



EUROPEAN COMMISSION
Regulatory Scrutiny Board

Brussels,
Ares(2018)

Opinion

Title: Evaluation / EFSI

(version of 30 April 2018)*

Overall opinion: POSITIVE

(A) Context

Following the Global Financial Crisis, the EU suffered from low levels of investment. One part of the EU policy response was the 2015 Investment Plan for Europe, also known as the Juncker Plan. This established a European Fund for Strategic Investments (EFSI). EFSI provided EU guarantees to mobilise private investment. Working through the European Investment Bank (EIB) Group, it enabled financing for projects with higher risk profiles. EFSI originally aimed to mobilise at least EUR 315 bn of additional public and private investment by mid-2018. A 2017 Regulation extended EFSI duration to 2020 and increased its capacity to EUR 500 bn. It also sharpened the definition of additionality and strengthened support to climate projects and SMEs. The Regulation requires an evaluation before any new proposals for a post-2020 investment support instrument.

Two other parts of the Juncker Plan were a European Investment Advisory Hub (EIAH) and a European Investment Project Portal (EIPP). These provided technical assistance and visibility to investment projects.

This report evaluates the three facilities. However, the evaluation does not deal with the 3rd pillar of the Investment plan for Europe dedicated to the regulatory environment. The report informs a proposal to establish an EU investment fund (InvestEU) for the period 2021-2027. The RSB has separately reviewed an Impact Assessment report on InvestEU.

(B) Main considerations

The Board notes the good presentation of the report and the clear and informative description of the Investment Plan for Europe and the scope of the evaluation.

The Board gives a positive opinion, but considers that the report should be improved with respect to the following key aspects:

* Note that this opinion concerns a draft evaluation report which may differ from the one finalised.

- (1) The report downplays critical findings of the underlying external study and of earlier evaluations or reports from the European Court of Auditors. In particular, the report's assessment of EFSI's additional impact (additionality) does not fairly reflect the available evidence.**
- (2) The report does not do enough to identify areas for improvement and draw operational conclusions for the new EU investment fund (InvestEU).**

(C) Further considerations and recommendations

(1) Since one of the lessons drawn from the evaluation is that the future InvestEU programme should further strengthen additionality criteria, the report should clarify what the weaknesses of such criteria were in EFSI. It should discuss the problems related to the definition of additionality as provided in the Regulation. It should also explore whether the existing mechanisms to assess additionality under EFSI are effective in ensuring that support goes to projects that markets would not fund. The report should clarify the role of the Investment Committee in respecting the additionality criteria.

(2) As to additionality in a broader sense and the risks of crowding out market finance, the report should provide a more balanced assessment of the evidence from the external study. This includes the surveys of project promoters and financial intermediaries benefitting from the Infrastructure and Investment Window, experts' reviews of 60 projects and interviews of Investment Committee members.

(3) The report should be clearer about possible tension between reaching the investment target set by the Regulation, the need to select economically viable projects with a high risk profile, and the objective of ensuring additionality.

(4) The report needs to link the evidence available (external study, previous evaluations, European Court of Auditors) to its findings. It should clearly indicate the lessons that have been fully addressed in EFSI 2.0 and those that can feed into the proposal for InvestEU. For instance, the external study includes critical elements on the role of NPIs in the implementation of EFSI (additionality and EIAH) which seem to be taken on board in InvestEU but are not mentioned as shortcomings in the evaluation report.

(5) The report should discuss to what extent the objectives of EFSI have become obsolete. It should clarify whether there is any mismatch between its objectives and the current needs or problems (relevance). EFSI was originally introduced to stimulate investment following the financial and economic crisis. Since then, demand has recovered. Some argue that further stimulating investment could be pro-cyclical. The report needs a more thorough discussion of remaining investment gaps, also in view of the concentration of support in a few countries and sectors.

(6) The report should explain to which extent EFSI appears to have met expectations expressed at its launch, including as regards jobs creation, the multiplier effect and the number of SMEs supported.

(7) Given the absence of a baseline and benchmarks, the report should explain on what basis it has derived the evaluation results and measured the performance of EFSI. It sometimes refers to the ambitions of the investment plan and sometimes to the provisions of the regulation.

(8) The report should be clearer about the performance of the European Investment Advisory Hub and of the European Investment Project Portal. The assessment should consider initiatives that may not have initially worked as intended, and explain how the performance is evolving over time.

Some more technical comments have been transmitted directly to the author DG.

(D) RSB scrutiny process

The lead DG is advised to ensure that these recommendations are duly taken into account in the report prior to launching the interservice consultation.

Full title	Evaluation of the European Fund for Strategic Investments, of the European Investment Advisory Hub, and of the European Investment Project Portal
Reference number	
Date of RSB meeting	16/05/2018