

INVEST EU



The Investment Plan for Europe

Let's #investEU

COMBINING THE EUROPEAN FUND FOR STRATEGIC INVESTMENTS (EFSI) WITH OTHER EU FUNDS



The Commission wants all funding from the EU budget to be used in the most effective way possible. We created the Investment Plan for Europe as one of President Juncker's top priorities in 2014 to get Europe growing again. Sometimes only having one source of financing for a project may not do the trick. In those cases, financing under the European Fund for Strategic Investments (EFSI) can be combined with other EU funds to unlock the investment needed to bring a project to life. Here's how it works.

WHAT IS THE EFSI?



The EFSI is an EU-budget guarantee providing the European Investment Bank (EIB) Group with additional credit risk protection. This means that the EIB Group is able to provide more financing to higher-risk projects. An independent Investment Committee uses established criteria to decide whether a project is eligible for the EFSI guarantee. There are no quotas – by sector or by country. Financing is purely demand-driven. The EFSI guarantee supports strategic investments in key areas such as infrastructure, energy efficiency and renewable energy, research and innovation, environment, agriculture, digital technology, education, health and social projects. It also helps small businesses, including social and micro companies, with start-up, growth and expansion risk financing.

WHAT OTHER EU FUNDS ARE AVAILABLE?



The most common examples of EU funds that are available to finance large-scale projects as well as small businesses and start-ups are the [Connecting Europe Facility](#) (CEF) to support trans-European infrastructure networks, the EU's flagship research and innovation programme [Horizon 2020](#), the [EU Programme for Employment and Social Innovation](#) (EaSI) and the [European Structural and Investment Funds](#) (ESI funds).

WHY IS COMBINING THE EFSI WITH OTHER EU FUNDS A GOOD IDEA?



Combining the EFSI guarantee with other EU funds can help a project secure financing, without which it would not go ahead, or not to the same extent. Different funds can finance different parts of the project, so you can have the EFSI finance one part and structural funds finance another. For example, a project promoter could apply for structural funds to pay grants for a feasibility study for the project. In addition, structural funds could finance the part of the project that would not get a financial return to allow for its repayment and to cover the operating costs. For the part of the project which will generate revenues the promoter could apply for EIB financing backed by the EFSI guarantee. This combination makes the project "bankable" and eligible for the EIB Group to consider. Combining funds can also be beneficial to project promoters when it comes to the amount and duration of the financing, collateral, pricing and leverage. If a project has secured both EFSI backed finance and another EU funding element, this could make the investment more attractive to commercial banks and other private investors, as the risk for them to invest could be decreased.

HOW DOES COMBINING FUNDS WORK?

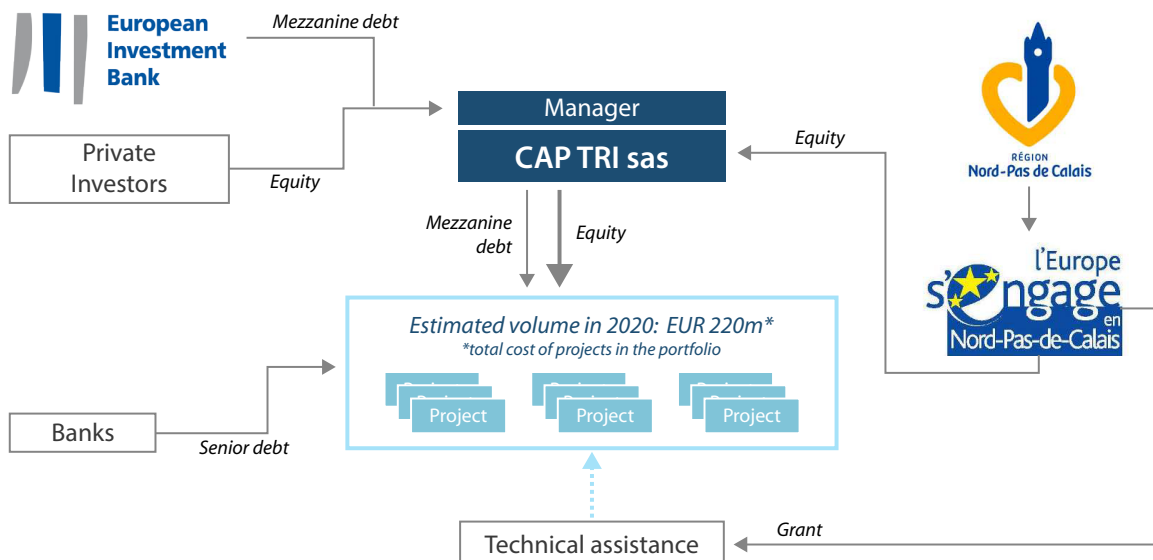
If you are a project promoter, you can [apply to the EIB for financing, including that guaranteed by EFSI](#). Once the project is appraised and approved by EIB for financing, an independent Investment Committee will decide whether it is also eligible for the EFSI guarantee. To see whether your project might be eligible for funding from the EFSI or other EU programmes such as CEF, Horizon 2020 or ESI funds, or indeed be eligible for support in its preparation or implementation, you can contact the [European Investment Advisory Hub](#) (Advisory Hub) who will guide you in the right direction.

HOW ARE YOU MAKING THIS PROCESS EASIER FOR PROJECT PROMOTERS?

Under the extended European Fund for Strategic Investments (EFSI 2.0), the Advisory Hub will provide more targeted technical assistance and advisory support for projects combining other sources of EU funding with funding from EIB under the EFSI. In 2016, we published [guidelines](#) to help local authorities and project promoters make full use of the opportunities of combining the EFSI and ESI funds. The Commission is also currently working with Member States and the European Parliament to simplify the rules for these types of funding combinations the EFSI and ESI funds. Our proposal is for instance for ESI funds to take a subordinated position to EFSI financing, with the combined EU financing package ranking behind debt provided by senior commercial lenders. This helps attract the private sector to invest in public policy projects. We are also proposing simplified reporting rules.

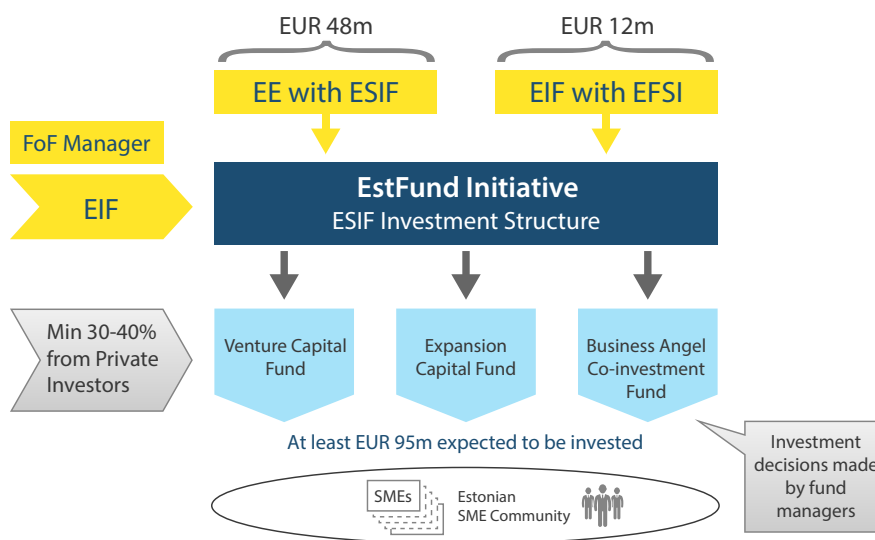
4 PROJECTS WHICH COMBINE EFSI FINANCING WITH ESI FUNDS

1. [IF TRI en Nord-Pas-de-Calais](#) (Third Industrial Revolution – TRI in French) aims to develop a low-carbon economy in the region. The project’s objective is to make the region a “zero emissions” energy model by 2050, while at the same time creating jobs, developing the overall economy and ensuring the security of fuel supply. A “layered” fund was created which invests capital in enterprises developing TRI projects: the region participates using ESI funds, providing equity financing alongside public and private investors; the EIB - backed by the EFSI - provides mezzanine debt (at a more junior position to other lenders) to the fund; and commercial banks provide senior debt at project level. In addition to financing, the region also offers technical assistance thanks to a grant of up to €2.5 million from ESI funds.



2. The **University of Latvia campus in Riga** is being modernised. The project is supporting construction of a new research and technology centre and a new study centre. The EIB, supported by the EFSI, is providing up to €30 million with an additional €34 million coming from ESI funds. This is the first direct loan from the EIB to a higher education institution in the Baltic States without the guarantee of the Ministry of Education and Science. The Advisory Hub provided support to the project structure and business model. The Latvian authorities have also requested support from the **Joint Assistance to Support Projects in European Regions** (JASPERS) for the part of the project financed through ESI funds.

3. **EstFund** is an Estonian fund-of-funds which supports smaller-risk capital funds targeting early stage investment projects. EstFund works hand-in-hand with the existing Baltic Innovation Fund which targets larger and later-stage projects. It combines €48 million of ESI funds with €12 million from the European Investment Fund (EIF) backed by EFSI. Thanks to EstFund, at least €95 million in equity investments are expected to be made available to Estonian companies in the coming years.



4. **Novamont Renewable Chemistry** in Italy uses innovative technologies in the production of bio-plastics and bio-chemicals to be used in a number of industrial and consumer goods applications. The EIB, backed by the EFSI, is providing €15 million with an additional €0.9 million coming from ESI funds.

4 PROJECTS COMBINING EFSI WITH CONNECTING EUROPE FACILITY FUNDS

1. **Accessibility Port Infrastructure supports** investments in rail and road projects to improve the multimodal connections (switching from one method of transport to another) of 13 ports of the trans-European transport network in the period 2015-2020. The total project cost is €485 million. The EIB provides a loan under the EFSI to a «special entity», and financing from structural funds and Connecting Europe Facility are being used to co-finance individual projects.

2. The **Green shipping guarantee** programme in France combines Connecting Europe Facility financing with the EFSI. Already two commercial banks, French Société Générale and Dutch ABN AMRO, have signed framework agreements with the EIB under this programme. The Connecting Europe Facility is used to launch pilot operations under this programme, and once the projects are ready to be launched, they call on EFSI financing. The different eligibility criteria of Connecting Europe Facility and the EFSI mean that they can finance projects which would not have been possible without the other funding source.

3. The [Riga transport company](#) in Latvia is building up its hydrogen fuel infrastructure to run hydrogen fuel cell buses. This project combines an EFSI loan with grant funding from the Connecting Europe Facility. The Commission has organised a dedicated “call” for projects in the transport sector where EFSI and Connecting Europe Facility can be combined.

4. The Commission and the EIB are working on the development of a broadband investment fund – the [Connecting Europe Broadband Fund](#) – whose objective will be to roll-out high-speed broadband networks in underserved areas of Europe. The aim of the fund is to facilitate private-sector involvement by using public funds, notably Connecting Europe Facility resources and EIB investment, including with the support of the EFSI guarantee, to absorb part of the risks borne by the investors.