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EXECUTIVE SUMMARY OF THE EVALUATION

EFSI 2.0 EX-POST EVALUATION

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As a response to the economic and financial crisis that reached Europe in 2008 and to its negative impact on the level of investment and access to finance in the EU, the European Commission launched in November 2014 the *Investment Plan for Europe (IPE*), enshrined in Regulation (EU) 2015/1017 on the European Fund for Strategic Investments (EFSI), the European Investment Advisory Hub (EIAH) and the European Investment Project Portal (EIPP) (the "EFSI Regulation"), to support growth and job creation. This Staff Working Document contains the European Commission's ex-post evaluation report of the EFSI Regulation, as mandated by the Regulation (EU) 2017/2396 (the "EFSI 2.0 Regulation"), covering the first and second pillars of the *IPE*.

The first pillar of the *IPE* is represented by the EFSI, which aims at mobilising financing to support at least EUR 500 billion of additional investment in infrastructure, innovation, and small and medium-sized enterprises (SMEs) by 2020 based on the EFSI 2.0 Regulation. This was accomplished by endowing the European Investment Bank (EIB) Group with an increased risk-bearing capacity via an EU budgetary guarantee of EUR 26 billion, complemented by the EIB Group's own contribution of EUR 7.5 billion.

The second pillar of the *IPE* helped to ensure that investment finance reaches the real economy by developing and promoting a robust pipeline of investment projects. It consists of the EIAH that provides technical and financial advisory services to project promoters, as well as of the EIPP, that is an online platform connecting EU-based promoters and investors worldwide.

Using financial, technical and institutional resources, the EFSI increased the risk-bearing capacity of the EIB Group, allowing it to engage in new, higher-risk financing support for various sectors and beneficiary groups to address market failures or suboptimal investment situations. Such financial products fund additional investment either directly or indirectly through financial intermediaries and special vehicles. These (and other) investments, together with the EIAH advisory and the EIPP investment facilitation, will eventually produce additional goods and services, generating higher growth and employment in the EU. While demand driven, the scope of the intervention encompasses several sectors and firms of all sizes across the whole EU, in line with the EU policy priorities that guide EFSI intervention.

The present evaluation examines the criteria of relevance, effectiveness, efficiency, EU added value and coherence of the intervention. Moreover, the evaluation assesses the additionality of the EFSI. The assessment covers both the Infrastructure and Innovation and the SME Windows of the EFSI.

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.

The evaluation is based – *inter alia* – on an independent study carried out by an external contractor (ICF SA). 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, and relevant literature, as well as consultation activities. The analysis of this data was conducted using quantitative and qualitative methodologies, including portfolio analysis, contribution analysis, survey analysis, cost-efficiency assessment, case studies, and triangulations.

The main evaluation findings are as follows.

The EFSI played a crucial role in accelerating and incentivising investment in Europe and by doing so, contributed to reducing the investment gap. By 31 December 2021, EUR 99.3 billion of EFSI financing had been approved (and EUR 86.6 billion signed), which are expected to mobilise EUR 524.3 billion of private and public investment, thereby exceeding the target of unlocking additional investment of at least EUR 500 billion. In terms of sheer volume, EFSI mobilised investment accounts for a significant share of the cyclical investment gap during this period. Moreover, although some findings indicate that several EFSI financed operations could have occurred without the EFSI, such investments would have taken place at a reduced scale and at a slower pace.

The EFSI was particularly successful in crowding in private sector financing: in terms of signatures, 72% of the investment mobilised by EFSI is expected to come from private sources.

The EU guarantee enabled the EIB Group to take more risk. While examples of operations which could have been delivered without the EFSI can be found, 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 EFSI, the EIB Group was able to address a range of market failures and sub-optimal investment situations across EU geographies and thematic areas. At a geographic level, the distribution of EFSI financing was well aligned with country-level investment gaps. In terms of thematic focus, EFSI financing was well targeted to areas where the private sector is less likely to invest on its own. About 1.5 million businesses across Europe will benefit from EFSI financing.

As a result, the macro-economic impact of EFSI is expected to be significant. EIB simulations find that by 2025 the investments supported by EFSI are expected to help the creation of 2.1 million jobs and generate an increase of EU GDP by 2.4% compared to the baseline scenario.

The EFSI had a clear and demonstrable EU added value, related for example to the financing of multi-country operations, the fostering of international cooperation, as well as the piloting and scaling-up of thematic products.

An instrument such as the EFSI was relevant at its launch and remains relevant going forward, as Europe faces the need of massive investments to meet its policy objectives, address societal needs and achieve its climate ambitions, including the necessity to accelerate green transition and reduce dependence on Russia’s energy.

The EIAH functioned effectively as an entry point for advisory services. When the EIAH received requests, it systematically assessed whether these could be covered by the EIAH services directly or by other existing programmes and signposted beneficiaries to the most appropriate support.

The EIAH has started generating a pipeline of viable projects. Over time, 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 last-mile advisory support.

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; on the other hand, it undertook awareness-raising activities to stimulate high-quality demand for and improve take-up of its services. Moreover, the EIAH covered adequately all countries and sectors, either directly or through a network of external partners.

The EIAH's support delivered EU added value, by providing investors with advice on EU regulatory requirements, facilitating the sharing of best practice across Member States (while still taking into account the local context when providing practical support), ensuring credibility of the outputs through the EIAH / EIB / EU seal of approval, and offering a high level of expertise.

The EIPP contributed to improving the visibility of published investment projects. Given its mandate and 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 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 proactivity and partnerships. In practice, the EIPP faced challenges in embedding itself within the investor ecosystem, which hampered at the beginning its ability to make fast progress in generating meaningful contacts.

Based on the implementation of the EFSI, the EIAH and the EIPP, some key lessons were already identified and taken over for the InvestEU programme, the new EU-level investment support programme for the current Multiannual Financial Framework period (2021-2027) to maximise its impact. Examples include the flexibility of EFSI's response to a changing environment (such as the Covid-19 pandemic), the simplification of the existing financial instruments' architecture, the shift to a more policy-driven focus on geographical and sectoral needs, and introduction of open architecture, i.e. granting the direct access to the EU guarantee to implementing partners beyond the EIB Group.