,112 were published as of end-2021 and they spread over 25 high-economic-potential sectors. The total expected investment cost of the published projects amounts to EUR 107.8 billion. Private promoters submitted 94% of these projects.

4. EVALUATION FINDINGS (ANALYTICAL PART)

This section is based primarily on the evaluation reports prepared by the independent consultant, which the EC deems analytically robust and sufficiently evidence based.

4.1 The European Fund for Strategic Investments (including the EU guarantee)

4.1.1 To what extent was the intervention successful and why?

This section assesses the extent to which the EFSI has delivered on its two primary goals: (i) mobilising investment and (ii) enhancing access to finance for SMEs and mid-caps (including micro and social enterprises).

It also examines whether the EFSI has contributed to any wider objectives such as institutional change and market development. In assessing the effectiveness of the EFSI, the evaluation takes a critical look at the additionality of EFSI financing, including any evidence of crowding-out effects. Finally, this section examines the efficiency and coherence of the EFSI.

4.1.1.1 Effectiveness of the EFSI and the EU Guarantee

During the implementation of the EFSI, the cyclical investment gap in the EU gradually disappeared and financing conditions for businesses continued to improve until the Covid-19 pandemic.

Effectiveness in mobilising investment

The EFSI was successful in mobilising a significant volume of private financing and investment across the EU. By the end of 2021, EUR 99.3 billion of EFSI financing had been approved (and 86.6 billion signed), bound to mobilise EUR 524.3 billion of investment across Europe based on approved operations. The EFSI is also on track to achieve its target of mobilising EUR 500 billion of investment based on signatures by the end of 2022.[15] Overall, private financing represents 72% of the investment expected to be mobilised by the EFSI based on signed operations.

The EFSI mobilised investment represented roughly 2.7% of the annual investment at EU level, but in some Member States (particularly in Greece but also in Bulgaria and Estonia) it accounted for a significant share of investment. In fact, apart from a few exceptions, EFSI financing was well-aligned with country-level investment gaps. Generally, the proportion of EFSI financing taken up by each Member State was in line with the relative size of its economy, measured by each Member State's GDP as a share of the total EU27 GDP (Table 1; see also Figures 4 and 5 above).

Table 1: Investment gaps and distribution of EFSI-supported investment

	EFSI Signatures (EUR bn)	EFSI signatures as a % total EU level signatures	National GDP as % EU27 GDP (average over the period 2015-2021)	Investment mobilised EUR bn	Average annual investment mobilised (2016-2021)	EFSI investment mobilised as a % TGFCF (average 2016-2021)	Pre-EFSI Investment Levels (2010-2015)*	Historical trend (1995-2005)**	Investment gap***
Austria	1.962	2,3%	2,7%	6.781	1.130	1,2%	22,48%	24,70%	-2,22%
Belgium	1.708	2,0%	3,3%	8.947	1.491	1,4%	22,62%	21,65%	0,97%
Bulgaria	666	0,8%	0,4%	4.394	732	7,0%	21,28%	16,66%	4,62%
Croatia	367	0,4%	0,4%	1.379	230	2,2%	19,76%	21,28%	-1,52%
Cyprus	154	0,2%	0,2%	398	66	1,6%	16,86%	21,57%	-4,71%
Czechia	891	1,0%	1,5%	6.140	1.023	1,9%	26,18%	31,00%	-4,82%
Denmark	971	1,1%	2,3%	5.115	853	1,3%	18,68%	20,76%	-2,08%
Estonia	266	0,3%	0,2%	3.360	560	7,8%	26,00%	29,22%	-3,22%
Finland	1.802	2,1%	1,7%	12.388	2.065	3,7%	22,30%	21,85%	0,45%
France	14.604	16,9%	17,9%	80.400	13.400	2,5%	22,16%	20,76%	1,40%
Germany	8.017	9,3%	24,0%	38.206	6.368	0,9%	20,02%	21,61%	-1,59%
Greece	2.823	3,3%	1,5%	13.732	2.289	11,6%	12,76%	22,96%	-10,20%
Hungary	526	0,6%	1,0%	4.143	691	2,0%	20,30%	23,96%	-3,66%
Ireland	1.080	1,2%	2,3%	6.686	1.114	0,9%	18,62%	23,50%	-4,88%
Italy	12.006	13,9%	13,1%	73.362	12.227	3,9%	18,38%	20,29%	-1,91%
Latvia	168	0,2%	0,2%	935	156	2,4%	23,04%	23,35%	-0,31%

[15] To be confirmed on the basis of official EIB Group reporting as at 31 December 2022.

Lithuania	251	0,3%	0,3%	1.380	230	2,3%	18,00%	21,59%	-3,59%
Luxembourg	124	0,1%	0,4%	542	90	0,9%	18,58%	21,03%	-2,45%
Malta	40	0,0%	0,1%	199	33	1,2%	18,00%	22,05%	-4,05%
Netherlands	3.056	3,5%	5,8%	14.043	2.341	1,4%	18,92%	21,45%	-2,53%
Poland	3.259	3,8%	3,9%	19.517	3.253	3,7%	19,78%	20,44%	-0,66%
Portugal	2.770	3,2%	1,5%	10.735	1.789	4,9%	16,92%	25,42%	-8,50%
Romania	972	1,1%	1,4%	4.471	745	1,6%	25,66%	21,15%	4,51%
Slovakia****	572	0,7%	0,7%	1.849	308	1,7%	21,12%	28,98%	-7,86%
Slovenia	197	0,2%	0,3%	1.343	224	2,5%	19,74%	25,64%	-5,90%
Spain	11.439	13,2%	9,3%	51.966	8.661	3,8%	19,10%	25,05%	-5,95%
Sweden	3.249	3,8%	3,6%	13.178	2.196	1,9%	22,74%	21,39%	1,35%
UK	1.691	2,0%	0,0%	20.354	3.392	0,8%	15,98%	25,05%	-9,07%
Regional - EU	10.934	12,6%	-	85.633	14.272	-	0,00%	0,00%	0,00%
Non-EU	302	0,35%		478					
Total	**86.868**	**100%**	**100%**	**492.058**	**81.930**	**2,7%**	**19,64%**	**21,10%**	**-1,46%**

*The period 2016-2021 is taken due to the small volume of EFSI signatures in 2015 (3% of the total EFSI signatures)
** Calculated as average annual GFCF over the period 2010-2014
***EU average used for Slovakia and Poland due to absence of data
Sources: ICF analysis based on combined IIW and SMEW Operational reports, IIW portfolio bottom-up analysis, SMEW Operational reports, Eurostat

In line with Article 9 of the EFSI Regulation, EFSI-backed operations addressed a range of market failures and sub-optimal investment situations, albeit to varying degrees.[16] These include:

- Financial support to entities having up to 3 000 employees;
- Development and deployment of information and communication technologies;
- Development of the energy sector;
- Development of transport infrastructures, and equipment and innovative technologies for transport;
- Environment and resource efficiency;
- Human capital, culture and health;
- Research, development and innovation; and
- Sustainable agriculture, forestry, fishery, aquaculture and other elements of the wider bio-economy.

[16] Based on a review of project descriptions for the entire EFSI portfolio and deep-dives of a sample of operations.

Table 2: EFSI mobilised investment by thematic area

	IIW		SMEW		Total EFSI	
Objective as per Article 9	**Volume**	**% Total**	**Volume**	**% Total**	**Volume**	**% Total**
Energy	77,807	28%			77,807	16%
Financial support to entities having up to 3 000 employees	73,817	26%	85,097	40%	158,914	32%
RDI	50,719	18%	74,552	35%	125,271	25%
Transport	31,472	11%			31,472	6%
ICT	16,907	6%	33,401	16%	50,309	10%
Environment and resource efficiency	17,081	6%			17,081	3%
Human capital, culture and health	9,791	3%	17,429	8%	27,221	6%
Bioeconomy**	2,904	1%			2,904	1%
Regions*	1,080	0.4%			1,080	0.2%
Total	**281,578**	**100%**	**210,480**	**100%**	**492,058**	**100%**

*Less-developed and transition regions

**Sustainable agriculture, forestry, fishery, aquaculture and wider bio-economy

Note: EFSI mobilised investment reflects the overall volume of investment expected to be mobilised by the EFSI over several years by operations signed until the end of 2021. All figures are in EUR billions.

Source: EFSI Combined IIW and SMEW Operational Report 2021.

Overall, it is hard to judge if EFSI financing was well balanced across all policy objectives / thematic areas (see Table 2), as policy objectives / thematic areas are broadly defined, and hard to be assigned precise weights; yet, overall, EFSI-IIW financing was well targeted to areas where the private sector is less likely to invest on its own. Several examples can be found of this nature, most notably including:[17]

- *EFSI financing to support investment in new technologies*. For example, the EIB provided EFSI financing to a biopharmaceutical company in Germany to develop a safe and effective vaccine against Covid-19 and its production on the scale necessary to make the vaccine available globally;
- *EFSI support to large, complex projects*. For example, the EFSI financed a large-scale greenfield urban development project in France; and
- *EFSI investments in social objectives and public goods*. This includes projects where social return is higher than private return such as network goods (e.g., transport and energy networks), public goods (e.g., health and education facilities[18]) and goods that deliver social objectives (e.g., social housing[19]). By end 2021, 4% of EIB-financed investment and 8% of EIF-financed investment are channelled to social infrastructure.

[17] Examples of EFSI-backed projects by country and sector can be found on the IPE website (https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/investment-plan-europe/investment-plan-results_en).

[18] For example, the EIB is extending EFSI-backed lending to the University of Latvia (EUR 30 million) and to the Medical University of Warsaw (EUR 24 million) to build state of-the-art research and study facilities.

[19] Likewise, an EUR 42 million loan was granted for the first time to the municipal communal housing company in Poznan (Poland) to finance the construction or refurbishment of around 1 160 social housing apartments for low-income earners and 14 community healthcare centres. Details can be found on the following website: https://www.eib.org/en/stories/efsi-in-poland.

EIB financing under the IIW also offered several features that were not available to project promoters from alternative sources (private or public). These included:

- *Scale of financing* (financing of a similar scale would not have been possible from alternative sources/ channels) – for instance, among the sample of projects selected for deep-dives, EFSI financing to projects in the ICT, manufacturing, transport and energy sectors (across France, Germany, Greece, Italy and Spain) averaged around EUR 200 million;
- *Lower interest rates* / cost compared to prevailing market interest rates;
- *Flexibility of financing conditions* e.g., floating or fixed rates depending on needs, flexibility of drawdowns, grace period etc.;
- *Long-term nature of EIB financing*, thereby lowering average financial costs and facilitating repayments;
- *Funding diversification* for promoters;
- *Tailored or innovative financing solutions;*
- *The "green stamp"* for projects in certain sectors, e.g., if the project was selected for the EIB's Climate Awareness Bond financing;
- *EIB's technical expertise, and technical and legal due diligence;* and
- *Quality stamp / reputational benefit of the EIB's involvement.*

Despite some stakeholder feedback suggesting that EFSI financing under the IIW may have overreached, and crowded-out private or NPBI finance in a few instances, all in all, the weight of the evidence suggests that EFSI played a role in reducing the investment gap in Europe by accelerating and boosting investment in areas characterised by market failures or sub-optimal investment needs.

Effectiveness in improving access to finance

EFSI financing has supported hundreds of thousands of enterprises across Europe. As of 31 December 2021, the SME window under EFSI had provided EUR 33.5 billion of financing to an estimated 1.5 million SMEs and mid-caps across the EU. Additionally, SMEs and mid-caps were also supported through several intermediated lending operations under the IIW. Beyond the headline numbers, EFSI financing has backed several top start-ups and unicorns (valuation > EUR 1 billion). For example, SMEW equity operations went to several new TOP 100 start-ups in Germany and unicorns, such as Sennder and Isar Aerospace, which are among the list of Top 100 start-ups in Germany.

A range of products (debt, equity and quasi-equity / venture debt) were deployed or piloted under the EFSI to meet the diversity of financing needs across segments, sectors and geographies. In its first phase, EFSI financing under the SMEW was used to front-load and top-up existing financial instruments such as COSME and InnovFin[20]. Overtime,

[20] "EU Finance for Innovators" initiative under Horizon 2020.

as the focus shifted from volume to additionality, a range of new products were piloted or developed under SMEW to meet financing needs in specific segments and thematic areas, e.g.:

- The *European Scale-up Action for Risk capital*;
- The *digitalisation pilot* under COSME to provide enhanced access to finance to SMEs undertaking a digital transformation;
- *Private credit product*, to increase the availability of non-bank financing for businesses from alternative investment funds;
- *EFSI combination product*, targeted primarily to the agricultural sector by stimulating a greater allocation of European Agriculture Fund for Rural Development (EAFRD) funds in Europe;
- *Skills & education* pilot;
- *EFSI pilot on social impact and impact investing*; and
- Additional product offering in the fields of blue economy, life sciences, artificial intelligence, and blockchain technologies.

Patterns of absorption of the SMEW products vary across countries. In several Member States, a significant share of the SMEW support was channelled through NPBIs and/or counter-guarantee institutions (e.g., Ireland, France, and Italy). The involvement of NPBIs had certain advantages in the form of a higher multiplier effect and complementarity with national promotional products. The product mix also reflected differences in market needs, as well as the structure and sophistication of financial markets. On the other hand, there was limited take up and reach of the SMEW relative to needs in countries such as Croatia, Latvia, Poland and Slovenia (see Table 3). This also reflected semi-structural factors, such as the limited extent of NPBIs and/or counter-guarantee institutions' involvement, the product mix offered, the average loan amount (the higher the average loan amount, the fewer the number of beneficiaries reached) and the financial intermediaries capacity.

Table 3: Financial constraints and distribution of SMEW financing

	Signatures/EIF financing		Member State GDP as share of EU GDP	Final Recipients			% SMEs declaring they face credit constraints (2019)	Number of micro enterprises and SMEs (2019)	Share of enterprises supported by EFSI	Breakdown of Financing Signed		
Country	Total SMEW Financing (EUR million)	SMEW financing signed as a % total SMEW		No of final recipients	Amount of financing received (EUR million)	% of total number of final recipients				% EFSI Financing COSME	% EFSI Financing other debt*	% EFSI Financing equity
Austria	300	1.1%	2.7%	2,741	923	0%	4%	329,937	0.8%	6%	94%	0.0%
Belgium	244	0.9%	3.3%	6,620	1,406	1%	6%	672,617	1.0%	23%	70%	7.5%
Bulgaria	296	1.1%	0.4%	10,796	1,875	1%	11%	347,971	3.1%	36%	64%	0.0%
Croatia	262	1.0%	0.4%	1,624	364	0%	10%	181,989	0.9%	1%	88%	11.7%
Cyprus	9	0.0%	0.2%	23	20	0%	8%	57,196	0.0%	0%	100%	0.0%
Czechia	739	2.8%	1.5%	22,064	3,095	3%	7%	1,057,113	2.1%	13%	87%	0.0%
Denmark	406	1.5%	2.3%	1,438	1,460	0%	6%	227,730	0.6%	3%	97%	0.0%
Estonia	50	0.2%	0.2%	4,201	460	1%	10%	82,100	5.1%	63%	7%	29.9%
Finland	145	0.5%	1.7%	4,970	1,520	1%	0%	232,141	2.1%	38%	21%	41.1%
France	3,029	11.3%	17.9%	190,790	15,548	25%	3%	2,963,416	6.4%	10%	75%	14.9%
Germany	1,193	4.4%	24.0%	24,998	6,988	3%	5%	2,580,860	1.0%	9%	62%	28.6%
Greece	502	1.9%	1.5%	24,871	3,592	3%	18%	717,154	3.5%	63%	34%	3.0%
Hungary	153	0.6%	1.0%	13,770	1,272	2%	10%	646,130	2.1%	30%	70%	0.0%
Ireland	331	1.2%	2.3%	6,561	606	1%	8%	265,297	2.5%	9%	57%	33.7%
Italy	3,535	13.2%	13.1%	196,475	22,701	26%	6%	3,613,275	5.4%	14%	66%	20.4%
Latvia	24	0.1%	0.2%	2,691	163	0%	19%	111,434	2.4%	26%	74%	0.0%

	Signatures/EIF financing		Member State GDP as share of EU GDP	Final Recipients			% SMEs declaring they face credit constraints (2019)	Number of micro enterprises and SMEs (2019)	Share of enterprises supported by EFSI	Breakdown of Financing Signed		
Country	Total SMEW Financing (EUR million)	SMEW financing signed as a % total SMEW		No of final recipients	Amount of financing received (EUR million)	% of total number of final recipients				% EFSI Financing COSME	% EFSI Financing other debt*	% EFSI Financing equity
Lithuania	18	0.1%	0.3%	3,169	231	0%	15%	219,530	1.4%	23%	77%	0.0%
Luxembourg	81	0.3%	0.4%	461	611	0%	5%	35,122	1.3%	2%	98%	0.0%
Malta	7	0.0%	0.1%	4	4	0%	8%	31,792	0.0%	74%	26%	0.0%
Multi-country (SMEW)	9,860	36.8%	-	-	-	-	-	-	-	-	-	-
Netherlands	661	2.5%	5.8%	12,913	2,029	2%	5%	1,292,840	1.0%	5%	61%	34.2%
Poland	292	1.1%	3.9%	59,201	2,608	8%	14%	2,018,958	2.9%	51%	36%	13.7%
Portugal	1,568	5.8%	1.5%	10,740	3,231	1%	5%	929,317	1.2%	5%	92%	3.1%
Romania	279	1.0%	1.4%	27,524	1,174	4%	13%	515,051	5.3%	18%	82%	0.0%
Slovakia	57	0.2%	0.7%	6,466	342	1%	4%	511,488	1.3%	30%	70%	0.0%
Slovenia	44	0.2%	0.3%	3,713	669	0%	10%	148,782	2.5%	49%	39%	11.9%
Spain	1,907	7.1%	9.3%	114,082	9,756	15%	6%	2,689,291	4.2%	16%	69%	15.2%
Sweden	407	1.5%	3.6%	6,728	2,070	1%	3%	646,376	1.0%	0%	78%	21.8%
United Kingdom	427	1.6%	-	1,386	3,735	0%	7%			0%	15%	84.5%
Total	26,826	100.0%	0.0%	761,084	88,749	100%	8%	22,794,970	3.3%	13%	69%	18.3%

*Includes InnovFin, CCS, EaSI, EFSI Combination Product (ECP), Skills & education
**Data on financially constrained firms in Finland not available
Sources: ICF analysis based on SMEW Operational reports (signed operations), Eurostat, EIBIS

In line with its intervention logic, the EFSI resulted in improved availability and conditions of finance for SMEs and mid-caps (including micro and social enterprises). Financial intermediaries interviewed consistently reported that the EFSI support enabled them to:

- Increase lending volumes;
- Target riskier clients / under-served / niche segments;
- Offer better terms and conditions as compared to their normal business practice;
- Enhance their offer; and
- Develop their risk appetite.

This was possible thanks to the incentivisation mechanisms built in the SMEW design, such as:

1. Risk reduction, high guarantee coverage (especially on a loan-by-loan basis for COSME and InnovFin top-ups);
2. Zero fee (for COSME top-ups);
3. Design that ensured the State aid consistency of EFSI financing. No further State aid conditions or procedures had to be followed by EIB/beneficiaries (no need of checking limits as in case of *de minimis* aid/ possibility to target companies that used up their *de minimis* limits); and
4. Capital relief.

Despite inevitable 'deadweight',[21] the above results would have been difficult to achieve without EFSI support. For example, in Latvia, the SMEW top-ups for the InnovFin guarantees enabled financial intermediaries to provide loans and leases to innovative SMEs and small mid-caps across various sectors, which would not have otherwise been possible. Likewise, intermediaries reported that EaSI microfinance guarantee programme, topped up under the EFSI SMEW, allowed them to provide loans (of up to EUR 25,000 in value) to financially-excluded self-employed individuals and microenterprises without the need for collateral. The EFSI also contributed to enhancing and diversifying access to finance, by supporting the development of equity and alternative sources of finance, where the EIB Group's added value is particularly pronounced.

[21] Changes that would have occurred even in the absence of intervention. In the EIB EV survey of EFSI-backed financial intermediaries, 10% of the respondents reported that in absence of the EFSI support they would have obtained the financing/ guarantee from another source (similar size, same timeframe and features). This level of deadweight is relatively low and within acceptable bounds. There is however, the risk of a potential positive bias in the responses of supported financial intermediaries.

Financing climate action

EFSI delivered on its target of 40% financing for climate action under the IIW. 59% of the EFSI operations signed until the end of 2021 had a climate action component. This represented **44%** of the signed EFSI IIW volumes. Overall, the EFSI supported 392 operations (half of which concentrated in Germany, Spain and France) that had a climate action component with EUR 20.5 billion of financing. The introduction of the climate action target, however, did not have any side effects on the geographical diversification or the risk profile of the EFSI portfolio. Nevertheless, in terms of the composition of the portfolio, the EFSI also financed projects with potential environment externalities, notably when these addressed sub-optimal investment situations in specific regions or countries.

Alleviating the impact of Covid-19 pandemic on the European economy

By enabling a quick and flexible response, the EFSI proved to be an effective counter-cyclical instrument during the Covid-19 pandemic. The feedback on the Covid-19 response by the EIB Group in general and under the EFSI specifically is very positive: quick response, well-tailored to changing needs, at considerable scale, under both the IIW and SMEW (see box).

Summary overview of Covid-19 response under EFSI

SMEW

Reallocating within the EFSI some EUR 1 billion of available EFSI resources towards existing guarantee products under the SMEW (InnovFin SMEG Enhancement and *COSME LGF Enhancement)* managed by the EIF to the benefit of the hard-hit SMEs and mid-cap sector in the EU, with a view to mobilise some EUR 8 billion of additional financing. At the time, the majority of their budget resources had been largely absorbed. The calls for expression of interest for the two EFSI SMEW products (the COSME Loan Guarantee Facility Enhancement and InnovFin SME Guarantee Facility (SMEG) Enhancement) were published as early as April 2020, with closing in June 2020. The calls were oversubscribed.

Updated terms and conditions. These were made available to new intermediaries through the calls for expression of interest and granted semi-automatically to existing intermediaries (after financial intermediaries submitted their applications through an online form on the EIF's website). The most important enhancements to the terms offered specifically under the two SMEW products (COSME LGF Enhancement and InnovFin SMEG Enhancement) comprised the following:

- Increase the guarantee rate for working capital from 50% to up to 80% for transactions under the COSME LGF and InnovFin SMEG (with retroactive effect from April 2020);
- Maximum guarantee cap rate increased from 20% to 25% (COSME);
- Minimum financial intermediary risk retention reduced from 20% to 10%;
- Postponement, rescheduling or credit holiday period explicitly allowed;
- Coverage of accrued or capitalised interest extended to 360 days;
- Possibility of increasing the maximum rollover period of revolving credit transactions from five to nine years (COSME LGF) and to six years (InnovFin SMEG);
- Possibility of verifying innovation eligibility criteria based on self-declarations by companies rather than independent confirmations (InnovFin SMEG);

- Refinancing of existing guaranteed transactions permitted (InnovFin SMEG);
- Minimum maturity of bridge financing reduced to six months (InnovFin SMEG); and
- Speedier treatment of requests for approval thanks to measures at the level of the EIF Board (streamlining the compliance risk assessment and the request for approval template).

The updated terms and conditions were, according to financial intermediaries concerned interviewed as part of EIB EV[22]'s evaluation, very useful for them to maintain their activity throughout the pandemic.

Note: enhanced terms and conditions were made available also for other SMEW products: the EaSI GFI[23] and the CCS GF product and the InnovFin Equity[24] facility. Unlike COSME and InnovFin SMEG, these facilities did not however benefit from additional budget reallocation within the EFSI.

IIW

41 new EFSI operations approved in 2020 specifically targeting Covid-19 crisis response for an amount of EUR 4.5bn. These included:

- A dedicated EUR 2 billion Programme Loan for support to SMEs and Mid-Caps via mezzanine tranches in Asset-Backed Security transactions facilitating up to EUR 10 billion of additional intermediated financing.
- A venture debt programme (the European Growth Finance Facility (EGFF)), that targets the early and growth stage highly innovative European companies in sectors such as ICT, energy efficiency, engineering and life science (including innovative biotech or medtech companies/ projects involved in the fight against Covid-19).
- Financing to BioNTech for the development and manufacturing of its vaccine candidate which became the first approved vaccine against the SARS-CoV-2 virus in the EU and saved about 6 million lives only in 2021.
- Simplified approval process for specific underlying operations within Covid-19 Envelopes of financing under the IIW, as decided by the Steering Board in April 2020, including for:
  (i) Sub-operations above the threshold of EUR 50 million under the Covid-19 specific programme loans, which would normally be examined and approved individually, were approved under their respective programme loans; and
  (ii) Top-ups for existing operations and repeat operations with existing clients, to compensate for difficulties in finding new sources of financing.
- Accelerating approvals and signatures for EIB Group-financed operations in general, including the EFSI operations. In general EIB Covid-19 operations were more than twice as fast in moving from the launch of the project appraisal to the first disbursement.

Sources: 2020 and 2021 EFSI REPORT - From the European Investment Bank to the European Parliament and the Council on EIB Group Financing and Investment Operations under the EFSI
EIB EV (2021) Rapid assessment of the EIB Group's operational response to the Covid-19 crisis, December 2021.
EIB EV (2021) Evaluation of the European Fund for Strategic Investments 2021 – Thematic Report

[22] European Investment Bank Operations Evaluation.

[23] EaSI Guarantee Financial Instrument.

[24] Equity Facility (early-stage capital) for Research and Innovation of Horizon 2020.

Creating jobs and growth

The impact of the EFSI-supported operations on the EU economy was estimated through the RHOMOLO-EIB model.[25] Two main channels were taken into consideration: a shorter-term investment effect and a longer-term structural and competitiveness effect. The estimates concluded that investments supported by EFSI (EUR 545 billion as of end-2020 - final number as end-2022 will be slightly lower due to partial or full cancellations of some operations but still above EUR 500 bn) are expected to help the creation of 2.1 million jobs and generate an increase of EU GDP by 2.4% by 2025, thanks to short-term investment effects.

While short-term investment effect will by nature fade over time, the EFSI impacts on growth and employment are expected to be still visible in the longer term thanks to the more persistent structural effects (e.g., enhanced production technologies, better private and public infrastructure, and greater labour productivity). In line with the intended logic of the EFSI intervention, the model also concluded that Cohesion regions[26] benefit significantly more than better-developed regions both in the short and long term (twice as high and 10% higher, respectively, when it comes to GDP impact). Similarly, countries hit hardest by the 2008 economic and financial crisis are expected to benefit more from EFSI.

Cooperating and collaborating with NPBIs

The EFSI placed a significant emphasis on cooperation and collaboration with NPBIs and indeed high levels of NPBI involvement were achieved under the EFSI. Overall, 20.5% of EFSI financing was implemented in collaboration with NPBIs, with greater collaboration under the SMEW (21% of operations and 28% in terms of volume) as compared to the IIW (12.5% of operations and 17% of IIW financing). 60 investment platforms were set up in 18 Member States reflecting an important outreach effort, but their set-up and implementation was deemed complex and inefficient, due to the large transaction costs and expertise required, making collaboration with NPBIs often challenging. For this reason, investment platforms were more attractive in large Member States with experienced and established NPBIs.

4.1.1.2 Efficiency of the EFSI and the EU Guarantee

The evaluation looked at the following aspects of efficiency: (i) the budgetary impact of the first loss piece covered by the EU; (ii) the multiplier effect achieved; (iii) the

[25] EIB (2021) Macroeconomic Impact of the European Fund for Strategic Investments. Complementary section to the Evaluation of the European Fund for Strategic Investments 2021.

[26] Cohesion Member States are Bulgaria, Czechia, Estonia, Greece, Croatia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Portugal, Romania, Slovenia, and Slovakia.

adequacy of the Guarantee Fund provisioning; and (iv) governance and implementation structure.

Budgetary impact of the first loss piece covered by the EU

Under the SMEW, resources from the EFSI were combined with resources from other EU sectoral programmes in the following manner: the portfolio's first loss piece (FLP) from Horizon 2020, COSME, EaSI and CCS would pay for all guarantee calls from the EFSI as well as non-EFSI operations signed under those mandates; the EFSI second loss piece (SLP) would cover guarantee calls with respect to the EFSI. The full scale of losses is yet unknown as the operations are still underway, but the table provides an indication of the potential budgetary impact of the FLP together with EFSI SLP. Later on in this section, the adequacy of provisioning under the EFSI is discussed.

Table 4: Budget contribution and investment mobilised

EFSI financial product with FLP from Financial Instrument	FLP coverage by Financial Instrument	SLP coverage by EFSI guarantee	Total EU budgetary coverage in EUR	Investment mobilised million EUR	Investment mobilised per EUR of EU contribution
(1)	(2)	(3)	(4)=(2)+(3)	(5)	(6)=(5)/(4)
SMEW InnovFin SMEG	1,184,845,728	1,400,000,000	2,584,845,728	33,312	13
SMEW COSME LGF	1,124,350,257	1,484,000,000	2,608,350,257	84,398	32
SMEW EaSI	118,030,729	300,000,000	418,030,729	4,125	10
SMEW CCS	112,535,229	130,000,000	242,535,229	3,088	13
Sub-total: debt products	2,539,761,943	3,314,000,000	5,853,761,943	124,923	21
SMEW Equity sub-window 2*	728,550,000	429,035,000	1,157,585,000	33,285	29
Total: debt + equity	**3,268,311,943**	**3,743,035,000**	**7,011,346,943**		

*Also known as the IFE Facility for Early Stage. This is a structured financial product with an overall financial envelope of EUR 1,619 million; it combines resources from InnovFin Equity (45%), EFSI (26.5%) and EIF (28.5%).

Note: Some fund of funds investments were made in the pan-European FoF programme of IFE, hence the high amount of investment mobilised

Source: EFSI SMEW Operational Report 2021

Multiplier effect of the EFSI

The EFSI has delivered a high multiplier effect, exceeding initial assumptions. The currently estimated multiplier effect of the EFSI (15.75) is slightly higher than the initial target of 15. The multiplier effect captures the relation between the underlying EFSI support and the amount of total investment that is expected to be generated by such financing (i.e., the total project cost for investment). The total multiplier is made of two components: (i) the internal multiplier which shows the multiple between the underlying EFSI contribution and the amount of EIB/EIF financing and (ii) the external multiplier which shows the multiple between the EIB/EIF financing under the EFSI and the amount of total investment.

Neither the EFSI multiplier methodology, nor the EFSI Regulation, make the assumption that all sources of finance flowing into a project are attracted as a result of the EFSI guarantee. As such, the multiplier methodology does not claim attribution or causality. The methodology is used as the best indication of total investment mobilised (irrespective of the actual circumstances underlying the mobilisation) – with some adjustments e.g., with regards to other EU co-financing (e.g., EU grant-financing, EU financial instruments or European Structural and Investment Funds (ESIF) grants or financial instruments including related national co-financing) are not taken into account in the calculation of the multiplier.[27]

Adequacy of the Guarantee Fund provisioning

EFSI has two financing components: the maximum guarantee amount from the EU budget of EUR 26 billion and the maximum EIB allocation amount of EUR 7.5 bn. This evaluation considers the EU guarantee and its provisioning of 35%, which was chosen to avoid a 'pay as you go' approach. Cumulative budgetary appropriations for EFSI provisioning transferred and paid into the Common Provisioning Fund (CPF) by 2021 amount to EUR 8.769 billion, including the remuneration received according to the EFSI Agreement to the extent transferred to the CPF as internal assigned revenues (EUR 0.731 billion). By 2023 the cumulative appropriations are planned to reach EUR 9.521 billion, including EUR 1.096 billion of internal assigned revenues.

The overall EFSI provisioning set at 35% sufficiently protects the EU budget. A model-based analysis conducted as part of this evaluation (see Annex IV) shows that the provisioning rate of 35% is adequate, i.e., it will avoid future burden of the EU budget. In fact, with a conservative approach until the end of 2021 additional (small) buffers were created on top of the budget appropriations (internal assigned revenues, unused guarantee allocations, value adjustments, etc.). The provisioning does not cover the expected loss only; according to a Value at Risk (VaR) approach, it will be sufficient to cover with 95% probability the potential future losses (including unexpected losses) over the programme's lifetime.

Governance and implementation structure

The governance structure that had been set-up for the EFSI worked well. Interviewees highlighted several positive aspects of the governance structure:

- The governance structure brought together the market knowledge and banking expertise of the EIB with policy steer from the EC, while ensuring clear separation between the EIB and the EC (between the lender and guarantor);
- Clear role for the Investment Committee (IC) - purely responsible for decisions around the allocation of the EU guarantee and balancing well policy and financial considerations;
- Decisions of the IC being facilitated by the Guarantee Request Form with a strict timetable for the IC to make decisions (10 working days); and

[27] In the case of the SME window, the EFSI contribution cannot be disentangled from the first loss piece provided by other EU financial instruments (e.g., COSME, InnovFin, EaSI and CCS).

- The Steering Board enabling open and transparent discussions between the EIB and EC. The advantages of a small group were evident in this respect, even if there was some (unsubstantiated) criticism that the Steering Board consisted of the EIB and EC only (plus one observer from the European Parliament).

Transparency of the scoreboard was seen as a positive development. Although it is unclear to what extent the scoreboards were widely accessed and used, the publication of scoreboards improved perceptions of transparency and was generally appreciated by a wide range of stakeholders. Overall, there was consensus among stakeholders interviewed as part of the external evaluation that transparency efforts bring added value as long as (i) they do not burden the final beneficiaries, intermediaries, or implementing partners and (ii) they do not negatively impact time to market of the EFSI support.

4.1.1.3 Coherence of the EFSI and the EU Guarantee

Internal coherence of the IPE

There were limited linkages between the three components of the IPE subject to this evaluation (EFSI, EIAH and EIPP). Expectations as to the Hub's role in pipeline generation increased with EFSI 2.0 enhancements. It was not the case for the EIPP for which it was not monitored whether EIPP projects get financing from the EFSI given that this was not an objective of the Regulation.

Complementarity between the EFSI and other relevant EU interventions (e.g., CEF[28], Horizon 2020 and ESIF)

Following the launch of the EFSI, some of the existing EU financial instruments had to be re-configured to avoid overlaps. In particular:

- Following the launch of the Expansion and Growth Window under the EFSI Equity instrument, the Equity Facility for Growth (EFG) was refocused to prioritise funds investing in COSME third countries participating in the programme;
- The InnovFin Delegation Agreement was amended various times, among other, to provide financing to higher-risk thematic products (on infectious diseases and on energy demonstration projects, as well as investment platforms); and
- The Connecting Europe Facility Debt Instrument (CEF-DI) Delegation Agreement was amended in June 2019 to focus on green innovative investments, ensure complementarity with the EFSI and to allow for the absorption of the NER 300 programme.[29]

[28] Connecting Europe Facility.

[29] The NER 300 is an EU funding programme pooling together about EUR 2 billion for innovative low-carbon energy demonstration projects.

The co-existence of existing mandates under the SMEW, each with its own rule book, created operational challenges, particularly for (smaller) financial intermediaries. The combination of the EFSI with the ESIF (structural funds) was a key challenge, as the regulatory environment remained not conducive to such combination. Yet, the EFSI combination product (with the EAFRD) eventually proved successful, despite being utilised only in few cases, as it was introduced with the Omnibus Regulation. It has helped the creation of much larger portfolios of guaranteed loans and the achievement of a very high leverage effect for financial instruments under shared management, such as in France (region Nouvelle-Aquitaine), or has helped the setting up of an instrument in a situation where the demand for financing has been very high, like in Portugal.

4.1.2 How did the EU intervention make a difference?

4.1.2.1 EU added value of the EFSI and the EU Guarantee

The EU added value of the EFSI was significant and wide-ranging. Apart from the scale of financing made available by the EU guarantee, the following aspects constituted key elements of the EU added value of the EFSI:

- Financing of multi-country operations – such operations received EUR 11 billion of EFSI financing;
- Helping move international cooperation ahead e.g., European Securitisation Initiative;
- Provided a proof of concept for budgetary guarantees as a tool for mobilising private investment efficiently and effectively;
- Contributing to shifting mind-sets at the EU and national levels, e.g., in a more joined-up approach within the Commission with several policy DGs working together, or in changing perspective in favour of investment / SMEs;
- Developing institutional capacities within NPBIs to implement guarantee schemes and investment platforms; and
- Developing niche products such as venture debt and addressing gaps in niche/ under-served segments (e.g., agriculture, micro-finance, leasing).

Moreover, as compared to national promotional schemes, the EFSI allowed for more favourable conditions,[30] including:

1. Better pricing conditions (e.g., free guarantees under COSME);
2. More modest co-financing requirements;
3. Higher guarantee rate;
4. Wider / less restrictive eligibility criteria (including e.g., agriculture or leasing, non-bank intermediaries);
5. Design that ensured the State aid consistency of EFSI financing. No further State aid conditions or procedures had to be followed by EIB/beneficiaries (no need of checking limits as in case of *de minimis* aid/ possibility to target companies that used up their *de minimis* limits); and

[30] However, this did not apply everywhere. See section on coherence.

6. Lower administrative requirements.

The EFSI support often complemented national promotional schemes. In Poland, for example, the EFSI addressed niches / gaps not covered by national schemes, such as assistance for start-ups, leasing transactions, and the agriculture sector. But there is also evidence of some competition between the EFSI and national promotional schemes.

4.1.2.2 Additionality of the EFSI with respect to other EU financial instruments

Additionality with respect to existing EU financial instruments was reverse-engineered, addressing potential overlaps through *frontloading* (of COSME and InnovFin), *topping-up* (of guarantee products), *developing a bigger equity instrument* under the EFSI, and *developing deal allocation policies* (to manage overlaps with the CEF Debt instrument and with InnovFin Debt products). There were, however, some clear advantages of the EFSI compared to existing EU financial instruments. For example, the EFSI budgetary guarantee freezes less budgetary resources compared to classical financial instruments, as it requires limited provisioning needs compared to the level of financial engagement.

4.1.2.3 Additionality of the EU Guarantee

At portfolio level, the EIBG would not have been able to provide the same volumes of financing targeting higher risk projects - otherwise often unviable - without the EFSI guarantee. The EFSI IIW represents a fundamental shift in the nature of projects financed by the EIB. The EFSI projects are riskier, smaller than a standard EIB project and more complex (often with new clients, sub-investment grade borrowers or using more complex products or in new markets). EFSI operations thus, tend to be costlier to implement (higher costs involved in deal origination, structuring and monitoring), more capital intensive (due to their higher risk profile) and less profitable in terms of revenue generation (due to their smaller size).

Factors contributing to the higher risk of the EFSI operations under the IIW

On the basis of a sample-based review of the IIW operations, the most common risk factors identified were as follows: (1) financial / credit risk; (2) market risk; and (3) implementation risk. The EIB Evaluation Division's evaluation of the Group's Special Activities (70% of which are EFSI backed) further identified the following factors:

- Higher risk profile of the borrower. The special activities portfolio has a much higher share of non-investment grade borrowers (68%) in terms of volume as compared to the EIB's standard operations (13%) and
- The unsecured and subordinated structure of the EIB financing.

Financial / credit risk

Financial / credit risk refers to the promoters' ability to manage their debt and fulfil their financial obligations (repayment of principal and interest and any other fees and charges). Among the projects reviewed, a few were perceived to carry medium to high financial/ credit risk for various reasons, including uncertainty around cash / revenue flows and, hence, promoters' ability to make repayments. For example, a social housing project was assessed to be financially risky as repayment of the EIB loan was expected to rely heavily on the cash flows generated from the lease of the units built by the promoters, in turn dependent on: (i) the demand for the new housing units; (ii) the long-term ability of tenants to pay rent; and (iii) the capacity of the promoters to keep construction and operational costs under control.

Market risk

Market risk is the risk arising from changes in the market to which a promoter / beneficiary organisation has exposure. Market risk was identified in the context of certain operations. It was generally attributed to market dynamics, notably the level of competition/ ease of market entry; demand/ product uptake; and price. For example, the extent of market risk associated with operations in the telecommunications sector was generally considered important (medium/high). Operations aimed at improving broadband access, for example, were exposed to market risk owing to the high degree of uncertainty around future demand/ take-up rates of new broadband solutions (especially among certain target groups – e.g., end-users in rural areas), and rigorous competition in the broadband market, which collectively made it difficult to predict future revenue streams.

Implementation risk

Implementation risks were identified for certain operations. Risk factors commonly cited were cost overruns and delays. Delays were foreseen in the context of large-scale infrastructure projects, such as road construction, but also ‘green’ investments, such as those directed to the renewable energy sector – as such, the authorisation procedures for Photo-voltaic, solar and onshore wind projects and their effective connection to the grid are currently lengthy. Significant implementation risk was also foreseen in the context of an operation in the ICT sector (involving the rollout of Ultra High Speed fibre). Delays were expected due to the country’s complex and slow permit allocation process, and labour shortage.

4.1.3 Is the intervention still relevant?

4.1.3.1 Relevance of the EFSI and the EU Guarantee

In the context of the investment gap illustrated in section 2, the overarching objective of the IPE was to bring investment levels in the EU back on track. It aimed at tackling the three major issues that were holding back investment in Europe — reduced capacity of investors to take risk following the financial and economic crises, lack of pipeline of high-quality investment projects and non-financial barriers to investment. The IPE was structured around three pillars that corresponded to these issues, and described in section 2 above. In particular, pillar one consisted of the EFSI, which was designed to mobilise public and private investments. The idea behind the EFSI was to enhance the risk-taking capacity of the EIB Group by providing an EU budgetary guarantee.

Despite improving macroeconomic and financing conditions, the EFSI remained relevant throughout 2015-2021 as new policy objectives, investment needs and market gaps emerged. Therefore, in response to these new needs, policy developments and feedback (gathered through evaluations, audits, stakeholder consultations etc.), the EFSI was constantly adapted (chiefly in the passage to EFSI 2.0).

Moreover, despite the achievements of EFSI, significant and persistent investment needs - triggered by the Covid-19 pandemic and the Russian unprovoked and unjustified war against Ukraine - remain across EU that require further public intervention. The successor EU-level investment programme, the InvestEU, will continue to support investment in the EU where there are market failures or investment gaps, facilitating economic recovery in line with the EU's green and digital priorities, strengthening resilience, stepping up sustainable investment, innovation and job creation, while ensuring wide geographical coverage of EU support.

4.2 The European Investment Advisory Hub

The specific mandate of the EIAH, as per Article 14 of the EFSI Regulation, was to:

- Be a single point of entry for advisory activities in the EU;
- Support project promoters in developing their activities;
- Support the development of Public Private Partnerships (PPPs), use of financial instruments, combination of EU funds, development of investment platforms and provision of capacity building for the public sector in these areas; and
- Enable peer-to-peer exchanges to a platform, as well as know-how sharing on project development.

Demand-driven in nature, the EIAH services covered all stages of the investment cycle and were intended to complement existing services. With the EFSI 2.0 Regulation, the EIAH had a more specific mandate to support the EFSI pipeline and contribute to its sectoral and geographical diversification.

4.2.1 To what extent was the intervention successful and why?

4.2.1.1 Effectiveness of the EIAH

In previous evaluations (EY, 2016[31]; ICF, 2018[32]), the risk that the EIAH services would potentially crowd out the private sector was noted. There has been no evidence that this has happened. When selecting projects, the EIAH does probe promoters on why EU level advisory is needed. Typically, the EIAH will provide services with EU added value that would not be directly available from the market.

The EIAH as a single entry point for advisory services in the EU

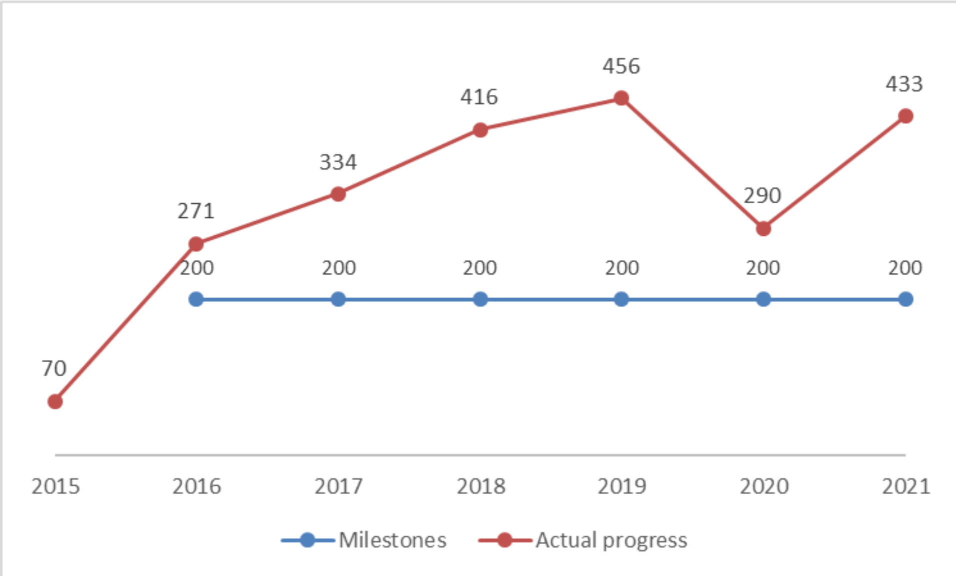
The EIAH functioned effectively as an entry point for advisory services. The EIAH website acted as a good access point with 15,000 to 16,000 unique visitors each year, and

[31] EY (2016), Ad-hoc audit of the application of the Regulation 2015/1017 (the EFSI Regulation), Final Report, 14 November.

[32] ICF (2018), Independent Evaluation of the EFSI Regulation, Final Report, June.

requests systematically exceeding milestones (Figure 5 and the first evaluations (EY, 2016[33]; EIB EV, 2018[34])) had concluded that when the EIAH received requests, it systematically assessed whether these could be covered by the EIAH as well as other existing programmes and signposted the beneficiaries to the most appropriate support.

Figure 5: Number of projects for which advisory support has been requested



Source: ICF based on EFSI Programme Statement (Draft Budget 2023).
Note: the target of 200 was defined ex-ante in 2015, by the European Commission, and has not been revised during the EIAH implementation period

The EIAH's impact on investment generation

Over time, with the EFSI 2.0 Regulation, the role of the EIAH in pipeline generation for the EFSI increasingly became a key area of focus. However, it is challenging to capture the impacts of certain types of advisory activities, as these occur after a considerable time lag.

As of end-2021, the EIAH supported 217 project-specific direct assignments expected to mobilise EUR 30 billion of investment.[35] Moreover the EIAH impact through the Light Projects Advisory (LPA) support, which is by nature very specific and comes late in the investment cycle, is also to be noted. By this indicator, by end-2021, 8% of LPAs had

[33] *Ibidem*

[34] EIB Operations Evaluation (2018), Evaluation of the European Fund for Strategic Investments, June.

[35] Examples include strategic advisory support to one promoter in Italy in the delivery of school projects (PPP), or technical advisory support to the municipality of Athens on the restoration and energy efficiency of historical buildings and on the construction of public spaces.

turned into projects entering the EIB or EFSI pipeline. This is not particularly high (compared to a rate of conversion of 60% for the EIAH project-specific direct assignments), but given the LPAs' overall number of assignments (approx. 1,450 vs 217 EIAH project-specific direct assignments), LPA-related projects represent 40% of the EIAH-supported projects that entered the EIB or EFSI pipeline.

Finally, it should also be noted that, according to the EIAH beneficiaries, advisory activities typically improved the quality of supported projects (e.g., by reducing their environmental impact) and/or contributed to smoother implementation.

The EIAH's contribution to supporting the EFSI pipeline as well as sectoral and geographical diversification of the EFSI

There were several factors that limited the possibilities for the EIAH to generate a substantial pipeline of projects for EFSI financing. These include the demand-driven nature of the EIAH, the eligibility constraints due to the higher risk profile of EFSI-supported projects, and the need for significant upstream project advisory and capacity building advisory that delivers pipeline building activity over a longer time horizon than the period covered under this evaluation. Despite these limitations, the EIAH was able to ensure that 60% of the project-specific, EIAH direct assignments were successful in obtaining either EFSI or EIB financing (classified as standard lending operations) and are expected to mobilise EUR 72.9 billion of investment[36].

The EIAH's efforts to widen the geographic coverage of the EFSI have delivered some results, as projects from cohesion countries are comparatively more present in the group of projects supported by the EIAH compared to the EFSI-supported projects in general (44% vs 23%).

Geographic outreach of the EIAH services

The EIAH provides more value added in Member States where local technical and functional capacity gaps persist, notably in cohesion Member States. Seven cohesion Member States appear in the top ten EIAH beneficiaries. This pattern is to a large extent driven by the high number of small-sized EBRD assignments delivered under the EIAH umbrella in four cohesion countries covered under the "Advice for Small Businesses Programme". Overall, for the assignments managed directly by the EIAH, advisory support was rather well balanced across Europe, with all Member States (MS) being reached and 54% of the assignments taking place in cohesion countries. The geographic distribution of other types of assignments is more mixed.

Sectoral outreach of the EIAH services

[36] EIAH (2021), Technical and Financial Report.

Most of the EIAH assignments (82%) related to the higher priority sectors identified in the 2016 market gap analysis, i.e., SMEs and small mid-caps, environment and resource efficiency, transport and energy; other sectors were less well served. To some extent, this was to be expected, as investments in these other sectors are of a nature that can hardly benefit from advisory services (e.g., ICT investments driven by large corporations that do not require public support to access advisory services).

With EFSI 2.0, there was an expectation that the following sectors would be better served by the EIAH: climate change, circular economy, digital and/or cross-border projects. Overall, the data confirms that climate change is a well addressed theme (all ELENA[37] assignments receiving also EIAH support and 31% of the EIAH direct assignments are somehow related to this issue). Awareness-raising activities were completed on circular economy financing options, and more recently, the EIAH, the EIB Group and the European Commission collectively agreed to create the 'Circular City Centre', a competence and resource centre within the EIB. On digitalisation, on top of the project-specific support delivered, the Hub also launched a market study on the role of Digital Innovation Hubs and the Digital Innovation and Scale-up Initiative, to the benefit of countries in Central and Eastern Europe. Other, more targeted, themes were, however, more marginally addressed by the EIAH, in terms of number of direct assignments completed. For instance, in the social areas, the Hub realised the following services:

- **Social Enterprises** (FR), developing the business model and investment readiness of a consortium of social enterprises in France.
- **Swedish Social Impact Bond (SIB) Assessment Study,** preparing a feasibility study for the implementation of a Social Impact Bond scheme for occupational wellness aiming to improve mental health and reduce absenteeism from work.
- **Health infrastructure projects** (RO), providing both expertise and funding to support the preparation of three health infrastructure projects in underserved areas in Romania.

Contribution to developing new partnerships

To reach regions where needs are greatest, the EIAH sought to establish partnerships, notably with NPBIs. Furthermore, the EIAH hired a permanent advisor located in Sofia and to some extent relied on cooperation with the EIB Advisory Services which have regional offices (e.g., JASPERS[38] has experts in Bucharest, Vienna, Brussels, Warsaw and Sofia).

As part of the cooperation platform with NPBIs, the EIAH supported partner NPBIs' advisory programmes through funding agreements under an EIAH call for proposals. On

[37] European Local ENergy Assistance.

[38] Joint Assistance to Support Projects in European Regions.

the side of the EBRD, the EIAH financed, since 2017, about 70% of the total costs for the implementation of the EBRD Advice for Small Businesses Programme. Overall, cooperation with NPBIs and other International Financial Institutions was initially slow to set up (due to several factors, including legal complexity and NPBIs' varying willingness and capacity to cooperate), but once established, the cooperation was able to deliver results.

Investment platforms

As of end-2021, the EIAH had undertaken 35 investment platform-related assignments, in 16 different countries. The country case study from Bulgaria confirms the EIAH involvement was crucial when setting up new Urban Development Funds (UDFs), to adequately design the tendering to enable selection of well-suited financial intermediaries.

4.2.1.2 Efficiency of the EIAH

Adequacy of budgetary allocation

Over the period under consideration, the deployment of the EIAH activity has not been constrained by budgetary considerations. On the contrary, earlier evaluations highlighted that in its first years, during the ramp up phase, the EIAH underspent its budgetary allocations. One of the identified reasons has been the type of requests received, and the relatively large number of requests with no potential to lead to actual assignments (ECA, 2020[39]). Secondly, contrary to expectations, setting up the EIAH itself and then building an external network of partners was more time intensive than resource intensive (EC replies in ECA, 2020). To adjust to the rather long ramp up phase, the termination date of all SGAs has been pushed back. Over time, with the ramp-up of EIAH's activity, consumption of resources also picked up: as at 31 December 2021, the actual eligible costs of EIAH attributable to the EU budget for the period 2015-2021 were EUR 73 million, or 69% of the amounts available from the EU budget (vs 26% as at 31 December 2018). Since three SGAs are still running, projections on whether or not the EIAH will spend all the budgetary allocation are only tentative.

Pricing policy

The EFSI Regulation provided that cost sharing arrangements be put in place, with some exceptions (services provided to public project promoters were meant to be free of charge) and safeguard conditions (SMEs should not be charged more than a third of the cost of the technical assistance provided to them). While the exception for public promoters was key for them to enter into the process of seeking advisory support (as

[39] European Court of Auditors (2020), The European Investment Advisory Hub - Launched to boost investment in the EU, the Hub's impact remains limited, Special Report 12/2020.

declared in country case interviews), the fee created barriers to access the services for private project promoters (they only represented 6% of Hub beneficiaries as of end-2021). In 2018, the EIAH Coordination Committee however did relax the rules for LPAs: below a certain project size (of EUR 20,000), it became possible to exempt private entities from paying fees for the EIAH services. While no systematic information is available on the characteristics of LPAs' beneficiaries, interest in LPAs did increase, and the EIAH team confirmed that demand for LPAs largely emanates from the private sector.

Governance and reaction time

As foreseen in the Framework Partnership Agreement (FPA) that defines the general terms and conditions that apply to the EIAH Partnership, an EIAH Coordination Committee was established. The Coordination Committee was found to be quite agile, according to both the EC and the EIB. Annual priority areas for EIAH activity and corresponding budget available were defined in the SGAs.

The governance model was efficient, in that the speed of response and service when interacting with the EIAH was considered as fast or very fast by 32 out of 37 EIAH beneficiaries that completed a feedback form. Despite the very quick first reaction, signature of the actual assignment contract can take months. However, the EIAH team and the beneficiaries interviewed as part of Country case studies both agree that the time which elapses is also useful to define more precisely the needs and type of support that is required. It also includes the time needed to get approval of legal documents within public beneficiaries.

Visibility and communication efforts

A lot of effort was made to improve the visibility of the EIAH. Relevant actions included:

- Development and continuous improvements to the EIAH website (with 15,000 to 16,000 unique visitors each year);
- Increased social media presence on Twitter, Facebook, and LinkedIn;
- Organisation of numerous events including the organisation of (i) 8 sessions of the annual EIAH Days to provide for knowledge exchange and networking opportunities for NPBIs, representatives of the EC and the EIB and (ii) several rounds of local EIAH Roadshow events and (iii) physical or online signing ceremonies or launch events e.g., when the Green Eligibility Checker was launched in 2020;
- The publication of promotional videos of assignment case studies (with 28 videos being available online as of mid-2022); and
- Publication of reports and their active promotion (with e.g., short video of EIB Director presenting the 2020 Annual Report being viewed almost 4 000 times).

Despite all the effort, the evaluation’s country case studies revealed that there was still insufficient awareness among relevant stakeholders about what the EIAH had to offer.

4.2.1.3 Coherence of the EIAH

The EIAH was designed as an entry point with all incoming requests centralised and analysed with a view to ensure complementarity with existing technical assistance and advisory programmes (such as JASPERS, ELENA, etc.) and to avoid duplication of funding and work. Stakeholder interviews confirm that these complementarities were realised in practice. Concretely, once the admissibility of the requests was established, the requests were reviewed during monthly EIAH screening group meetings, aimed to identify any requests that would potentially be addressed simultaneously by different services within the EIB and/or the EC. In addition to cross-referrals, further synergies were realised between the EIAH and other advisory support services. For example, the EIAH intervened either upstream or downstream in the project development compared to other EU advisory initiatives to facilitate the implementation of the same investment plans / projects. More importantly, while partners only engaged in project-specific work, the EIAH also provided non-project specific support (27% of the assignments). This type of assignment related to the production of market studies, capacity building support to administrations (e.g., design of tools and methodologies for assessing project applications), and design of investment platforms.

4.2.2 How did the EU intervention make a difference?

4.2.2.1 EU Added Value of the EIAH

To deliver its advisory projects, the EIAH often brings together a team of experts including EIB experts and also typically external consultants from the private sector, thereby providing beneficiaries with a unique combination of expertise. Indeed, the EIAH team, like EIB experts in general, are seen as best placed to advise on EU regulatory requirements (such as cost benefit analysis, environmental impact assessments, compliance with EU taxonomy etc.), also due to their pan-EU coverage which enables best practice sharing. Similarly, the level of expertise provided by the EIAH services is highly, or very highly valued by beneficiaries, as testified by their feedback forms. According to interviews conducted as part of this evaluation, other advisory services were available but the same levels of expertise or the same quality were not often readily available from other institutions.

4.2.3 Is the intervention still relevant?

4.2.3.1 Relevance of the EIAH

The establishment of an Advisory Hub was one of the key actions identified by the Task Force in 2013, to ensure a continuous and effective advisory service. The two-phase market gap analysis studies, launched by the EIAH and carried out by PwC in 2016 and

2017,[40] also confirmed the existence of needs that the EIAH could contribute to address. Indeed, demand for the EIAH services has been satisfactorily high from all Member States, significantly exceeding initial projections every year. The evaluation confirms that the EIAH progressively developed and delivered all expected services and supporting activities, including project specific work, capacity building activities, market analysis, awareness raising activities, development of partnerships.

In an effort to deploy more support to specific regions and reach out more effectively to those most in need, the EIAH also developed networks and collaborations. In light of the high number of requests received, supply, as measured by the actual number of assignments performed, was more moderate. This is however also partly an indicator of success as, by design, the EIAH is not meant to cover on its own all the requests received, but rather to function as a single-entry point for promoters seeking advisory and a large part of its work is to redirect requests to other, better suited services. Beyond the high demand / take-up for the services provided, feedback forms confirmed that the support was highly relevant. The relevance of the support for meeting the stated objectives is largely assessed as positive. The EIAH fully met needs of the beneficiaries in 31 cases (out of 37) and all beneficiaries were either satisfied or very satisfied with the support received.

4.3 The European Investment Project Portal

The EIPP's main role was to address two key market challenges identified at EU-level at the launch of the IPE:

- The need to improve transparency and visibility of investment opportunities available within the EU to investors worldwide, and relatedly a need for a pipeline of EU investment projects; and
- The need to increase and facilitate the nature of contacts between investors and promoters.

The next subsections examine how these challenges were addressed, through the evaluation criteria based on a triangulation of evidence collected via interviews, desk research, EIPP annual surveys and feedback included primarily in the eight country case studies.

[40] EIB (2016) Market Gap Analysis for Advisory Services under the European Investment Advisory Hub (EIAH). Available at: https://advisory.eib.org/publications/attachments/Market_gap_analysis_for_the_advisory_services_under_the_European_Investment_Advisory_Hub_EIAH.pdf

EIB (2017), Market Gap Analysis for Advisory Services under the European Investment Advisory Hub (EIAH) – Phase II. Available at: https://advisory.eib.org/publications/attachments/market-gap-analysis-advisory-smes-phase-ii-en.pdf

4.3.1 To what extent was the intervention successful and why?

4.3.1.1 Effectiveness of the EIPP

The EIPP has contributed to improving the visibility of available investment projects in the EU among the global investor community. As shown in Figures 6 and 7 below, as of end-2021 the number of projects registered to the EIPP (1,112) exceeded targets (500), and the number of EIPP visitors has continued to grow over time (260,000 in 2021). There is, however, limited awareness of the EIPP beyond policy makers, NPBIs and/or active users, as evidenced by the majority of the case study countries.

Figure 6: Number of projects uploaded to the EIPP against milestones

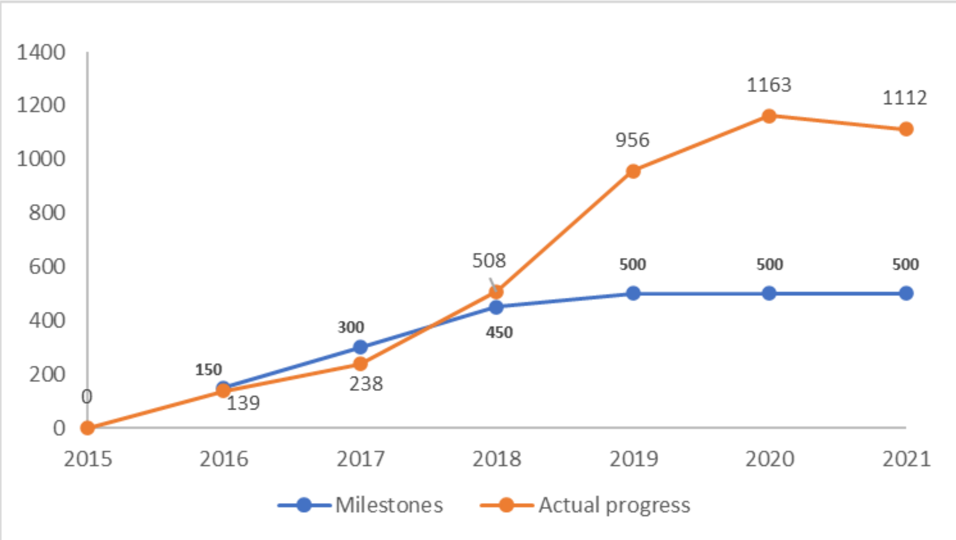
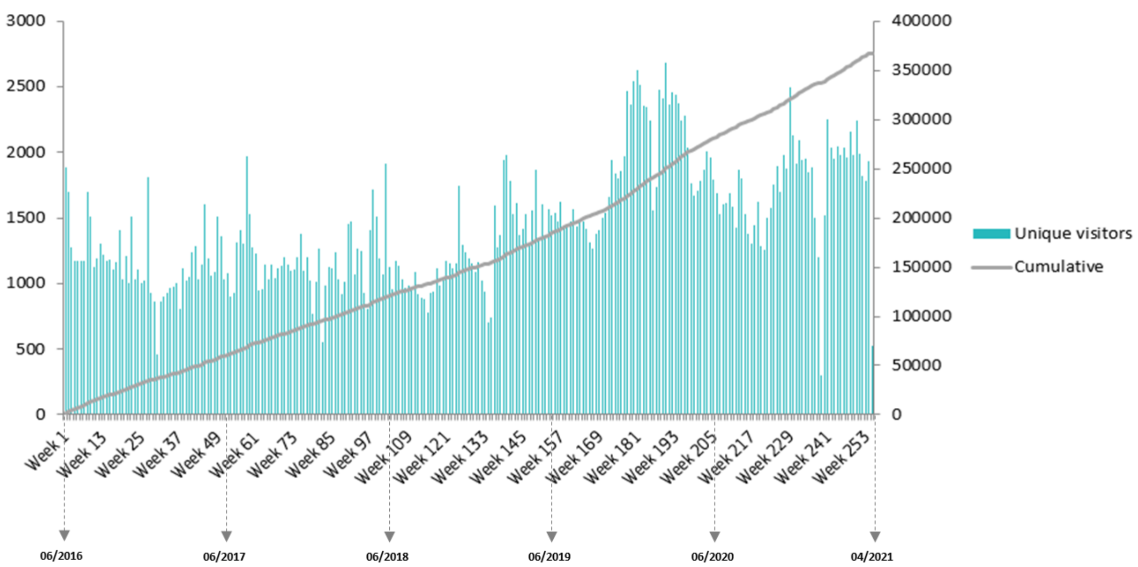


Figure 7: Number of visitors to the EIPP website over time



Source: EC EIPP KPIs and KMIs. Week 1: 06.-12.06.2016 - Week 254: 12-18.04.2021. Data based on number of unique visitors for which the cumulative was calculated by the EC.

From the investors' point of view, the projects listed on the EIPP do not always meet their target profile. For instance, several interviewees mentioned that the high proportion of early-stage investments present on the EIPP meant that it was more useful for Venture Capital investors and smaller projects. The EIB and NPBIs on the other hand typically have direct channels of communication with project promoters and hence, the EIPP is of limited use for them as a source of pipeline generation. But some indicative evidence suggests that the EIPP is now starting to deliver in terms of matching projects with investors. In fact, despite the initial difficulties, the number of contacts between investors and projects are growing.

The direct users of the Portal are generally satisfied with the user experience, as shown in in all survey rounds. This is also thanks to the matchmaking events, which have witnessed an increasing proportion of investors attending.

4.3.1.2 Efficiency of the EIPP

As the benefits slowly start to materialise, the economic justification of the EIPP is improving. The overall budget allocated to EIPP is EUR 2.7 million over 5 years. Budgetary resources funded several key activities performed by the EIPP, including:

- Communication activities, including the delivery of matchmaking and networking events;
- IT development of the EIPP website and platform; and
- Screening of projects submitted for publication to the portal.

The EIPP was generally always able to work within its budget allocations, though in some years there was some under-spend. Despite the costly nature of maintaining and animating such a platform, evidence suggests that process efficiency of the EIPP increased over time. The removal of the charge to promoters for publishing projects may have harmed overall efficiency in terms of costs, but increased the relevance of the EIPP, as commented above.

4.3.1.3 Coherence of the EIPP

Internal coherence

Internal coherence in the context of the EIPP centres around the extent to which there were opportunities for the portal to develop synergies and complement the work of the EFSI and the EIAH. However, as already mentioned, there was no expectation that the EIPP would feed the EFSI pipeline, and the EIPP team did not receive information regarding whether, or the extent to which projects published on the EIPP were supported by the EFSI.

External coherence

External coherence in the context of the EIPP refers to the extent to which the EIPP was able to identify and develop mutual cooperation agreements with similar EU and national-level initiatives amongst Member States. The 2018 interim evaluation found that where there were initiatives that slightly overlapped with the Portal, these were effectively identified. Cooperation agreements were signed to ensure the exploration of synergies in many cases (e.g., with EuroQuity or the Global Infrastructure Hub), though it was also suggested that synergies could be further explored in others. Evidence collected as part of the external ex-post evaluation suggests that this finding was sustained throughout this evaluation period.

4.3.2 How did the EU intervention make a difference?

4.3.2.1 EU Added Value of the EIPP

Given its mandate, the EIPP surpassed expectations in its role of proactively animating the platform, supporting projects in achieving financing, delivering events, and developing partnerships to insert itself more effectively in the investor community. However, there is mixed evidence regarding the comparative advantage of the EIPP relative to other, similar initiatives. Feedback from interviews and case studies highlighted that some benefits of the EIPP, relative to similar initiatives, were related to:

- The vetting of projects;
- The structure and quality of matchmaking and deal flows;
- The EU coverage;
- The neutrality;
- The fact that it is free of charge;
- The fact that it provides the option to participate in online pitching, networking, and matchmaking activities; and
- The EIPP newsletter.

Nonetheless, evidence gathered suggested that other, similar initiatives benefitted from comparative advantages relative to the EIPP (for example, EuroQuity or the European Innovation Council (EIC) Community Platform had more functionality compared to the EIPP). In fact, feedback from the country case studies highlighted that there is scope to improve the added value of the EIPP, e.g., by focusing on further animating the EIPP, and ensuring it is well inserted into the ecosystem and connected with similar platforms and networking partners.

4.3.3 Is the intervention still relevant?

4.3.3.1 Relevance of the EIPP

Shortly after its launch, the EIPP had generated a relatively high number of visits, contacts between promoters and investors, and events across Member States. Since then, interest in the EIPP has grown, as shown by the increasing number of visitors to the EIPP website. Moreover, the progress achieved in terms of the number of projects uploaded to the EIPP had surpassed milestone expectations by 2018, and this trend continues, showing that the EIPP is answering a general need for more transparency of investment opportunities in the EU and is therefore more and more relevant. Indeed, the changes introduced in 2017 (lowering the minimum project size and making publication free of charge to all project promoters) were considered as positive and beneficial to the relevance of the EIPP.

In fact, the EIPP has provided a platform on which projects from across all 27 MS and the United Kingdom have been promoted, though relatively more projects were received and published from some Member States (such as Germany, Greece, Spain, France, and Italy) as well as the UK until 2020. Likewise, the EIPP has also served as a platform for projects across a wide range of sectors, the largest being the digital economy sector, followed by social, infrastructure and tourism.

User feedback suggests that the EIPP is relatively easy to use, although there is some scope for improvement, in terms of additional information on the projects.

5 WHAT ARE THE CONCLUSIONS AND LESSONS LEARNED

5.1 Conclusions

5.1.1 The European Fund for Strategic Investments and the EU guarantee

The EFSI played an important role in accelerating and incentivising investment in the EU and by doing so, contributed to reducing the investment gap. As of 31 December 2021, EUR 99.3 billion of EFSI financing had been approved, expected to mobilise EUR 524.3 billion of private and public investment over the period 2015-2021 (this investment will actually be spread over a longer period), thereby exceeding the target of unlocking additional investment of at least EUR 500 billion. In terms of sheer volume, EFSI mobilised investment accounted for a significant share of the cyclical investment gap during this period. And although some findings indicate that several EFSI financed operations could have plausibly occurred without the EFSI, the investments would have taken place at a reduced scale, on less favourable conditions and at a slower pace. Hence, in absence of EFSI, it would have taken longer to address EU's investment gap and the low-investment spell would have been prolonged. The EFSI also supported investment activity indirectly, by shifting the focus of the policy attention and resources on investment at a national level (e.g., in the Italian case).

The EFSI was particularly successful in crowding-in private sector financing. 72% of the investment mobilised by the EFSI is expected to come from private sources. Private investment was incentivised by offering features that were not available to project promoters from alternative sources of finance (private or public). These included: higher scale of EIBG financing; lower interest rates / cost compared to prevailing market interest rates; flexible conditions; longer tenors; tailored financing solutions including subordinated positions; technical and legal due diligence; quality stamp / reputational benefits; and stability of financing. According to some stakeholders, the EFSI might have also crowded-out private or NPBI finance in a few instances, but this is difficult to substantiate.

The EU guarantee enabled the EIB Group to take more risk. While examples of operations can be found which could have been delivered without the EFSI, the EIB Group would not have been able to finance the entire EFSI portfolio on its balance sheet in absence of the EU guarantee without adversely affecting its credit rating, capital consumption and financial sustainability.

Thanks to the EU guarantee, the EIB Group was able to address a range of market failures and sub-optimal investment situations across geographies and thematic areas. At a geographic level, the distribution of EFSI financing was well aligned with country-level investment gaps. This geographical spread is notable, taking into account the demand-driven nature of EFSI and the different state of Member States' economies. Generally, countries that received a higher share of EFSI financing relative to their GDP share were also the countries with some of the highest investment gaps (e.g., Spain and Greece) or lower levels of investment relative to other Member States (e.g., Bulgaria). But there are some exceptions. The market-driven nature of the instrument, the dynamism of the respective economies and financing absorption capacity etc., affect the take-up of the instrument. In terms of thematic focus, EFSI financing was well targeted to areas where the private sector is less likely to invest on its own e.g., supporting investment in new/ unproven technologies; financing large, complex projects; and investing in social objectives and public goods.

Hundreds of thousands of businesses across Europe have benefitted from EFSI financing. While much of the EFSI support was focused on start-ups, micro enterprises and SMEs in general, EFSI financing was also used to address the financing needs of mid-caps not able to get financing on suitable terms from the market. Additionally, EFSI contributed to addressing the needs of under-served / niche segments such as social enterprises, innovative businesses, and businesses in specific segments such as agriculture and culture and creative industries. The EFSI resulted not only in improved availability of finance for these businesses, but also better conditions (e.g., lower interest rates, lower collateral requirements, longer repayment period and lower down-payments). The EFSI also contributed to diversifying the sources of finance available to businesses by supporting the development of equity, private debt and alternative finance markets.

Overall, the macro-economic impact of the EFSI is expected to be significant. By 2025, the EFSI is expected to create 2.1 million jobs and increase EU GDP by 2.4% compared to the baseline scenario. The EFSI will particularly benefit Cohesion regions and crisis-affected countries in terms of job creation and growth.

Other key achievements of the EFSI include:

- Supporting Europe's green transition by financing a range of climate action projects (renewable energy, energy efficiency, low carbon technologies etc.). In fact, 44% of EFSI-IIW financing went to such projects.

- Alleviating the impact of the Covid-19 pandemic by enabling a quick and flexible response.
- Channelling private capital to social objectives e.g., social housing, long term care, and education.
- Improving the efficiency of public spending. The target multiplier effect (15) was exceeded and as such, the EFSI leveraged a critical mass of resources to get investments off the ground. The EFSI also proved the efficiency and viability of a budgetary guarantee as an additional policy instrument (on top of grants and classical EU financial instruments) to achieve policy objectives.
- Instigating a mind-shift in how public policy is delivered e.g., more joined-up approach and the use of budgetary guarantees to channel resources to policy aims.
- Developing cooperation with the EIBG and national promotional banks and institutions.

Overall, the EFSI had a clear and demonstrable EU added value. The benefits of EU level action (as opposed to Member States acting alone) related to the financing of multi-country operations; moving forward international cooperation (e.g., European Securitisation Initiative); providing a proof of concept for budgetary instruments as a tool for mobilising private investment efficiently and effectively; developing institutional capacities within NPBIs to implement guarantee schemes and investment platforms; piloting and scaling-up of niche products such as venture debt and addressing gaps in niche/under-served segments (e.g., equity, agriculture, micro-finance, and leasing).

A de-risking instrument such as the EFSI was relevant at its launch and remains relevant going forward. Europe needs large amounts of investment to meet its policy objectives and address societal needs. Both the public and private sector will need to significantly step-up investment to achieve the EU's structural transformation to a carbon-neutral and digital economy as well as strategic autonomy in areas such as energy, semi-conductors, and artificial intelligence. The uncertainty created by Russia's war of aggression against Ukraine, the energy crisis, and knock-on effects of the Covid-19 pandemic will constrain investment going forward. In this context, the public sector will need to take more risk to unlock private investment in critical areas. The EFSI has demonstrated the value of (a) a budgetary-guarantee based instrument and (b) EU-level action in tackling common problems.

5.1.2 The European Investment Advisory Hub

The EIAH functioned effectively as an entry point for advisory services. The EIAH website acted as a good access point with 15,000 to 16,000 unique visitors each year, and the first evaluations (EY, 2016[41]; EIB EV, 2018[42]) had concluded that when the EIAH received requests, it systematically assessed whether these could be covered by the EIAH

[41] *Ibidem*

[42] *Ibidem*

services directly or other existing programmes and signposted beneficiaries to the most appropriate support.

The EIAH has started generating a pipeline of investible projects. Given the limitations of available indicators, it remains challenging to comprehensively assess the EIAH contribution to investment generation. However, as time elapsed, it became clearer that the EIAH contributed actively to investment generation in general and to the EFSI pipeline in particular, notably through the provision of project-specific advisory assignments as well as through the LPAs (last-mile advisory support). The EIAH efforts on this accentuated once this became a clearer priority in the EFSI 2.0 Regulation and focused *inter alia* on the setting up of investment platforms and on the cohesion countries to contribute to the geographical and sectoral diversification of the EFSI pipeline.

For the accomplishment of its mandate, the EIAH managed to reconcile different and to some extent conflicting priorities. On the one hand, it remained demand driven: it assessed all incoming requests for support and catered for all types of needs, including more upstream support. On the other hand, it undertook awareness-raising activities to stimulate high-quality demand for and improve take-up of its services. It remained additional to other EU advisory services, putting in place adequate processes to avoid overlaps / duplication of efforts (e.g., via monthly EIAH screening group meetings) and providing support only in those cases when such a support was not available through an existing advisory offer at EU level.

The EIAH covered adequately all countries and sectors, directly or through a network of external partners (e.g., EBRD for SME support). It dedicated specific efforts to reach cohesion countries who are the main recipients of the EIAH support (for EIAH direct assignments and EBRD assignments). The use of funding agreements to build the advisory capacities of NPBIs in less developed markets, however, functioned to a more limited extent, while NPBIs from more developed markets absorbed larger volumes of grant support. In theory, the EIAH services targeted both public and private sector projects, but given its pricing policy, its support was more attractive for the public sector. Private project promoters had to pay to access EIAH services and in that context were better served by other existing advisory offers (available for free, like InnovFin Advisory).

The EIAH support provided EU added value. Key elements of EU added value included advice on EU regulatory requirements; sharing of best practice across Member States while still considering the local context when providing hands-on, practical support; credibility of the outputs with the EIAH / EIB / EU seal of approval; high level of expertise. A differentiator is also the quality assurance / peer-review aspect of the work that is typically provided when EIB experts supervise and review the work of the external service providers that are hired on EIAH assignments. As such there is no obvious alternative that would be equivalent to the EIAH support, even if advisory offers exist on the marketplace.

There remains a need for EU level advisory services going forward. Despite the existence of a supply of advisory services on many markets, issues of availability, access and affordability of advisory services, pointed by previous market gap analyses, are likely to persist going forward. Needs and demands for advisory services are in fact expected to increase as InvestEU has become more thematically oriented and given the need to accompany the green and digital transitions. With all EU advisory initiatives now under one roof, the InvestEU Advisory Hub will have the potential to fully act as the central and unique entry point for any advisory and technical assistance requests.

5.1.3 The European Investment Project Portal

The EIPP has contributed to improving the visibility of published investment projects. Generally, the EIPP has made good progress towards its goal of improving the visibility of published investment projects in the EU amongst investors globally.

Expectations were surpassed, although there were few concrete targets set for the EIPP and therefore broader impacts of the EIPP are hard to measure. Given its mandate and its budget, the EIPP often surpassed expectations in terms of its role by proactively animating the platform, supporting projects in achieving financing, delivering events, and developing partnerships to insert itself more effectively in the investor community. However, it is important to note that there were relatively few expectations or concrete targets set for the EIPP, particularly regarding its ability to generate investments.

The EU added value of the EIPP was somewhat limited but improved over time thanks to the EIPP's proactivity and partnerships. In practice, the EIPP faced challenges in embedding itself within the investor ecosystem (e.g., related to scam investor contacts, the types of projects made available on the EIPP) which hampered its ability to make fast progress in generating meaningful contacts. Though this improved over time, these challenges affected perceptions of the EIPP, fostering some scepticism from the perspective of both investors and project promoters.

The relevance and usefulness of the EIPP could be improved by enabling the EIPP to further distinguish itself. In fact, there exist several other, similar initiatives to the EIPP, some of which have advantages relative to the EIPP and thus compete for the time and attention of investors. This highlights how critical the user-friendliness of the EIPP is in ensuring its relevance. But generally, direct users of the EIPP are satisfied with their user experience.

5.2 Lessons learned

Based on the implementation of the EFSI, the EIAH and the EIPP, some key lessons have already been identified and taken over for the InvestEU programme[43], the new EU-level investment support programme for the current MFF period (2021-2027):

- Maintaining an EU-level scheme like the IPE for supporting investment is useful from a macroeconomic point of view, as it helps foster sustainable growth and create jobs both in the short and in the long run.
- Agility and flexibility were key to the success of the EFSI (e.g., the possibility of developing and testing new types of financial products, introducing measures to enable a quick response during Covid-19, demand-driven nature of the instrument etc.). All these factors contributed to a high level of relevance and effectiveness. This flexibility needs to be maintained going forward.
- As pioneered by the EFSI, the InvestEU brings in even more simplification to the plethora of EU financing support tools, by pulling together under a single umbrella the EFSI budgetary guarantee, 13 financial instruments and 12 advisory initiatives.
- While the emphasis on volume is justified during downturns and crisis situations, the focus should be more explicitly on ‘policy return’ during normal times (targeting projects or sectors with a clear policy impact and strong additionality). Based on the IPE experience, the InvestEU contains a clearer definition of additionality, as set out in Annex V of the InvestEU Regulation, and of mobilised investment. Moreover, the InvestEU includes a very comprehensive list of performance and monitoring indicators, as set out in Annex III of the InvestEU Regulation.
- Some types of projects (e.g., public sector projects of the municipalities, sustainable infrastructure, social infrastructure, and social economy) remained too small for the EIB intervention under the EFSI. In this context, the opening of the EU guarantee to new implementing partners is welcome as this will also enable a better outreach of the EU guarantee and provide a local presence. The InvestEU Advisory Hub and investment platforms would also have a role to play.
- The market-driven nature of the EFSI means that it is designed to respond to demand. Given the nature and scale of investment needs faced in the EU and the highly thematic nature of the InvestEU Fund (the successor to the EFSI), proactive and concerted efforts will be required to support pipeline generation and to channel private capital to areas of policy impact.
- Related to the above, while the provision of advisory services should be demand driven, it should also take into account the policy priorities. There is also a need to stimulate and shape the demand along clear thematic policy priorities (e.g., green and digital transition).
- The IPE has pioneered ways to balance several trade-offs, which should be pursued and improved in future financing programmes:

[43] Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017.

    - On the one hand, the EFSI exceeded its target for financing of climate action. On the other hand, the EFSI also financed projects with potential environmental externalities, notably when these addressed sub-optimal investment situations in specific regions or countries. The twin goals of climate neutrality and economic growth can be mutually reinforcing, but there are also situations where these two goals are hard to reconcile, and setting a climate floor to the investment is one way to address them.
    - Balancing risk taking with policy impact is another aspect that needs to be taken into account. The level of risk taking needs to be commensurate with the provisioning level prescribed in the underlying regulation. In the case of the EFSI, the level of around a third operations with investment grade borrowers supports a balanced portfolio and is a precondition for the choice of the provisioning rate. This implies that financing from an EFSI finance project cannot be 100% sub-investment grade.
    - In the case of advisory services, there needs to be a balance between thematic support and horizontal/cross-sectoral advisory support services.
- Efforts should be made to reach out to all geographies and sectors, including those outside the EIB´s core areas of expertise. Under the EIAH, this was done exclusively via a network of external partners through the EIB contracting procedures. Under the InvestEU Advisory Hub, there is the additional possibility to contract other partners directly, for up to 25% of the budget share. However, the pool of potential direct advisory partners is likely to remain limited, given the difficulties experienced in deploying funding agreements for the provision of local advisory services by NPBIs under the EIAH. The efforts to increase the advisory capacities of the NPBIs through the InvestEU Advisory Hub will need to continue, to ensure that all geographies and sectors are reached (within the limits imposed by the legal mandates of certain NPBIs). The InvestEU Advisory Hub has already incorporated some important features:
    - The EIAH’s one-stop shop principle for advisory support to mitigate duplication and overlapping initiatives and to simplify and facilitate access to advisory support through the creation of a central entry point; and
    - The opening to several advisory partners to facilitate the local outreach, coupled with the signature of a single agreement per advisory partner to avoid internal competition between the different advisory offers financed by several EU resources.
- The EIPP needs flexibility and responsiveness to feedback in order to continue to stay relevant to both project promoters and investors in such a changing and diverse context whilst ensuring alignment with the wider policy goals. Considering the overall functioning of the platform, perceptions can play a relatively important role in affecting the success of this intervention. Scepticism regarding the quality of the EIPP projects or the usefulness of the EIPP in generating meaningful contacts between investors and promoters can jeopardise momentum and interest in the initiative.
- Clear direction is needed regarding the importance of and focus on the EIPP as a key pillar within the wider programme going forward. There is a need for, and interest in a tool such as the EIPP. Setting more stretching and fixed targets, or focussing instead on leveraging existing portals/platforms, may help generate

momentum and therefore greater value for money in terms of the investment made into the EIPP. The InvestEU Portal should be the provider of a direct link to the InvestEU implementing partners that will be required to examine the projects falling under their geographical area and activity scope. Likewise, to establish a closer link to the InvestEU Advisory Hub, projects in need for advisory support can be directed to an existing advisory initiative implemented by any of the InvestEU advisory partners.

ANNEX I. PROCEDURAL INFORMATION

This evaluation was carried out by the Directorate-General for Economic and Financial Affairs (ECFIN) as an initiative published in Decide with the reference number PLAN/2021/10462 .

The timeframe for the evaluation was as descripted in Table I.1:

Table I.1: Organisation and timing

Publication of the roadmap and feedback period	
An interservice steering group (ISSG) was set up	April 2021
Request for services for the external study to underpin the evaluation launched	December 2021
Signature of the contract for the study with ICF SA (in consortium with ICF CSL)	March 2022
Last deliverable handed in	October 2022
Number of steering group meetings	5
Discussion of the draft staff working document	October 2022
Participating DGs (in addition to DG ECFIN) and implementing partners	BUDG: Budget GROW: Internal Market, Industry, Entrepreneurship and SMEs EISMEA: Small and Medium-sized Enterprises EMPL: Employment, Social Affairs and Inclusion ENER: Energy CNECT: Communication Networks, Content and Technology MOVE: Mobility and Transport SG: Secretary General EIB: implementing partner EIF: implementing partner

The evaluation was based on two main sources of information:

1. A study carried out by an external team of experts, under contract (ECFIN/067/2022) through DG EMPL's Multiple Framework Contract EMPL/2020/OP/0016 for the provision of services related to the implementation of the Better Regulation Guidelines; and

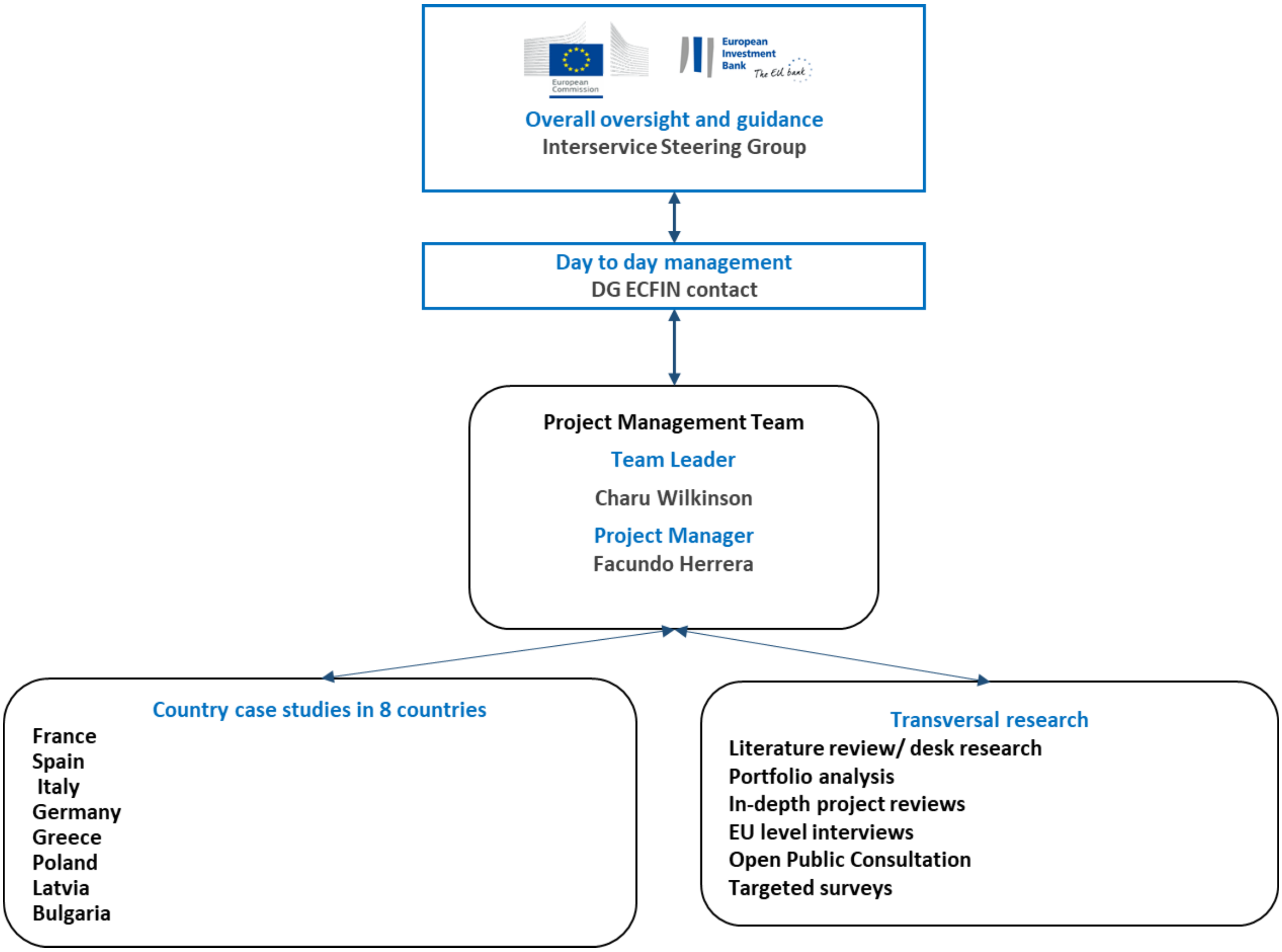
2. The twelve-week open public consultation, carried out and analysed with the assistance of the external team of experts.

The quality of the final report of the external contractor was assessed as good by the interservice steering group. The final report can be found in DG ECFIN's website.

The conclusions and findings of the external evaluation are considered to be robust, as described in section 5 of this report.

The external evaluation was carried out by a team of experts, who performed the evaluation tasks as described in Figure I.1

Figure I.1 Evaluation team



The evaluation team's fields of expertise are detailed in Table I.2:

Table I.2: List of the key evaluation experts

Evaluation tasks	**Experts**	**Field of expertise**
Team Leader	Charu Wilkinson	Research
Key researcher (Transversal tasks and cross-country analysis)	Juliette Mathis	Research
Project manager Country	Facundo Herrera	Employment, social affairs,

lead Spain		inclusion and evaluation, impact assessment and monitoring
Thematic Expert and Country lead Germany	Matthias Kollatz	Advisor (promotional banking)
Key researcher (Transversal tasks) Researcher Italy	Diana Mori	Research
National Experts	Maciej Gajewski Jan Szczucki Svetoslav Danchev Georgios Gatopoulos Jonathan Lonsdale Jerome Kisielewicz Maurice van der Velden Gloria Uwingabiye Yann Verstraeten Ralitsa Donkova Janne Filet	Employment, social affairs, inclusion and evaluation, impact assessment and monitoring

ANNEX II. METHODOLOGY AND ANALYTICAL MODELS USED

This evaluation was carried out in line with the European Commission's Better Regulation Guidelines[44]. This section describes the conceptual framework for the evaluation and the methodologies used for data collection and analysis.

Conceptual approach

The first step towards developing a conceptual framework for the study constituted drafting and refining a Theory of Change (ToC) model for the EFSI, the EIAH and the EIPP (see Figure 4 in Section 2.2 of the main report). This model was based on the study team's pre-existing knowledge of these interventions as well as ton he findings from the desk research and the scoping interviews conducted as part of the study's inception phase (as discussed in more detail below). The ToC depicts how the activities delivered as part of these interventions intended to bring about the desired changes and therefore deliver specific results, outcomes and wider impacts.

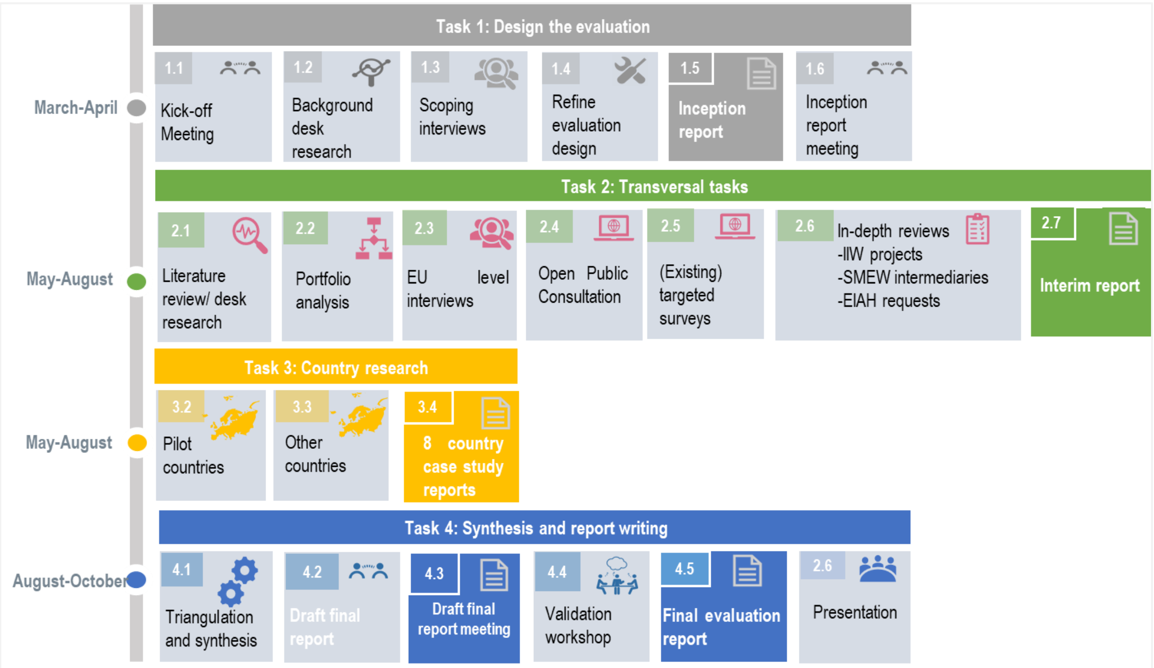
Based on this underlying programme theory, as well as the findings from the scoping interviews and preparatory desk research carried out during the inception phase, evaluation frameworks for each component were developed (see Annex 3). The evaluation frameworks set out the judgement criteria on which the evaluative conclusions would be based, the evidence (including quantitative and qualitative indicators) required to answer each evaluation question and the methods and tools that would be used to compile this evidence.

Practical approach

To ensure the timely delivery of a high quality evaluation, a step-by-step methodology (depicted in Figure II.1 below) was developed. It offered a structured and systematic approach to the evaluation, setting out the key tasks necessary for building a robust evidence base, interpreting the data collected and drawing final conclusions.

[44] European Commission (2021), Better Regulation Guidelines. Available at: https://ec.europa.eu/info/sites/default/files/swd2021_305_en.pdf

Figure II.1: Step-by-step evaluation methodology



Research methods

Table II.1 below provides an overview of data collection/ research methods used as part of the evaluation. A more in-depth description of each of these methods is provided in subsequent sub-sections.

Table II.1: Overview of research methods used

Research method/ technique	Key evaluation criteria				
	Relevance	*Effectiveness*	*Efficiency*	*Coherence*	*EU added value*
Literature review / desk research	●●●	●●●	●	●●●	●●
Assessment of EU guarantee / adequacy of provisioning rate			●●●		
Portfolio analysis	●●●	●●●	●●●		
Comparative analysis	●	●	●	●	●
In-depth project reviews/ 'deep dives'	●●●	●●●	●●	●●	●●●
Open Public Consultation (OPC)	●	●	●	●	●
Existing targeted surveys	●●●	●●●	●	●	●●●
Interviews (EU level)	●●●	●●	●●	●●●	●●●
Country case studies	●●●	●●●	●	●●	●●●

●●● Very important method for addressing the evaluation criterion
●● Important method for addressing the evaluation criterion
● Complementary method

Literature review / desk research

Desk research/ literature reviews were conducted in three main phases of the evaluation, including as part of the:

- Inception phase: where the study team consolidated and synthesised relevant background documents regarding the EFSI;
- Transversal tasks, where relevant public and non-public literature regarding the EFSI as well as the context in which it operates was systematically compiled and analysed; and
- Case study research, where researchers researched and reviewed documentation relevant to the country context (as described further below).

The evaluation drew on literature from a wide range of sources, including academic and grey literature. The information reviewed mainly comprised: legislative texts, programme-related reports and other documentation, past EC and other independent evaluations, targeted surveys, impact assessments, and external/ private research studies. Key sources of data / information reviewed are set out in more detail in Table II.2 below. The output from the analysis of relevant literature (past evaluations and wider literature) can be found in A4.8 and A4.9 of the ICF report.

Table II.2: Desk review – main sources

Type	Description
EFSI, EIAH, EIPP	
Legal basis	• EFSI Regulation, EFSI 2.0 Regulation, InvestEU Regulation
Past evaluations	• Past evaluations from ICF, the Commission, the EIB Evaluation department, and audits of the ECA
Reporting (public)	• EFSI programme statements • EIB EFSI implementation reports
EFSI specific	
Additional official reporting (non public)	• Operational reports • Risk reports • Unofficial reporting in Excel format
EFSI governance-related documents	• EFSI Agreement between the Commission and the EIB Group (and the six amendments and restatements of the Agreement) • Steering Board meetings minutes • Decisions and Rationales of the Investment Committee • Presentations made at Steering board meetings
Other	• Guidelines i.e., documentation on estimation of multipliers[1], Key Performance Indicators/ Key Monitoring Indicators[2]; • EC-EIB communication framework on EFSI • EIB RHOMOLO macroeconomic study on EFSI impact on growth and jobs
EU Guarantee	
Reporting	• Commission Staff Working Documents on the management of the Guarantee Fund of the European Fund for Strategic Investments and reporting on annual EU budget flows for the purpose of the analysis of the use of the EU Guarantee;
Other	• DG ECFIN internal documentation related to the estimation of the provisioning rate

[1] EIB, 2018. EFSI Multiplier Methodology Calculation - Update of July 2018. Available at: https://www.eib.org/attachments/strategies/efsi_steering_board_efsi_multiplier_methodology_calculation_en.pdf

[2] EIB, 2015. Key Performance Indicators. Available at: http://www.eib.org/attachments/strategies/efsi_steering_board_kpi_kmi_methodology_en.pdf

Detailed assessment of the EU guarantee / adequacy of provisioning rate

It was agreed with the ISSG that a cost-benefit analysis (CBA) – which would have compared the net cost to the EU budget of the EFSI guarantee with the expected benefits – would have had major pitfalls:

- Calculating the Net Present Value of the EFSI guarantee would be complex and subject to multiple assumptions and forecasts regarding future costs/losses and revenue projections.
- For debt-type operations, the EFSI Guarantee can be activated to cover guarantee calls, restructuring losses and recovery costs. For equity-type operations, the EFSI Guarantee covers value adjustments, funding costs and recovery costs. The EC also pays fees to the EIF for management of the SMEW. The revenue stream is formed by the annual guarantee fees paid by the final beneficiaries as well as any one-off fees e.g., during the appraisal phase; recoveries; returns on equity operations and a share of risk pricing on debt operations. Under the EFSI Agreement, the EU is entitled to a remuneration for its guarantee. As such, the risk-related revenues are shared between the EU and the EIB (commensurate to the risk taken).
- The EIB and EIF teams confirmed that they will not be able to provide projections on losses or revenues.

In that context, a detailed assessment of **the adequacy of the EFSI provisioning rate** was conducted instead. Essentially, this evaluated, using good proxy-models at the situation end of 2019, end of 2020 and end of 2021:

- How and to what extent the modelling worked when the EFSI developed and reached its full volume; and
- To what extent this can be projected for the future years in the framework of a simplified model.

Details regarding the methodology employed to conduct this analysis, as well as its findings, are found in Annex IV.

Portfolio analysis

The portfolio analysis consisted of an in-depth review of the key characteristics of the EFSI portfolio, where relevant alongside key economic/financial indicators. The analysis covered the main key performance indicators (KPIs) and (other) key monitoring indicators (KMIs)[45] of the EFSI programme. The analysis also aimed to add value to the operational reporting already produced by the EC and EIB Group by going beyond the KPIs/KMIs for a deeper and more insightful analysis. To do so, a "bottom-up" approach was adopted to the portfolio analysis. This included the following key steps:

[45] EIB (2015), KPIs, KMIs methodology. Available at: http://www.eib.org/attachments/strategies/efsi_steering_board_kpi_kmi_methodology_en.pdf

1. All relevant operational and risk reports produced by the EIB, EIF and DG ECFIN during the evaluation period (2015-2021) were received and compiled.
2. A list of desired metrics/indicators and analyses (including of trends, patterns, and relationships between indicators/variables e.g., breakdown by country/sector, relative to GDP/investment) were compiled and agreed, based on the evaluation framework and available data.
3. To the extent possible, all relevant data at the operational level was compiled into a single dataset (this was done separately for the IIW and the SMEW).
4. Using the single datasets compiled (for the IIW and the SMEW), additional, novel analyses were conducted which went beyond the KPIs/KMIs, for example by assessing different indicators or exploring evolutions over time.
5. Any additional data required (including macroeconomic or financial data from publicly available sources and where relevant/necessary pre-made analysis tables available within operational reports) were requested and compiled.
6. Data and analyses were iteratively sense-checked, and quality assured against other data sources to ensure accuracy (e.g., comparing aggregate figures within reports and across the bottom-up analysis and operational report figures). Where required, discrepancies were checked with relevant data owners to ensure drivers for these could be explained.

The study team adopted a collaborative and iterative approach to the portfolio analysis, working alongside the relevant teams within DG ECFIN, the EIB and the EIF to request, review, analyse and quality assure data and analytical outputs to ensure consistency across various datasets, sources and reports. The portfolio analysis drew primarily on operational reports received from DG ECFIN, the EIB and the EIF respectively. Data pertaining to investment levels and other economic indicators were sourced from Eurostat, the EIB Investment Survey (EIBIS) and the European Central Bank's (ECB's) survey on the access to finance of enterprises (SAFE).

The indicators included within the final portfolio analysis are summarised in Table II.3 below.

Table II.3: Indicators and analyses included in the portfolio analysis

High-level indicator	Analysis conducted/compiled
Financing approved	• Value by country (IIW)
Financing Signed	• Number of projects signed and value of signatures by country, product, objective (IIW, SMEW, aggregate), relative to indicative limits • Value of financing signed as a % total (IIW, SMEW, aggregate), relative to indicative limits, by country • Value of financing signed as a % national GDP, by country • Average transaction size (IIW, SMEW), by country • Evolution of financing signed over time, by country (IIW, SMEW)
Financing Disbursed	• Value of EFSI disbursements by country, objective, product (IIW) • Disbursement rate (i.e., disbursement as a % signatures) by country
Attrition/cancellations	• Number and value of operations cancelled, withdrawn, closed (aggregate)
Investments mobilised	• Value of investments mobilised by country, objective and product (IIW, SMEW, aggregate) • Average annual investments mobilised, by country (IIW, SMEW, aggregate) • Investments mobilised as a % total (by country) (IIW, SMEW, aggregate) • Average annual investments mobilised as a % average annual investments (by country) (IIW, SMEW, aggregate) • Evolution of investments moblised over time, by country (IIW, SMEW)
Private finance mobilised	• Private finance mobilised by country (IIW, SMEW, aggregate) • Private finance mobilised by product (IIW, SMEW Debt) • Private finance mobilised by objective (IIW) • Share of investments that were private finance by country (IIW, SMEW, aggregate), product (IIW, SMEW Debt) and objective (IIW)
Multipliers	• External multipliers, by country and objective (IIW) • Internal and external multipliers by product and objective (IIW) • Internal and external multipliers by high-level product types (IIW, SMEW) • Internal and external multipliers by product (SMEW)
Final beneficiaries	• Number of SMEs supported, and value of financing received by country (SMEW) • Number of SMEWs supported, and value of financing received by product (SMEW Debt)
Employment impact	• Number of jobs supported by country (SMEW) • Jobs supported per EUR of EFSI financing signed, per EUR

The analysis also considered the evolution and performance of the EIAH and the EIPP. This was mainly based on data from the programme statements, as well as supplementary data provided by the relevant teams within the EC/EIB. As regards the EIAH, the number of requests for support was assessed. The analysis was also conducted at more granular level, i.e., comparing against milestones, breakdowns by type of support/ assistance sought and by sector and country. Other key indicators included: the number of assignments performed, their nature; the EIAH-supported projects entering the EIB Group appraisal system; the profile of beneficiaries. In relation to the EIPP, the analysis spanned the number of submitted projects that were published on the Portal (including by sector, size, and country), the number of site visitors and the number of contacts made between investors and promoters via the Portal.

Comparative analysis using ORBIS data

A comparative analysis was undertaken, involving EU companies having received EFSI financing (the so-called "treatment group") versus those who did not (the "comparison group"). The detailed methodology for this analysis, as well as its findings, are set out in Annex VI.

Within this analysis, the 'treatment group' was built based on an EIF list of final beneficiaries of the EFSI SMEW matched to the Orbis Database (a data resource on private companies across the globe). A total of 3,269 firms were identified (across Bulgaria, Czechia, France, Greece, Italy, Latvia, Poland and Spain). To create a 'comparison group,' a sample of firms that matched certain characteristics ((1) being EU-based; (2) being small or medium in size; and (3) employing at most 250 employees) was randomly selected from the Orbis Database. On the basis of the selection criteria, a random sample of 20,000 companies was extracted to match with the 3,269 companies belonging to the 'treatment group'.[46]

A comparative analysis between the two groups was undertaken, which provided an indication of the profile of companies – notably in terms of age, size, and innovation capacity – among which EFSI financing was concentrated and differences in behaviour in the years following the implementation of the EFSI. Differences were assessed with respect to several indicators, namely: number of employees, operating revenue (turnover), intangible fixed assets, tangible fixed assets, working capital, and interest paid.

[46] When selecting a 'comparison group,' companies from all EU-27 Member States were considered (even if the 'treatment group' consisted of companies from a limited number of Member States only).

Project 'deep-dives'

An in-depth review of 60 EFSI-backed projects was undertaken. Among the projects reviewed, 20 were supported through the SME Window (of which 12 were financed through debt and 8 through equity) and 41 through the Infrastructure and Innovation Window. Within the sample of projects supported by the IIW, 14 operations fell under parent operations. Where this was the case, the study team reviewed the documentation pertaining to the parent operation. In some cases, operations selected fell under the same parent operation (10 of the operations). Where this occurred, the study team reviewed the parent operation documentation only once (meaning that of the 14 operations, 7 documents were reviewed).

The sample of projects concerned spanned eight Member States: Bulgaria, France, Germany, Greece, Italy, Latvia, Poland, and Spain (those that were selected for case studies, as described in detail below). The review drew on official documentation made available by the EC, the EIB and the EIF. Key information was extracted, including *inter alia*:

- Profile of the beneficiary;
- Basic/ core information pertaining to the operation and product;
- Factors contributing to the risk of the operation;
- Rationale for EFSI financing;
- Evidence of market failures/ sub-optimal investment conditions;
- Contribution of the EIB Group (extent of: financial and non-financial additionality; financial facilitation; crowding-in effect; and technical support);
- What would have happened if the operation had not been financed by the EFSI;
- Investment mobilised and multiplier calculation;
- Expected results/ impacts; and
- Actual achievements.

Additionally, 11 projects having benefited from the EIAH support underwent an in-depth review. Core project information was extracted, along with contextual information and information pertaining to the promoter and the nature/ scale/ duration of the support. This information was used in preparation for interviews and to feed into overall triangulation and analysis for the final report.

Open Public Consultation (OPC)

An OPC was conducted in line with Better Regulation Requirements. It provided an opportunity for stakeholders across the EU-27 Member States to provide their feedback and views on the EFSI, in terms of what it achieved and what could be done differently in the future. Though anyone could respond to the OPC, stakeholders of particular interest were identified as including:

- Member State/ regional representatives (e.g., authorities in charge of economy/ finance, investment/ growth, SMEs, innovation, and infrastructure-related policies);
- EU level and national/ regional business or industry associations (e.g., SMEs, financial sector representatives, public banks, investors);
- SMEs or individual project promoters (having been involved with EFSI or not);
- Investors and financial intermediaries;
- Representatives from the civil society (e.g., NGOs, social partners);
- Think tanks, research organisations and academia; and
- Individual citizens.

Drafting of the OPC questionnaire was led by the study team, with review and inputs provided by the ISSG. The questionnaire comprised of one section containing general questions for respondents with limited knowledge of, and/ or no direct experience with the EFSI, the EIAH and/or the EIPP; and two other sections with in-depth questions for: (i) respondents that were supported by the EFSI or used the EIAH or EIPP services; and (ii) respondents that indicated having an in-depth knowledge of the EFSI Regulation.

The OPC was launched on 25 May 2022 on the European Commission's open consultation page. It ran for 12 weeks, in accordance with the 'Better Regulation Guidelines' and closed on 17 August 2022 at midnight Brussels time. The key pillars of the dissemination strategy for the OPC included:

- The use of relevant websites, newsletters and social media channels (by the EC, EASME, EIB / EIF, etc.; and by ICF) to promote the OPC to specific communities – e.g., relevant, actively used LinkedIn Groups (such as EU FUNDS for SMEs group; Finance Helpdesk; and Infrastructure Finance Alumni);
- Recruiting multipliers such as business associations, European Enterprise Networks and relevant national contact points to respond to and promote the OPC; and
- Ensure the questionnaire was short, simple and designed in plain English, with questions relating to more specific and technical issues being explored through stakeholder interviews.

Despite the above efforts, the response rate to the OPC was relatively low, with a total of 25 responses received. Responses were concentrated among private companies, public banks/ promotional institutes and business/ industry associations primarily located in Belgium, Denmark, Finland, France, Germany, Hungary, Italy, Luxembourg, and Poland. Once the OPC was closed, the study team conducted a full analysis of the responses. The results of the OPC cannot be regarded as representative due to the limited number of responses received. An analysis of the responses to the consultation is provided in Annex A4.5 of the ICF report.

Existing targeted surveys

Many target groups (the likes of IIW project promoters, IIW and SMEW financial intermediaries, EIAH beneficiaries) have already been subject to many surveys in the context of past EFSI evaluations and/ or evaluations of EU financial instruments more generally. Additionally, the European Commission currently undertakes an annual survey of EIPP project promoters and investors. The Hub has been collecting feedback (via dedicated feedback forms) from its beneficiaries since 2018. It has also been carrying out exercises meant to follow up on advisory assignments for which at least 12 months have elapsed since their completion. The aim is to see how the underlying investment project, where applicable, has evolved.

Given this, and the associated risk of survey fatigue, the study team and ISSG decided early on that no additional/ new surveys would be carried out in the context of this present evaluation (to avoid placing an undue burden on stakeholders). Instead, the study team conducted an in-depth review of existing survey data available, including:

- Annual EC EIPP surveys of project promoters (2018, 2019 and 2021) and investors (2019, 2021); and
- Surveys conducted in 2018 as part of the ICF-led independent evaluation of the EFSI Regulation (including of project promoters and financial intermediaries under IIW, NPBIs and beneficiaries of EIAH assistance).

In total, 472 survey responses (over three separate years) were analysed. The results are provided in Annex A4.5 of the ICF report.

Interviews

A total of 120 interviews were carried out as part of this study, in three different phases, as part of the: study inception phase (scoping interviews), transversal task (in-depth interviews at the EU level) and country case studies. Once the interview programme was complete, the study team conducted a full analysis of the results. Results were extracted by study question using NVivo to facilitate analysis. A summary of the interview findings by stakeholder type is provided in the synopsis report in Annex V.

Scoping interviews

Nine exploratory interviews were carried out with European Commission officials (8) and representatives from the EIB Group (2 with the EIB and 1 with EIF) during the inception phase. These interviews were exploratory in nature, and aimed at obtaining a better and more up-to-date understanding of the three initiatives (context, main achievements, changes brought about by the EFSI 2.0 Regulation, details on the actions taken in more recent implementation periods in response to the recommendations contained in previous evaluations). Stakeholders were also asked about their expectations for the study, likely data gaps or obstacles to information access, and potential sources of evidence to consult.

In-depth interviews (EU level)

24 in-depth interviews were carried out with stakeholders at the EU level, as summarised in Table II.4 below.

Table II.4: Profile of interviewees – in-depth interviews

Stakeholder type	Number of interviews
Commission (Including DG ENER, MOVE, GROW, EMPL, ECFIN, and REFORM)	9
EBRD	1
European Innovation Council and SMEs Executive Agency (EISMEA)	1
EIB Group	5
Banking Association	1
Investment Association	1
Investment Network	2
SME Association	3
NPB	1
Total	**24**

These interviews provided an opportunity to obtain more detailed and contextualised views on specific aspects regarding the EFSI, the EIAH and/or the EIPP. Interview topic guides were developed to help guide discussions and shared with interviewees in advance of the call. Topic guides were tailored to the relevant target audience, drawing on findings from the desk research and deep dives conducted as well as findings from the inception phase of the study. Generally, discussions focused on testing the underlying programme theory as well as: (1) the relevance of the three initiatives; (2) the effectiveness of the initiatives in achieving their objectives and supporting wider EU policy goals; (3) the internal and external coherence of the initiatives; (4) their impact and added-value; and (5) lessons learned.

Country case studies (including interviews)

Eight case studies were undertaken at the Member State level. The selected Member States were: Bulgaria, France, Germany, Greece, Italy, Latvia, Poland, and Spain. The proposed sample was purposefully selected to capture a variety of different contexts, and levels of take-up of the EFSI, as well as to ensure an adequate portfolio coverage. The selection criteria included: (1) geographical coverage (i.e., including north, south, east and west); (2) local economic context (including selecting countries that were more and less affected by the financial crisis); (3) accession to the EU ('old' versus 'new' Member States); and (4) take-up of the EFSI (in absolute and relative terms), the EIAH and the EIPP.

Figure II.2: Selected case study countries

The purpose for conducting country case studies was multi-fold, including:

- Understanding the take-up of the different initiatives (EFSI-IIW, EFSI-SMEW, EIAH and EIPP) in selected Member States relative to investment needs and financing gaps, identifying all relevant factors affecting take-up;
- Understanding the extent of complementarities and linkages between the EFSI, the EIAH and the EIPP at the country level;
- Testing the theory of change in different national contexts, i.e., the extent to which the assumptions and causal mechanisms underpinning the ToC are valid in different national settings;
- Understanding the more intangible effects of the initiatives, e.g., the non-financial added value of the EFSI;
- Gathering views on lessons learned that could be applied to subsequent programmes, such as InvestEU.

The first step in the delivery of the case studies was the development of a case study protocol. This set out in detail the methods, sources of information, research tools, case study report structure and detailed work plan that country researchers would draw upon and refer to throughout delivery.

The case studies were based on both primary and secondary research, including:

- *Desk research*: The case studies drew on evidence gathered as part of the desk/ literature review and the project 'deep dives' conducted as part of the transversal tasks. To address any gaps, additional desk research was undertaken. Additional evidence was sourced from evaluations, parliamentary reports, research publications and other grey literature available that focussed on each Member State. Country researchers were also provided with individual country-specific data files that contained relevant portfolio, macroeconomic and financial data analysis at the country level (including data from Eurostat and survey-based data e.g., from EIBIS, ECB SAFE etc.). Where EU level sources of information existed, these were preferred, in an effort to foster harmonisation and limit comparability issues across the evidence base. EU level sources of information were still in many cases complemented by national sources of information to capture richer evidence, and here differences in information available or data treatment were taken into account within the cross-case analysis.

- *An interview programme*: The interview programme for the case studies commenced in mid-June and finished in September 2022. Country researchers, supported by DG ECFIN and the EIB Group, identified relevant stakeholders to contact in line with specific targets per stakeholder profile. Targeted profiles included: national policy makers; national /regional promotional banks; business associations; participating financial intermediaries; non-participating financial intermediaries; public and private project promoters (IIW beneficiaries); main banks and investors in IIW projects; EIAH beneficiaries; investors registered on the EIPP; project promoters active on the EIPP; and other relevant stakeholders (e.g., parliamentarians, academics, authors, etc.). Where possible, interviews were conducted with promoters associated with the operations / EIAH requests reviewed as part of the Deep Dives. Topic guides were prepared, tailored on the basis of data gathered from the desk research conducted, and shared with interviewees ahead of interviews to help guide conversations. A total of 87 interviews were conducted across the selected sample of Member States. On average, in each Member State, 10-15 interviews were undertaken. Interviews were then written up in English and fed into the analysis of interviews conducted overall throughout the study (as discussed above).

As the evidence-gathering exercise progressed, the evidence was reviewed and summarised. Once the case study research had significantly progressed, a brainstorming session was organised involving all country researchers to allow for findings to be exchanged across the team. The session took place on 5 August 2022. Initial feedback ensued, which fed into finalised versions of the case study write-ups. Key findings were reported via individual slide decks (which constituted case study write-ups) for each Member State. These are provided in full in Annex A4.2 of the ICF report.

Notwithstanding the above limitations, the overall evidence base for the evaluation is rather strong and robust. This is because:

- The evaluation team had access to large volumes of documentary evidence and factual data on the EFSI take-up, investment mobilised, etc.
- The eight country case studies highlight key themes and processes which resonate across the broader portfolio.
- The range of applied methods permitted multiple lines of inquiry and evidence to answer each evaluation question (triangulation).
- The evidence emerging from the different sources was rather consistent.

ANNEX III. EVALUATION MATRIX AND DETAILS ON ANSWERS TO THE EVALUATION QUESTIONS (BY CRITERION)

The evaluation matrix and relative key findings are presented below by instrument.

EFSI / EU Guarantee

Table III.1: Key findings for the EFSI by evaluation criteria

Evaluation criteria / questions	Key findings
Relevance	
EQ1 To what extent has the design and implementation of the EFSI responded to the needs of the project promoters, financial intermediaries, and private investors? • JC 1.1 The product offer under EFSI was suitable i.e., the range of products deployed under EFSI (i) addressed market failures/ constraints that may inhibit or restrict private investment (ii) addressed the diversity of needs across sectors and EU Member States • JC 1.2 The allocation of resources between IIW and SMEW reflected needs • JC 1.3 There was demand for EFSI financing across sectors and countries	A range of products were deployed and piloted under EFSI. These ranged from the 'plain vanilla' products (such as unsecured loans, portfolio guarantees) to more complex and sophisticated products e.g., mezzanine ABS, venture debt/ quasi-equity (IIW) to Private Credit, Equity instruments for specific sectors (AI & blockchain, Space, Blue Economy), ESCALAR, Private Credit etc. Under IIW, EFSI financing was well targeted to areas where the private sector is less likely to invest on its own. Under SMEW, products were designed to cover the needs of different types of enterprises (micro enterprises, SMEs, small mid-caps, social economy enterprises) and across different stages (pre-seed, seed/start-up, development and growth). The product mix included generalised as well as thematic products targeting specific segments or sectors (e.g., CCS, innovative businesses, agricultural businesses etc.) Generally speaking, no gaps were identified in the EFSI product offer. In some smaller Member States and sectors (e.g., social infrastructure), there was an issue relating to the size of projects being too small for EIBG financing. Investment Platforms were created to address this issue. EFSI-backed operations addressed a range of market failures and sub-optimal investment situations e.g., market failures in SME financing or financing of certain types of businesses (e.g., CCS, social enterprises, start-ups) or activities (e.g., RDI) All policy objectives and countries were covered by

	EFSI financing, albeit to varying degrees – see EQ2
EQ2 To what extent has the design and implementation of the EFSI instruments responded to the evolving market needs? • JC 2.1 There were processes in place for market sounding • JC 2.2 There was flexibility to make adjustments in response to evolving market conditions e.g., introduction of new products, budget re-allocations etc. • JC 2.3 There was room for market testing new approaches and products • JC 2.4 EFSI financing was allocated to sectors/ thematic areas with the greatest financing needs and gaps (while balancing policy prioritisation and absorption capacity)	There were processes in place for market sounding. The Steering Board was informed by three sources: • Market studies and feedback from the EIBG • Market studies and stakeholder consultations carried out directly by the Commission and internal reflections within the Commission services • Request from Cabinet and the Council e.g., fund of fund initiative A key feature of EFSI was its agility and flexibility to changing circumstances and emerging needs. This was particularly evident during the Covid-19 pandemic response. Throughout EFSI implementation period, but in particular under EFSI 2.0, a range of products were developed to address specific needs and in response to lessons learned e.g., Investment Platform, NPB-equity, range of thematic products under SMEW. As can be expected, some products were more successful than others. All thematic areas were covered to varying levels, However, roughly three-quarters of the investment mobilised by EFSI was concentrated in three thematic areas (SME and mid-cap financing, RDI and energy). Overall it is hard to judge if this represents a balanced distribution of EFSI support or not for 3 reasons (i) the thematic areas are not entirely mutually exclusive; (ii) it is hard to assess scale of EFSI financing relative to investment needs per thematic areas as the definitions are not entirely consistent (iii) the relative weight of policy objectives has shifted overtime notwithstanding the estimated scale of investment needs Apart from a few exceptions, EFSI financing was well-aligned with country-level investment gaps.
EQ3 To what extent has each pillar of the scoreboard (Article 7(14) and Annex II of the EFSI 2.0 Regulation) been appropriate and relevant? • JC 3.1 The scoreboard is relevant	There is general consensus among stakeholders that the publication of the scoreboard (for IIW) was a positive development. Although it is unclear to what extent the scoreboards were widely accessed and used, the publication of scoreboards improved perceptions of transparency and was generally appreciated by a wide

and balanced (pillars focus on the right parameters and the scoreboard adequately inform decision-making) • JC 3.2 Stakeholders regard the scoreboard as fair, transparent and useful • JC 3.3 The publication of the scoreboard has improved stakeholder perceptions of EFSI	range of stakeholders. EIB EV's evaluation (published in 2021)[47] found that transparency requirements contributed to a more positive perception of EFSI operations, with no significant drawbacks in terms of client relationships, or loss of efficiency in implementation due to additional requests for information from external stakeholders
Effectiveness / additionality	
EQ 4a To what extent has the EFSI achieved its objectives, in particular the target of mobilising EUR 500 billion of total investment by 2020? • JC 4.1 EFSI has achieved or exceeded its target of mobilising EUR 500 billion of additional investment across the EU • JC 4.2 Applicable methodology has been used consistently and data for calculation are reliable EQ 4b What factors, even if unexpected or unintended, have driven or hindered progress and how are they linked (or not) to the EU intervention?	By the end of 2021, EUR 99.3 billion of EFSI financing had been approved. This financing is expected to mobilise EUR 524.3 billion of investment across Europe. Although signed volumes slightly lag behind approvals (due to the time lag between approvals and signatures as well as cancellation of some operations in 2021), EFSI appears to be on track to exceed the target of EUR 500 billion of investment mobilised from operations signed by the end of 2022. Multiplier effect has been calculated in line with methodologies approved by the EFSI Steering Board. Care is taken to avoid double-counting. The methodology however, is not designed to (and cannot be expected to) address causality and attribution.
EQ 5 To what extent has the sectoral and geographical distribution of EFSI investments been in line with the defined indicative limits? • JC 5.1 The sectoral and geographic distribution of EFSI financing are in line with the defined indicative limits • JC 5.2 Efforts were made to widen sectoral and geographic take-up of EFSI, particularly in	EFSI is a demand driven instrument and there are no geographic or sectoral targets. The EFSI's investment guidelines simply require that excessive geographical concentration be avoided and the Strategic Orientation as elaborated by the EFSI Steering Board set out the limits for such concentrations under IIW: Geographic: the share of investment in any three Member States should not exceed 45% of the EFSI portfolio at the end of the investment period)[48] Sectoral: the volume of signatures in any "general

[47] EIB Operations Evaluation (2021), Evaluation of the European Fund for Strategic Investments, June.

[48] For SMEW, there are no precise indications. It mentions that "the EIF should aim at reaching all the EU Member States and achieve a satisfactory geographical diversification among them".

those sectors and Member States with the largest investment needs and gaps	objective" as defined by Article 9 of the EFSI Regulation should not exceed 30% of the total volume of signatures at the end of the investment period At the end of 2021, the top three countries (France, Spain and Italy) accounted for 49.4% of the IIW portfolio. Efforts are being made to bring this in line with the indicative allocation by the end of the investment period in 2022 The sectoral limits are being respected. Energy accounts for the largest share of EFSI financing under IIW portfolio. As of end-2021, it represented 24%, well below the indicative limit of 30%
EQ 6 To what extent has the EFSI achieved its objectives in relation to the 40% target under IIW to support project components that contribute to climate action? • JC 6.1 The climate action target has been achieved or exceeded • JC 6.2 EIB methodology for determining climate action financing is robust and in line with accepted standards	EFSI delivered on its soft target of 40% financing for climate action under IIW. 59%of EFSI operations signed until the end of 2021 had a climate action component. This represented 44%of the signed EFSI-IIW volumes However, EFSI-IIW portfolio also contains projects with significant negative environmental externalities e.g., airports, road transport (addressing sub-optimal investment situations in specific regions or Member States) EIB uses credible definitions and methodologies to tag Climate Action (CA) components
EQ 7 To what extent has the EFSI contributed to increased access to financing in the EU policy areas in line with the objectives listed in Article 9(2) of EFSI 2.0 Regulation? • JC 7.1 Access to finance has improved in areas defined in Article 9.2 and alignment of projects with EU policy • JC 7.2 The increase in access to financing can at least partly be attributed to EFSI	All policy objectives have been covered, although to varying degrees. There is evidence to demonstrate additionality of EFSI financing: Input additionality: EFSI enabled EIBG to provide financing on better terms and conditions to projects and counterparts as compared to alternative sources. EFSI also provided non-financial inputs in the form of its technical expertise, due diligence standards and signalling effect. Investment additionality: many of the activities would have been delayed or taken place at a reduced scale in absence of EIBG financing Additionality is stronger in some areas than others both in terms of sectors and geographies.

<table>
<tr>
<td>EQ 8 To what extent have the National Promotional Banks or Institutions and the Investment Platforms been instrumental to the achievement of the EFSI objectives?

• JC 8.1 NPBs/NPIs and Investment platforms have been largely effective in stimulating project pipelines in target sectors and crowding-in of private lenders / investors
• JC 8.2 The cooperation had a positive effect on geographic and sectoral distribution</td>
<td>Significant efforts were made under EFSI to facilitate cooperation and collaboration with NPBIs.

High levels of NPBI involvement were achieved under EFSI. Overall, 262 EFSI operations (17.5%) were implemented in collaboration with NPBIs (representing 20.5% of EFSI financing). There was greater collaboration under SMEW as compared to IIW

60 investment platforms were set up in 18 Member States reflecting an important outreach effort. Under IIW, Investment platforms provided a mechanism for pooling and financing smaller operations. This was an important benefit of these platforms, but their set-up was extremely challenging for all parties concerned

Under SMEW, the EIF did not always see a substantial value added from the setting up of platforms except for a few cases, where platforms were created at the request of NPBIs to attract additional national financing

The heterogeneity of NPBIs made it difficult to set up a collaboration with them on a systematic basis. Consequently, collaboration was stronger in some countries than in others.</td>
</tr>
<tr>
<td>EQ 9 To what extent have the projects supported by the EFSI contributed to the creation of jobs and sustainable economic growth?</td>
<td>In the short-term (by 2025), the EFSI is expected to create 2.1 million jobs and increase EU GDP by 2.4% compared to the baseline scenario

By 2040, it is estimated that EFSI-supported operations will still have created 1.3 million jobs and increased EU GDP by 1.6%, relative to the baseline</td>
</tr>
<tr>
<td>EQ 10 To what extent has the use of the scoreboard (Article 7(4) and Annex II of the EFSI Regulation) been effective in ensuring an independent and transparent assessment of the possible use of the EU Guarantee by the Investment Committee? To what extent have the individual pillars contributed to the scoreboard's effectiveness?

• JC 10.1 The scoreboard has been effective in aiding decision-making</td>
<td>Key informants confirmed the usefulness of the scoreboard in facilitating decision-making. No issues were highlighted by decision makers.</td>
</tr>
</table>

Efficiency	
EQ 11 What has been the relation between the resources used to implement the EFSI - and the activities undertaken, in view of the objectives? Did EFSI represent an efficient use of EU budget? • JC11.2 Allocative efficiency – EU budget was allocated in such a way as to produce a given level and quality of output at the lowest possible cost (cost minimisation) • JC 11.3 Dynamic efficiency – there were efficiency improvements overtime • JC 11.1 Technical efficiency – under EFSI, quality and quantity of outputs were maximised for a given level of resources (output maximisation)	EFSI delivered a higher than expected multiplier effect (15.75 as compared to a target of 15) The impact of EFSI is expected to be budget-neutral at the very least. It is expected that in the end there might even be a positive surplus as (i) the level of losses that have materialised are lower than expected and (ii) the remuneration of risk taken by the EU guarantee has generated revenues The EU budget did not bear the full cost of implementation of EFSI. Some of these costs were absorbed by the EIB
EQ 12 What have been the leverage ratio and multiplier of the EFSI contribution, broken down by product?	Provided in the form of a table in the main report
EQ 13 To what extent have the governance structures put in place for EFSI IIW have been efficient in supporting its implementation? • JC 13.1 A two tier governance structure was appropriate for EFSI IIW • JC 13.2 Clear lines of responsibility and accountability were established • JC 13.3 The governance structure allowed for decision making autonomy • JC 13.4 Investment Committee members had no conflict of interest • JC 13.5 The governance structure did not cause, confusion, clashes of competences	The governance structure that had been set-up for EFSI worked well. The evaluation did not find any evidence to suggest otherwise and this was also the perception of the stakeholders interviewed

EQ 14 To what extent have EFSI communication methods been efficiently used to engage stakeholders? • JC 14.1 There was a communication strategy in place setting our communication objectives, target audiences, intended outcomes etc. • JC 14.2 The communication strategy was implemented • JC 14.3 There is evidence of stakeholder engagement	• There was coordination between the EC and EIB group on the communication aspects as foreseen within the EFSI Regulation. This was never formalised as a concrete communication agreement but article 3 of the EFSI communication framework set out the following three objectives for communication: 1. Stakeholder communication on the functioning of EFSI, 2. Public access to information on the performance of EFSI 3. Create support from stakeholders and the general public • A range of communication tools and mediums were used by the EIB e.g., brochures / websites/ presentations /fliers/ infographics/ project examples or descriptions/ pictures/videos. EIB also broadened the channels usually available/used by institutions to communicate these kinds of initiatives e.g., fringe communication (360 videos using VR, exhibitions where beneficiaries presented products, social media campaigns, influencer videos). • Focus of communication evolved from explaining why EFSI is and how it works to demonstrating the impacts of projects financed • Cooperation between EC and EIB worked well
Coherence	
EQ 15 To what extent have EFSI, EIAH and EIPP been coherent with other EU interventions (i.e. for EFSI, complementarity, potential synergies and / or overlaps with the European Structural and Investment Funds, Connecting Europe Facility, Horizon 2020, etc.) in terms of objectives, scope and activities? • JC 15.2 There was no direct competition between the different EU interventions	• Additionality w.r.t. centralised instruments was ensured by the design of EFSI • Front-loading of COSME and InnovFin • Topping-up via SLP (COSME, InnovFin, EaSI, CCS) • Reducing COSME budget for equity; creating a bigger equity instrument under EFSI • Deal allocation policy to avoid overlaps between EFSI and CEF debt instrument and InnovFin • Overlaps continued to exist between EFSI and decentralized instruments particularly in the area of SME financing, yet due to significant demand no crowding out was noted
EQ 16 To what extent have the actions of the EFSI Regulation (EFSI, EIAH, and EIPP) been internally coherent in terms of potential synergies in contributing to the achievement of the objectives of the Investment Plan for	• There were limited linkages between the three components of the IPE (EFSI, EIAH and EIPP). At the beginning, there was no expectation that EIAH or EIPP would feed EFSI pipeline. Expectations as to the Hub's role in pipeline generation increased with EFSI 2.0. See findings

Europe? • JC 16.1 There are feedback loops between EFSI and EIAH/ EIPP • JC 16.2 Evidence of EIAH feeding project pipeline for EFSI and Invest EU • JC 16.3 Evidence of EIAH contributing to widening the sectoral and geographic coverage of EFSI and Invest EU • JC 16.4 EIPP is contributing to fruition of investment opportunities	for EIAH.
EU Added Value	
EQ 17 To what extent has the EFSI, EIAH and EIPP support provided EU added value compared to what Member States acting on a national or regional level could reasonably achieve on their own? • JC 17.1 EFSI, EIAH and EIPP have features that distinguish them from other similar support available at national level • JC 17.2 There are clear benefits of EU level intervention e.g., economies of scale, efficiency gains, cross border dimension, larger partnerships, enhanced quality of projects etc.	• Financing of multi-country operations – such operations received EUR 11 billion of EFSI financing. • Helping move international cooperation ahead e.g. European Securitisation Initiative • Provided a proof of concept for budgetary guarantees as a tool for mobilising private investment efficiently and effectively • Contributing to shifting mind-sets at the EU and national levels • Developing institutional capacities within NPBIs to implement guarantee schemes and investment platforms • Developing specialised products such as venture debt and addressing gaps in thematic and under-served segments (e.g., agriculture, micro-finance, leasing).
Additionality of EFSI and EU guarantee	
EQ 18 To what extent have the projects and resulting portfolios for which the EU Guarantee was extended proved additional (in the sense of the EFSI Regulation, see footnote 8)? • JC 18.1 EFSI financed crowding in private investment in specific sectors or projects of high policy added value which suffer from persistent market failures • JC 18.2 EFSI financed projects have higher input additionality as	• There is clear evidence of input additionality under both IIW and SMEW (lower cost of financing, better terms and conditions e.g., tenor, grace period, collateral requirements etc.) • There is also evidence of EFSI playing a role on crowding-in private investors. 88% of the investment mobilised is expected to come from private sources. Particularly in the case of equity, there are many examples of EIBG participation playing a role in attracting investors to the market or to a particular operation. • At the same time there is anecdotal evidence of

compared to standard operations • JC 18.3 EFSI financed projects would not have gone ahead at all or in the same form without EFSI support • JC 18.4 EIB Group would not have been able to finance these projects in absence of the EU guarantee in the same time period and to the same extent (concept of additionality as per EFSI Regulation)	EFSI crowding-out private or NPBI financing. Although such examples are very limited and cannot be proven • IIW: evidence suggests most projects / activities would have gone ahead even in absence of EFSI but only at a reduced scale, higher cost or slower pace. Consistency of findings from different sources (range of stakeholders interviewed, interviews versus past surveys, broader context – improving macroeconomic conditions and ample liquidity in the market). • In case of SMEW: FIs would not have been able to lend to the same scale or take the same level of risk or offer the same financing conditions in absence of EFSI • The EIBG would not have been able to take the same level of risk in absence of EU guarantee – projects entail higher level of risk, are much smaller, more complex, with newer and lower rated counterparts – this would have had implications on capital consumption, profitability and overall financial sustainability of the EIB
EQ 19 To what extent has the EFSI portfolio had a higher risk profile than the portfolio of investments supported by the EIB under its normal operations? • JC 19.1 EFSI portfolio has a higher risk profile than the EIB's own risk portfolio	• Special Activities (LG D- or below or equity/ equity type operations) represent 97.40% of EFSI financed operations and 94.56% of EFSI signed volumes

EU Guarantee

Table III.2: Key findings for EU Guarantee by evaluation criteria

Evaluation criteria / questions	Key findings
Relevance	
EQ 1 To what extent has the EU Guarantee been used to respond to the identified needs? To what extent do the identified needs still exist? To what extent has the use of the scoreboard been relevant to assure an independent and transparent assessment of the use of the EU Guarantee? • JC 1.1 In absence of the EU guarantee, EIB Group's risk-taking capacity would	• The EU Guarantee was relevant for the EIB to take necessary risk without affecting its financial sustainability and AAA rating • The EIF has limited capital of its own and relies on resources from mandators. Without the EU guarantee, it would not have had the resources to carry out such activities on its balance sheet.

have been greatly reduced	
Effectiveness	
EQ 2 To what extent have the objectives of EU Guarantee been achieved? • JC 2.1 The EU Guarantee was effective in enhancing the risk-taking capacity of the EIB Group	• There is a clear difference in the profile of EFSI financed projects as compared to the EIB's standard operations: • Much smaller in size: median size of EFSI financed operations (EUR 53m vs EUR 140 million for standard operations) • Riskier clients: higher share of sub-investment grade and newer clients • Riskier projects by definition (LG of D- or below or equity/ equity type) • More diverse and complex set of products • Standard operations: sovereign/ sub-sovereign and corporate lending • EFSI: a wide spectrum covering risk sharing instruments, capital market instruments, venture debt/ quasi-equity, private debt, equity (Venture Capital /Private Equity)
EQ3 To what extent has the EU guarantee been effectively used to cover the potential losses that the EIB Group may suffer from its EFSI supported investments under the IIW and SMEW? • JC 3.1 Current provisioning is adequate to cover potential losses over the lifetime of EFSI • JC 3.2 Provisioning is based on robust risk modelling approaches • JC 3.3 The procedure of modulation of the EU Guarantee remuneration referred to in Article 4(2)(a)(v) has been properly applied.	• The current provisioning rate is adequate • The level of around 1/3 operations with investment grade borrowers supports a balanced portfolio and is a precondition for the choice of the provisioning rate. By comparison to 'grant programmes only' the EU budget is spent with a large-scale guarantee programme and a number of financial instruments more efficiently. The robust provisioning supports the view that at the end there might be left-overs from the provisioning. It could be recommended to increase the volume and outreach of successor programmes, if such outcome would materialise in the future.
Efficiency	
EQ4 To what extent have the financial resources provided to EFSI, namely the EU Guarantee (and its revenues) and Union support of combined financial instruments, been appropriately sized and used through risk sharing arrangements and for coverage of different costs to achieve its expected effects? • JC 4.1 The size of the guarantee balances affordability (EU budget available) with	• It freezes less budgetary resources compared to financial instruments, as it requires limited provisioning needs (35%) and assumes a contingent liability, thus generating a higher multiplier effect as compared to classical financial instruments • The assumed multiplier effect for EFSI has been surpassed (15.75 as compared to 15) • EFSI budgetary guarantee has also

practical considerations such as absorption capacity • JC 4.2 The assumed multiplier effect of the EU Guarantee is plausible • JC 4.3 Risk sharing arrangements in each EFSI product are optimal • JC 4.4 The guarantee rate is adequate to enhance EIB/ EIF's risk taking capacity without affecting their credit rating • JC 4.5 EIB own contribution is sufficient	proven more cost-efficient for the EU budget, as it is remunerated for the risk taken and it limits the payment of management fees to EIBG
EQ5 What has been the leverage ratio and multiplier of the EU budget (i.e., EU guarantee + FI financed from Union budget)? • JC 5.1 The expected EFSI multiplier effect of 15 has been met or exceeded • JC 5.2 The underlying methodologies and calculations are reliable	• See above and response to EFSI: EQ4a

EIAH

Table III.3: Key findings for the EIAH by evaluation criteria

Evaluation criteria / questions	Key findings
Relevance	
EQ 1 To what extent have the EIAH's services (Article 14(2) of the EFSI and EFSI 2.0 Regulations) been relevant for the accomplishment of its mandate (Article 14(1) of the EFSI and EFSI 2.0 Regulations)? • JC 1.1 EIAH services corresponded to those required by the EFSI Regulation • JC 1.2 All eligible sectors / profiles of beneficiaries were adequately served • JC 1.3 Following the adoption of EFSI 2.0 Regulation, the EIAH tailored its service offer and actively sought to : - provide support in the additional specific areas mentioned by the Regulation (climate action and circular economy, digital sector, and cross-border projects, setting up of Investment Platforms); - stimulate demand for EFSI support where needed	• The EIAH developed all relevant services that were envisaged in the Regulation. • While some services were delivered directly by the EIAH, it also relied on a network of external partners (EBRD, NPBIs) in an effort to effectively and efficiently meet its objectives and to reach all countries / sectors. (NB: The extent to which all countries / sectors were adequately served is assessed under effectiveness criteria). • The EFSI 2.0 Regulation did not lead to the service offer being completely revamped. There was however an increased focus on LPAs in the more recent years and increased attention to the other specific policy policies, notably through the provision of upstream support.

<table>
<tr><td>EQ 2 To what extent has the design and implementation of the EIAH responded to the needs of beneficiaries (Public and private project promoters; National / Regional authorities; Financial intermediaries; NPBs) ?

• JC 2.1 Demand for Hub services has been satisfactorily high/ in line with expectations</td><td>• The level of requests received has vastly exceeded expectations
• The rate of conversion (from requests to assignments) is not readily available (lack of common denominator to be calculated).
• The pool of assignments is much smaller compared to requests received. On the one hand, not all requests have the potential to turn into an advisory assignment and on the other hand, the EIAH is by definition meant to redirect requests in many cases.</td></tr>
<tr><td colspan="2">Effectiveness</td></tr>
<tr><td>EQ 3 To what extent has the EIAH deployment fulfilled its mandate and objectives as listed in Article 14 of the EFSI and EFSI 2.0 Regulation?

• JC 3.1 The EIAH functioned as a single technical advisory hub for project financing within the Union
• JC 3.2 The EIAH fed the EFSI pipeline and actively contributed to the EFSI geographic and sectorial diversification
• JC 3.3 EIAH assistance provided resulted in investment projects being implemented (using financing sources other than EFSI)
• JC 3.4 EIAH contributed effectively to other objectives including building of capacities in less developed markets, development of investment platforms</td><td>• The Hub functioned as an entry point. Its website gained traction and adequate processes were in place to coordinate with other advisory services.
• Impacts naturally took time before they started to materialise. At the end of 2021, 77 Hub supported projects entered the EFSI pipeline (as approved/signed or about 8% of IIW approved or signed projects have benefited from Hub support). Hub supported EFSI projects were more likely to originate from Cohesion countries, compared to standard IIW projects, thereby confirming the Hub contribution to the geographic diversification of the EFSI pipeline.
• The Hub contribution to investment generation does not capture the full range of Hub impacts (e.g., the Hub also contributed to quality of projects, smoother implementation, maturation of projects).
• There is no evidence that the Hub’s increased attention on feeding the EFSI pipeline took place at the detriment of some types of services or beneficiaries.</td></tr>
<tr><td>EQ 4 On which sectors and geographies has EIAH had most impact and why? What have been the challenges for making EIAH effective across all eligible sectors and areas and how have they been eventually overcome?

• JC 4.1 EIAH assistance has brought tangible results across sectors and geographies</td><td>• The EIAH’s direct assignments were well balanced across geographies. Specific efforts were made to reach Cohesion countries. Cohesion countries were the main beneficiaries of EIAH direct assignments and EBRD Advice for Small Business programme.
• EIAH support covered adequately priority sectors.
• Funding agreements were signed to build</td></tr>
</table>

	the advisory capacities of NPBIs in less developed markets. Comparatively, NPBIs from more developed markets however benefitted from larger volumes of grant support.
EQ 5 To what extent has EIAH effectively used the expertise of the National Promotional Banks or Institutions, and the managing authorities of the European Structural and Investment Funds and the international financial institutions (Article 14(5) and 14(6) of EFSI and EFSI 2.0 Regulations) to achieve its objective? • JC 5.1 EIAH was successful at developing cooperation with external partners	• The EIAH successfully established cooperation with NPBIs from 22 Member States. • Capacity building support through funding agreements was more concentrated (8 countries covered) and seen as less successful (heavy administrative requirements, opportunistic behaviours of NPBIs). • The EIAH diversified its offer towards SMEs through partnering with EBRD. • It also established a modus operandi to coordinate with DG REFORM.
Efficiency	
EQ 6 To what extent have the financial resources provided to the EIAH been appropriately sized to meet its objectives and how could they have been optimised? • JC 6.1 EIAH spending is in line with its budgetary allocation • JC 6.2 The EIAH staff capacity in place is sufficient to meet the requests for advisory • JC 6.3 Other, non-dedicated EIB and EIF existing expert staff were available to supplement EIAH resources where needed • JC 6.4 Resources have been deployed against the various work streams of EIAH in a sensible manner • JC 6.5 The Hub pricing policy was seen as adequate	• No precise estimate of the level of demand was underpinning the size of the budgetary allocation ex-ante. • In the ramp up phase, the Hub underspent its budgetary allocations. At the time of writing this report, it is too early to say whether the EIAH will spend all of its budgetary allocation. Termination date of SGAs were pushed back to facilitate absorption. • The free character of Hub support for the public sector was seen as appropriate. Pricing policy for the private sector was seen as not inadequate, creating access issues. Pricing policy was revised accordingly, but only for small LPAs.
EQ 7 To what extent has the EIAH governance model been efficient in meeting the EIAH objectives? • JC 7.1 The decision-making processes, roles and priorities were clear. • JC 7.2 Reference documents maintained the necessary degree of flexibility to adjust during implementation • JC 7.3 Average reaction time is seen as	• Governance based on a small Coordination committee was found to be quite agile. • Beneficiaries assessed very positively the Hub support.

reasonable	
EQ 8 To what extent have EIAH communication methods been efficiently used to promote its service to public and private project promoters (including national promotional banks or institutions and investment platforms or funds and regional and local public entities)? • JC 8.1 The EIAH undertook the necessary steps to effectively promote its activities. • JC 8.2 Promotional activities around EIAH were targeted at the right groups and designed in a way that ensures value for money. • JC 8.3 The Hub is now visible among its target audience.	• There is evidence of sustained communication methods through various complementary channels. • There is consensus that visibility improved, but awareness levels still need to be improved across the wider target audience.
Coherence	
EQ 9 To what extent has the EIAH proved coherent with other existing advisory initiatives in terms of additionality, potential synergies and/or overlaps? • JC 9.1 Adequate processes were in place to ensure the Hub provides services additional to those already available under other EU programmes • JC 9.2 Synergies with other EU advisory initiatives were exploited	• Adequate processes (monthly EIAH screening group meetings) were effective at avoiding overlaps / duplication of efforts. • There are positive examples of synergies, e.g., with ELENA and JASPERS. • There is no evidence of crowding out with the private sector.
EU Added Value	
EQ 10 To what extent has the EIAH support to project promoters and beneficiaries provided EU added value? • JC 10.1 EIAH offers support that brings in EU added value (e.g., alignment with EU priorities, transfer of knowledge across Member States)	• Beneficiaries confirmed an EU added value from Hub support (advice on EU regulatory requirements, consideration of the local context, sharing of best practice, credibility of the outputs)
EQ 11 To what extent has the EIAH support provided EU added value compared to what Member States acting on a national or regional level could reasonably achieve on their own? • JC 11.1 EIAH offers support capacity that cannot be met by national / regional programmes or the private sector	• There is no clear-cut conclusion on the availability of alternatives. In short, alternatives seem to be available, but their suitability challenged.

EIPP

Table III.4: Key findings for the EIPP by evaluation criteria

<table>
<tr><th>Evaluation criteria / questions</th><th>Key findings</th></tr>
<tr><th colspan="2">Relevance</th></tr>
<tr><td>EQ 1 To what extent have the EIPP's design and activities been relevant to its mandate (Article 15 of the EFSI 2.0 Regulation)?

• JC 1.1 EIPP was adequately designed to encourage its use by project promoters and investors.
• JC 1.2 The new features introduced in 2017 (lower minimum project size, free-of-charge publication) were helpful in the achievement of the EIPP mandate.
• JC 1.3 Communication / promotion actions were undertaken to promote the EIPP.
• JC 1.4 Pitching and/or matchmaking events were organised and/or promoted by the EIPP</td><td>• The EIPP sustained the level of interest identified in the interim evaluation, with number of projects uploaded exceeding expectations and increasing numbers of website visitors.
• The EIPP published projects from all MS and several sectors. There were relatively more projects received from some countries (e.g., Germany, Greece, and Spain) and sectors (e.g., digital economy) over others.
• Overall, the EIPP was adequately designed to encourage its use by promoters and investors, though some areas for improvement were suggested
• The changes introduced in 2017 were viewed as positive and beneficial to the relevance of the portal
• The change in focus of the portal away from larger infrastructure projects and towards SMEs was seen as positive for its relevance
• Several activities were conducted to promote the portal, including developing promotional materials, organising events and setting up partnerships. Though not initially foreseen by the EFSI regulation, generally these events and partnerships were found to help the EIPP to gain traction.</td></tr>
<tr><th colspan="2">Effectiveness</th></tr>
<tr><td>EQ 2 To what extent has the EIPP deployment fulfilled its mandate as listed in Article 15 of the EFSI 2.0 Regulation? How effective has the EIPP been in increasing visibility and information available on current and future investment projects in the Union?

• JC 2.1 The EIPP is known among project promoters across the EU, and actively used across sectors.
• JC 2.2 The EIPP is visible to investors across the EU and globally, and actively used across sectors.</td><td>• The EIPP has contributed to improving visibility of available investment projects in the EU among the global investor community. The target number of projects published was exceeded and portal visitors grew over time. However, the lack of data on the number of registered investors over time was a limitation to evidencing the EIPP's increased traction and global reach with investors over time.
• However, there were limitations regarding awareness of the portal beyond the group of policy makers, NPBIs</td></tr>
</table>

JC 2.3 The EIPP is deemed as useful by its users: it facilitates new, serious contacts between project promoters and investors/potential business partners	and/or active users. - Beyond its visibility objectives, there was mixed evidence regarding the EIPP's usefulness, in terms of generating contacts and investments. The number of contacts generated grew, though there were some key challenges around perceptions of projects on the portal, scam investors and competition with alternative communication channels for investors. - Despite the scepticism around the usefulness of the portal, its direct users, particularly event participants, had generally positive feedback. However, further suggestions for improvement in terms of the effectiveness of events were identified. - The InvestEU portal will build on some lessons learned, making changes to its design to improve on its effectiveness and create greater impact
Efficiency	
EQ 3 To what extent have the financial resources used for the EIPP been appropriately sized to meet EIPP's objectives and how could they have been optimised? - JC 3.1 EIPP spending is in line with its budgetary allocation - JC 3.2 The staff capacity in place is sufficient to run the Portal and organise the side activities - JC 3.3 Resources have been deployed against the various activities in a sensible manner - JC 3.4 The pricing policy was seen as adequate	- The benefits are now starting to materialise, improving the economic justification for the portal - Budgetary resources funded three key activities: screening, IT and communication activities - The EIPP were generally always able to work within their budget allocations. Though they did underspend in some years, sufficient resources were always available to deliver on its activities - Efficiency in terms of staff time and IT costs have improved over time
EQ 4 To what extent have EIPP communication methods been efficiently used to promote the Portal? JC 4.1 Promotional activities around EIPP are targeted at the right groups, and designed in a way that ensures value for money	- The EIPP budget share dedicated to communications decreased in 2020, due to the transition to virtual events. These were found to be more cost-effective. Events overall were most commonly held online (18 out of 72 events) - EIPP enhanced efficiency by drawing on its partnerships for communication and promotion activities, including by: delivering events in collaboration with its partners, attending partner-run events or asking partners to promote the EIPP at their events - However, the relatively limited

	awareness of the EIPP beyond policy makers, NPBIs and/or active users suggests promotional activities could be more efficient in increasing awareness if broadened
Coherence	
EQ 5 To what extent has the EIPP proved coherent with other existing major EU-wide platforms (complementarity, potential synergies and/or overlaps)? • JC 5.1 EIPP is unique or offers complementary service or caters to complementary target groups compared to similar initiatives at the EU level	• Overall, similar initiatives to the EIPP were adequately identified, and synergies were explored. • Partnerships were developed with several relevant initiatives, though in some cases these were more advanced than others. • Going forward, the portal's ambition is to work with partners to integrate more into the project promoter and investor community
EU Added Value	
EQ 6 To what extent has the EIPP provided EU added value for enhancing the visibility of published investment projects from the perspective of project promoters and investors? • JC 6.1 EIPP offers services that bring in EU added value (e.g., contacts across borders)	• Overall, the EIPP's activities surpassed expectations in terms of its mandated role. It created added value through organising events and establishing partnerships. • There was some scepticism regarding the added value of the EIPP, and suggestions to improve this were identified (e.g., further focus on platform animation, insertion into the ecosystem)
EQ 7 To what extent has the EIPP support provided EU added value compared to what Member States acting on a national or regional level could reasonably achieve on their own? • JC 7.1 EIPP is unique or offers complementary service or caters to complementary target groups compared to similar initiatives at the national level	• There is mixed evidence regarding the EIPP's added value relative to similar initiatives. Its key success factors related to project vetting, structure and quality of matchmaking, organisation of online events/activities, communication materials, and the fact that it is free of charge. However, other initiatives also offered similar advantages, and in some cases benefitted from comparative advantages in this regard.

ANNEX IV. ASSESSMENT OF THE EU GUARANTEE

As part of a previous 2018 Evaluation of the EFSI Regulation led by ICF, an academic expert conducted an independent peer review of the in-house credit risk model used by the DG ECFIN to determine the EFSI provisioning rate (see Annex 7 of the evaluation). The review found the Commission's approach to modelling to be adequate. As such, we saw no added value in duplicating this exercise.

The present ICF evaluation takes place in a situation where:

- On the one hand, most of the EFSI operations are already signed, many are disbursed (for the IIW) and no new volumes are expected to be added to the portfolio. Last signatures without an increase of the assigned guarantee volume are possible until end of year 2022; and
- On the other hand, the major part of the lifetime of the portfolio is still ahead of us.

Detailed projections on expected future costs and revenues are not readily available for the entire EFSI portfolio. This excludes the possibility of conducting an analysis which combines ex-post data (for the period 2015 to December 2021) with ex-ante estimates (for the period 2022 to the end of the expected lifetime of EFSI). But what can be done is to look with good proxy-models at the situation end of 2019, end of 2020 and end of 2021 and to evaluate:

- How and to what extent the modelling worked when EFSI developed and reached its full volume, and
- To what extent this can be projected for the future years in the framework of a simplified model.

Provisioning of EFSI

EFSI has two components, the maximum guarantee amount from the Commission budget of EUR 26 billion and the maximum EIB allocation amount of EUR 7.5 billion. This evaluation considers the Commission guarantee and its provisioning which was chosen to avoid a 'pay as you go' approach. Cumulative budgetary appropriations for EFSI-provisioning are transferred and paid into the Common Provisioning Fund (CPF):

- until 2020 EUR 8.138 billion
- until 2021 EUR 8.769 billion
- until 2022 EUR 9.393 billion (planned)
- until 2023 EUR 9.521 billion (planned)[49]

[49] Draft General Budget of the European Union 2023, Working Document Part XI, Budgetary Guarantees, Common Provisioning Fund and Contingent Liabilities, June 2022, p 10.

These cumulative figures include remuneration received according to the EFSI Agreement to the extent transferred to the CPF as internal assigned revenues. Cumulative (received until 2021) remuneration summed up to EUR 1.159 billion,[50] transferred as internal assigned volumes were EUR 0.731 billion.[51] The internal assigned revenues will increase according to plans until EUR 1.096 billion until the end of 2023.[52] Further remuneration and revenues can be expected. The tenor of guarantees for many operations reaches out beyond the planning horizon of 2023 for the budget. In addition, a significant share of signed operations is still not disbursed and further revenues can be expected there as well.

The pure cumulative budget figure without the internal assigned remuneration in 2023 will be EUR 8.425 billion. As 35% of EUR 26 billion result in EUR 9.100 billion the budget appropriations alone do not reach a level of provisioning of 35%, but plus internal assigned remuneration 36.6% are achieved.

Following even more exactly the provisioning model one can add the money spent for guarantee calls or value adjustments already[53], i.e., EUR 0.162 billion cumulative until end of 2021.[54] Thus the overall provisioning covers 37.2% end of 2023 - forming a buffer beyond the assumed 35%.[55]

Appropriation of EFSI volumes to EFSI financial products

To fulfil reporting obligations and to steer the implementation of EFSI guarantees on an annual basis, each end of year EC services receive reporting on the volumes of approved, signed and disbursed operations. A proxy model to estimate provisioning needs is applied.

- This model relies on risk metrics for debt and hybrid products in the IIW of EFSI. A simplified artificial portfolio with a granularity of 100 transactions will mirror all notches of the rating applied by the EIB Group.
- In absence of accessible credit risk metrics for equity operations, the risk for equity operations included in the IIW and the SMEW cannot be modelled with risk metrics. Against this backdrop the Commission services work with expert

[50] *Ibidem*, p 19.

[51] *Ibidem*, p 11.

[52] *Ibidem*, p 11.

[53] This follows from the fact that we compare the amount of provisioning with the entire amount of the guarantee (EUR 26 million) without deducting the calls made.

[54] *Ibidem*, p 20. The volume of calls until end of 2021 is reported with EUR 162 m.

[55] Revenues - if achieved - to be added for the years 2024ff.

judgement as a plausibility check for future revenues and repayments. This experts' judgement as a 'Delphi proxy tool' is also used for SMEW debt operations.

The goal of the proxy-model (in-house credit model of the Commission services) is to estimate what provisioning is needed to cover future life-time losses from the operations guaranteed under EFSI with a 95% confidence level.

DG ECFIN allocated EFSI guarantees to different types of financial products according to plans and development of the portfolio over time. The breakdown of EFSI is as follows:

Total II Window		
of which	IIW Debt Standard[56]	EUR 13.24 billion
	IIW Debt Hybrid	EUR 2.00 billion
	IIW Equity Standard	EUR 3.50 billion
	IIW Equity NPB platform	EUR 0.51 billion

Total SME Window		
of which	SMEW Equity[57]	EUR 3.30 billion
	SMEW Guarantees (Debt)[58]	EUR 3.45 billion

Groups of financial products are shown here for the SME Window, as the more detailed breakdown in specific financial products is discussed below. Each type of financial product has an individual guarantee allocation and an individual percentage of provisioning according to the modelling between 24% and 58%. The weighted average results at 33.9% (see below).

[56] Allocated guarantee ceilings are shown in Draft General Budget of the European Union 2023, Working Document Part XI, Budgetary Guarantees, Common Provisioning Fund and Contingent Liabilities, June 2022, tables p 21

[57] 2.32 + 0.43 + 0.25 + 0.30 = 3.30

[58] 1.40 + 1.48 + 0.30 + 0.13 + 0.09 + 0.05 = 3.45

IIW and SMEW provisioning end of 2021	EFSI guarantee allocation, EUR billion[59]	EFSI provisioning needed according to the model for the allocations, EUR billion	Provisioning (col 3) / guarantee allocation (col 2)
Total	26.00	8.81	33.9%

As of end-2021, the EFSI enabled the EIB Group to sign EUR 86.9 billion of riskier financing and investment operations.[60] Relevant for EC is the volume covered by the EFSI guarantee. The guarantee volume of EUR 26 billion de-risks around EUR 80.9 billion.[61] The difference of EUR 6.0 billion to EUR 86.9 billion comes from own programmes of the EIB Group without contributions of the EFSI guarantee, notably the RCR EIF programme.[62] Bottom-up calculation shows that the EU risk-taking for operations signed by counterparts at the end of 2021 is less than EUR 26 billion - the liability is reported at EUR 24.7 billion.[63] Taking guarantees already called into account the buffer between EUR 26 billion on one side and signed operations and already called guarantees on the other side amounts to EUR 1.1 billion. It seems to be unlikely that this additional buffer will be fully utilised until the end of 2022. But as the build-up phase of EFSI lasts until 31 December 2022 increases of the guaranteed volume are still possible.

The guarantee allocation works for each type of financial product has de facto worked as a cap, defining the maximum possible volume to be signed. New signatures in each product were done beyond the allocated volume of the respective products. As no reallocation of the guarantee volumes for the type of financial product shall take place, unused parts contribute to the additional buffer mentioned in the previous paragraph.

[59] Column 4 based on Information ECFIN, column 3 own calculation

[60] Draft General Budget of the European Union 2023, Working Document Part I, Programme Statements of Operational Expenditure, June 2022, p 89.

[61] See fn 7. 47.04 + 6.01 + 6.33 + 0.45 + 12.83 + 2.58 + 0.41 + 0.24 + 2.26 + 1.59 + 0.75 + 0.10 + 0.27 + 0.04 = 80.90.

[62] Information of ECFIN (email 23 September 2022).

[63] It makes sense to add guarantees already called (EUR 0.16 billion). See Draft General Budget of the European Union 2023, Working Document Part XI, Budgetary Guarantees, Common Provisioning Fund and Contingent Liabilities, June 2022, p 19 and 20 (tables).

Proxy model for IIW debt and hybrid operations

The two sub-windows IIW Debt Standard and IIW Debt Hybrid comprise 66% of the signed EFSI operations at the end of December 2021. The counterpart EIB-Group signed EUR 47.04 billion and EUR 6.01 billion respectively, together EUR 53.05 billion.[64] But the exposure is less, mainly due to repayments. The majority of the operations are not made with bullet repayments and thus show repayment schedules.

EC services (ECFIN) have developed a credit risk model and announced to develop it further into a unified credit risk model for all budgetary guarantees. This model based on risk metrics provides an estimate on the underlying operations over the lifetime of the guarantee using pragmatic assumptions to estimate future losses and the uncertainty around those expected loss estimates.[65] The model's calculations are made with an artificial portfolio comprising 100 loans mirroring the distribution found in reality. With the default probabilities of the different risk levels one can estimate:

- Expected losses based on disbursed exposure for the lifetime of the EFSI portfolio, and
- Value at Risk based on signed exposure; here looking for the probability having less losses than the provisioned money of 95% over lifetime.

The provisioning for the two sub-windows is set to 33% for the portfolio including the defaulted D operations. For the defaulted operations the provisioning is set to 300% following the first loss piece approach.[66]

Again, there are several effects visible forming an additional buffer. The approach chosen is understandably rather conservative; we find firstly (i) that volume of operations signed is smaller than volume of operations according to the guarantee allocation, so no overbooking and no full utilisation of the allocation emerge. Secondly (ii) not all signed operations will see disbursements (e.g., operations get cancelled). Thirdly (iii) the VaR consideration of the proxy model delivers a provisioning need of 31.85% for a Gaussian distribution end of the year 2021 (and 28.89% for a Gamma distribution).[67] Following a

[64] See footnote 47.

[65] Draft General Budget of the European Union 2023, Working Document Part XI, Budgetary Guarantees, Common Provisioning Fund and Contingent Liabilities, June 2022, p 66.

[66] The rationale is that at an LGD of 100% the provisioning for D rates operations would be in line with the first loss piece approach 1/25% = 400%. This holds as long as the maximum guarantee amount of EC is not achieved. In the given situation such ceiling is very far away. As LGD is however significantly below 100% a level of 300% is chosen by experience from the past and is considered as a conservative estimate.

[67] Information ECFIN (email 16 September 2022). As guarantee fees create revenues a left-skewed distribution can cause more revenues and need less provisioning. On the other hand a right long or fat tail can cause more provisioning needs.

conservative approach the distribution with the higher rate of provisioning need is chosen.

Altogether EUR 4.85 billion provisioning are needed to achieve the VaR objective for II Window Debt and Hybrid at the end of 2021 instead of EUR 5.03 billion according to the allocation ceilings modelling.[68]

	% of rating signed under II W Debt and Hybrid	Signed Exposure (EUR billion)[69]	EU risk (EUR billion)[70]	Provisioning needed with xx rate (see text, Gaussian distribution for 2021, EUR billion)
Total	100.00	46.56	15.16	5.00 (with 33% rate)
Total	100.00	46.56	15.16	4.85 (with 32% rate)

Note: The change in the provisioning need for II W Debt and Hybrid together from end of 2019 to 2021 (in each of the years the distribution with the higher provisioning rate was chosen, otherwise the provisioning rate would gone down in 2021 to EUR 4.38 billion).

The trend of the last three years showed an increase for the Gaussian distribution and a decrease for the Gamma distribution (standing in 2019 at 33.5% provisioning need to meet the VaR requirement). This trend of two opposite developments could be caused by an increase of guarantee revenues and the (somehow counter-intuitive) decrease for the Gamma distribution highlights the importance of revenues for the economic model of EFSI.

A deterioration of the development cannot be excluded for the future, but the provisioning so far proves to be robust and creating additional buffers.

[68] Own calculations.

[69] Information ECFIN, email 16 September 2022

[70] Draft General Budget of the European Union 2023, Working Document Part XI, Budgetary Guarantees, Common Provisioning Fund and Contingent Liabilities, June 2022, table p 21

Proxy model for the SMEW and for the equity operations of the IIW

SMEW provisioning end of 2021	EFSI guarantee allocation, EUR billion	EU risk for operations signed by counterpart end of 2021, EUR billionn[71]
Total SMEW	6.75	6.26
of which		
SMEW EP SW 1	2.32	2.22
SMEW EP SW 2	0.43	0.42
SMEW PC SW1 (EP)	0.25	0.23
SMEW InnovFin SMEG (GP)	1.40	1.38
SMEW COSME LGF (GP)	1.48	1.34
SMEW EaSi (GP)	0.30	0.30
SMEW CCS (GP)	0.13	0.10
SMEW ECP Agri Nat Combi W and EAFRD (GP)	0.09	0.00
ESCALAR (EP)	0.30	0.27
Education, apprenticeship & skills pilot (GP)	0.05	0.04
II W Equity provisioning end of 2021	**EFSI guarantee allocation, EUR bn**	**EU risk for operations signed by counterpart end of 2021, EUR bn[72]**
Total II W Equity	4.01	3.28
of which		
IIW Equity Standard	3.50	2.85
IIW Equity NPB	0.51	0.43

Note: More detailed view of SMEW and IIW Equity. (GP) Guarantee Programme, (EP) Equity Programme. Three promotional programmes comprise 79% of the volume. All programmes show no overbooking and no full utilisation of the guarantee allocation.

For equity products experts give a judgement for each of them. Their opinion is based on experience with similar products in the past and market sectorial results.[73] They consider

[71] Draft General Budget of the European Union 2023, Working Document Part XI, Budgetary Guarantees, Common Provisioning Fund and Contingent Liabilities, June 2022, p 21 (tables)

[72] Draft General Budget of the European Union 2023, Working Document Part XI, Budgetary Guarantees, Common Provisioning Fund and Contingent Liabilities, June 2022, p 21 (tables)

risk including sector-risks and future losses, future revenues, repayments and profits. For the purpose of provisioning EFSI each product can show an individual provisioning rate. These rates are not carved in stone and may be reviewed and adapted by experts when necessary. Three products comprise 79% of the volume of all SMEW programmes. The provisioning rates for all SMEW products provided by the expert judgement are in the range of 15% up to 100%. All products – under SMEW and IIW Equity - show no overbooking and no full utilisation of the guarantee allocation.

Altogether EUR 0.85 billion are needed end of 2021 for the provisioning for IIW Equity instead of EUR 1.01 billion according to the allocation ceilings. As regards SMEW the provisioning needs add up to EUR 2.57 billion instead of EUR 2.77 billion according to the allocation ceilings.[74] Here again an additional buffer is visible.

Active versus automatic balancing of the portfolio

Even if EFSI's main objective is to go for non-investment grade risk, it is obvious that not all strategic investments are high risk. The scaled up EFSI portfolio shows that the provisioning mechanism works as planned, if around one third of the volume is given to investment grade borrowers.[75] Thus, it is important to identify strategic investments with high impact with investment grade borrowers, too.

Such an approach while building up the portfolio seems to be necessary. It will not be possible to create a balanced portfolio relying on an automatic mechanism only. If, e.g., all EFSI borrowers were non-investment grade at the date of signature, rating upgrade for successful innovative companies will take place (and did already take place in the case of EFSI), but by far not enough to achieve one third investment grade volume in the EFSI stock. As the overall portfolio is on the rather risky side one would expect more downgradings than upgradings of the borrowers. That was confirmed by this evaluation. Figures show that the trend to see more downgrades prevails and is not compensated by rating upgrades.

Another approach to achieve a balanced portfolio is to rely on the mechanism that - under normal circumstances - risk decreases over time. This effect is mirrored best in the development of the loan gradings. There is a significant improvement in the portfolio's

[73] One Member State mentioned in an interview that they work with expert judgements for guarantee programmes which can be adapted for each budget. The range of provisioning communicated is in between 20 and 35%.

[74] Own calculations.

[75] The biggest programme (IIW Debt Standard) shows an increase of non-Special Activity over time at the time of signature. It is 3.3% of the signed exposure end of 2016, 3.8% end of 2017, 5.1% end of 2018, 6.8% end of 2019, 10.1% end of 2020. See Risk Reports II W Standard Debt.

loan grading. Such improvement supports the view that provisioning is robust. The life-span effect of shorter tenor while time is progressing helps to improve the loan grading.

Thus, a balanced portfolio requires active measures such as a certain volume of operations with investment grade borrowers and a certain volume with 'non Special Activity' at signature. Active measures are possible as long as EFSI volumes are still increasing. For the provisioning level chosen for EFSI it turned out that the combination of slightly more than one third of investment grade borrowers and slightly more than 10% of 'non Special Activity' loan grading at signature delivered a balanced portfolio.

Summary

The provisioning of 35% of EFSI guarantees shall avoid future burden of the EU budget. That is important as EFSI has created a large-scale programme family. Calls for guarantees in case of large-scale activities cannot be served in a 'pay as you go' approach without causing difficulties for the EU budget.

So far, the provisioning system worked well: partial provisioning from the budget was set aside; revenues created with the guarantee fees also contributed to the provisioning. Moreover it seems rather likely that revenues will contribute in the future, too.

The provisioning does not cover the expected loss only, it shall be sufficient in a VaR approach to cover with 95% probability the future losses over the lifetime.

In fact, this evaluation shows that with a conservative approach until the end of 2021 additional (small) buffers are created. In the years to come additional revenues may improve the business case of EFSI further. In case of a worsening economic situation the EFSI system seems to be sufficiently robust.

EC services developed a proxy credit model for first indications of past, present and future developments. This model calculates VaR. It helps to steer portfolios - as long as the reporting frequency of the implementation partners remains annual, the steering impact will remain annual. This restriction is rather caused by the contractual agreements with implementation partners, VaR was originally developed for daily reporting. As the modelling it is sufficiently precise, EC can be encouraged to develop its model further into a unified credit risk model for all budgetary guarantees.

Altogether: the provisioning seems to work. The level of around 1/3 operations with investment grade borrowers supports a balanced portfolio and is a precondition for the choice of the provisioning rate. By comparison to 'grant programmes only' the EU budget is spent with a large-scale guarantee programme and a number of financial instruments more efficiently. The robust provisioning supports the view that there might be left-overs from the provisioning.

ANNEX V. STAKEHOLDERS CONSULTATION - SYNOPSIS REPORT

This report provides a summary of the key findings from the stakeholder consultation activities conducted as part of this study, against each judgment criteria as per the evaluation framework. This includes information from all interviews conducted throughout the study, specifically: scoping interviews conducted during the inception phase of the study, EU-level interviews conducted as part of the transversal research tasks, and interviews with stakeholders at the Member State level, conducted as part of the country case study research.

The synopsis report is included for transparency purposes. It contains the interviewees' views and does not constitute the evaluation team's assessment.

1. EFSI

<u>Relevance</u>

EQ 1. To what extent has the design and implementation of the EFSI responded to the needs of the project promoters, financial intermediaries, and private investors?

JC 1.1 The product offer under EFSI was suitable i.e., the range of products deployed under EFSI (i) addressed market failures/ constraints that may inhibit or restrict private investment (ii) addressed the diversity of needs across sectors and EU Member States

IIW

According to market players, the product offer under the EFSI needed to be different to EIB traditional product offer centred upon standard debt products / direct lending products (need for increased risk bearing to achieve EFSI targets). Standard loans but longer maturities were also needed.

It does not mean that the EIB had to deploy completely new products though. Products other than standard debt were already used by the EIB before EFSI, but often not mainstream / not deployed at scale / limitedly used at own risk and instead developed under mandates such as InnovFin (e.g., risk sharing, equity)

The more mainstream use of products such as venture capital, venture debt products was welcome by market players. The EFSI was an opportunity to test these new products.

Overall, specific products were not launched following market studies or ex-ante needs assessments. These were developed to suit particular clients' needs (demand driven). For example for debt funds, there is no standard model – each debt fund had specific features tailored to clients' needs.

Less successful products under the IIW included captive funds and the NPB equity window (see also EQ 8).

SMEW

The frontloading / topping up was the most effective use of the EFSI support. The EFSI was reinforcing existing, successful programmes that were already being rolled out. There was demand under those programs and it was easier / faster to implement - it allowed to do more of the same. There was an oversubscription of existing programmes, demand for SME support greater than the speed at which the EC could provide support before the EFSI (through budgetary allocations/contributions). The EFSI frontloading avoided stop and go and was an early sign that earlier mandates were not appropriately sized.

The importance to have classical guarantee schemes / general SME products was emphasized by market players (despite pressures to do more on the equity side and to use more innovative / sectoral/ thematic programs). Besides, for smaller institutions general SME products are easier to implement (easier reporting and eligibility checks).

General SME products are crucial at times of crisis (e.g., during the Covid-19 crisis). When Covid-19 hit a number of changes to product features were made, to speed up the roll out of support and enhance the risk coverage. Without this, there are fears that the insolvency rate would have been much higher.

Guarantee coverage under the different programmes was generally seen as adequate by the intermediaries, and the pricing was considered as attractive.

Note that for public intermediaries, COSME type of additionality criteria were not necessarily considered as easy to meet, as, depending on the baseline / if already doing a lot, it is hard to demonstrate that one does more or takes more risk.

Programmes targeting niche markets such as CCS were found hard to implement for some intermediaries (difficulties finding a client base / meeting market demand).

Some stakeholders noted that the EIF also contributed to re-launching securitisation products in some markets where their use had stopped. While some see this as a positive market development, others perceive as a lower additionality when guaranteeing a loan book that a bank has already generated.

There were also calls from NPBIs to offer more equity financing for public intermediaries / funds but the understanding was that this will probably remain a limitation under the InvestEU too, as the idea of a Solvency Support Instrument was not maintained.

JC 1.2 The allocation of resources between IIW and SMEW reflected needs

The increases of resources for the SMEW and transfer of resources from the IIW to the SMEW were seen as justified given the high market demand for SMEW financing, and high deployment levels.

At the start of the EFSI, in 2015, the SMEW had EUR 2.5 billion. In the end, a total of EUR 6.75 billion was allocated and the budgetary allocation was almost fully deployed (around 95-100%).

On the debt side, the inclusion rate is at 95%. This suggests that ultimately the SME served demand.

There was also huge demand for equity. Outcomes will take more time to be generated but full deployment of the equity windows is to be expected.

JC 1.3 There was demand for EFSI financing across sectors and countries

EFSI covered a range of sectors. In 2020, the need to focus on healthcare and life sciences increased and the EFSI helped finance riskier investments in this sector. There was also a rationale to finance investments in sectors such as road transport in certain countries (e.g., Italy).

There were calls from some market players to continue to support a generalist type of support (not only very specific sectors).

EQ 2. To what extent has the design and implementation of the EFSI instruments responded to the evolving market needs?

JC 2.1 There were processes in place for market sounding

There is a consensus view that the EFSI remained relevant over time and adapted to the changing circumstances. Progressively, the policy focus sharpened.

Reported factors that contributed to the flexibility:

- Possibility to use contractual amendments to quickly implement changes (with no need to modify the legislation);
- Governance process with functional feedback loop with the Steering Board, Steering Board issuing updates to the strategic orientations as and when needed;
- Embedment within the EIB (any EFSI operation was first an EIB operation, and all the EFSI aspects were managed and embedded in the Bank).

JC 2.2 There was flexibility to make adjustments in response to evolving market conditions e.g., introduction of new products, budget re-allocations etc.

EFSI proved to be an effective countercyclical instrument during the Covid-19 crisis, thanks to its firepower and flexibility (e.g., IIW: reduced time to market, top ups to existing IIW operations; SMEW: increased budgetary allocation, increases to the cap rate, guarantee rate etc., financing of working capital needs).

More generic demand driven instruments such as the EFSI are logically more flexible in times of crisis (broad scope). The adjustment of the parameters for the guarantees was very helpful to accommodate the increase in risk levels and easy to implement through contractual amendments. The use of the guarantees exploded during the pandemic. The EIB response under the EFSI was immediate, creating a positive signalling effect for the market. The quick launch with retroactive application was very helpful. At times of crisis, it makes sense to rely on instruments that already exist and not to try to invent new products that take years to develop.

Comparatively national responses were sometimes seen as having played a more important role to address liquidity needs. E.g., in Italy responses were much quicker under “Garanzia Italia”. This is not true in all cases; for example, in France the national scheme came later in the summer of 2020. Some highlighted in that context that open access to the EU guarantee would have been helpful in times of crisis, to speed up the rapidity of the EU response.

Over the time of its implementation, the EFSI had to be flexible enough to adjust to changing policy priorities. The EFSI was able to accommodate the increased policy focus e.g., on climate policy.

JC 2.3 There was room for market testing new approaches and products

In the first phase of the EFSI, it was more about volumes, deploying as much as possible to kick-start investment but over time product development became more policy-focused. These changes were due to several factors, including the legislative changes introduced as part of the EFSI 2.0. The clear direction about the need for more additionality was one factor (amongst others) behind the development of more policy focused products.

Products were developed / scaled up / mainstreamed under EFSI, under both the IIW and the SMEW. Under the IIW there was e.g., the venture debt product.

Under SMEW a number of products were piloted / tested to see how the market reacts:

- The European Scale-up Action for Risk capital (ESCALAR);
- The digitalisation pilot under COSME which was really made possible thanks to the additional resources made available through EFSI (for more demanding products in terms of eligibility / more policy oriented products, needed higher guarantee rates also given higher risk concentration);
- Private credit product for SMEs;
- EFSI combination product for agricultural sector;
- Skills & education pilot guarantee product;
- EFSI pilot on social impact bond scheme/ equity instrument; and

- Additional equity product offering in the fields of blue economy, life sciences, Artificial Intelligence, and Blockchain technologies

JC 2.4 EFSI financing was allocated to sectors/ thematic areas with the greatest financing needs and gaps (while balancing policy prioritisation and absorption capacity)

Not many examples of market failures/ gaps not addressed by EFSI products were given, but the following points were made:

- A programme based on an EU guarantee is not meant to cover the first loss piece, it is not a one size fits all programme. Fully funded financial instruments and grants are needed too. Some gaps were and are to be covered through other channels including Cohesion Policy.
- Some types of projects (e.g., public sector projects of the municipalities, sustainable infrastructure, social infrastructure, and social economy) remained too small for the EIB intervention under the EFSI – in that context the opening of the EU guarantee to new implementing partners is welcome. The EIAH and investment platforms also have a role to play.
- Some businesses become eligible repeatedly (e.g., repeat loans). This means a higher risk for the financing entities (including the State) and limited economic impact (as others are left out).
- Lack of instruments / support was also quoted (more anecdotally): some sectors/areas including new materials tied to circular economy concepts and recycling, water scarcity, emission control, industry 4.0 and the productive process surrounding the green transition, design and more generally the equity side.
- The case of tourism was also quoted where the EIB added constraints restraining intervention (only in Cohesion regions, only for EE projects or territorial development) while in theory the sector was eligible for EFSI financing. Logistics is another such example where EIB does not intervene.
- The absence of specific features that would have facilitated the implementation of cross border projects was also quoted (e.g., guarantees typically not designed to cover the impact of currency fluctuations).

EQ 3. To what extent has each pillar of the scoreboard (Article 7(14) and Annex II of the EFSI 2.0 Regulation) been appropriate and relevant?

Transparency of the Scoreboard was seen as a positive development, even if it is unclear to what extent scoreboard were widely accessed and used (only a close circle of informed stakeholders would have an interest). Transparency efforts bring added value as long as it does not burden too significantly the final beneficiaries, intermediaries, or implementing partners, EIB (transparency efforts should not negatively impact time to market).

For NPBIs and national authorities this was considered as useful to better understand the focus of EFSI. From that perspective, the absence of information on rejected projects was seen as a limitation.

Effectiveness

EQ 4a. To what extent has the EFSI achieved its objectives, in particular the target of mobilising EUR 500 billion of total investment by 2020?

JC 4.1 EFSI has achieved or exceeded its target of mobilising EUR 500 billion of additional investment across the EU

The volume of investment mobilised is impressive (high leverage effect, higher compared to other instruments). EFSI worked to leverage EIB own resources, but the most impressive is that a large proportion is private investment too. The possibility of attracting private investment to meet public policy goals is the key message of EFSI: public resources are limited but can be enablers.

There is evidence to suggest that EFSI has generally served as a catalyst for attracting this private investment —see also EIB EV evaluation ((i) survey data – where most clients suggest that the presence of the EIB/EFSI helped and was perceived positively; (ii) interviews with NPBIs and European banking federation member focus group confirming that the presence of EFSI and EIB was a positive aspect encouraging private investors; (iii) case studies concluded that both signalling effect and risk coverage played a role).

The SMEW has had a particular good leverage effect (as opposed to other windows). Note that despite the good results, the actual leverage of the COSME LGF realised to date actually is lower than initially anticipated (17 vs 25), and so is the multiplier effect (21 vs 31) - see 41(5) report for 2020. This is because the portfolios are still under development (actual leverage and multiplier will go up) and guarantee rate increased in Covid-19 times (which mechanically lowers leverage).

The EUR 500 billion target refers to operations that are approved. The figure went down from EUR 545 billion (end-2020) to 524 billion (end-2021). This is normal because some of the approved operations have been partially or fully cancelled. Reasons for cancellation are varied (not EFSI specific): there is no obligation for the client to sign the -full- contract when an operation is approved, projects are sometimes cancelled / downsized or alternative sources of finance found, and at the margin there is also some currency impact. The rate of cancellation is in line with expectations.

The final figure will be known by end-2022. The expectation is that the level of investment mobilised will remain above EUR 500 billion. The latest operational report, end-2021, showed that EUR 492 billion were mobilized based on signed amounts. This is very close to reaching the target (only EUR 8 billion left).

JC 4.2 Applicable methodology has been used consistently and data for calculation are reliable

Note that the multiplier methodology does not claim direct causality between EFSI intervention and investment mobilised and acknowledges that causality is difficult to demonstrate and cannot be conclusively proven.

There are specific methods to avoid double counting and deal with co-financing (under other EU instruments) and double financing (repeat operations).

For the IIW, the EFSI multiplier calculation methodology is not based on assumptions. Estimates are project based, estimates of the total project cost done by EIB engineers and economists. The only assumption is for venture debt operation for early-stage start-ups, which is based on an ECB market study.

For the SMEW, the EIF methodology is based on relevant assumptions established ex-ante, specific to each market, applied consistently.

EQ 4b. What factors, even if unexpected or unintended, have driven or hindered progress and how are they linked (or not) to the EU intervention?

In the interviews, there has been a discussion on the role of the EIB as sole implementing partner under EFSI and the geographical/sectoral spread of EFSI. It was one of the topics that was most discussed in the implementation of EFSI and development of InvestEU. The idea was that EFSI successes and well targeted segments (countries/sectors) reflected the capacity of the EIB/EIF (- Large projects - Debt products - SMEs - Certain sectors – Certain countries)

EFSI had only one implementing partner which was the EIB Group. EIB enables pan-European coverage. Given the limited time available when EFSI was launched, the EIB was the natural partner for operationalising the instrument. But it did not prevent the geographical skewness. EIB is more present in some countries/markets than in others. The EIB is a very centralised organisation, with no territorial network. It has, and rather logically so, no in-depth context of the local contexts. It does not cover well the small projects / certain sectors. It is more specialised in larger and/or cross border projects. EIB finances rather large projects (EUR 50-300 million) even if EFSI helped the EIB to deal directly with smaller projects (starting even with volumes of EUR 10 million).

In relative terms, the concentration could have been worse. Several factors explain a certain degree of concentration (see also – special activity evaluations as 80% of EIB Special Activity Operations fall under EFSI):

- The market maturity was a limitation for certain types of lending and equity financing. Countries with more developed markets ended up putting forward more proposals.

- From a certain point of view a different picture could have been expected - some countries are more in need and the EIB's AAA rating makes more of a difference for these countries. But in these countries, there is also a 'competition' effect from grants – ESIF grants are available for possible EFSI beneficiaries so financial instruments may not be their first choice.
- There were also challenges for instance in trying to bring investments to smaller countries such as i.e., Czechia or Latvia. In many cases projects are also smaller in size – i.e., local municipalities that need financing – and as such are below the threshold EIB is normally used to.
- The macroeconomic environment also played a role – a positive context like in Poland increased demands for loans.

There was a distinction between the SMEW and the IIW.

Deployment was faster under the SMEW. Cooperation between EIF and NPBIs / financial intermediaries was already pre-existing and working well. Financial instruments were used and generating interest among SMEs and banks. The EIF offers standardised products, and the banks work well with these products. They are already well promoted to the customers and integrated into the systems of the bank. It is reportedly easy for intermediaries to switch from a programme to another and from one programming period to the next. In some countries however, there was a limited number of national intermediaries to absorb resources (Romania, Cyprus, Ireland and the UK).

Under the IIW, presence of a strong NPBI was a key factor to facilitate deployment and facilitate the financing of smaller projects / facilitate outreach on the whole territory, including through investment platforms. However, often, there was no pre-existing cooperation between NPBIs and the EIB (there was some form of cooperation in France).

Without mobilisation efforts (and e.g., efforts to set up investment platforms), it is likely that there will be a limited pool of projects the EFSI can finance, that it will be hard to find transactions with higher level of additionality to go under the EFSI. For instance, regarding social infrastructure, there were needs (housing, education, now also health), but it was unclear whether an EU guarantee was needed. The low share of financing for projects in some sectors generally reflected the low riskiness (e.g., social infrastructure projects often being plain vanilla Social Security Administration lending). Another example: telecom projects often being corporate finance projects financed under EIB own resources.

Progressively, and notably thanks to EFSI 2.0, the targeting under the IIW was extended. The NPBI equity window served that purpose.

The opening to more implementing partners under InvestEU is generally welcome by interviewees. Local presence is needed to target smaller corporates. In countries such as France, NPBIs even have local/regional offices. More partners can improve the geographical coverage and also sector spread (e.g., social projects are specifically targeted by the Council of Europe Development Bank).

EQ 5. **To what extent has the sectoral and geographical distribution of EFSI investments been in line with the defined indicative limits?**

A policy instrument needs policy-related targets. In the case of EFSI, the targets were not hugely difficult to reach so it did not significantly constrain the implementation of the programme, this was quite proportionate.

The interviews did not shed much light on how the sectoral and geographical concentration limits were decided upon. A compromise was certainly found between, on the one hand, not wanting to have too geographically concentrated deployment and, on the other hand, what was feasible to achieve in terms of deployment

On geographic concentration, the paper produced for the Steering Board in July 2019 sets out all the activities that were conducted in terms of communication and reach-out in other countries.

Comparatively, sectoral concentration was less topical under the EFSI (although it became more of a concern under InvestEU). The limit was monitored, and always respected (note on the sectoral breakdowns: interesting to look at figures separately for the IIW and the SMEW).

EQ 6. **To what extent has the EFSI achieved its objectives in relation to the 40% target under IIW to support project components that contribute to climate action?**

JC 6.1 The climate action target has been achieved or exceeded

The EFSI was the first EU programme with a concrete climate objective – it was an important development. The EU Green Deal and other EU political agendas on climate action were set after the initial design of the EFSI but have since then gained a lot of importance.

Meeting the CA target was not binding, yet it was met. It was within reach – calculated at a time when the EIB already knew the composition of its portfolio and concomitantly the EIB was also developing its own climate policy and climate roadmap.

There were no negative unintended side effects (in terms of risk levels, geographical diversification) - see also EIB EV (2021).[76] In reality, climate operations are not necessarily more risky – increasingly proven that it is not the case.

The introduction of the target has enriched discussions.

[76] *Ibidem* p.72

However, in terms of the composition of the portfolio, the EFSI was not only targeting climate action. Fossil fuel projects remained eligible. All transport modes have been allocated funds. Over time though, impression at the EC that the portfolio shifted towards more CA projects, for instance less motorways and more electrical bus fleet.

Comparatively, InvestEU will provide a more robust policy steer for CA.

JC 6.2 EIB methodology for determining climate action financing is robust and in line with accepted standards

There were only a few remarks on the methodology for determining CA (same under the EFSI than for the EIB in general):

- There may be some examples where there are CA projects that we cannot claim to be climate friendly, but these would be marginal.
- Focus on CA should not be at the detriment of other sectors or of projects/companies who are transitioning to a lower climate impact.
- Strict rules applied in a standard manner across the whole EU does not always make sense. E.g., environmental norms that apply when building social housing need to be "national legislation +10% additional effort" to qualify as CA for the EIB. This penalises projects from MS with very strict national legislations.

EQ 7. To what extent has the EFSI contributed to increased access to financing in the EU policy areas in line with the objectives listed in Article 9(2) of EFSI 2.0 Regulation?

SMEW

Interviews with intermediaries confirmed impact from the EFSI / underlying programmes on:

- Volumes – EFSI permitting intermediaries to expand their capacity or to sustain their offer;
- Profiles of firms supported – encouraging intermediaries to finance firms unable to provide guarantees or other collaterals, more risky customers, smaller firms;
- Broader spectrum of assets financed (e.g., less liquid assets); and
- Terms and conditions (e.g., lower interest rates, lower collateral requirements, no requirement for any personal liability, and lower fees)

Beyond the positive impacts on those supported, interviewees found it hard to extrapolate and affirm that the EFSI changed the global picture in terms of availability of financing, difficulties persist on certain markets. EIF has been involved on the markets for years. Some did highlight changing perceptions for some asset classes (e.g., ABS, Venture Capital, and Venture Debt) though.

Some did also highlight positive learning effects, with intermediaries now being more open for new / more risky customers, intermediaries being upskilled in reaching their clients.

See e.g., Polish study last year that evaluated the impact of the COSME guarantee.[77]

IIW

Discussions were centred upon ways by which EIB fosters crowding in effect / limits crowding out:

- EIB's limits as per the statutes: EIB can only finance 50% of a project so by default it brings in other co-financiers.
- EIB's subordinate position, risk coverage or longer maturity operations while others would choose less risky positions.
- EIB's technical and legal due diligence which reassures other investors. The EIB project team typically includes an economist and an engineer that are specialised in the sector and have experience of this type of operation across all of Europe. They participate to the due diligence process and site visits and bring in project based technical assistance, outside of mandates, and help structure the project from a financial and technical perspective. This gives comfort to other financiers.
- Signalling effect from EIB involvement, from its triple A rating.

Nevertheless it was emphasised how crowding-in / absence of crowding out is complicated to prove. There are anecdotal claims arguing there has been crowding out and public promoters in surveys tend to be incentivised to say they have options on the table (otherwise they would be recognising that they are not financeable).

EQ 8. To what extent have the National Promotional Banks or Institutions and the Investment Platforms been instrumental to the achievement of the EFSI objectives?

JC 8.1 NPBs/NPIs and Investment platforms have been largely effective in stimulating project pipelines in target sectors and crowding-in of private lenders / investors

The EFSI did put the NPBIs on the forefront - see 2015 communication on the role of National Promotional Banks and Institutions in supporting the Investment Plan for Europe. There was a KMI saying 15-20% of operations should be in collaboration with NPBIs. It was closely followed by Steering Board. Cooperation with NPBIs was meant to be a way to achieve the geographical balance objectives of EFSI, to better cover the needs of regional markets (NPBIs know the local needs). NPBIs are also an entry to help

[77] https://www.flipsnack.com/aecmeurope/aecm-statistical-yearbook-2021.html
https://www.flipsnack.com/aecmeurope/aecm-statistical-yearbook-2020/full-view.html
https://aecm.eu/wp-content/uploads/2020/07/AECM-Statistical-Yearbook-2019.pdf

blending national grants with EU resources (although opportunities in that regard were underused under EFSI). Generally speaking, collaboration was not seen as impacting the mobilisation of private finance.

EFSI did foster the dialogue, and the collaboration was more publicised. EIB reached out to all the NPBIs, through platform and/or bilaterally. Collaboration happened throughout the EFSI from the beginning (not new with EFSI 2.0 Regulation). Overall NPBIs involvement under the EFSI was high and this created a precedent. Going forward, cooperation under InvestEU will be smoother, some of them will go through the pillar assessment.

Under the IIW, 17% of operations were in collaboration with NPBIs. Under the SMEW, it was 30% (higher under the SMEW as NPBIs are also acting as intermediaries under SMEW).

Most investment platforms were delivered with NPBIs. No specific goals or number of platforms were set. Overall 60 investment platforms (IPs) were set up in 18 MS, reflecting an important outreach effort. NPBIs' experience with investment platforms is spelled out below (separately for each window).

IIW

Investment platforms helped to reach smaller operations but their setup and implementation were not efficient. NPB equity window, demanded by NPBIs, was not used as per expectations. Some of the operations being discussed never materialised.

IPs could only be created under the NPB equity window– before that efforts were made, but these were unsuccessful.

By definition it is not easy to implement investment platforms – all partners, having initially different institutional / legal contexts – need to subscribe to the same objectives, terms and conditions. Given the large transaction costs and expertise required, IPs were more attractive in large MS with experienced NPBIs. Besides, unlike the EIB, NPBIs co-investing in IPs were not benefiting from the guarantee directly.

Feedback from those with experience setting up platforms was that it was hard/long to find a design that would work from the legal and financial point of view. As a result, most IPs only became operational (i.e., ready to start making investments) in 2019-20.

Once set up, investment platforms were often still slow with disbursement. The processes were meant to align interests – but with not enough consideration for the operational aspects / causing undue delays.

Given all hurdles in creating the platforms, from the perspective of some NPBIs, it seemed direct access to EU guarantee would be easier. IPs could still be created together with the EIB to capitalise on the EFSI experience under InvestEU – in parallel to the open access.

SMEW

The EIF did not always see a substantial value added from the setting up of platforms, yet some platforms were created at the demand of NPBIs, in which cases this has crowded in additional budgetary means on the national level - see the example of Cassa Depositi e Prestiti (CDP) Italy which structured an investment platform for SMEs where a national guarantee was combined with an EFSI guarantee to provide more financing to SMEs.

Otherwise going for normal guarantee/counter guarantee was by far the preferred route. Advantages to collaboration with NPBIs come in when NPBIs enable the EIF to deliver more e.g., if it helps EIF deliver funds in one big transaction, through counter guarantee for instance. NPBIs are also aligned in terms of their risk appetite which is often bigger. Otherwise there is more added value collaborating with commercial players (as NPBIs are already backed by MS).[78]

JC 8.2 The cooperation had a positive effect on geographic and sectoral distribution

Collaboration was easier in some countries than in others. NPBIs are very diverse in terms of levels of sophistication and several MS did not have an NPBI (until recently). NPBIs have completely different business models across MS and sometimes within a MS. For example, Poland has 16 NPBIs and they all have different rules in using structural funds.

Where NPBIs were less strong, the deployment of the EFSI was also less strong despite the EIAH's capacity building activities. The stronger NPBIs tended to be most often working with the EIB.

Where collaboration was less successfully, it is unlikely that the EFSI offer was not suited to local needs – more a matter of:

- Lack of clarity of possible forms of cooperation (expectations around collaboration with NPBIs were very high, but not well defined) and initial misconceptions - some NPBIs thought EFSI was a source of grant financing;
- Capacity - some smaller NPBIs did not have structures well developed, there was less confidence on the EIB side that they were able to effectively deliver the financing;

[78] In InvestEU, many of the NPBIs are becoming implementing partners but can in some cases also remain EIF clients. From the client's perspective, the situation may thus become more complex, but the EC should have a role in steering this.

- (Perceived) lack of scope for collaboration / few market opportunities. In smaller countries, project promoters looking for grants, EIB financing larger projects that NPBIs weren't in a position to finance, projects of moderate size not needing both EIB and NPBI co-financing (on larger projects from bigger markets there is typically room for both EIB and NPBI).

EQ 9. To what extent have the projects supported by the EFSI contributed to the creation of jobs and sustainable economic growth?

It is too early to assess impacts - signatures are still ongoing. EIF conducted a series of impact studies regarding how counter guarantees allowed decreases in defaults and increases in sales, employment and assets. These are useful for the study team to review.

Overall, the EFSI has managed to reach about 800,000 SMEs (i.e., 4% of the total number of all EU-based SMEs). Given the figures, it cannot be argued that its impact has been extensive in the sense of changing the market. But for the 4% of those companies, the impact of the EFSI must have been significant.

Interviews with project promoters and fund managers highlight benefits:

- Direct benefits in terms of (i) innovation, job creation and competitiveness for supported firms, e.g., as evidenced by growth in turnover, CAPEX and employment ; (ii) climate and environmental benefits (waste treatment, and clean energy production) (iii) ESG, governance (audit and reporting requirements); and
- Indirect benefits (e.g., indirect effects on employment and growth, local communities' development, and digital inclusion)

EQ 10. To what extent has the use of the scoreboard (Article 7(4) and Annex II of the EFSI Regulation) been effective in ensuring an independent and transparent assessment of the possible use of the EU Guarantee by the Investment Committee? To what extent have the individual pillars contributed to the scoreboard's effectiveness?

No specific insight from interviews. See also EQ3 under relevance.

EQ 11. To what extent have EFSI communication methods been used to engage stakeholders effectively?

There was coordination between the EC and EIB group on the communication aspects as foreseen within the EFSI Regulation. This was never formalised as a concrete communication agreement but article 3 of the EFSI communication framework set out the following three objectives for communication:

- Stakeholder communication on the functioning of EFSI;
- Public access to information on the performance of EFSI; and
- Create support from stakeholders and the general public.

First, the strategy implemented mostly by the EIB focussed on explaining core functionalities and debunking myths. There were on an ongoing basis road shows with (potential) co-investors/clients/promoters to show how the EFSI works. The Steering Board engaged quite regularly with different stakeholder groups to explain the programme and hear from them any concerns.

At the start, it was a challenge to explain the benefits of using a financial instrument to solve the economic issues caused by the financial crisis. The EFSI is complex with a long chain of intermediaries. But negative sentiment slowly but surely went down during the course of the EFSI.

Progressively, communication focussed more and more on public access to information and communicating on impact of the projects (country campaigns, thematic campaigns on impacts on e.g., innovation or climate). The EFSI was revolution for how the EIB communicated – the EIB developed new brochures/ websites / presentations/ fliers/ infographics/ project examples or descriptions/ pictures/ videos. The EIB also broadened the channels usually available/used by institutions to communicate these kinds of initiatives. e.g., fringe communication (360 videos using VR, exhibitions where beneficiaries presented products, social media campaigns, and influencer videos). The EIB made sure that anyone who wanted to know about the EFSI could find out every detail:

- Live monthly updates of signatures – where you could find what projects had been signed, benefits/ concrete impacts. You can find all this information by country and exact geolocation – they had a map with pictures/ links etc.
- Podcasts and 3rd party content of people recounting how they got jobs while the economy was difficult thanks to the EFSI.
- There was also communication on the EIB study on the EFSI macro impacts.

From the EIB / EC perspective, the inter-institutional coordination was very good (monthly meetings were organised). This ensured every EFSI project/signature was properly communicated by press release and social media; fact sheets showcasing impact and country financing data were frequently updated, for all MS. A range of key metrics was followed, covering all channels – print, online, social and traditional media. The EIB measured general public engagement on their website - monitoring downloads of information/PDFs, page views.

Communication activities mainly covered EFSI financing, rather than also the portal/hub. For the advisory hub, they did a lot of communication as well – more focused on the hub specifically rather than putting it in the EFSI context. The aim was also to show the EU at work and what it does to benefit businesses, citizens etc. The messages were a bit broader than just explaining and talking about the initiatives.

Over the course of the EFSI implementation, communication efforts were implemented at the national level too (through the administration, NPBIs, the EIB local offices, national associations) but only in some countries, e.g., Poland or France (organisation of meetings with key stakeholders, dissemination of information on dedicated webpages). Information was also disseminated via EU level business associations for the SMEW (e.g., the European Association of Guarantee Institutions - AECM).

In general, the understanding was that, over time, the knowledge of the programme improved amongst stakeholders. There is less misconception about the EFSI specifically and about programmes of that type more generally.

Despite the efforts, some stakeholders still reported low awareness levels about the EFSI offer especially among final beneficiaries. Some project promoters wished the EIB would initiate contact with potential beneficiaries (the same way that EIF does reach out to potential intermediaries). Some intermediaries feared that some final recipient may not even be aware of the exact programme through which they received support. For the IIW projects, more systematic use of posters signalling the EFSI / EU involvement was advised.

The launch of the InvestEU campaign in the course of the deployment of EFSI was a challenge from the communication perspective.

Additional evidence: EFSI legacy

New tool for public intervention. The EFSI was the start of a paradigm shift towards a different way of using public money – away from grants. This enabled the use of fewer resources for the same objectives and implemented the idea of attracting private sector financing for public policy goals. However, with the EFSI there is a trade-off between volume and impact, because to make a greater impact, a high provisioning rate is needed (some think that working on high value interventions with 40% provisioning rate will be a stretch).

First market driven instrument. The EFSI reconciled the need for Europe to invest in strategic areas with having a demand driven instrument. It was seen as a market driven, not a policy driven instrument. Yet policy objectives were clear. The EIB Group made it clear that the EFSI was part of the policy design of the EU. For example, when Covid-19 pandemic happened, the EIB highlighted the reprioritisation and within a couple of days they saw projects come in to support RD&I in this area.

Change in culture at different levels. This includes:

- At the national level, spotlight on the need for long term investment, support for investments (in some countries there was almost a culture against investments due to the need to fulfil the EU Stability and Growth Pact), changing perspective in favour of investment / SME (demonstrating by experience to investors and FIs these activities are bankable), upskilling of intermediaries;

- At the EU level, overcoming silo mentality within the EC, policy DGs working together (thereby laying the ground for InvestEU), enabling the EIB to think differently and focus on riskier projects;
- Cooperation between the EU and national levels in favour of investment / SME through NPBIs which also have reciprocally more of an EU dimension.

Other main achievements claimed. Smaller projects financed (smallest EFSI deal was a EUR 7.5 million deal, to be compared with average EIB project size pre-EFSI), more risky projects (special activities), and new products offering a lot of market opportunities.

Lessons learned for InvestEU. The EFSI was a way to learn how to work with the budgetary guarantee – this experience was helpful when designing InvestEU e.g., under the SMEW, pilots were helpful to trial products within thematic areas and helped the EIF evolve as a thematic institution. Lessons taken on board when designing InvestEU (see also programme statement) include:

- Under InvestEU, all financial instruments and advisory are under one roof (now EC entry point) and this will reduce the risk of duplication and overlap between instruments;
- More implementing and advisory partners in InvestEU;
- InvestEU is still demand driven but has 4 policy windows – it will have more of a policy focus; and
- Simplification meant to foster blending grants from other EU programmes with support from InvestEU (InvestEU rules will apply for the entire project).

Efficiency

EQ 14. To what extent have the governance structures put in place for EFSI IIW have been efficient in supporting its implementation?

There was no criticism of the governance processes within the interview programme. The governance seemed to work well. Contributing factors according to interviewees were:

- Clear separation between the EIB and the EC / between the lender and guarantor;
- Clear role for the IC - purely responsible for decisions around the portfolio guarantee and balancing well policy and financial considerations;
- Decisions of the IC being facilitated by the Guarantee Request Form, strict timetable for the IC to make decisions (10 working days);
- Use of the EIB structures to avoid duplications;
- Steering Board enabling open and transparent discussion between the EIB and Commission. (advantage of a small group even if there was some criticism that it was only the EIB and the EC – plus one parliamentary observer in addition).

SMEW

The EIF was not represented in the Steering Board (the guarantee was through the EIB, the EFSI was not a tripartite agreement).

For the SMEW which deploys rather standardised products, approval took place at the product level – not at the level of individual transactions (approval of Steering Board after mandate due diligence and approval of Board of Directors); the IC played no role for the deployment of the SMEW.

Note: additional steps are foreseen under InvestEU and are deemed necessary for the onboarding of new implementing partners – this is expected to significantly slow down the time to market and create additional costs.

<u>Coherence</u>

EQ 15. To what extent have EFSI, EIAH and EIPP been coherent with other EU interventions (i.e., for EFSI, complementarity, potential synergies and / or overlaps with the European Structural and Investment Funds, Connecting Europe Facility, Horizon 2020, etc.) in terms of objectives, scope and activities?

JC 15.1 There was complementarity between EFSI and other relevant EU interventions e.g., CEF, H2020 and ESIF

There was complementarity in the sense that the EFSI was co-existing with fully funded financial instruments designed to support the first loss piece. Under the SMEW, EFSI resources were used for the front-loading and top-up of existing mandates.

Some existing financial instruments however had to be refocused as their pipeline was absorbed under the EFSI:

- Following the launch of the Expansion and Growth Window under the EFSI Equity instrument, the Equity Facility for Growth was refocused to prioritize funds investing in COSME third countries participating in the programme. This is not yet visible in reporting at company level (it takes time for the funds to build their portfolio) but already visible at fund level;
- The CEF-DI Delegation Agreement was amended in June 2019 to focus on green innovative investments, ensure complementarity with the EFSI and to allow the absorption of NER 300 programme (managed by DG CLIMA). The amended CEF-DI Delegation Agreement also introduced the 'Future Mobility' financial product to support high-risk deployment of alternative fuels infrastructure, the roll out of innovative technologies and smart mobility services.

The combination of the EFSI with the ESIF (structural funds) was a key challenge. The Omnibus regulation was a step in the right direction but the regulatory environment remained not conducive to combination.

JC 15.2 There was no direct competition between the different EU interventions

In general no, there were no major constraints and understanding that efforts were made to ensure complementarities.

For (smaller) financial intermediaries, it was reportedly an additional complexity to manage various programmes (different processes, different reporting). Programmes with larger scope were found easier to manage, however the limit of EUR 150,000 under COSME was found restrictive. Having a single rule book for all products including thematic products under InvestEU is expected to be beneficial.

Situations where the EIF would provide counter guarantees and direct guarantees on the same market were found to be distortive.

EQ 16. **To what extent have the actions of the EFSI Regulation (EFSI, EIAH, and EIPP) been internally coherent in terms of potential synergies in contributing to the achievement of the objectives of the Investment Plan for Europe?**

The objective to have internal coherence makes sense. Yet, in the beginning, there was no expectations that the EIAH or the EIPP would feed the EFSI pipeline. Expectations as to the Hub contribution increased with EFSI 2.0. It was not the case for the EIPP (whether EIPP projects get financing from the EFSI is not monitored). Under the EFSI there was no automatic cross-referral systems e.g., to redirect promoters in need of financing or Hub beneficiaries to the EIPP. Such systems will be put in place under InvestEU (and implementing partners automatically updated in case a new project is published on the Portal).

For some interviewees however, interlinkages are more of a technocratic concern. Advisory services help foster investment but in the rather long run and there cannot have too much pressure on feeding the EFSI pipeline however advisory services risk being offered to projects that do not really need the support. As to the EIPP, it will not necessarily attract projects that will later become eligible for the EFSI.

The EIAH contribution to the EFSI IIW implementation is assessed under the EIAH section.

One finding here is that the EIAH contributed limitedly to the SMEW implementation. This was not necessarily seen as a key limitation thus far under the EFSI but going forward, under InvestEU, advisory needs are expected to be bigger since InvestEU is more thematically oriented.

One interviewee also reminded the linkages with Pillar 3 of the IPE which are often not discussed. The EFSI cannot replace an insufficient regulatory environment. For instance, it was quickly implemented where capital markets properly functioned and in countries with strong NPBIs but for countries without this it took a long time.

EU added value

EQ 17. To what extent has the EFSI, EIAH and EIPP support provided EU added value compared to what Member States acting on a national or regional level could reasonably achieve on their own?

The need for additional support from the EU is dependent on the amount of support available at national level. In general, there seemed to have scope for several support schemes being run in parallel. Only few issues of competition were reported. Bulgaria and Greece are two countries where competition with national products was mentioned.

Many programmes / initiatives with national or regional scope were quoted during interviews. These mostly concerned the SMEW, and guarantee schemes in particular while experience with more innovative instruments such as equity/quasi-equity instruments seemed to be more limited. Programmes similar to the EFSI for the IIW type of projects were quoted in a limited number of instances (including e.g., the French PIAs which have a slightly more upstream positioning). In other countries, the availability of some limited grant type of support was mentioned instead.

Interviewees generally did not claim that the EFSI type of support was completely unique in their countries. However, conditions of EU schemes were in general found to be more favourable, including:

- Better pricing;
- More modest co-financing requirements;
- Higher guarantee rate;
- Wider / less restrictive eligibility criteria (including e.g., agriculture or leasing, non-bank intermediaries);
- Design that ensured the State aid consistency of EFSI financing.[79] ; and
- Ease of administrating EU programmes.

Some exceptions were:

- More advantageous national programmes in the context of Covid-19 response (providing coverage level above 80%, 90%, or 100%) – with the understanding however that this type of support can only be temporary as intermediaries will need to again take on more responsibility; and
- (For the IIW) when financing projects, national players may be able to evaluate risk of financing given recipient in more adequate way and therefore propose more favourable conditions.

[79] No further State aid conditions or procedures had to be followed by EIB/beneficiaries (no need of checking limits as in case of *de minimis* aid/ possibility to target companies that used up their *de minimis* limits).

Note that in some cases it was clearly highlighted that the national schemes were provided on a much larger scale compared to the EFSI.

Additionality

EQ 18. To what extent have the projects and resulting portfolios for which the EU Guarantee was extended proved additional (in the sense of the EFSI Regulation, see footnote 8)?

JC 18.1 EFSI financed crowding in private investment in specific sectors or projects of high policy added value which suffer from persistent market failures

Initially the concept of additionality was more centred upon around the risk profile – special activities. Quickly the concept evolved to focus more on impact (going from an input orientation towards impact) – focus on issues related to market gaps, market failures and suboptimal investments.

Progressively, the quality of the documents provided improved. In that sense, the change to additionality definition within the EFSI 2.0 Regulation (EFSI 2.0 Regulation defined additionality beyond the special activity status and specified the other elements that had to be considered) was more an official endorsement of what was already being implemented. It is not clear that it modified the type of projects being financed, though one interviewee did mention that the number of projects rejected by the Investment Committee was higher after the EFSI 2.0 Regulation.

Market failures and suboptimal investments are different across countries, so the concept of additionality needs to be applied to the needs of the different markets. Some segments (SME market, innovation) are viewed as needing support throughout Europe.

For the EIF, the concept of additionality is operationalised differently. It is embedded into the product design rather than added at the level of individual transactions. For instance, terms sheets specify that intermediaries have to change their lending policy or include policy fit criteria within eligibility criteria. The only exception is in the Covid-19 pandemic context when efforts were made to understand the other schemes that were available at the national level.

JC 18.2 EFSI financed projects have higher input additionality as compared to standard operations

SMEW

Debt

Attractive features include:

- For the *intermediary level*

  - Risk reduction, high guarantee coverage (especially on a loan by loan basis for COSME);
  - Zero fee (for COSME);
  - Design that ensured the State aid consistency of EFSI financing. No further State aid conditions or procedures had to be followed by EIB/beneficiaries (no need of checking limits as in case of de minimis aid/ possibility to target companies that used up their de minimis limits); and
  - Capital relief (the guarantee coming with AAA collateral to the intermediary).
- For *final beneficiaries*
  - Reduced price (benefits passed on to beneficiaries); and
  - No collateral requirements, possibility to use any collateral for other benefits (such as securing other loans).

Note: one interviewee (from an NPBI) challenged the idea (from the EC) that in the debt segment market failures need to be addressed through reduced price. He/she was of the opinion that products on market terms can still addressing market failures (playing with loan size, maturity) including in the debt segment.

Equity

According to interviewees, input additionality took the form of:

- Financial support role in closing the fund / reaching the target size;
- Role in attracting further investment due to signalling effects especially when EIF commits to the Fund early. As the EIF is traditionally very disciplined in due diligence and in the negotiation of the fund regulation this provides assurance for other investors (esp. less sophisticated ones);
- Support around the Fund's governance and procedures (more professionalism, integration of ESG (Environmental, Social, and Governance) factors); and
- Comparatively influence on Fund's strategy and the team composition less frequent.

IIW

The following elements were mentioned:

- Large ticket size;
- Diversification of funds;
- Long tenor / duration (longer tenor is often otherwise not available on the market and helps to negotiate better terms with other lenders too);
- Financial conditions: low rates, floating / fixed rates depending on needs, low fees, flexibility of drawdowns;
- Quality stamp (signalling the quality of the project to others);
- Technical expertise, option to have advisory services. Note: this is not necessarily about getting extensive support (no example where scope and size of the project would have changed following EIB involvement but can be simply about better selling the project); and

- Possibility for the EIB to tag the project as eligible for green bonds (where applicable).

Note that the EIB's involvement does not necessarily attract other lenders or influenced the financial structure of the project if commitment of the EIB comes later. Often on the debt side it was not specifically quoted.

On equity side, examples of crowding in effect through reputational benefits were quoted (thanks to the EIB being seen as a prudent investor conducting detailed due diligence). Note: interviewees however highlighted in some cases oversubscription and doubts that the EIB support was instrumental to others. But even so, the EIB involvement was still seen as helpful e.g., to obtain better conditions from the other financiers (who benefit from the EIB risk coverage) or to free up resources from the promoter itself.

JC 18.3 EFSI financed projects would not have gone ahead at all or in the same form without EFSI support

The potential counterfactual scenarios were described as follows:

SMEW

- Lower volumes (for some intermediaries; others think only conditions would have been affected, rather than volumes as well);
- Some specific segments (e.g., innovative companies) would have been less well served (on many markets, there is no competition to serve these specific segments and it cannot be assumed companies would have access to finance otherwise);
- Less favourable financing conditions (shorter tenor, higher pricing);
- Higher collateral requirements; and
- Higher co-financing requirements.

Equity

- Most frequently the answer was that the Fund would have been capitalized anyway, other investors would not have necessarily/systematically pulled out but the Fund would have been of a lower value and/or taken longer to arrange.
- Possibly this would have meant that the average size of supported investments would have been smaller.

IIW

- Project may have gone ahead;
- Alternative financing would often have been secured;
- The scope/quality of the projects would have remained similar;
- This is a common argument in general but project promoters did not specifically mention that their projects would otherwise have been financed later (referring to rather long EIB procedures in baseline scenario);
  <u>BUT</u>
- Less beneficial conditions, higher project cost overall; and

- Less scope to invest into other projects in parallel.

EQ 19. To what extent has the EFSI portfolio had a higher risk profile than the portfolio of investments supported by the EIB under its normal operations?

SMEW

When selecting intermediaries the EIF checks there will be higher risk. For higher risk transactions: they calculate the standard risk coverage zone / standard expected losses (average losses, loss rates and recovery rates) and agree that the guaranteed portfolio would have higher expected losses (by a certain %). There are also “volume” transaction where the EIF calculates average business volumes and the FI commits to do at least x% more (more common for public intermediaries who typically focus on lower rated businesses which have difficulties in accessing financing from commercial sources).

Intermediaries generally communicated that, thus far, portfolios have performed as expected, or better than expected – even if default rates are higher than in their standard unguaranteed portfolio. Same message for EaSI looking at instrument level evidence: despite lower financial returns compared to COSME (average 5% vs 20%), the financial stability of the fund has been maintained over the years.

The EFSI helped financial intermediaries to take on additional risk, helped cover the most risky part of the market because it topped up fully funded instruments meant to cover first loss piece, meant to be lost in a way.

IIW

In general, the EIB can only allocate resources to AAA+-type of projects. The EFSI was meant to target higher risk projects given its ambition to cover market failures. The risk profile of EFSI financed projects was different compared to what the EIB had done before (more similar to special activities). Within the IIW, the equity sub-window or NPB equity window was where the most risky projects were to be found.

Yet, the EFSI was not designed initially and even over time to support the most risky projects. As per the EFSI Regulation, projects should be viable. Most risky projects are very uncertain, require higher provisioning / fully funded instruments and were meant to be addressed by other FIs run in parallel such as InnovFin.

EIB would not have been able to support the same amount of special activities at its own risk. There was no pre-existing plan to increase the special activity. There are limits to the amount of risk the EIB can take on its own balance sheets and provisioning it needs to set aside. Some operations could certainly have been delivered without the EFSI (e.g., doubts were cast for some projects such as the case of tram wagons or 5G deployment) but not the whole portfolio – this would have affected prudential ratios /statutory limits and/or credit rating. This argument was developed in the EIB EV (2018) evaluation (even if no paper modelling the impact of the absence of the EU guarantee is available).

Client experience accessing EIB / EIF programmes / loans

SMEW

- Well-articulated decision making processes at the EIF, even some bureaucracy, generally understood as necessary, certain non-negotiable ‘must haves’ for the EIF.
- Good relation with the EIF teams, supportive teams, fast and concrete responses to any question, professionalism, dedicated to make transactions a success.
- Demanding in terms of information to be provided at the signature/application process. Potential of digitalisation not fully used.
- One comment on approval being rather quick, but the legal aspects, onboarding which take too much time. Months during which the envelope could be deployed are lost as a result (not fully lost because investments can be brought into the portfolio a posteriori) – but managers lack visibility.
- Becoming too burdensome and complex for more recent / future programmes. A lot of information requirements for the final level too, which can discourage companies.
- COSME implementation comparatively rather favourable with respect to admin costs. COSME instrument less demanding – broad scope, flexible in terms of implementation and absorption, and easy reporting. The program did not involve invoices and had a small burden in terms of management.
- InnovFin as a more specific programme involves more work on implementation (transfer of benefits based on risk assessment, more eligibility criteria that need to be translated into internal eligibility tool).
- On eligibility criteria: one can see that they are meant to be applicable in 27 countries – there is a need to translate the criteria into local definition / legal terms. (e.g., is it possible to finance working capital under the guarantee, what counts as working capital). Same goes for the definition of innovative companies – quite subjective in the end (French fund referred to local equivalent – e.g. targeting companies that qualify as “Jeunes Entreprises Innovantes”). To some extent this may be inevitable, but correspondence tables would help. It works nevertheless because there is an understanding there is openness and support on the EIF side as long as intermediaries abide to the contractual documentation.
- EaSI uses a very pragmatic way to check supported companies are social enterprises: the intermediaries have to annex a short form to their loan contract, in which supported companies have to answer a series of short questions and self-declare that they are social enterprises (easier to implement than instruments at the national level).
- Administration / management easier compared to national programmes (though it depends on the countries)
- Reporting tedious the first time but experience helps and it remains manageable. Some calling for semi-annual reporting instead of quarterly reporting.
- Flexibility to extend the duration and volumes of guarantee programmes. Same flexibility when an envelope should on the contrary be downsized (in case of low

implementation rate, proactiveness reaching out to the FI, solutions offered to switch support programmes).

- The EIF pays quickly whenever the bank calls a guarantee.
- As an unintended positive effect, collaboration with the EIF helps connect FIs with relevant EU level associations and influence policy making.

IIW

- Demanding appraisal process – questions / requirements are helpful though and contribute to project development.
- Long approval processes, lengthy internal processes and administrative procedures (extensive and excessive reporting) which are heavier than commercial banks' respective processes, sometimes creating detrimental delays.

2. EIAH

Relevance

EQ 1. To what extent have the EIAH's services (Article 14(2) of the EFSI and EFSI 2.0 Regulations) been relevant for the accomplishment of its mandate (Article 14(1) of the EFSI and EFSI 2.0 Regulations)?

The EIAH covers both types of activity: i) upstream activities e.g., developing investment/advisory platforms; and ii) 'last mile' advisory support.

Both types of activities have an impact on investment although upstream activities take more time to translate into investments. The ECA audit encouraged the focus on LPAs in more recent years but the EIAH being demand driven it continued to serve the whole project lifecycle.

The ramp up phase took longer than planned, high quality requests were not spontaneously flowing in from all eligible sectors / countries. With EFSI 2.0, the EIAH became a lot more proactive, tried to be more visible and created new approaches to delegate activities including:

- Increased networking: within the EIB, within the NPBI network, with Enterprise Europe Network (helpful – for example in providing local contacts that promoters can reach out to for support in developing their projects);
- Drawing on partnerships: with EBRD to deliver work to the benefit of SMEs; and
- Drawing on NPBIs: through a call for expression of interest offering NPBIs the opportunity to develop their advisory support capacity.

Overall, 2/3 of the EIAH assignments took place in the 'cohesion countries'. The monthly screening group meetings were helpful in determining who was best placed to deliver advisory support and select assignments that should be prioritised within the overall portfolio e.g., to help offset any geographic biases. Note: the needs assessment developed by PwC was helpful to identify the EIAH priorities within various MS.

EQ 2. To what extent has the design and implementation of the EIAH responded to the needs of beneficiaries (Public and private project promoters; National / Regional authorities; Financial intermediaries; NPBs?)

Overwhelmingly positive feedback:

- Very positive experience;
- Very responsive contact point;
- Collaborative processes, consultation of all key stakeholders;
- Professionalism;
- Support tailored to the specific needs;
- Support available in local language (key to communicate with technical staff);
- High level of expertise;
- Good experts hired (mix of international and local consultants with local knowledge);
- Very practical consulting, hands-on support (rather than just issuing recommendations);
- Peer review / QA of the work of consultants by the EIAH;
- Gathering experiences of other (more advanced) countries interesting;
- Valuable guidance, application of EU standards;
- Comprehensive support, additional advisory support available for the implementation phase in case of need; and
- EIAH team patient with bureaucracy on beneficiary's side.

Caveats were:

- Experience is not necessarily transferable across EU countries given different regulatory landscapes; and
- In one case, the hired consultants performed poorly.

<u>Effectiveness</u>

EQ 3. To what extent has the EIAH deployment fulfilled its mandate and objectives as listed in Article 14 of the EFSI and EFSI 2.0 Regulation?

JC 3.3 EIAH assistance provided resulted in investment projects being implemented

EIAH often reportedly leads to advancement of projects:

- Pivotal for the success of the project, advancement of the project;
- Higher quality outputs, less time taken for the preparatory phase;
- Higher quality project, better prepared;

- In a better position to select most appropriate financing structural, accurate estimate of total project cost, financial education among technical staff too; and
- For some projects, attracted funding, and the EIB financing.

The mandate of the EIAH is very broad. In a context of political pressure to justify Hub impact, there was an increased focus on link between advisory and investment. LPAs were prioritised as it appeared more efficient.

The link is weak between the EIAH and the EFSI – the EIAH cannot guarantee EFSI financing. However, since the ECA audit and EFSI 2.0 Regulation, expectations are high regarding link between advisory services and the EFSI pipeline. It risks being counterproductive if the focus is too much on feeding the EFSI pipeline – advisory services risk being offered to projects that do not really need the support. All the upstream activity and support for more difficult to serve are also impactful but less easy to capture, it takes longer to translate to investment. Fortunately, as the EIAH was sufficiently resourced, all types of activities were still served.

The EIAH assignments did enter the EIB lending appraisal system – see reporting. One facilitating factor was that after EFSI 2.0, it was agreed that staff from the projects directorate – the EIB staff developing the projects – would deliver the EIAH support (clearly delineating their time under the EIAH from the normal EIB due diligence on their time sheets).

There are rules put in place to avoid/manage conflict of interest under the EIAH. The objective is to optimize financing structures in the best interest of the project rather than for considerations such as feeding the EFSI/EIB pipeline (as highly priced, the EIAH may not be the best solution for supported projects).

Monitoring system currently in place do not track when financing is received (if not coming from EIB). Only the one-off follow up exercise provided some information on past projects. There is no overall indicator measuring the success rate of the projects assisted in securing financing.

Going forward, the InvestEU Advisory Hub will have a less broad mandate, and more emphasis will be put on project related work.

JC 3.4 EIAH contributed effectively to other objectives including building of capacities in less developed markets, development of investment platforms

The EIAH had in place contracts with big NPBIs but also with smaller NPBIs – with different focus. Despite initial concerns, it was not the case that only NPBIs with the best capacity benefitted from collaboration with the Hub. Mixed results however from the EIAH’s call for expression of interest: only a few large NPBIs were effectively able to provide advisory support, some NPBIs did not have the mandate to deliver advisory, or considered it heavy to manage.

The EIAH has also been providing capacity building to intermediaries that are serving SMEs. For example, they have supported financial intermediaries working with multi-beneficiary investment loans, suggesting new products/clients/ marketing materials to meet climate action targets. These are often for SME clients.

The EIAH has started to provide advisory services for the EIF client base and this will be expanding under InvestEU.

Efficiency

EQ 6. To what extent have the financial resources provided to the EIAH been appropriately sized to meet its objectives and how could they have been optimised?

JC 6.1 EIAH spending is in line with its budgetary allocation

In the first years of its existence, the Hub underspent its budgetary allocations (ramp up phase). This reflected time needed to build-up of the network, conduct awareness raising activities. It naturally took time to find the right positioning for the Hub, disseminate the message. Project promoters do not always realise that they would benefit from advisory – demand does not flow in by itself. Once first contacts are established, time is needed to scope the needs and ensure productive engagement and filter out requests.

Overall, the budget was adequate in terms of allocation. It reflected quite well the level of demand for the EIAH services. There was still some underspending though. Reasons are less clear, pandemic may have played a role (dynamic was good before). Besides, it is possible that the overlap with the InvestEU is confusing. The EIAH still exists and provides support until end-2023, but there is no longer any EFSI financing behind.

JC 6.4 The Hub pricing policy was seen as adequate

Cost sharing with the beneficiary was introduced to foster ownership. The pricing policy was set in stone in the EFSI Regulation and maintained under EFSI 2.0. However, this choice created also a certain barrier to access the services and created competition among the different advisory offers, as the EIAH was the only public scheme requiring cost sharing with beneficiaries.

Besides, the fees collected were not significant / not really making a difference from a cost coverage perspective.

In that context, some flexibility was introduced through the pricing policy paper agreed by the EIAH Coordination Committee – but only in relation to light project advisory beneath a certain project size (of EUR 20 000) due to legal constraints.

From the beneficiaries' perspective (all from the public sector), the free character was important: alternative services, offered by the private sector, would most likely not have been affordable. Also at an early stage in the project lifecycle it can be hard to demonstrate that the benefits from advisory services outweigh the costs, and gather the necessary support within the organisation to pay for the services.

EQ 7. To what extent has the EIAH governance model been efficient in meeting the EIAH objectives?

JC 7.1 The decision making processes, roles and priorities were clear.

The governance structure of the EIAH was based on a small coordination committee see FAFA (Financial and Administrative Framework Agreement) / FPA for details. It was found to be quite agile – used as a principle to develop that of InvestEU.

However, it was not easy to contract other advisory partners through the EIB to cover gaps outside of the EIB expertise (complex processes) – that is why it will be possible to contract other advisory partners directly under InvestEU.

JC 7.2 Reference documents maintained the necessary degree of flexibility to adjust during implementation

The EIAH partners welcomed the option to extend the grant agreements beyond their initial due date, to facilitate absorption.

JC 7.3 Average reaction time is seen as reasonable

Overall, fast response, good communication. According to beneficiaries, delays were more internal (time needed to clarify needs, get approval, gather the necessary documentation) and there was nothing the EIAH could have done to speed the processing the initial stages, limited bureaucracy.

EQ 8. To what extent have EIAH communication methods been efficiently used to promote its service to public and private project promoters (including national promotional banks or institutions and investment platforms or funds and regional and local public entities)?

Visibility of the Hub is generally now quite good, judging by website use, requests received.

There is good brand recognition for the Hub, the move to DG ECFIN of the central entry point as part of InvestEU may be disruptive from that perspective.

Coherence

EQ 9 To what extent has the EIAH proved coherent with other existing advisory initiatives in terms of additionality, potential synergies and/or overlaps?

JC 9.1 Adequate processes were in place to ensure the Hub provides services additional to those already available under other EU programmes

The EIAH came late in the middle of the MFF when there were existing initiatives in place that is why they had to test additionality each time. The purpose for the EIAH was to capture projects that had been missed by other initiatives– on a demand driven basis.

Now with InvestEU Advisory Hub, coordination will be easier: all projects are filtered centrally. InvestEU Advisory Hub only needs to coordinate with DG REFORM.

There has been no perceived overlap between the work conducted by the EIAH and other initiatives, e.g., ELENA. The EIAH channelled promoters to ELENA whenever relevant.

JC 9.2 Synergies with other EU advisory initiatives were exploited

Compared to other EU advisory initiatives, the EIAH has a broader remit. Opportunities for collaboration included:

- Financial advisory services for projects applying to CEF Transport Blending Facility (how to structure their projects from a financial standpoint, how to create a special purpose vehicle (SPV), as well as the mixing of the EIB and CEF debt instruments);
- Upstream support to ELENA applicants; and
- EIAH support to projects implementing strategic frameworks developed with JASPERS support.

On the side of InnovFin Advisory, scope for collaboration was limited by the EIAH pricing policy towards the private sector.

EU added value

EQ 10. To what extent has the EIAH support to project promoters and beneficiaries provided EU added value?

The EU dimension was important – to learn from other EU countries, to develop some transferrable guidelines useful across MS, to benefit from the EIAH experience with the EU regulations, to make sure impact assessments complied with the EU taxonomy.

The EIAH was able to join together the market part, the EU regulation and the local regulation limitations.

Seal of approval: The report was read very carefully and well received because it was coming from a respectful institution. Opened doors, leveraged political support (EU seal of approval).

EQ 11. To what extent has the EIAH support provided EU added value compared to what Member States acting on a national or regional level could reasonably achieve on their own?

No equivalent support or possibilities quite limited: not affordable on marketplace, various quality of advisers, provision of theoretical support / recommendations (but no hands on practical support), hard to select the best advisory providers through public tenders, high competition for the public schemes when available.

Note: only in few Western countries (the UK and Netherlands), there has been virtually no EIAH assignment, advisory support through the private sector was reportedly already very present.

In delivering projects, the EIB often complement their internal EIB expertise with that of private consultants – they use the private sector and consultancy on the majority of the bilateral assignments. This brings in both EU added value and local expertise and is quite unique compared to what private sector alone can offer. There is an added value from not hiring directly consultancies (EIB/EIF independence)

In the absence of EIAH support:

- The project would have gone ahead but at a slower pace – e.g., there would be delays to understand how to achieve financing;
- The EU dimension would not have been taken into account; and
- There would not have been the benefits in terms of interdisciplinary upskilling – technicians gaining knowledge/understanding of financing structures.

In France, where an NPBI advisory offer is already available, yet financing limited, the EIAH became a financing partner and allowed more advisory support to be provided.

3. EIPP

Relevance

EQ 1. To what extent have the EIPP's design and activities been relevant to its mandate (Article 15 of the EFSI 2.0 Regulation)?

When the idea of an EIPP emerged, it was focused on infrastructure projects (list of 2,000 projects from MS). A fraction of these ended up on the EIPP but the portal never really gained much traction.

The EC team decided to shift the focus of the portal. The minimum project size was lowered from EUR 10 to 1 million to give opportunities to SMEs and eventually also start-ups to be placed on the portal. In fact now in InvestEU the limit was further lowered to EUR 500,000. Lowering the size enabled the portal to cover different types of projects beyond infrastructure. The EIPP now works mainly for SMEs or startups (different positioning). This responded to demands from promoters and policy DGs – particularly DG GROW and RTD. The EUR 1 million could still be a limitation for start-ups in the sense that first seed investment in Europe usually ranges from EUR 50,000 -1 million (the EU average is EUR 200,000) depending on the type of business.

The publication charge (of around 100 EUR) was removed since this was a burden for many companies and also for the team in charge of the Portal – and was not too helpful from a cost coverage perspective.

To generate interest, partnerships were set up e.g., with the European Business Angels Network, Bpifrance and other partners. Doing this helped them to gain traction and there was more interest. They occasionally organize events together where companies can pitch to investors. This is additional to the core EIPP mandate. However, they do have budget available for this purpose. This is a good way to give visibility to the Portal too (usually these events have 300-400 attendees). Organising events in partnership facilitates the achievement of a good investor/promoter ratio – first events organised only by the EC did not bring enough investors.

From the user perspective, the Portal is user-friendly and registration procedures fairly easy. The template to be filled in resembled a business plan template. Some difficulties were reported with the terminology used (EU jargon with no glossary of terms), some fields hard to fill in for early stage projects (e.g., details on the financing of the project, user experience and user interface being outdated (lacking e.g., automatic matching functions).

<u>Effectiveness</u>

EQ 2. To what extent has the EIPP deployment fulfilled its mandate as listed in Article 15 of the EFSI 2.0 Regulation? How effective has the EIPP been in increasing visibility and information available on current and future investment projects in the Union?

The EIPP delivered on its objectives to provide visibility to investors globally as regards available investment projects in the EU (around 1,100 projects are on the portal). There is no public communication on the number of investors registered on the Portal.

A number of projects have also received financing after being published. Once on the Portal, the team sends a notification to project promoters every three months to ask them to update their information including on amount of financing secured (some project promoters complained these emails are sent too frequently). This is how EIPP track whether the projects have received financing. At the end of 2021, there were around 80 projects confirming that they have secured financing or 8% of the total projects. This is considered to be satisfactory (there was no target set on this aspect). Note however that projects may have received financing from a range of sources including internal/external sources. There is no attempt to capture more precisely the role of the EIPP, the team assumes that the Portal played a role, because projects became visible to investors through the Portal.

For the EIPP, it was not an objective to feed the EFSI pipeline. There is no monitoring of the EIPP contribution. With the InvestEU Project Portal, they have made some changes to help promoters supported by the Portal to gain visibility with implementing partners, financial intermediaries etc. The Portal will also give projects an opportunity to submit an advisory request when registering on the Portal. These changes aim to promote interlinkages.

Events were also organised (online during the pandemic) – in partnership with e.g., European Business Angels Network (EBAN).

On the side project promoters, expectations related to:

- Enhanced visibility at the EU / global level;
- Possible contacts with investors;
- Potential for increased financing opportunities; and
- Possible networking opportunities, e.g., with business partners.

Reported issues related to:

- Contact by scam investors (to prevent this, projects on InvestEU Project Portal will be visible only to registered investors that went through the tightened screening process);
- Lack of serious/ credible investor proposal, lack of visibility towards certain types of investors (e.g., Venture Capital);
- Absence of secured financing for published projects; and
- Lack of networking opportunities.

From the lender / investor perspective, there are impressions that:

- Traditional channels are better ways to reach out, investors do not go on platforms to identify projects, this idea is “technocratic”;
- The EIPP attracts projects that are not mature enough, not yet ready for financing or even low quality; and
- Project descriptions too high level to generate interest of investors.

Efficiency

EQ 3. To what extent have the financial resources used for the EIPP been appropriately sized to meet EIPP's objectives and how could they have been optimised?

The actions / spending were calibrated to fit into the budget, split across tasks relating to communication, IT development and screening:

- IT development costs were higher in initial years (now, infrastructure is in place);
- There were savings on communication budget with the organisation of online events; and
- Costs related to screening processes, when relating to internal staff time costs, are not captured in the budget.

Coherence

EQ 5. To what extent has the EIPP proved coherent with other existing major EU- wide platforms (complementarity, potential synergies and/or overlaps)?

At one point in time, the number of platforms was flourishing (e.g., Global Infrastructure Hub). Now it is less the case (new platform in the pipeline in Bulgaria however). It is costly to maintain a platform, to animate it (via communities, events) and be able to know companies and their ecosystem so well as to be able to voluntarily generate sustainable matches between specific people.

The main initiative with similar objectives is Bpifrance's EuroQuity platform.

EuroQuity has been partnering with the EIPP for about four years now. It is seen as helpful to integrate more into the project promoter and investor community. EuroQuity and the EIPP organise together some events / ePitching sessions, first one in 2018. Beyond contacts, participating companies also valued helpful feedback on how to upgrade their website. Overall feedback from EuroQuity was more positive than the EIPP (seal of excellence, deal flow is qualified, more interactive, more user-friendly).

From the beneficiary perspective, there is some regret that there is no linkage or interoperability between the different, largely fragmented and partially overlapping, initiatives and no central or coordinating mechanisms matching the firms with the financing tools so as to minimize time loss.

At the EU level, there is now as well the EIC (European Innovation Council) online Community. The main added value of the portal is the high-quality projects which are being published. Their promoters are usually winners of the European Innovation Council Prize.

EU added value

The reasons for using the platform relate to the fact that it is EU focused and it is neutral/public/free-of-charge.

EU added value could be increased through higher interconnection across various EU opportunities and scheme

ANNEX VI. COMPARATIVE FEATURES OF EFSI SUPPORTED FIRMS

Introduction

Within the framework of this evaluation, the study team conducted a sample-based analysis comparing the characteristics of EFSI supported firms versus the general business population. This section presents the results of this analysis. It is divided in three parts: (i) elaboration of the methodological approach to the analysis; (ii) description of the data employed alongside the cleansing and sampling process; and (iii) the results and findings of the analysis.

Methodological approach

This analysis is based on the EIF dataset containing a set of 9,552 unique EFSI backed loans to companies. We compared several characteristics and performance metrics relating to a selected sub-sample of final beneficiaries with a larger sample of firms that have not received any financial support from the EFSI ("comparison group") over the period 2013 – 2021. In theory, EFSI final beneficiaries can be expected to exhibit different characteristics and behaviour compared to the comparison group e.g., size, age, evolution of turnover and employment etc. The overall aim of this exercise was to check if there are any differences in characteristics and behaviour of the two groups:

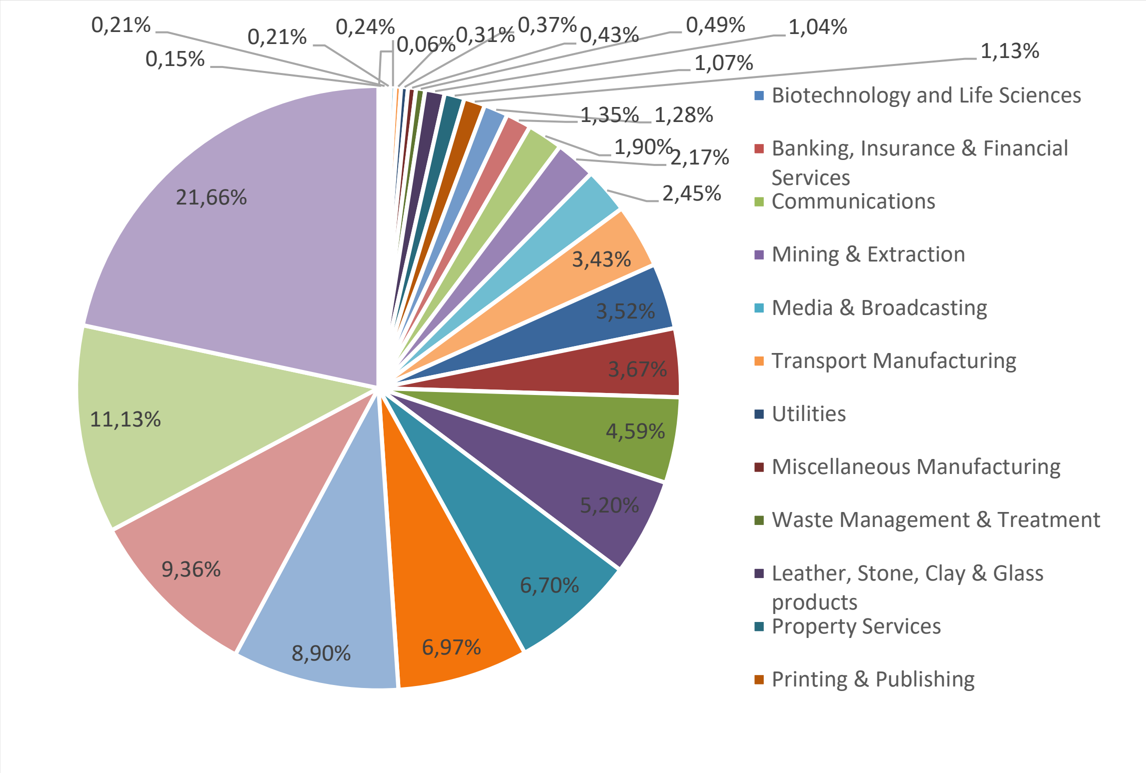
- Firm level characteristics
    - Age - whether EFSI final beneficiaries are younger than the comparison group; and
    - Size - whether EFSI final beneficiaries are on the smaller side as compared to the average size of business population.
- Performance metrics
    - The overall evolution of employee numbers and yearly turnover;
    - Interest paid; and
    - Evolution of tangible and intangible assets.

The team sought to analyse the above indicators where the data allowed for comparative variables. Trends would highlight differences through the years following the EFSI loan.

Data acquisition

To create a comparison group, the team used Orbis, a dataset provided by Bureau van Dijk which contains financial information on millions of EU companies. Through various iterations, and thanks to the collaboration of the EC, the team extracted data from Orbis for 3,269 final beneficiaries from the original list of EIF loans. Those companies are based in the following countries: ES, GR, PL, IT, BG, FR, CZ, and LV.

Figure VI.1: Sectoral distribution of the sample of EFSI final beneficiaries

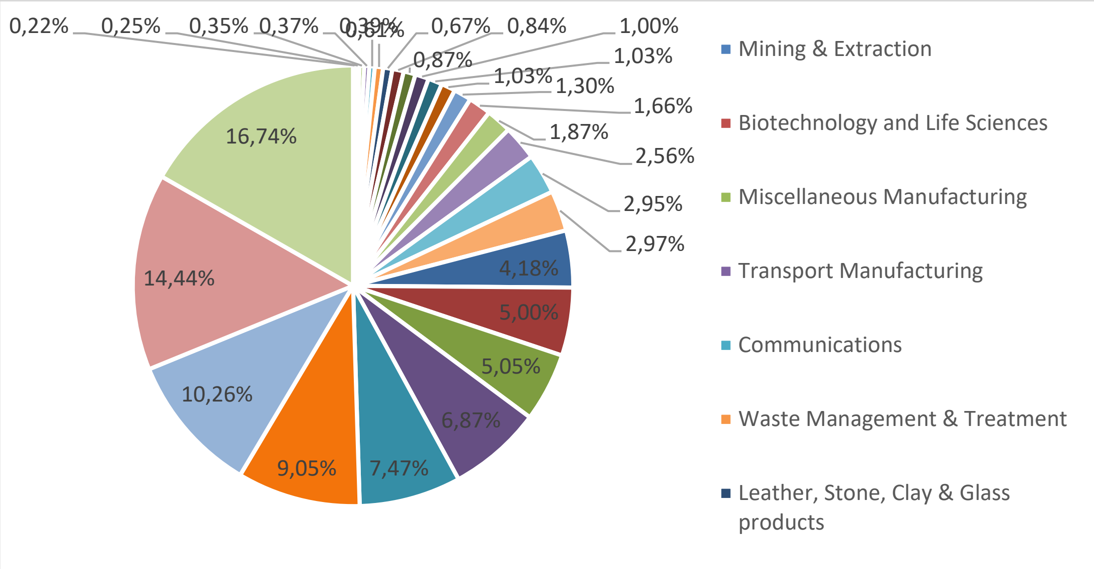


Source: EFSI, SMEW administrative data

As shown in Figure VI.1 above, the biggest group of EFSI final beneficiaries come from the wholesale, construction, business services and retail. The vast majority (87.86%) are either medium or small companies.

The comparison group has been extracted from Orbis following the overall characteristics of the sample of EFSI final beneficiaries: being an EU company, either small or medium and having at maximum 250 employees. From the 7 million companies matching the profile, the team extracted a randomly generated subsample of 20,000 companies ("comparison group") to match with the 3,269 from the sample of the EFSI final beneficiaries ("treated group"). A dummy variable was used to distinguish between the two groups. The team selected companies from all 27 EU countries for the comparison group, as the program was rolled out in the entire EU.

Figure VI.2: Comparison group firms' sector



Source: Orbis

The random generation of a comparison group subsample led to significant differences of population characteristics. Here the most representative sectors are mining and extraction, biotechnology and life sciences, manufacturing and communication.

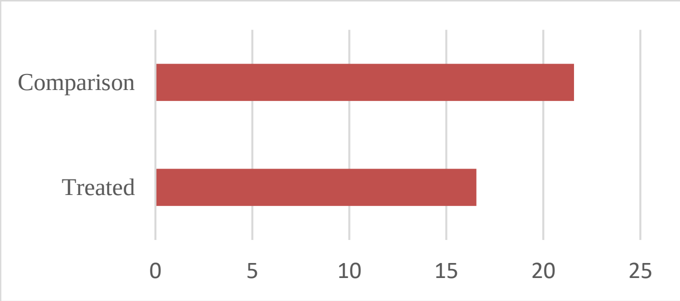
The team performed a comparative trends analysis on the following indicators: number of employees, operating revenue (turnover), intangible fixed assets, tangible fixed assets, working capital, and interest paid (all expressed in millions of EUR).

Other key metrics were analysed without a time variable (size, average lifespan and innovation). The reason being that Orbis presents limitations on small firms' data availability, as not all indicators are reported in a timely manner. Most of financial data contained in Orbis provides partial information, thus preventing any meaningful subsampling. The process led to sample selection bias and reduced efficacy of the comparison group. To reduce any risks, the team opted for a barebone comparison to enhance robustness at the expense of granularity.

Outcome and key findings

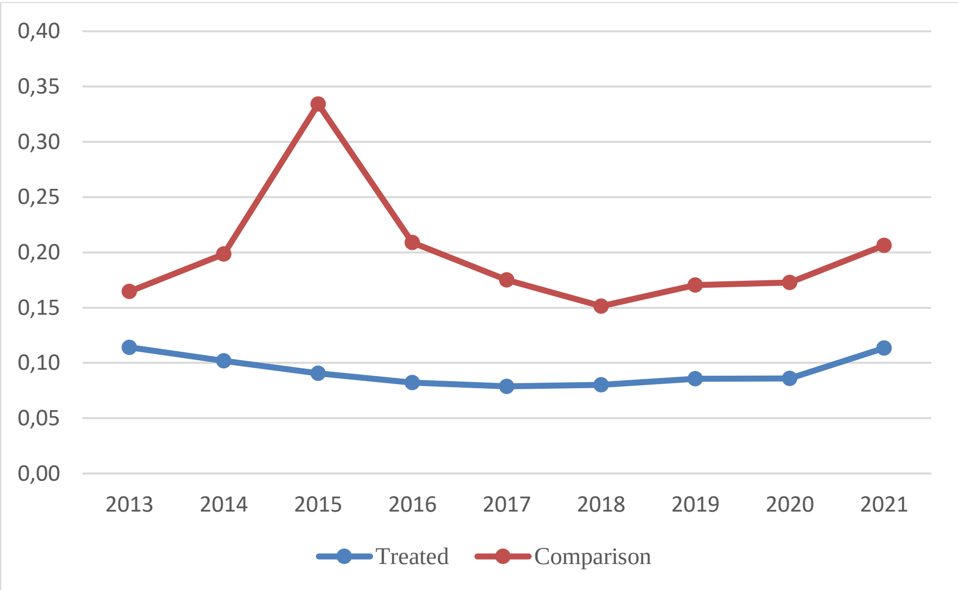
Figure VI.3 shows that the average lifespan of the comparison group is 21 years, whereas the average age of EFSI final beneficiaries is only 16.5 years.

Figure VI.3: Average firms age by group (years)



Source: EFSI, SMEW administrative data and OrbisFigure VI.3 shows that EFSI final beneficiaries pay lower levels of interests than comparison group. Normally, we would expect EFSI final beneficiaries to benefit from lower cost of financing. But this data should be interpreted with caution as we have no information on their respective debt levels, or interest rates.

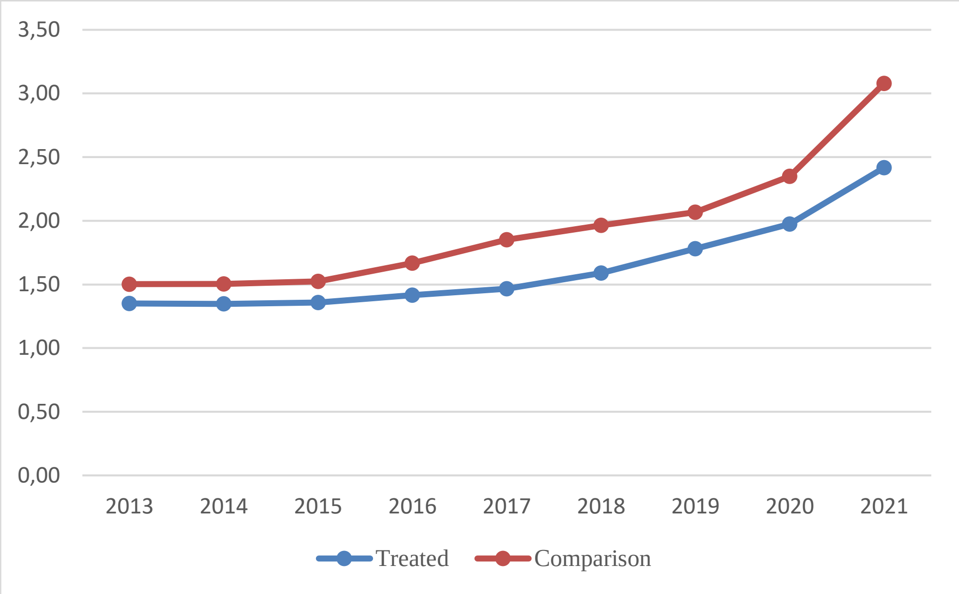
Figure VI.4: Interest paid by group in million EUR



Source: EFSI, SMEW administrative data and Orbis

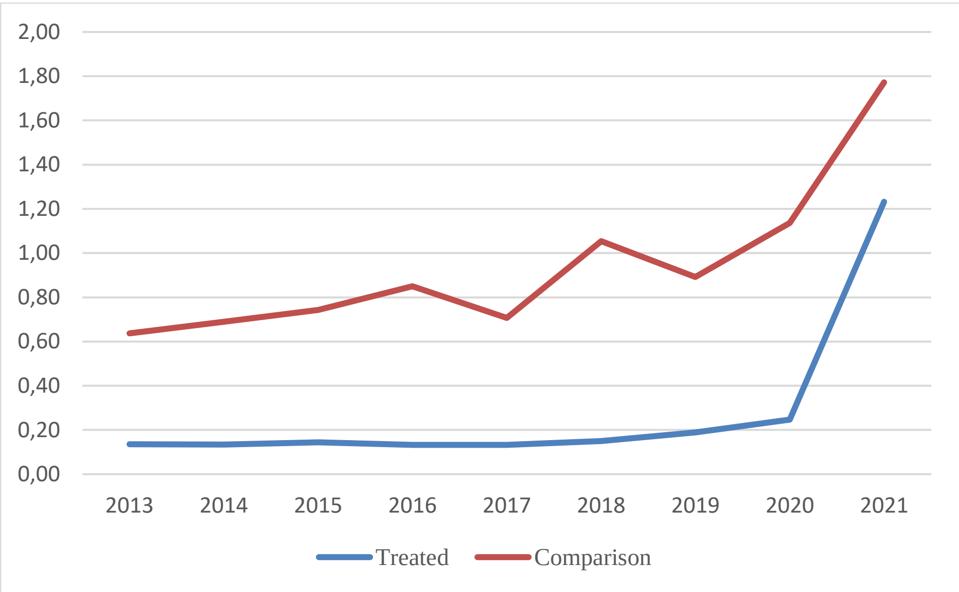
Figure VI.4 and Figure VI.5 expose respectively tangible and intangible fixed assets trends. Both trends are positive and broadly follow the same growing curve. Notably, companies belonging to the treated group present average intangible fixed assets being lower than the comparison group (Figure VI.4).

Figure VI.5: Tangible fixed assets in million EUR



Source: EFSI, SMEW administrative data and Orbis

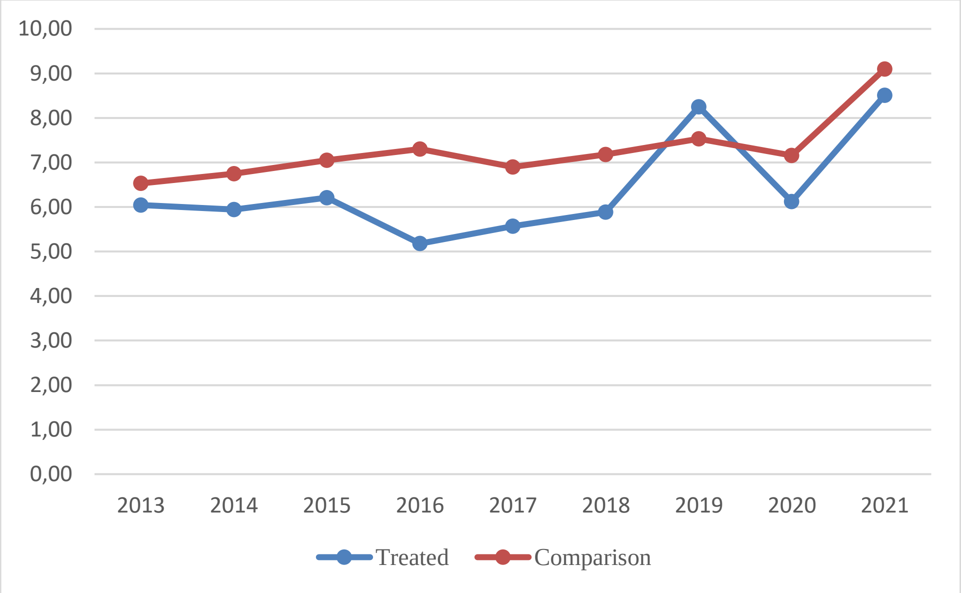
Figure VI.6: Intangible fixed assets in million EUR



Source: EFSI, SMEW administrative data and Orbis

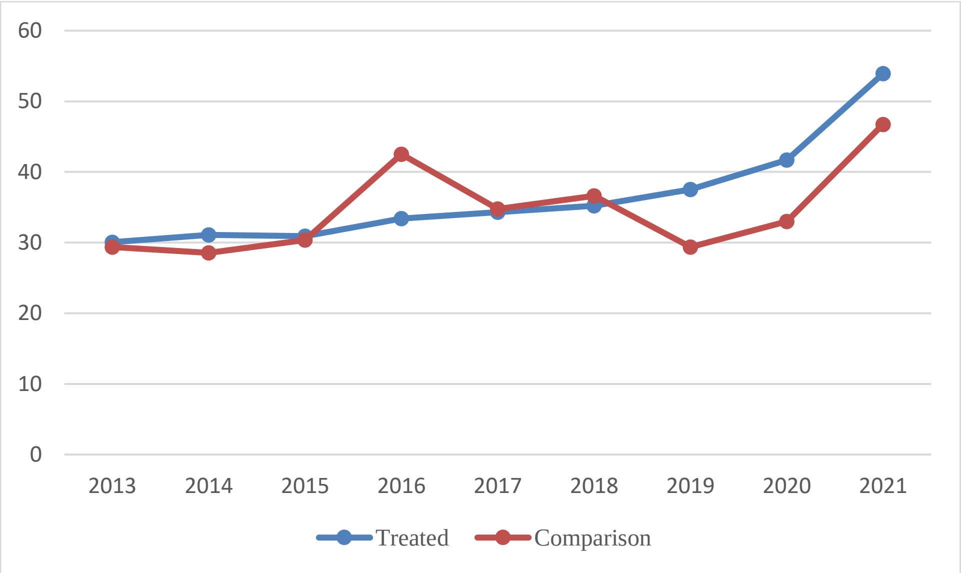
When analysing size however, there is a specific timeframe (2016-2019) where turnover and employees' numbers significantly diverge. In both Figure VI.6 and Figure VI.7, one can notice how treated companies experienced a resurgence in their key factors as opposed to control firms. In the case of employment, it is clear how trends look substantially opposed during these three years. It is also the timeframe where the European Commission rolled out EFSI funding. It therefore suggests there might have been a series of factors reversing treated companies' trends in 2016-2019, possibly concurring with the availability of EFSI financing, however this analysis did not attempt to determine causality.

Figure VI.7: Average Operating revenue in million EUR



Source: EFSI, SMEW administrative data and Orbis

Figure VI.8: Average Number of employees



Source: EFSI, SMEW administrative data and Orbis

ANNEX VII. GLOSSARY

Term or acronym	*Meaning or definition*
ABS	Asset-Backed Security
CA	Climate Action
CCS GF	Cultural and Creative Sectors Guarantee Facility
CEF	Connecting Europe Facility
CEF-DI	Connecting Europe Facility Debt Instrument
COSME	Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises
COSME LGF	COSME Loan Guarantee Facility
CPF	Common Provisioning Fund
EAFRD	European Agriculture Fund for Rural Development
EaSI	EU Programme for Employment and Social Innovation
EaSI GFI	EaSI Guarantee Financial Instrument
EBRD	European Bank for Reconstruction and Development
EC	European Commission
ECA	European Court of Auditors
ECB	European Central Bank
ECFIN	Directorate General for Economic and Financial Affairs
ECP	EFSI Combination Product
EFG	Equity Facility for Growth (under COSME)
EFSI	European Fund for Strategic Investments
EGFF	European Growth Finance Facility
EIAH	European Investment Advisory Hub
EIB	European Investment Bank

EIB EV	European Investment Bank Operations Evaluation
EIBG	European Investment Bank Group
EIC	European Innovation Council
EIF	European Investment Fund
EIPP	European Investment Project Portal
ELENA	European Local ENergy Assistance
EQ	Evaluation Question
ESCALAR	European Scale-up Action for Risk Capital
ESIF	European Structural and Investment Funds
EU	European Union
EUR	Euro
FIs	Financial intermediaries
FLP	First loss piece
FPA	Framework Partnership Agreement
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
IC	Investment Committee
IFI	International Financial Institution
IIW	EFSI’s Infrastructure and Innovation Window
InnovFin	“EU Finance for Innovators” initiative under Horizon 2020
InnovFin Equity	Equity Facility (early-stage capital) for Research and Innovation of Horizon 2020
InnovFin SMEG	SMEs & Small Midcaps R&I Loans Service under Horizon 2020
IP	Investment platform
IPE	Investment Plan for Europe (a.k.a. Juncker Plan)

ISSG	Interservice Steering Group
JASPERS	Joint Assistance to Support Projects in European Regions
JC	Judgment Criteria
KMI	Key Monitoring Indicator
KPI	Key Performance Indicator
LPA	Light Project Advisory
MFF	Multiannual Financial Framework
MS	Member States
NPB	National Promotional Bank
NPBIs	National Promotional Banks and Institutions
OPC	Open Public Consultation
PE	Private Equity
PPP	Public-private partnership
R&D	Research and Development
RDI	Research, development and innovation
S&E	Skills and Education
SDG	Sustainable Development Goals
SGA	Specific Grant Agreement
SLP	Second loss piece
SME	Small and medium-sized enterprises
SMEW	EFSI's Small and Medium-Sized Enterprise Window
SWD	Staff Working Document
ToC	Theory of Change
VaR	Value at Risk