



EU launches Investment Offensive to boost jobs and growth

Strasbourg, 26 November 2014

European Commission and European Investment Bank press release

The European Commission today announced a € 315 billion Investment Plan to get Europe growing again and get more people back to work.

The Plan is built on three main strands (see [Factsheet 1](#))

- the creation of a **new European Fund for Strategic Investments** (EFSI), guaranteed with public money, to mobilise at least € 315 billion of additional investment over the next three years (2015 - 2017);
- the establishment of a credible **project pipeline** coupled with **an assistance programme** to channel investments where they are most needed;
- an ambitious **roadmap to make Europe more attractive for investment** and remove regulatory bottlenecks.

According to European Commission estimates, taken as a whole, the proposed measures could add € 330 - € 410 billion to EU GDP over the next three years and create up to 1.3 million new jobs (see Annex 3).

Commenting on the Plan, European Commission President **Jean-Claude Juncker** said: *"If Europe invests more, Europe will be more prosperous and create more jobs – it's as simple as that. The Investment Plan we are putting forward today in close partnership with the European Investment Bank is an ambitious and new way of boosting investment without creating new debt. Now is the time to invest in our future, in key strategic areas for Europe, such as energy, transport, broadband, education, research and innovation. I am now counting on the European Parliament and on Member States to pitch in and do their part to get the new European Fund for Strategic Investments up and running as soon as possible. Europe needs a kick-start and today we are supplying the jump cables."*

Vice-President **Jyrki Katainen**, responsible for Jobs, Growth, Investment and Competitiveness said: *"We need fresh investments in Europe and for this we need to mobilise extra private finance. The new European Fund for Strategic Investments will act as a multiplier. Every public euro mobilised in the Fund will generate about € 15 of investment that would not have happened otherwise. The Fund will start with a very significant firepower and will be able to expand its activities further as more stakeholders join. The Commission calls on Member States and National Promotional Banks to join in to multiply the impact of the Fund and trigger even more significant positive knock-on effects for the European economy."*

European Investment Bank President **Werner Hoyer** said: *"We have ample liquidity in Europe, but we don't have enough investments. We are faced with a crisis of confidence, so the challenge is to re-connect private investment with attractive projects. To achieve this, we need to take on more risk to encourage project promoters to launch their investments. The new "European Fund for Strategic Investments" will provide targeted, catalytic risk bearing capacity for economically viable investments, building on the Bank's expertise and experience in selecting and managing projects. This will be accompanied by other initiatives such as lifting regulatory hurdles and putting in place an investment advisory service to boost project development and preparation across Europe."*

In detail, the new Investment Plan will be built on three strands:

1. Mobilising additional finance for investment (see [Factsheet 2](#))

The Investment Plan will unlock public and private investments in the real economy of at least € 315 billion over the next three years (2015-2017). At a time when public resources are scarce while financial liquidity exists in financial institutions and on the bank accounts of individual and corporations, ready to be used, the challenge is to break the vicious circle of under-confidence and under-investment. The Investment Plan foresees a smart mobilisation of public and private sources of finance

– where every euro of public money is used to generate additional private investment, without creating new debt.

A new **European Fund for Strategic Investments (EFSI)** will be set up in partnership with the European Investment Bank (EIB). It will be built on a guarantee of € 16 billion from the EU budget, combined with € 5 billion committed by the EIB. Based on prudent estimates from historical experience, the **multiplier effect of the Fund will be 1:15**. In other words, for every public euro that is mobilised through the Fund, € 15 of total investment, that would not have happened otherwise, is generated.

The focus of the Fund should be to invest in infrastructure, notably broadband and energy networks as well as transport infrastructure in industrial centres; education, research and innovation; and renewable energy and in SMEs and middle capitalisation companies^[1] (mid-cap).

EFSI	Risk Bearing Capacity	Multiplier (averaged)	Investment in the real economy
Long-term investments	16 bn	15	240 bn
SMEs & mid-cap companies	5 bn		75 bn
Total	21 bn		315 bn

Establishing the Fund within the existing structure of the EIB-Group will allow it to be set up rapidly in spring 2015. The Fund has the potential to mobilise over € 315 billion of additional finance over the period 2015-2017. The objective is that the Fund is operational by mid-2015.

In addition, this investment will be complemented by maximising the leverage of the **European Structural and Investment Funds 2014-2020**, using loans, equity, and guarantees rather than traditional grants. This will increase the leverage ratio to between 1:3-1:4. By doubling the amount of innovative financial instruments and using the leverage effect thus created, **€ 20 and € 35 billion** in terms of **additional investments** in the real economy could be mobilised between 2015 and 2017.

2. A credible project pipeline coupled with technical assistance to channel the money where it is needed (see [Factsheet 3](#))

The Investment Plan will enable finance to reach the real economy through the creation of a **transparent pipeline identifying viable projects at EU level** and providing the necessary technical assistance to support project selection and structuring and the use of more innovative financial instruments.

The new Fund will support strategic investments in infrastructure, notably broadband and energy networks, transport in industrial centres, as well as education, R&D, renewable energy and energy efficiency.

It will also support risk finance for SME and mid-cap companies across Europe. It will help them to overcome capital shortages by providing higher amounts of direct equity and additional guarantees for SME loans.

Member States are already providing the joint Commission-EIB Task Force established in September 2014 with **lists of projects selected according to three key criteria:**

- EU value-added projects in support of EU objectives
- Economic viability and value – prioritising projects with high socio-economic returns
- Projects that can start at latest within the next three years, i.e. a reasonable expectation for capital expenditure in the 2015-17 period.

In addition, listed projects should have the potential to leverage other sources of funding. They should also be of reasonable size and scalability (differentiating by sector/sub-sector).

The Commission and the EIB will also launch a major programme of technical assistance to identify projects and help make them more attractive for private investors.

3. A Road Map to tackle barriers to investment ([Factsheet 4](#))

The Investment Plan will contain a Road Map to remove sector specific regulations that hamper investment.

To improve the business environment and financing conditions, the plan will focus on measures in the financial sector, for example the creation of a Capital Markets Union, to provide an enhanced supply of capital to SMEs and long term projects.

Priority will be given to removing the significant regulatory and non-regulatory barriers which remain across all the important infrastructure sectors, including energy, telecoms, digital and transport, as well as barriers in services and product markets. The Commission will, in December, propose in its 2015 Work Programme a priority list of initiatives specifically linked to the Investment Plan.

Next steps - in the short-term (December 2014/January 2015) (see [Factsheet 5](#))

The European Parliament and the **December European Council** are invited to endorse the Investment Plan for Europe which includes a commitment to fast-track adoption of relevant legislative measures.

Member States will shortly finalise the **programming of European Structural and Investment Funds** to maximise their leverage, while the **European Investment Fund will be scaled up** thanks to a first additional contribution from the EIB. In parallel, the Commission and EIB will initiate the formal arrangements for the new European Fund for Strategic Investments.

The **joint Commission-EIB Task Force** is expected to provide a first list of possible investment projects in the course of December to start building a transparent European pipeline of projects. Technical assistance will be strengthened, together with the EIB and key national and regional actors, to build an investment advisory "Hub" offering one-stop-shop services for project promoters, investors and public managing authorities.

All relevant measures should be adopted **so that the new European Fund for Strategic Investments can be set up by mid-2015**. By mid-2016, the European Commission and Heads of State and Government will take stock of the progress made and, if necessary, consider further options.

More information:

[Q&A](#)

[Website](#)

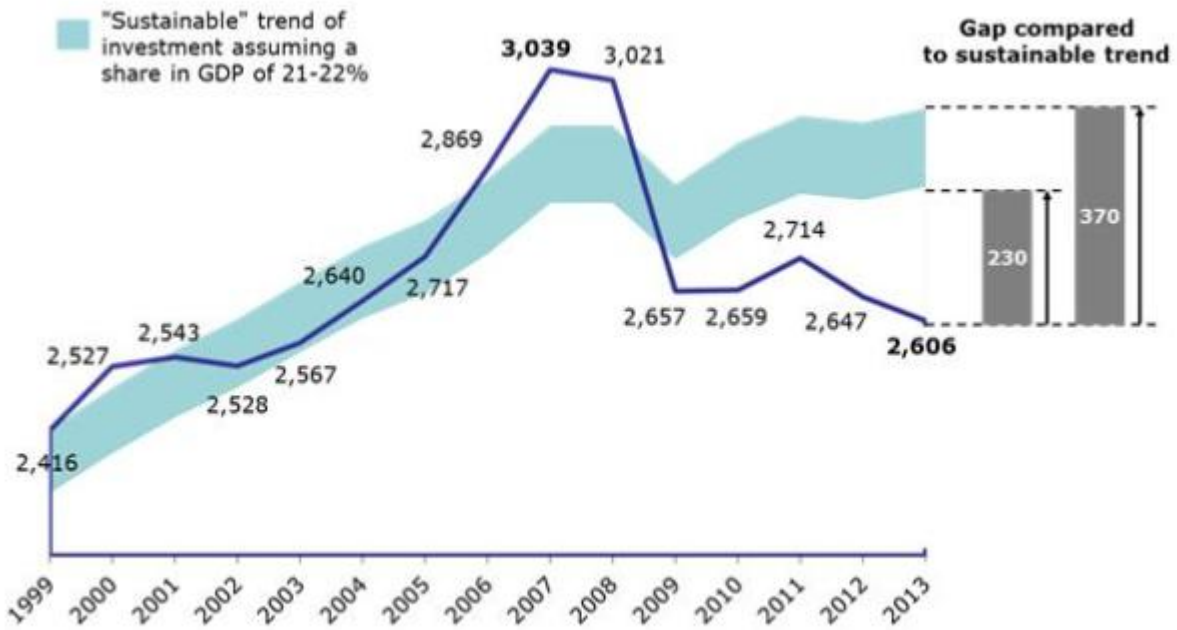
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Annex

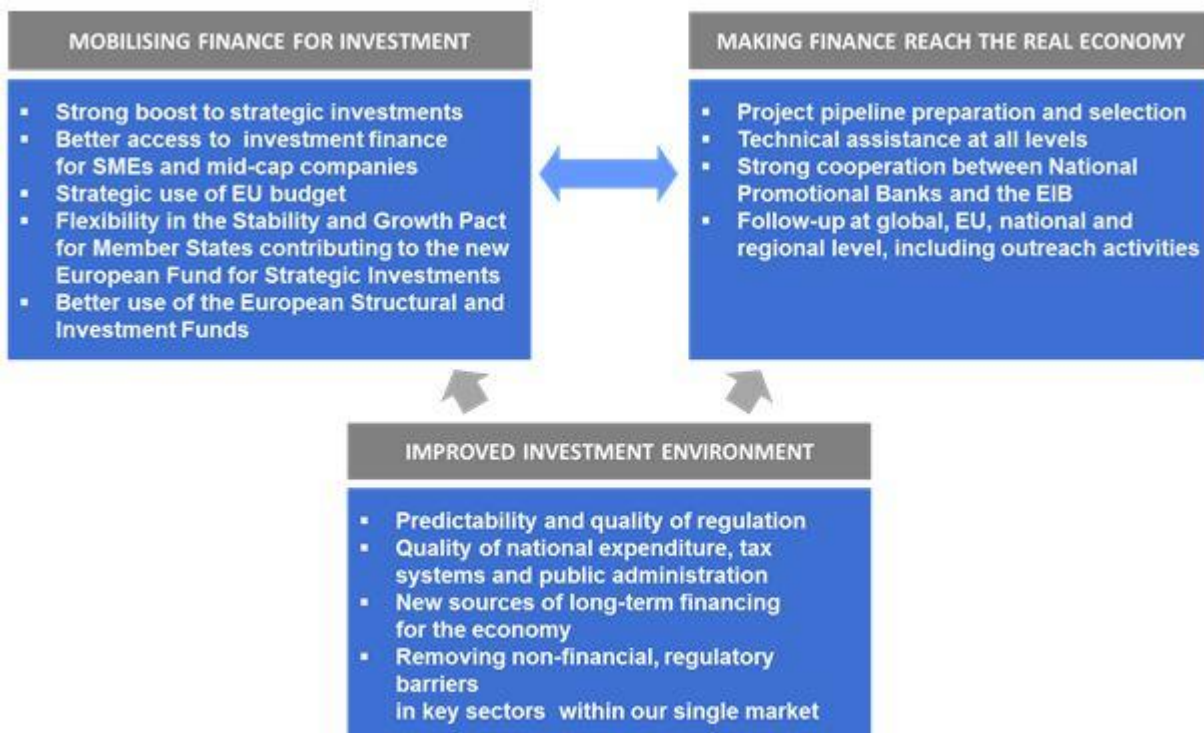
1. The "Investment Gap" in Europe

(Real gross fixed capital formation, EU-28, 2013 prices, EUR billion)

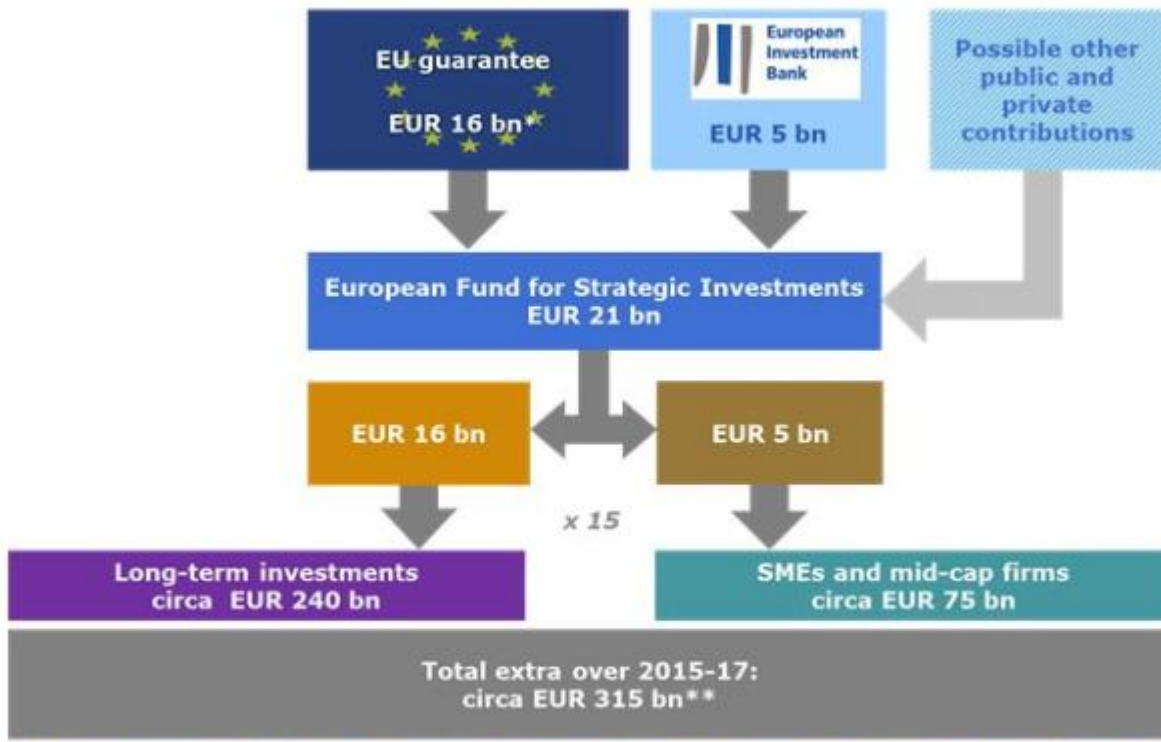


[1] There is no common EU definition of mid-cap companies. While SMEs are defined as having fewer than 250 employees, mid-caps are broadly said to have between 250 and 3000 employees.

2. The Investment Plan for Europe

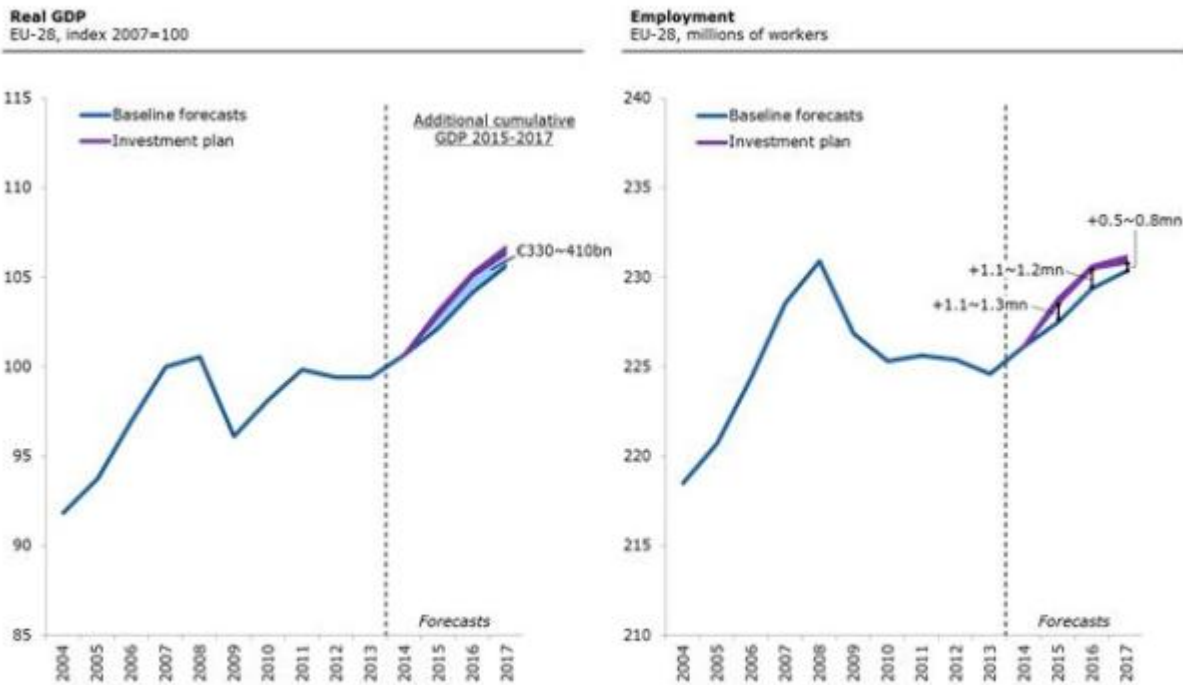


3. Where does the money come from?



* 50% guarantee = EUR 8 bn from Connecting Europe Facility (3.3), Horizon 2020 (2.7) and budget margins (2)
 ** Net of the initial EU contributions used as guarantee: EUR 307 bn

4. The Potential of the Investment Plan



Source: DG ECFIN, AMECO database

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