Study supporting the ex-post Evaluation of the European Fund for Strategic Investments, following Regulation 2017/2396 (EFSI 2.0)

Final Report - Annexes

Written by Charu Wilkinson, Juliette Mathis (ICF associates), Diana Mori, Facundo Herrera, Angina Jugnauth (all ICF), in association with Matthias Kollatz, IOBE and PAG Uniconsult

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Contact: Pierfederico ASDRUBALI

E-mail: Pierfederico.ASDRUBALI@ec.europa.eu

European Commission

B-1049 Brussels

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Annex 1 Procedural information

The Directorate-General for Economic and Financial Affairs (DG ECFIN) has mandated the consulting firm ICF company to conduct an ex-post evaluation of the European Fund for Strategic Investments, following the Regulation (EU) 2017/2396 (EFSI 2.0). The evaluation was specifically commissioned by the Directorate L - InvestEU and financial institutions/Unit L4 - Investment programmes management of the DG ECFIN. The study (VT/2021 ECFIN/008/L4) was conducted under the multiple framework contract EMPL/2020/OP/0016.

The evaluation did not derogate from the usual procedural requirement presented in the "better regulation" guidelines.

Throughout the evaluation process, meetings with the Interservice Steering Group were organised. DG ECFIN, DG BUDG, DG GROW, DG EMPL, DG MOVE, DG ENER, DG CNECT as well as the Secretariat-General of the EC, the European Innovation Council and SMEs Executive Agency (EISMEA) were part of the Interservice Steering Group. The European Investment Bank (EIB), as well as representatives of the European Investment Fund (EIF) and of the European Investment Advisory Hub (EIAH) attended the meetings as observers.

The kick off meeting was held on March 22nd, 2022 and the evaluation completed by end October 2022. The ISG met the evaluation on five occasions throughout this period.

Annex 2 Methodology and analytical models used

This evaluation was carried out in line with the European Commission's 'Better Regulation Guidelines'[1]. 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 EFSI, 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 the findings from the desk research and 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.

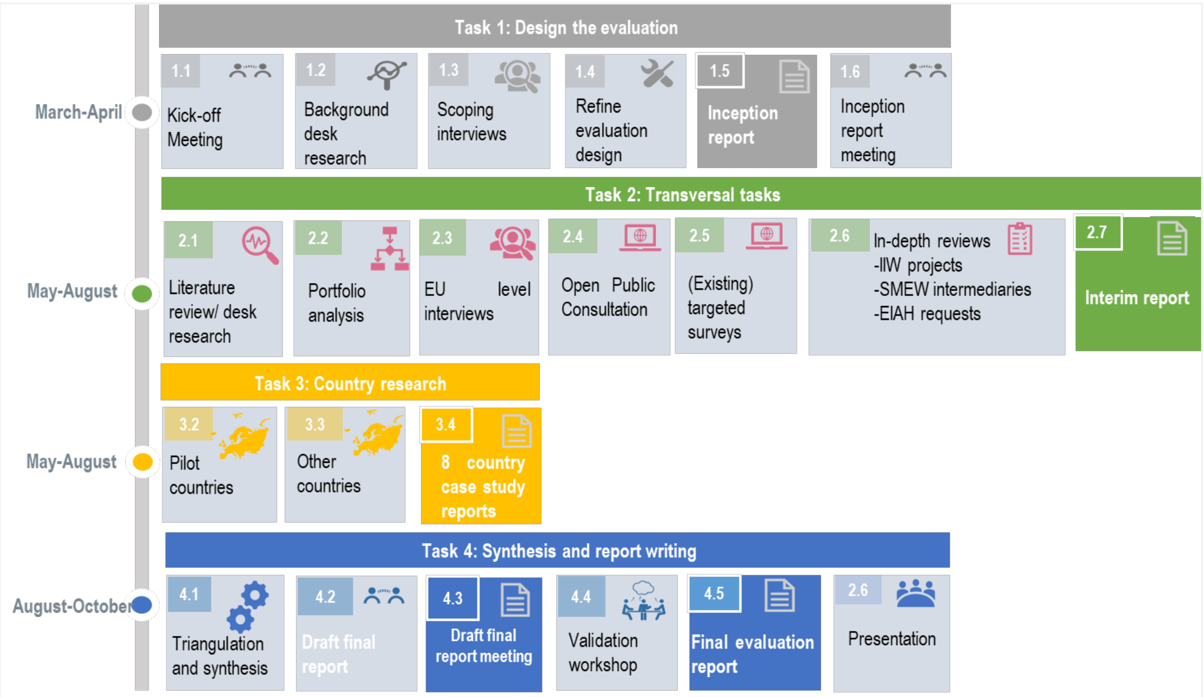
Practical approach

To ensure the timely delivery of a high quality evaluation, a step-by-step methodology (depicted in Figure 1 below) was developed. It offered a structured and systematic

[1] European Commission.2021. 'Better Regulation Guidelines.' Available at: https://ec.europa.eu/info/sites/default/files/swd2021_305_en.pdf

approach to the evaluation, setting out the key tasks necessary for building a robust evidence base, interpreting the data collected and drawing final conclusions.

Figure 1. Step-by-step evaluation methodology



Research methods

Table 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 1. Overview of research methods used as part of this evaluation

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)	●	●	●	●	●

Research method/ technique	Key evaluation criteria				
	Relevance	*Effectiveness*	*Efficiency*	*Coherence*	*EU added value*
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 EFSI
- Transversal tasks, where relevant public and non-public literature regarding EFSI as well as the context in which it operates was systematically compiled and analysed
- 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 Commission 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 2 below. The output from the analysis of relevant literature (past evaluations and wider literature) can be found in A4.8 and A4.9.

Table 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	

Type	Description
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[2], Key Performance Indicators/ Key Monitoring Indicators[3]; • 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
EIAH specific	
Official and legal documentation	• EIAH Framework Partnership Agreement, • Annual Grant Agreements • MoUs signed between EIAH and NPBIs and reporting from NPBIs
Reporting	• EIAH annual reports (public) • Annual technical and financial reports (non public) including audited financial statements • Bi-annual technical reports (non public) • Monthly unofficial reporting pertaining to EIAH assignments (non public)

[2] 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

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

Type	Description
EIPP specific	
Official documentation	• Relevant statistics/ data on EIPP portal visitors and users • EC annual surveys of project promoters and investors
General/ other	
Existing studies and impact assessments	• Impact assessments and econometric studies from the EIF (assessing the causal impact of debt and equity instruments at the company level)
Reports and data on macro-economic context	• Reports on the evolution of investment gaps and SME financing conditions and behaviours) • Thematic reports (e.g., reports on investment barriers) • Eurostat statistics and relevant survey data (EIB Investment Survey, ECB SAFE data)
Other reports	• Recent EIB and EIF Operational Plans; • General Budget documents of the European Union, Working Document Part X Financial Instrument

Detailed assessment of the EU guarantee / adequacy of provisioning rate

It was agreed with the ISG 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 Commission also pays fees to the EIF for management of SMEW. 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 riskrelated 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 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 A4.1.

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)[4] of the EFSI programme. The analysis also aimed to add value to the operational reporting already produced by the Commission 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:

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 IIW and SMEW)
4. Using the single datasets compiled (for IIW and 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, EIB and 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 ECB's survey on the access to finance of enterprises (SAFE).

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

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

Table 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)

High-level indicator	Analysis conducted/compiled
Employment impact	• Number of jobs supported by country (SMEW) • Jobs supported per EUR of EFSI financing signed, per EUR of financing to final recipients (by country for SMEW and by product for SMEW Debt) • Permanent, temporary employment impact and jobs supported by high-level product type (IIW, SMEW, aggregate)
Climate Action	• Number and value of operations signed with a CA component by product, objective, country (IIW) • Evolution of share of CA over time, by country, product, objective (IIW)
Cooperation with NPBs	• Number and value of operations conducted with NPBs by country and objective (IIW) • Number and value of operations co-financed with NPBs (by high-level product type) (IIW, SMEW, aggregate) • Value of investments mobilised with NPBs by high level product type (IIW, SMEW, aggregate) • Share of EFSI operations conducted with NPBs (IIW) • Number of NPBIs listed as financial intermediaries by country (SMEW Debt)
Investment Platforms	• Number of IPs by country, objective (IIW) • Share of total EFSI operations with IPs (IIW) • Value of EFSI financing signed under IPs, by country and objective (IIW)
EU Budget used to cover FLP	• EU, EFSI contribution and investments mobilised by product (SMEW)

The analysis also considered the evolution and performance of the EIAH and EIPP. This was mainly based on data from the programme statements, as well as supplementary data provided by the relevant teams within the Commission/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; EIAH-supported projects entering the EIB Group appraisal system; 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, 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 A4.7.

Within this analysis, the 'treatment group' was built based on an EIF list of final beneficiaries of 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, Czech Republic, 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; (3) and 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[5].'

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 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.

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 (SMEW) (of which 12 were financed through debt and 8 equity) and 41 the Infrastructure and Innovation Window (IIW). 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 Commission, 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; technical support);
- What would have happened if the operation had not been financed by EFSI;
- Investment mobilised and multiplier calculation;
- Expected results/ impacts;
- Actual achievements.

Additionally, 11 projects having benefited from 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.

[5] 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).

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 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 ISG. The questionnaire comprised of one section containing general questions for respondents with limited knowledge of, and/ or no direct experience with EFSI, EIAH and/or the EIPP; and two other sections with in-depth questions for: (i) respondents that were supported by EFSI or used 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 European Commission's open consultation page. It ran for 12 weeks, in accordance with the 'Better Regulation Guidelines' and closed on the 17th August 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; Infrastructure Finance Alumni)
- Recruiting multipliers such as business associations, EEN networks and relevant national contact points to respond to and promote the OPC
- 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 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 A4.4.

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 ISG 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)
- 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, NPBs and beneficiaries of EIH assistance).

In total, 472 survey responses (over three separate years) were analysed. The results are provided in Annex A4.6

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 A4.3.

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 4 below.

Table 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

Stakeholder type	Number of interviews
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 EFSI, EIAH and/or 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 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 EFSI (in absolute and relative terms), the EIAH and the EIPP.

Figure 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 EFSI, EIAH and EIPP at the country level;

- Testing the theory of change (ToC) 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 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 workplan 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 synthesised. 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 writeups) for each Member State. These are provided in full in Annex A4.2.

Methodological challenges

Limitations associated with each research method are presented in Table 5 below.

Table 5. Key limitations

Method	Key challenges and limitations
Portfolio analysis	Portfolio data came from different sources and in different formats, which led to challenges compiling a bottom-up analysis that was consistent with overall reporting. In particular for SME Equity products, the bottom-up analysis is missing since despite the support received from the EIF the team were unable to develop a list that was consistent with operational report data aggregates. This meant that while some analyses were developed through a bottom-up approach, in some other instances, aggregates and pre-prepared tables were used instead.
Deep dives	In some cases (e.g., for EIAH requests) documentation was lighter than anticipated, which limited the depth of analysis produced from the deep dives. In addition, operations under parent operations (IIW window), limited documentation was available at the operation level.
Overall scope and resource constraints	The scope of the evaluation was very broad relative to the resources and time available. This constrained the depth and breadth of research that could be undertaken
OPC	Despite efforts to disseminate the OPC, the response rate was relatively low. This meant that its outputs were less used to feed into the overall analysis.
Surveys	Due to survey fatigue the study decided not to include additional large-scale surveys of counterparts and final beneficiaries and instead rely on existing survey data and extensive interview programme. This limited the pool of quantitative evidence available to be used.

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 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 3 Summary of key findings from the evaluation

EFSI/ EU Guarantee

Table 6. Key findings by evaluation criteria

Evaluation criteria/ question	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 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	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 range of stakeholders. EIB EV's evaluation (published in 2021) 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 bn of total investment by 2020? • JC 4.1 EFSI has achieved or exceeded its target of mobilising EUR 500bn 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 bn of EFSI financing had been approved. This financing is expected to mobilise EUR 524,3 bn 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 bn of investment mobilised from operations signed by the end of 2022. Multiplier effect has been calculated in line with methodologies approved by the EFSI SB. 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 those sectors	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 per cent of the EFSI portfolio at the end of the investment period)[6]

[6] 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".

and Member States with the largest investment needs and gaps	Sectoral: the volume of signatures in any "general 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 percent financing for climate action under IIW. 59 percent of EFSI operations signed until the end of 2021 had a climate action component. This represented 44 percent 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 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.
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	Significant efforts were made under EFSI to facilitate cooperation and collaboration with NPBIs. High levels of NPB involvement were achieved under EFSI. Overall, 262 EFSI operations (17,5 percent) were implemented in collaboration with NPBIs (representing 20,5% of EFSI financing). There was greater collaboration under SMEW as compared to IIW 60 IPs 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 collaborate with them on a systematic basis. Consequently, collaboration was stronger in some countries than in others.
EQ 9 To what extent have the projects supported by the EFSI contributed to the creation of jobs and sustainable economic growth?	In the short-term (by 2025), EFSI is expected to create 2.1 million jobs and increase EU GDP by 2.4 percent 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
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	Key informants confirmed the usefulness of the scoreboard in facilitating decision-making. No issues were highlighted by decision makers.
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 than 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	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

• 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	
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 COM 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 • 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. centralized 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 Europe? • JC 16.1 There are feedback loops between EFSI and EIAH/ EIPP	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 for EIAH.

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<tr><td>

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

</td><td></td></tr>
<tr><td>EU Added Value</td><td></td></tr>
<tr><td>
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.

</td><td>
Financing of multi-country operations – such operations received EUR 11bn 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 mindsets at the EU and national levels
Developing institutional capacities within NPBs 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).
</td></tr>
<tr><td>Additionality of EFSI and EU guarantee</td><td></td></tr>
<tr><td>
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 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)

</td><td>
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 EFSI crowding-out private or NPBI financing. However, such examples are very limited and cannot be proven.
IIW: evidence suggests most projects / activities would have gone ahead anyway in absence of EFSI but 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.
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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 7. Key findings by evaluation criteria

Evaluation criteria/ question	**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 have been greatly reduced	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.
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 140m 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 (VC/PE)
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 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	• 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 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 8. Key findings by evaluation criteria

Evaluation criteria/ question	**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);	• The EIAH developed all relevant services that were envisaged in the Regulation. • While some services were delivered directly by the Hub, it also relied on a network of external partners (EBRD, NPBs) 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.

- stimulate demand for EFSI support where needed	
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	• 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.
Effectiveness	
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	• 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.
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	• 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 ASB programme. • EIAH support covered adequately priority sectors. • Funding agreements were signed to build the advisory capacities of NPBs in less developed markets. Comparatively, NPBs from more developed markets however benefitted from larger volumes of grant support (as effectively rolling out advisory programmes costs more than capacity building activities).
EQ 5 To what extent has EIAH effectively used the expertise of the National Promotional Banks or Institutions, and the managing authorities of the	• The EIAH successfully established cooperation with NPBs from 22 Member States.

<table>
<tr><td>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</td><td>• Capacity building support through funding agreements was more concentrated (8 countries covered) and seen as less successful (heavy administrative requirements, opportunistic behaviours of NPBs).
• The Hub diversified its offer towards SMEs through partnering with EBRD.
• It also established a modus operandi to coordinate with DG REFORM.</td></tr>
<tr><td colspan="2">Efficiency</td></tr>
<tr><td>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 workstreams of EIAH in a sensible manner
• JC 6.5 The Hub pricing policy was seen as adequate</td><td>• 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 creating access and competition issues. Pricing policy was revised accordingly, but only for small LPAs.</td></tr>
<tr><td>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 reasonable</td><td>• Governance based on a small Coordination committee was found to be quite agile.
• Beneficiaries assessed very positively the Hub support.</td></tr>
<tr><td>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.</td><td>• 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.</td></tr>
<tr><td colspan="2">Coherence</td></tr>
<tr><td>EQ 9 To what extent has the EIAH proved coherent with other existing advisory initiatives in terms of additionality, potential synergies and/or overlaps?</td><td>• Adequate processes (monthly EIAH screening group meetings) were effective at avoiding overlaps / duplication of efforts.</td></tr>
</table>

• 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	• 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	• Alternatives seem to be available, but their suitability is challenged (absence of EU added value, access issues for high quality service, absence of QA/ peer review dimension)

EIPP

Table 9. Key findings by evaluation criteria

Evaluation criteria/ question	Key findings
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)? • 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	• 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, 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.
Effectiveness	
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	• The EIPP has contributed to improving visibility of published projects. The target number of projects published was exceeded

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. • 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 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, NPBs 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. • 80 EIPP projects have secured financing after being published on the Portal but extent to which this is thanks to EIPP is hard to determine. • 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, NPBs 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? • 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? • 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 4 Stand-alone analytical outputs

A4.1 Detailed 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
- 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 bn and the maximum EIB allocation amount of EUR 7.5 bn. 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 bn
- until 2021 EUR 8.769 bn
- until 2022 EUR 9.393 bn (planned)
- until 2023 EUR 9.521 bn (planned)[7]

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 bn [8], transferred as internal assigned volumes were EUR 0.731 bn[9]. The internal assigned volume will increase according to plans until EUR 1.096 bn until the end of 2023[10]. 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 bn. As 35% of EUR 26 bn result in EUR 9.100 bn 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, i.e., EUR 0.162 bn cumulative until end of 2021[11] Thus the overall provisioning covers 37.2% end of 2023 - **forming a buffer** beyond the assumed 35%.[12]

Appropriation of EFSI volumes to EFSI promotional programmes

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

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

[8] Idem p 19

[9] Idem p 11

[10] Idem p 11

[11] Idem p 20. The volume of calls until end of 2021 is reported with EUR 222.6 m. See Draft General Budget of the European Union 2023, Working Document Part I, Programme Statements of Operational Expenditure, June 2022, p 88

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

- 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 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 promotional programmes 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[13]	EUR 13.24 bn
	IIW Debt Hybrid	EUR 2.00 b
	IIW Equity Standard	EUR 3.50 bn
	IIW Equity National Promotional Banks platform (NPB)	EUR 0.51 bn

Total SME Window		
of which	SMEW Equity[14]	EUR 3.30 bn
	SMEW Guarantees (Debt)[15]	EUR 3.45 bn

Groups of promotional programmes are shown here for the SME Window, the more detailed breakdown in individual programmes is discussed below. Each of the programmes or groups of programmes has an individual guaranteed allocation and an individual percentage of provisioning according to the modelling between 24% and 58%. The weighted average results at 33.9% (see Table below).

IIW and SMEW provisioning end of 2021	**EFSI guarantee allocation, EUR bn[16]**	**EFSI provisioning needed according to the model for the allocations, EUR bn**	**Provisioning (col 3) / guarantee allocation (col 2)**
Total	26.00	8.81	33.9%

[13] 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

[14] 2.32 + 0.43 + 0.25 + 0.30 = 3.30

[15] 1.40 + 1.48 + 0.30 + 0.13 + 0.09 + 0.05 = 3.45

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

As of end-2021, the EFSI enabled the EIB Group to sign EUR 86.9 bn of riskier financing and investment operations.[17] Relevant for COM is the volume covered by the EFSI guarantee. The guarantee volume of EUR 26 bn de-risks around EUR 80.9 bn.[18] The difference of EUR 6.0 bn to EUR 86.9 bn comes from own programmes of the EIB Group without contributions of the EFSI guarantee, notably the RCR EIF programme.[19] Bottom-up calculation shows that the EU risk-taking for operations signed by counterparts at the end of 2021 is less than EUR 26 bn - the liability is reported at EUR 24.7 bn.[20] Taking guarantees already called into account the buffer between EUR 26 bn on one side and signed operations and already called guarantees on the other side amounts to EUR 1.1 bn. 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 promotional programme has de facto worked as a cap, defining the maximum possible volume to be signed. New signatures in each programme were done beyond the allocated volume of the respective programme. As no reallocation of the guarantee volumes for the programmes shall take place, unused parts contribute to the additional buffer mentioned in the previous paragraph.

Proxy model for IIW debt and hybrid operations

The two programmes (or 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 bn and EUR 6.01 bn respectively, together EUR 53.05 bn [21]. 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.

COM 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[22]. 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.

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

[18] 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

[19] Information of ECFIN (email 23 September 2022)

[20] It makes sense to add guarantees already called (EUR 0.16 bn). 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)

[21] See footnote 7

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

The provisioning for the two programmes 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[23].

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. 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).[24] Following a conservative approach the distribution with the higher rate of provisioning need is chosen.
Altogether EUR 4.85 bn provisioning are needed to achieve the VaR objective for II Window Debt and Hybrid at the end of 2021 instead of EUR 5.03 bn according to the allocation ceilings modelling.[25]

	% of rating signed under II W Debt and Hybrid	**Signed Exposure (EUR bn)[26]**	**EU risk (EUR bn)[27]**	**Provisioning needed with xx rate (see text, Gaussian distribution for 2021, EUR bn)**
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 bn)

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.

[23] 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 COM 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.

[24] 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

[25] Own calculations

[26] Information ECFIN, email 16 September 2022

[27] 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

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

Proxy model for SME-Window and for the equity operations of II-Window

SMEW provisioning end of 2021	**EFSI guarantee allocation, EUR bn**	**EU risk for operations signed by counterpart end of 2021, EUR bn**[28]
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**[29]
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 SME Window and II Window 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 programmes experts give a judgement for each of the promotional programmes. Their opinion is based on experience with similar programmes in the

[28] 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)

[29] 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)

past and market sectorial results.[30] They consider risk including sector-risks and future losses, future revenues, repayments and profits. For the purpose of provisioning EFSI each programme can show an individual provisioning rate. These rates are not carved in stone and may be reviewed and adapted by experts when necessary.

Three promotional programmes comprise 79% of the volume of all SEMW programmes. The provisioning rates for all SMEW programmes provided by the expert judgement are in the range of 15% up to 100%. All programmes - SMEW and IIW Equity - show no overbooking and no full utilisation of the guarantee allocation. Altogether EUR 0.85 bn are needed end of 2021 for the provisioning for II Window Equity instead of EUR 1.01 bn according to the allocation ceilings. As regards SME Window the provisioning needs add up to EUR 2.57 bn instead of EUR 2.77 bn according to the allocation ceilings.[31] 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.[32] 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 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 approximately more than 10% of 'non-Special Activity' loan grading at signature delivered a balanced portfolio.

Summary

[30] 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%

[31] Own calculations

[32] The biggest programme (IIW Debt Standard) shows an increase of non-Special Activity over time at the time of signature.

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: it was not necessary to set the full provisioning from the budget aside, as revenues mainly created with the guarantee fees contributed. 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.

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 promotional business case of EFSI further. In case of a worsening economic situation the EFSI system seems to be sufficiently robust.

COM 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, COM 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 at the end there might be left over from the provisioning. It could be recommended to increase the volume and outreach of successor programmes if such outcome would materialise in the future.

A4.2 Individual case studies

To access these files, please open this document in Adobe Acrobat (rather than a browser). You may have to save the file first. Once opened, please:

a. Enable 'All Features', if the option appears

b. Click on the safety pin in the left-hand side panel (as per the below image). This panel should contain a list of clickable links to all attachments

c. Click on an attachment to open it, or

d. If the above does not work, right-click and save the attachment on your drive. Then you will be able to open it using its native programme.

A4.3 Stakeholder 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

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

IIW

According to market players, the product offer under 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. 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 IIW included captive funds and NPB equity window (see also EQ 8).

SMEW

The frontloading / topping up was the most effective use of EFSI support. 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 Commission could provide support before EFSI (through budgetary allocations/contributions). 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 covid crisis). When Covid 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 were 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 a positive market development, others perceive 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 InvestEU too, as the idea of a Solvency Support Instrument was dropped.

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

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

At the start of EFSI, in 2015, the SMEW had 2.5bn. In the end, a total of 6.75bn euros 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 EFSI helped finance riskier investments in this sector. In EFSI times, there was also a rationale to finance investments in sectors such as road transport in certain countries (e.g. Italy). This type of investments will no longer be eligible under InvestEU.

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

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

There is consensus view that 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 crisis, thanks to its firepower and flexibility (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 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 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 the response was much quicker under "Garanzia Italia". This is not true in all cases, in France the national scheme came later in summer 2020. Some highlighted in that context that open access to 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, EFSI had to be flexible enough to adjust to changing policy priorities. 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 EFSI, it was more about volumes, deploying as much as possible to kickstart 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 '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 IIW and SMEW. Under 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 equity intervention
- 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 (public sector projects of the municipalities, sustainable infrastructure, social infrastructure, social economy) remained too small for EIB intervention under EFSI – in that context the opening of the EU guarantee to new IPs 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).

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?

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 bn of total investment by 2020?

JC 4.1 EFSI has achieved or exceeded its target of mobilising EUR 500bn 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 NPBs 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 times (which mechanically lowers leverage).

The 500bn target refers to operations that are approved. The figure went down from 545bn (end 2020) to 524bn (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 €500 bn. The latest operational report, end 2021, showed that € 492 billion were mobilized based on signed amounts. This is very close to reaching the target (only €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 IIW, 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 dept operation for early-stage start-ups, which is based on an ECB market study.

For SMEW, 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 IP 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 operationalizing 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 50-300m) even if EFSI helped the EIB to deal directly with smaller projects (starting even with volumes of EUR 10 m).

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 SMEW and IIW.

Deployment was faster under SMEW. Cooperation between EIF and NPBs / 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 IIW, presence of a strong NPB 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 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 EFSI can finance, that it will be hard to find transactions with higher level of additionality to go under 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 SSA 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 IIW was extended. The NPBI equity window served that purpose.

The opening to more IPs under InvestEU is generally welcome by interviewees. Local presence is needed to target smaller corporates. In countries such as France, NBPs even have local/regional offices. More partners can improve the geographical coverage and also sector spread (e.g. social projects are specifically targeted by CEB). It will be more cumbersome operationally (for the EC) though and some feared it may lead to competition issues / parallel structures / lack of clarity for the clients.

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 not wanting to have too geographically concentrated deployment / need to respond to criticism on the fact that newer MS benefitted less from EFSI on the one hand and achievability, what was feasible in terms of deployment, on the other hand.

Geographic concentration was one of the politically sensitive issues faced. 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 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 IIW and 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

EFSI was the first EU program 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 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 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). 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.

However, in terms of the composition of the portfolio, EFSI was not only targeting climate action. Fossil fuel projects remained eligible. All transport modes have been allocated funds; for instance, a third of the budget was spent on motorways, 20% on airports etc. Over time though, impression at the EC that the portfolio shifted towards more CA projects / less motorways / more electrical bus fleet for instance.

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 EFSI than for 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 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)
- terms and conditions (lower interest rates, lower collateral requirements, no requirement for any personal liability, lower fees)

Beyond the positive impacts on those supported, interviewees found it hard to extrapolate and affirm that 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, VC, VD) 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[33]

[33] https://www.flipsnack.com/aecmeurope/aecm-statistical-yearbook-2021.html
https://www.flipsnack.com/aecmeurope/aecm-statistical-yearbook-2020/full-

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 ins 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 DD process and site visits and bring in project based TA, 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 have incentivise 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

EFSI did put the NPBs on the forefront - see 2015 communication on the role of National Promotional Banks (NPBs) in supporting the Investment Plan for Europe. There was a KMI saying 15-20% of operations should be in collaboration with NPBs. It was closely followed by SB. 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 (NPBs know the local needs). NPBIs are also an entry to help 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. Demands for collaboration were also driven by political considerations (context where NPBIs wanted open access).

EFSI did foster the dialogue, and the collaboration was more publicised. EIB reached out to all the NPBs, through platform and/or bilaterally. Collaboration happened throughout EFSI from the beginning (not new with EFSI 2.0 Regulation). Overall NPB involvement under 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. Now in general, NPBs and the EIB still have very different perspectives – NPBs have a more political perspective.

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

Most investment platforms were delivered with NPBs. No specific goals or number of platforms were set. Overall 60 IPs were set up in 18 MS, reflecting an important

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view.html https://aecm.eu/wp-content/uploads/2020/07/AECM-Statistical-Yearbook-2019.pdf 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 materialized.

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, NPBs 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 – it was a very long process.

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 didn't 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 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).

Note: NPBIs are becoming implementing partners but can also remain EIF clients (in some cases) in InvestEU. The situation may become complex from the client perspective. The COM should have a role in orchestrating this, so they wouldn't crowd each other out.

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

Collaboration was easier in some countries than in others. NPBs are very diverse in terms of levels of sophistication and several MS didn't have an NPB (until recently). NPBIs have completely different business models across MS and sometimes within MS.

For example, Poland has 16 NPBIs and they all have different rules in using structural funds.

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

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

- Lack of clarity of possible forms of cooperation (expectations around collaboration with NPBs were very high, but not well defined) and initial misconceptions - some NPBs thought EFSI was a source of grant financing
- Capacity - some smaller NPBs didn't have structures well developed, there was less confidence on the EIB side that they were able to effectively deliver the financing.
- (Perceived) lack of scope for collaboration / few market opportunities. In smaller countries, project promoters looking for grants, EIB financing larger projects that NPBs 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, 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 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, clean energy production); (iii) ESG, governance (audit and reporting requirements)
- Indirect benefits (e.g. indirect effects on employment and growth, local communities' development, 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 COM 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
- 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 EFSI works. The Steering Board engaged quite regularly with different stakeholder groups to explain the program 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. EFSI is complex with a long chain of intermediaries. But negative sentiment slowly but surely went down during the course of 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). EFSI was a revolution for how the EIB communicated – EIB developed new 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). EIB made sure that anyone who wanted to know about 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 2rd party content of people recounting how they got jobs while the economy was difficult thanks to EFSI.
- there was also communication on the EIB study on 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 metric was followed, covering all channels – print, online, social and traditional media. 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 focussed 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 EFSI implementation, communication efforts were implemented at the national level too (through the administration, NPBs, EIB local office, national association) 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 SMEW (e.g. AECM).

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

Despite the efforts, some stakeholders still reported low awareness levels about 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 IIW projects, more systematic use of posters signalling 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. 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. Note however: EFSI is not the silver bullet that solves all issues. Also there is a trade-off between volume and impact. To make an impact, 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. 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. EIB group made it clear that EFSI was part of the policy design of the EU. For example, when Covid 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.

- 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 EIB to think differently and focus on riskier projects.
- cooperation between 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 7.5m deal, to be compared with average EIB project size pre EFSI), more risky projects (special activities), new products offering a lot of market opportunities.

Lessons learned for InvestEU. EFSI was a way to learn how to work with the budgetary guarantee – this experience was helpful when designing InvestEU e.g. under 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) 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
- 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:

- Clear separation between the EIB and the COM / 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
- SB 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 EIB and Commission – plus one parliamentary observer in addition).

SMEW

The EIF wasn't represented in the SB (the guarantee was through EIB, this 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 SB after mandate due diligence and approval of board of directors), 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.

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

There was complementarity in the sense that EFSI was co-existing with fully funded financial instruments designed to support the first loss piece. Under 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 EFSI:

- Following the launch of the Expansion and Growth Window under the EFSI Equity instrument, the EFG 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 European Fund for Strategic Investments (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 EFSI with 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 150K 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 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 EIAH or EIPP would feed 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 EFSI is not monitored). Under 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 don't really need the support. As to the EIPP, it won't necessarily attract projects that will later become eligible for EFSI.

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

One finding here is that EIAH contributed limitedly to SMEW implementation. This was not necessarily seen as a key limitation thus far under 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. 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. Bulgaria has a small market, and Greece a recent NPBI.

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 EFSI for 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 EFSI type of support was completely unique in their countries. However, conditions of EU schemes were in general found to be more favourable:

- Better pricing
- More modest co-financing requirements
- Higher guarantee rate
- Wider / less restrictive eligibility criteria (including e.g. agriculture or leasing, non-bank intermediaries)
- No state aid constraints / Possibility to target companies that used up their de minimi limits
- Ease of administrating EU programmes.

Some exceptions

- More advantageous national programmes in context of Covid response (providing coverage level above 80%, 90%, 100%) – with the understanding however that this type of support can only be temporary as intermediaries will need to again take on more responsibility
- (for 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.

To note: in some cases, it was clearly highlighted that the national schemes were provided on a much larger scale compared to 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 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)
- Absence of state aid regulation considerations (no need of checking limits as in case of de minimis aid)
- Capital relief (the guarantee coming wiht AAA collateral to the intermediary).

For final beneficiaries

- Reduced price (benefits passed on to beneficiaries)
- 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 Fund's governance and procedures (more professionalism, integration of ESG factors)
- 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)
- possibility for the EIB to tag the project as eligible for green bonds (where applicable).

Note EIB 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 EIB being seen as a prudent investor conducting detailed DD). Note: interviewees however highlighted in some cases oversubscription and doubts that 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 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

- 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)

BUT

- Less beneficial conditions, higher project cost overall
- 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 EIF checks there will be higher risk. For higher risk transactions: 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 EIF calculates average business volumes and 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.

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, EIB can only allocate resources to AAA+-type of projects. 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 EIB had done before (more similar to special activities). Within IIW, the equity sub-window or NPB equity window was where the most risky projects were to be found.

Yet, 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 SAs. 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 EFSI (e.g. doubts were cast for some projects e.g. 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 2018 EIB EV 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 EIF, even some bureaucracy, generally understood as necessary, certain non negotiable 'must haves' for the EIF
- good relation with 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 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)
- EIF pays quickly whenever the bank calls a guarantee
- As an unintended positive effect, collaboration with 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)?

EIAH covers both types of activity:

- Upstream activities e.g. developing investment/advisory platforms
- 'Last mile' advisory support.

Both types of activities have an impact on investment although upstream activities take more time to translate into investments. ECA audit encouraged the focus on LPAs in more recent years but 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 NPB network, with EEN 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
- Drawing on NPBs: through a call for EOIs offering NPBs 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 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
- EIAH team patient with bureaucracy on beneficiary's side.

Caveat:

- experience is not necessarily transferable across EU countries given different regulatory landscapes
- in one case the hired consultants performed poorly.

Effectiveness

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
- for some projects, attracted funding, and 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 EFSI – the EIAH cannot guarantee EFSI financing. However, since the ECA audit and EFSI 2.0 regulation, expectations are high regarding the 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 don't 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.

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 EIAH support (clearly delineating their time under EIAH from 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 EFSI 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, 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

EIAH had in place contracts with big NPBs but also had with smaller NPBs – with different focus. Despite initial concerns, it was not the case that only NPBs with the best capacity benefitted from collaboration with the Hub. Mixed results however from EOI: only a few large NPBIs were effectively able to provide advisory support, some NPBIs didn't have the mandate to deliver advisory, some NPBIs applied opportunistically; heavy to manage.

Investment platforms were delivered only with the most experienced NPBs– and not clear why.

Under InvestEU all NPBs came with a baggage and experience of collaboration.

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.
EIAH has started to provide advisory services for 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 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. But this choice had several flaws: it created barriers to access the services and created competition / encouraged cherry picking behaviours among the different advisory offers (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 20k) - The Regulation was a blocking factor to do more on this during EFSI time.

When the InvestEU hub was created, it was decided to have a standardised approach to the pricing policy (same for all EU advisory initiatives).

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 / FPA for details. It was found to be quite agile and was 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's 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

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 EIAH could have done to speed up the process in 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 the website use and requests received.

There is good brand recognition for the Hub, move to DG ECFIN 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

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 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 EIB and CEF debt instruments)
- Upstream support to ELENA applicants
- 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 EIAH experience with EU regulations, to make sure impact assessments complied with 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 was well received because it was coming from a respectful institution. It opened doors and 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, 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
- EU dimension would not have been taken into account
- There wouldn’t 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, 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 focussed 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 10m EUR to 1m 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 500k. Lowering the size enabled the portal to cover different types of projects beyond infrastructure. 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 1m could still be a limitation for start ups in the sense that first seed investment in Europe usually ranges from EUR 50k-1m (the EU average is EUR 200k) 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, BPI France 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 (UX) and user interface (UI) being outdated (lacking e.g. automatic matching functions).

Effectiveness

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 1100 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 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. 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
- 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. VC)
- Absence of secured financing for published projects
- Lack of networking opportunities.

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

- traditional channels are better ways to reach out, investors don't go on platforms to identify projects, this idea is "technocratic"
- the EIPP attracts projects that aren't mature enough, not yet ready for financing or even low quality
- 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
- 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 BPI France'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 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 EIPP (seal of excellence, deal flow is qualified, more interactive, more userfriendly).

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 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 (EIC) 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 schemes.

A4.4 OPC results

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b. Click on the safety pin in the left-hand side panel (as per the below image). This panel should contain a list of clickable links to all attachments

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A4.5 Past survey results

As part of the evaluation, the results of several existing targeted surveys were used. The Excel file attached contains the EIPP surveys conducted in 2018, 2019, and 2021 (InvestEU included) both for project promoters and investors.

Other surveys conducted during 2018 mid term evaluation are also included: (i) the survey of beneficiaries of EIAH assistance; (ii) the surveys of project promoters and financial intermediaries under the IIW; and (iii) the survey of National Promotional Banks.

To access this file, please open this document in Adobe Acrobat (rather than a browser). You may have to save the file first. Once opened, please:

a. Enable 'All Features', if the option appears

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A4.6 Comparative perspective using Orbis data

A4.6.1 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: (iii) the results and findings of the analysis.

A4.6.2 Methodological Approach

This analysis is based on the European Investment Fund (EIF) dataset containing a set of 9552 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 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 behaviours of the two groups:

Firm level characteristics

- Age - whether EFSI final beneficiaries are younger than the comparison group
- Size - whether EFSI final beneficiaries are on the smaller side as compared to the average size of business population

Performance metrics

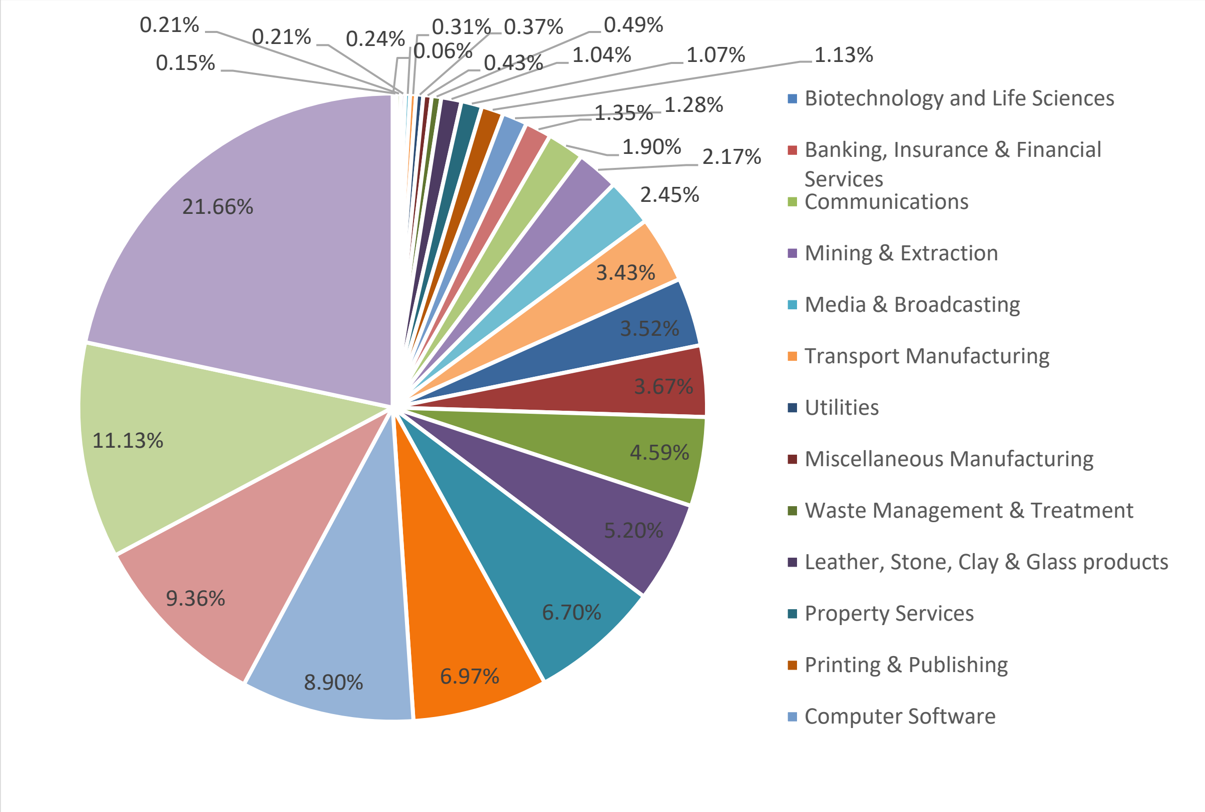
- The overall evolution of employee numbers and yearly turnover
- Interest paid
- Evolution of tangible and intangible assets

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

A4.6.3 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 3269 final beneficiaries from the original EIF list of loans. Those companies are based in the following countries: ES, GR, PL, IT, BG, FR, CZ, LV.

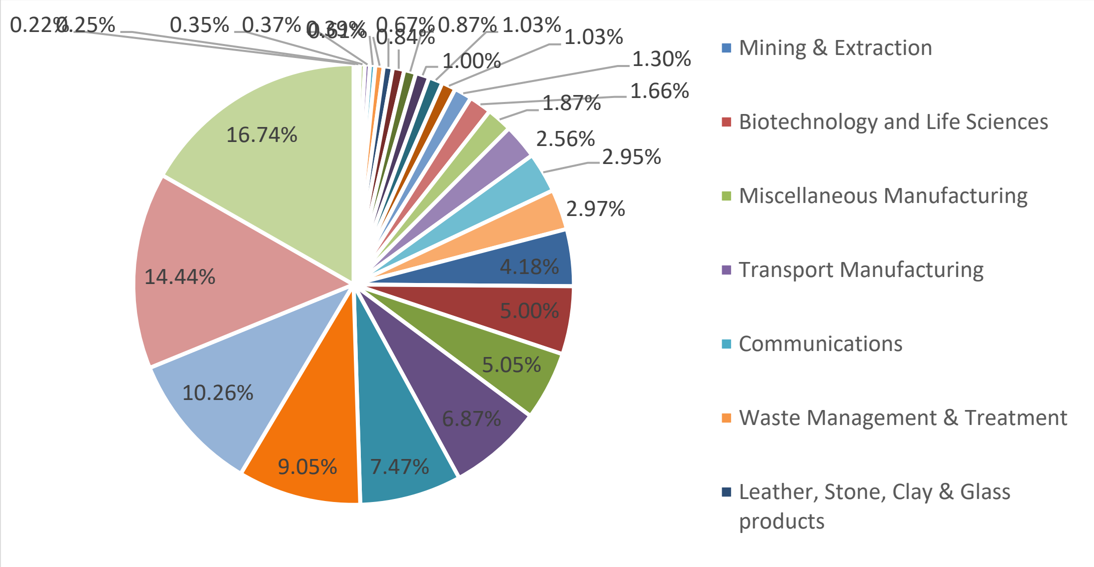
Figure 3. Sectoral distribution of the sample of EFSI final beneficiaries



As shown in Figure 2 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 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 4. Comparison group firms' sector



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, 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.

A4.6.4 Outcome and key findings

Figure 4 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 5. Average firms age by group (years)

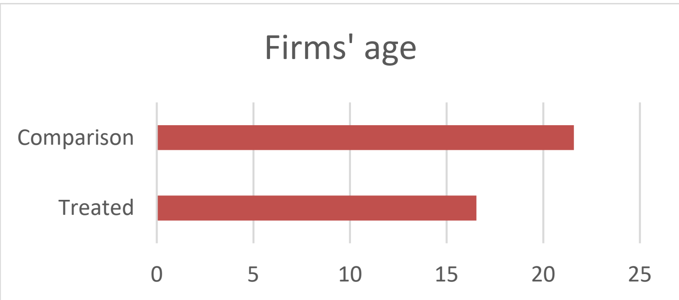


Figure 5 shows that EFSI final beneficiaries pay lower levels of interests than the comparison group. Normally, we would expect EFSI final beneficiaries to benefit from lower cost of financing. But this data should be interpreted with caution as we have no information on their respective debt levels, or interest rates.

Figure 6. Interest paid by group in million EUR

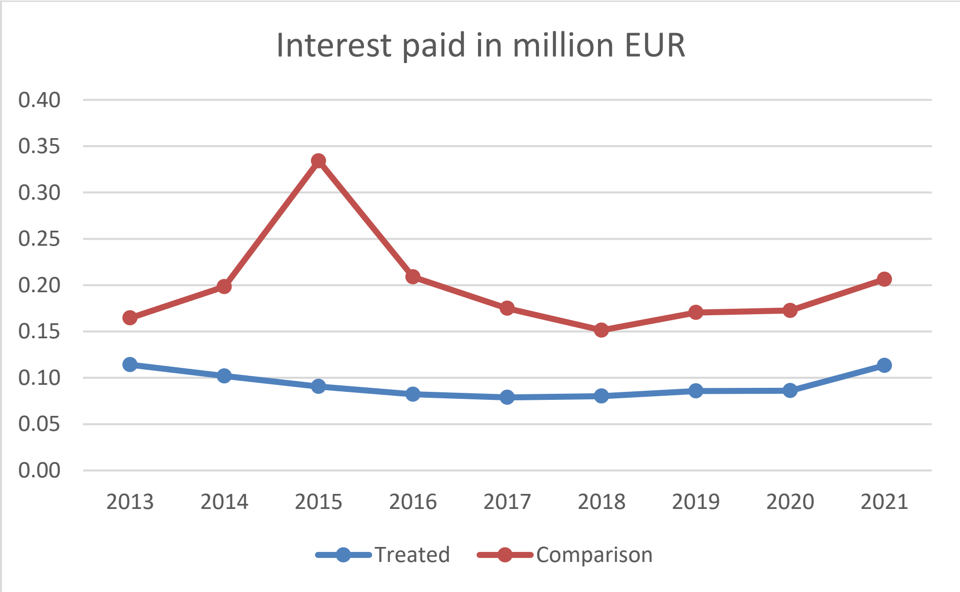


Figure 6 and Figure 7 expose respectively tangible and intangible fixed assets trends. Both trends are positive and broadly follow the same growing curve. Notably, companies belonging to the treated group present average intangible fixed assets being lower than the comparison group (Figure 6).

Figure 7. Tangible fixed assets in million EUR

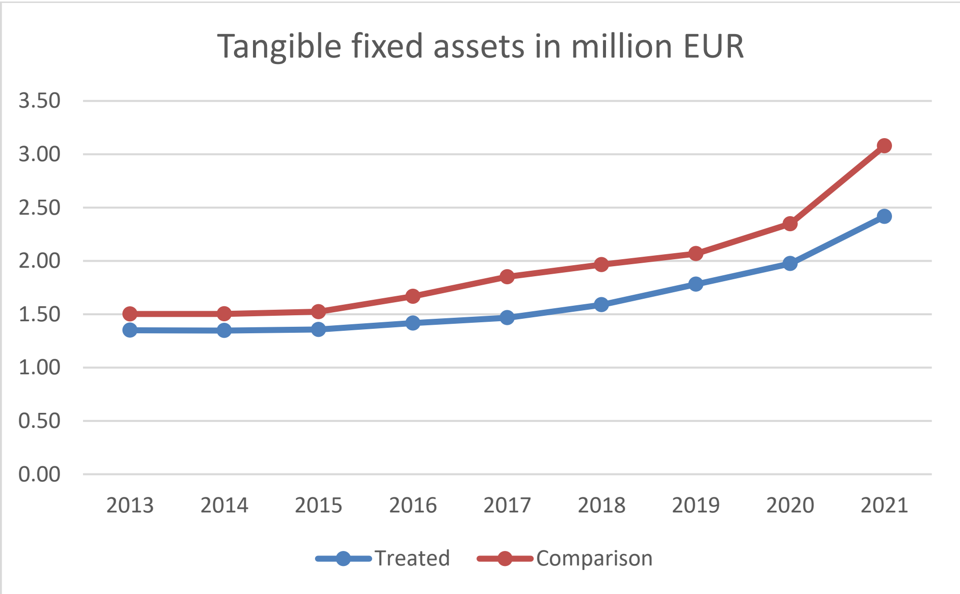
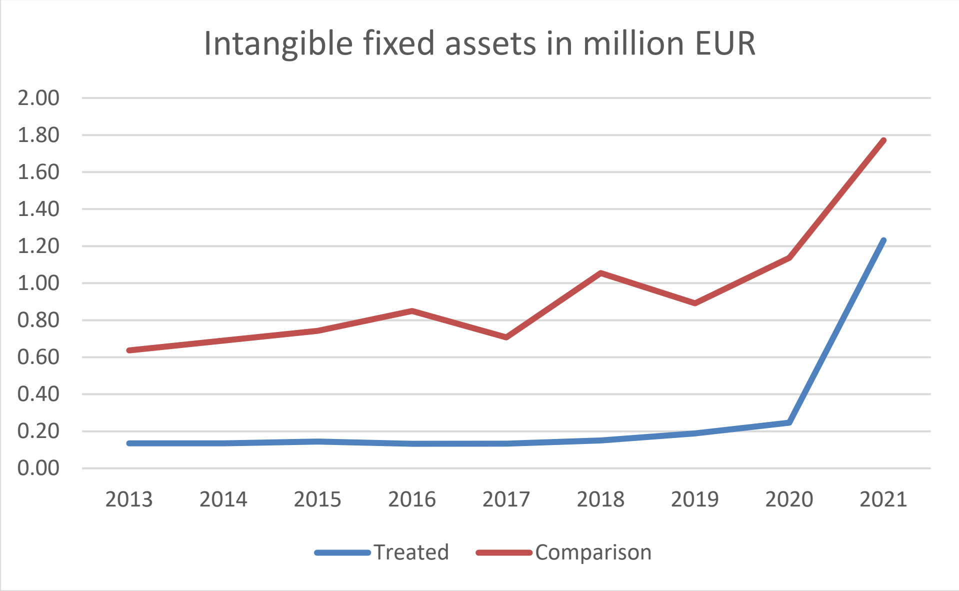


Figure 8. Intangible fixed assets in million EUR



When analysing size however, there is a specific timeframe (2016-2019) where turnover and employees' numbers significantly diverge. In both Figure 8 and Figure 9, 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 9. Average Operating revenue in million EUR

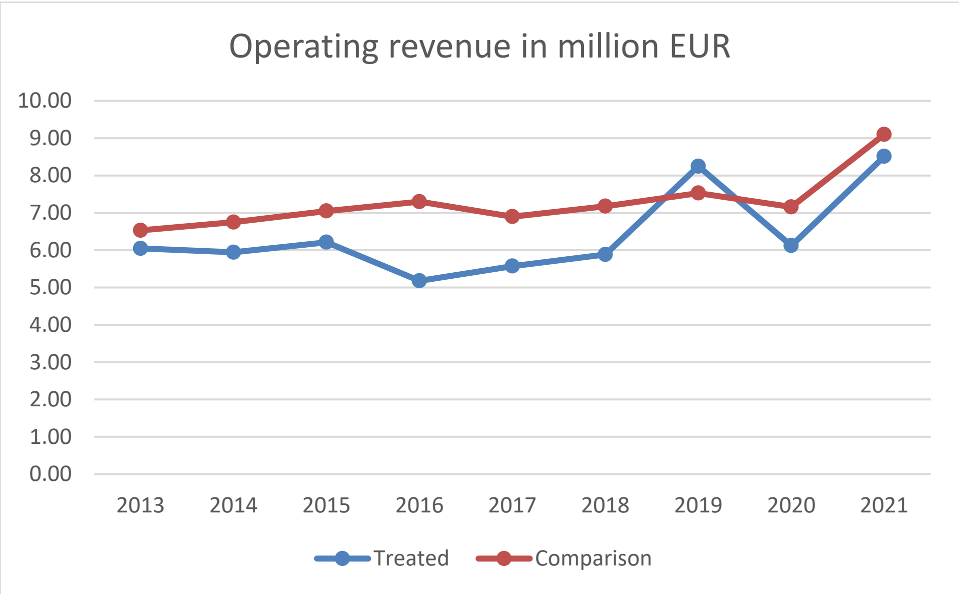
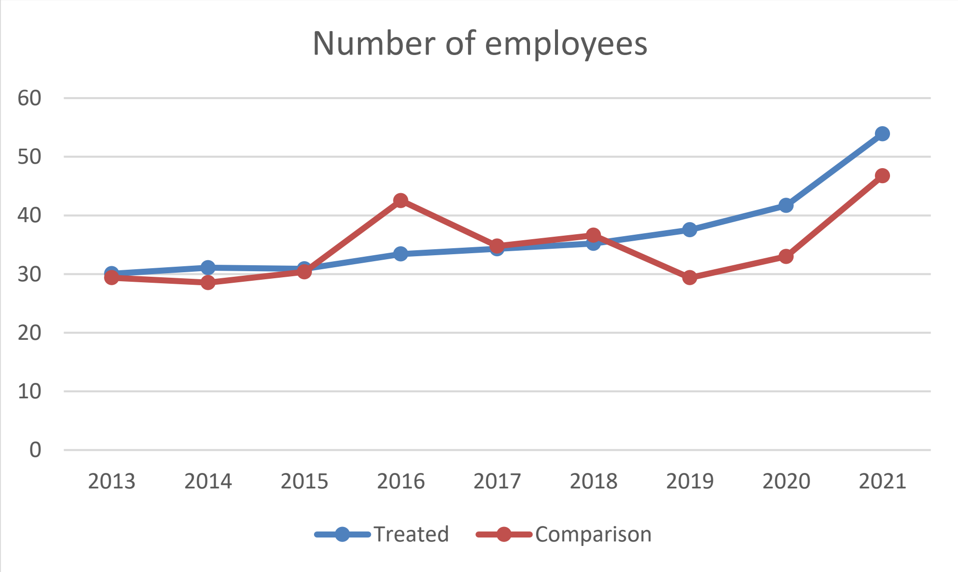


Figure 10. Average Number of employees



A4.7 Review of past evaluations

The evidence reviewed includes:

- EIB Rapid assessment of the EIB Group's operational response to the COVID-19 crisis (2022) (link)
- EIB Evaluation of the EIB's Special Activities (2022) (link)
- EIB Macroeconomic impact of the European Fund for Strategic Investments (2021) (link)
- ECA The European Investment Advisory Hub (2020) (link)
- EC Evaluation of the European Fund for Strategic Investments, of the European Investment Advisory Hub, and of the European Investment Project Portal (2018) (link)
- EIB Evaluation of the European Fund for Strategic Investments (2021) (link)
- EIB Evaluation of the European Fund for Strategic Investments (2018) (link)
- ECA European Fund for Strategic Investments: Action needed to make EFSI a full success (2019) (link)
- ICF Independent Evaluation of the EFSI Regulation (2018) (link)
- EIB Study in response to ECA Recommendation 5: Improving the geographical spread of EFSI supported investment (2019) (link)
- EIB Evaluation of the functioning of the European Fund for Strategic Investments (EFSI) (link)
- EY Ad-hoc audit of the application of the Regulation 2015/1017 (the EFSI Regulation) (link)
- ECA The European Fund for Strategic Investments (EFSI) – Audit Brief (2017) (link)
- ECA EFSI: an early proposal to extend and expand OPINION No 2/2016 (link)

Relevant extracts by evaluation questions are available in the Excel sheet:

To access these files, please open this document in Adobe Acrobat (rather than a browser). You may have to save the file first. Once opened, please:

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A4.8 Literature review

This section presents our review of studies assessing the causal impact of debt and equity instruments at the company level.

It is followed by an analysis of secondary sources of evidence on evolution of investment gaps and SME financing conditions and behaviours.

Review of studies assessing the causal impact of debt and equity instruments at the company level

Figure 10 summarises a range of studies[34] that have explored the impact of guaranteed loans on SMEs' performance such as profitability, sales, innovation,

[34] Including: Brault, J. and Signore, S., 2019. The real effects of EU loan guarantee schemes for SMEs: A pan-European assessment (No. 2019/56). EIF Working Paper. Available at: https://www.econstor.eu/bitstream/10419/200212/1/1668119625.pdf; Bertoni, F., Brault, J., Colombo, M.G., Quas, A. and Signore, S., 2019. Econometric study on the impact of EU loan guarantee financial instruments on growth and jobs of SMEs (No. 2019/54). EIF Working Paper. Available at : https://op.europa.eu/en/publication-detail/-/publication/7c0f4808-13c2-11e9-81b4-01aa75ed71a1/language-en/format-PDF/source-157018184; Bertoni, F., Colombo, M.G. and Quas, A., 2018. The effects of EU-funded guarantee instruments of the performance of small and medium enterprises: Evidence from France (No. 2018/52). EIF Working Paper. Available at: https://www.eif.org/news_centre/publications/eif-wp-52.pdf; Asdrubali, P. and Signore, S., 2015. The Economic Impact of EU Guarantees on Credit to SMEs–Evidence from CESEE Countries (No. 2015/29). EIF Working Paper. Available at: https://ec.europa.eu/info/sites/default/files/file_import/dp002_en_2.pdf; D'Ignazio, A. and Menon, C., 2013. The causal e ect of credit guarantees for SMEs: evidence from Italy. Available at: https://www.dnb.nl/media/wr5bpfec/alessio-20dignazio_tcm47-297019.pdf; Cassano, F., Jõeveer, K. and Svejnar, J., 2013. Cash flow vs. collateral-based credit: Performance of micro, small and medium-sized firms in transition economies. Economics of Transition, 21(2), pp.269-300. Available at: https://academiccommons.columbia.edu/doi/10.7916/D8NS15WZ/download; Endresz, M., Harasztosi, P. and Lieli, R.P., 2015. The impact of the Magyar Nemzeti Bank's funding

productivity or probability of survival. Such loans aimed to address a market failure, namely, suboptimal lending to companies, especially, SMEs who despite being quite innovative with high growth potential are young and risky. Studies have either adopted a counterfactual approach or reviewed studies with such an approach.

Most studies have assessed the impact of loans under the MAP and CIP programmes which are analogous to those programmes topped up with EFSI. The econometric evidence consistently shows that this type of loan has a positive and statistically significant effect on innovation, employment, investment in assets and revenues. Also, these studies suggest that those benefiting the most are the younger and smaller companies.

For example, Brault and Signore (2019)[35] focused on 360,000 guaranteed loans under the EU MAP and CIP programmes from 2002 to 2016 across 19 Member States through a meta-analysis of econometric studies and found that the estimates are bigger for young and small companies. Similar results are found by Bertoni et al (2019)[36] who aimed to estimate the impact of guaranteed loans on SMEs for Benelux, Italy and the Nordic countries over the period 2002 to 2016. The study on about 174,000 companies reported positive and statistically significant effects on innovation, employment, tangible assets and sales, but not so on profitability. Likewise, Bertoni, Colombo and Quas (2019)[37], who focused on about 170,000 French SMEs during the period 2002-2016 and under MAP and CIP guaranteed loans, found that those loans had a positive effect on company growth, sales and employment. Again, the younger the firm, the stronger the effects.

The findings above are quite robust across other regions of Europe as shown by Asdrubali and Signore (2015)[38] who focused on guaranteed loans to SMEs under the MAP programme across the Central, Eastern and South-Eastern European (CESEE) region.

The evidence reviewed so far is robust across different periods and geographic locations. Although impacts are positive and statistically significant, they do vary by firm characteristics and also by country as the distribution of companies also varies across countries.

for growth scheme on firm level investment (No. 2015/2). MNB Working Papers. Available at: https://www.econstor.eu/bitstream/10419/146623/1/823281329.pdf; EIB, 2022. Impact assessment of EIB venture debt.

[35] Brault, J. and Signore, S., 2019. The real effects of EU loan guarantee schemes for SMEs: A pan-European assessment (No. 2019/56). EIF Working Paper. Available at: https://www.econstor.eu/bitstream/10419/200212/1/1668119625.pdf

[36] Bertoni, F., Brault, J., Colombo, M.G., Quas, A. and Signore, S., 2019. Econometric study on the impact of EU loan guarantee financial instruments on growth and jobs of SMEs (No. 2019/54). EIF Working Paper. Available at : https://op.europa.eu/en/publication-detail/-/publication/7c0f4808-13c2-11e9-81b4-01aa75ed71a1/language-en/format-PDF/source-157018184

[37] Bertoni, F., Colombo, M.G. and Quas, A., 2018. The effects of EU-funded guarantee instruments of the performance of small and medium enterprises: Evidence from France (No. 2018/52). EIF Working Paper. Available at: https://www.eif.org/news_centre/publications/eif-wp-52.pdf

[38] Asdrubali, P. and Signore, S., 2015. The Economic Impact of EU Guarantees on Credit to SMEs–Evidence from CESEE Countries (No. 2015/29). EIF Working Paper. Available at : https://ec.europa.eu/info/sites/default/files/file_import/dp002_en_2.pdf

Table 10. Summary of studies

Study	Countries	Period	Sample (programme)	Comparison group	Methodology	Relevance	Applicability	Impact (n.a=not available; n.s=not statistically significant)							
								Innovation	Employment	Assets	Sales	Profitability	Survival	TFP	Other
Brault and Signore (2019)[39]	pan European geographical scope (19 MS)	2002 - 2016	360,000 guaranteed loans under the EU MAP and CIP programmes	Companies who were not receiving a MAP/CIP-guaranteed loan but were very similar to those under 'treatment'	This is a meta-analysis of studies applying a counterfactual approach to estimate the ATT[40] through different strategies (OLS[41], PSM[42], DiD[43], PSM+DiD, RDD[44])	High	Highly applicable for this evaluation. SMEs are supported by the MAP and CIP programmes. The aim and target of companies under MAP and CIP are similar to those under COSME/InnovFin/etc	n.a	+8%-30%	+7%-35%	+6%-35%	n.s	n.a	Positive long-term effect	Lower probability to default by 4% to 5%
Bertoni et al (2019)[45]	Italy, the Benelux and the Nordic countries (Denmark,	2002 - 2016	174,107 loans to SMEs under EU programme	The comparison group is made of similar companies	ATT and a "conditional" average treatment effect on the treated	High	Similar to Brault and Signore (2019). The analysis is restricted to loans	+1% measured as the ratio of intangible assets to	+16.9%	+19.6%	+14.8%	n.s	n.a	n.a	n.a

[39] Brault, J. and Signore, S., 2019. The real effects of EU loan guarantee schemes for SMEs: A pan-European assessment (No. 2019/56). EIF Working Paper. Available at: https://www.econstor.eu/bitstream/10419/200212/1/1668119625.pdf

[40] Average treatment effect on the treated, namely, the treatment effect estimated on those within the treatment arm

[41] Ordinary least square

[42] Propensity score matching

[43] Difference-in-differences

[44] Regression discontinuity design

[45] Bertoni, F., Brault, J., Colombo, M.G., Quas, A. and Signore, S., 2019. Econometric study on the impact of EU loan guarantee financial instruments on growth and jobs of SMEs (No. 2019/54). EIF Working Paper. Available at : https://op.europa.eu/en/publication-detail/-/publication/7c0f4808-13c2-11e9-81b4-01aa75ed71a1/language-en/format-PDF/source-157018184

Study	Countries	Period	Sample (programme)	Comparison group	Methodology	Relevance	Applicability	Impact (n.a=not available; n.s=not statistically significant)							
								Innovation	Employment	Assets	Sales	Profitability	Survival	TFP	Other
	Finland, Norway and Sweden)		s MAP and CIP	from Orbis, based on nuts-1 region, NACE code, period and legal from	through CEM (coarsened exact matching) and PSM (propensity score matching). They have also used DiD.		granted to limited liability companies	total assets							
Bertoni, Colombo and Quas (2019)[46]	France	2002 - 2016	170,825 loans granted under MAP and CIP programme, randomly selected from Diane and/or Orbis dataset	526,315 companies who did not receive a grant from MAP or CIP	ATT loans through a combination of difference-in-difference estimation, coarsened exact matching and propensity score matching	Medium	Highly applicable to some extent considering that there might be observed and unobserved country effects that may limit external validity outside France. The population of beneficiary SMEs are in line with those under EFSI and the findings are in line with other samples of EU countries.	n.a	+8%	+9%	+7%	n.a	n.a	Short-run dip but recovery in the medium-run, and positive long-run	Lower default rates by 5%
Asdrubali and Signore (2015)[47]	CESEE (BG, CZ, EE, HU, LT,	2005 - 2012	14,400 SMEs under the MAP	It is unclear the sample size of the	propensity scores and difference-in-differences	High	The population of beneficiaries are similar to the EFSI beneficiaries but is	n.a	17.3%	n.a	19.6%	n.a	n.a	n.a	n.a

[46] Bertoni, F., Colombo, M.G. and Quas, A., 2018. The effects of EU-funded guarantee instruments of the performance of small and medium enterprises: Evidence from France (No. 2018/52). EIF Working Paper. Available at: https://www.eif.org/news_centre/publications/eif-wp-52.pdf

[47] Asdrubali, P. and Signore, S., 2015. The Economic Impact of EU Guarantees on Credit to SMEs–Evidence from CESEE Countries (No. 2015/29). EIF Working Paper. Available at : https://ec.europa.eu/info/sites/default/files/file_import/dp002_en_2.pdf

Study	Countries	Period	Sample (programme)	Comparison group	Methodology	Relevance	Applicability	Impact (n.a=not available; n.s=not statistically significant)							
								Innovation	Employment	Assets	Sales	Profitability	Survival	TFP	Other
	LV, PL, RO, SI, SK)		loan window	comparison group			valid for the CEESE region								
D'Ignazio and Menon (2012)[48]	A large Italian region	2003 - 2010	9,000 SMEs	The size of the control group is unclear.	ATT through (a) instrumental variable and (b) a combined matching with diff-in-diff. (a) The IV was a propensity score variable using an idiosyncratic feature of the Italian credit market which is exogenous to the treatment but a good predictor of outcomes, hence, a good instrument. (b)	Low	Limited applicability First, it is focused on a specific region of Italy, hence, difficult to extrapolate to the rest of Italy and the EU. Second, the impacts estimated are not aligned to those of the other studies which makes comparability difficult. Third, the sample of companies/loans are not under MAP/CIP programme, though they could be analogous.	n.a	n.a	n.a	n.a	n.a	n.a	n.a	Increase in the volume of long-term debt, lower interest rates, weak increase in investment

[48] D'Ignazio, A. and Menon, C., 2013. The causal e ect of credit guarantees for SMEs: evidence from Italy. Available at: https://www.dnb.nl/media/wr5bpfec/alessio-20dignazio_tcm47-297019.pdf

Study	Countries	Period	Sample (programme)	Comparison group	Methodology	Relevance	Applicability	Impact (n.a=not available; n.s=not statistically significant)							
								Innovation	Employment	Assets	Sales	Profitability	Survival	TFP	Other
Cassano et al (2013)[49]	Bulgaria Georgia, Russia and Ukraine	2005	Companies receiving a cash flow or collateral capital under EBRD programmes	Firms selected in 2005 randomly from marketing lists, internet databases, yellow pages and interviewers' walk-ins and shortlisted based on similar characteristics of the treatment group	Panel data model with fixed effects. An identification strategy was not attempted.	Low	Limited applicability First, the geographical scope is specifically on transition economies which are structurally different from the EU economies. Second, beneficiaries were micro, small and medium-sized enterprises (MSME). Hence, the type of companies analysed may not be fully aligned with the EU definition of SME. Third, the type of loans under the scope and their purpose are a bit far from those under EFSI. Finally, the effects are not causal in the counterfactual sense.		+0.077% from cash flow and +0.14% from the collateral loan	+0.11% from cash flow and +0.16% from collateral loan	+0.5% from cash-flow and +0.0.08 % from collateral loan	+0.09% from cash flow and +0.09% from collateral loan			

[49] Cassano, F., Jõeveer, K. and Svejnar, J., 2013. Cash flow vs. collateral-based credit: Performance of micro, small and medium-sized firms in transition economies. Economics of Transition, 21(2), pp.269-300. Available at: https://academiccommons.columbia.edu/doi/10.7916/D8NS15WZ/download

Study	Countries	Period	Sample (programme)	Comparison group	Methodology	Relevance	Applicability	Impact (n.a=not available; n.s=not statistically significant)							
								Innovation	Employment	Assets	Sales	Profitability	Survival	TFP	Other
Endresz et al (2015)[50]	Hungary	2013	Companies receiving loans from the Central Bank of Hungary (NHP loans)	Similar firms not receiving the NHP loans	ATT through DiD	Medium	It is unclear to the extent these loans are similar or analogous to those under EFSI. They were certainly targeting SMEs and to foster the market for loans, but the aims/focus may not be the same as those under EFSI.	n.a	n.a	n.a	n.a	n.a	n.a	n.a	+6.8 investment
EIB (2022)[51]	EU	2015 - 2021	Treated sample of 56 companies and 47 controlled after matching	71 firms that received venture capital but not from EIB. These firms were obtained from a larger pool of companies that received venture capital in Prequin[52]	ATT through DiD	High	These loans have a similar aim and target as those under EFSI, they target fast-growing innovative companies that need long-maturity loans	n.a	n.a	+25%	+33%	n.a	n.a	n.a	Lower cost of debt and higher long-term debt, higher productivity

[50] Endresz, M., Harasztosi, P. and Lieli, R.P., 2015. The impact of the Magyar Nemzeti Bank's funding for growth scheme on firm level investment (No. 2015/2). MNB Working Papers. Available at: https://www.econstor.eu/bitstream/10419/146623/1/823281329.pdf

[51] EIB, 2022. Impact assessment of EIB venture debt.

[52] Preqin is a privately-held investment data company based in London that gathers financial data on the alternative assets market aiming to support investment in alternatives

Annex 5 Bibliography

Legal basis

- EU, (December 2017) *Regulation (EU) 2017/2396 of the European Parliament and of the Council of 13 December 2017 amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments*
- EU (June 2015), *Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal*
- EU and EIB, (April 2020), *Sixth amendment and Restatement Agreement on the Management of the European Fund for Strategic Investments and on the granting of the EU guarantee*
- EU and EIB (July 2015), *Framework partnership agreement on the European Investment Advisory Hub*

Reporting and reference documents

EFSI

Reports

- The successive semi-annual *and annual* operational reports
- The list of the operations by end of 2021
- The successive IIW Annual Risk Profile Report
- The report on investment barriers 2021

EFSI governance-related documents

- Steering Board meetings minutes – publicly disclosed on the EIB website
- Steering Board documents including the EFSI Steering Board recommendation following the study done on the geographical coverage (based on the ECA recommendation) and the Steering Board discussion on the follow-up of the Steering Board recommendation (internal documents)
- Minutes of Investment Committee approval – publicly disclosed on the EIB website
- EFSI implementation reports – publicly disclosed on the EIB website

The 41(5) report and Programme Performance reports

- COM, (June 2021), Draft General Budget of the European Union Working Document Part XI Financial Year 2022, available here: db2022_wd_11_budgetary_guarantees_web.pdf (europa.eu)
- Programme statement 2023
- The relevant links to the Programme Performance (Programme Statement and Programme Performance Overview)
- COM, InvestEU Programme Performance Overview, available here: InvestEU - Performance | European Commission (europa.eu)
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- EIF Working Paper 2019/055: The economic impact of VC investments supported by the EIF
- EIF Working Paper 2019/056: The real effects of EU loan guarantee schemes for SMEs: a pan European assessment
- EIF Working Paper 2019/054: Econometric study on the impact of EU loan guarantee financial instruments on growth and jobs of SMEs
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