



Press Release

Luxembourg, 29 January 2019

EFSI's effectiveness must be better substantiated, say EU Auditors

The European Fund for Strategic Investments (EFSI) has been effective in raising finance for investments in the EU, but the amounts of investment mobilised may be overstated, according to a new report by the European Court of Auditors. The auditors also found that some EFSI support just replaced other financing from the EU and the European Investment Bank. Part of the money went to projects that could have used other sources of public or private finance, although on different terms, and most investments went to few larger EU-15 Member States with well-established national promotional banks.

EFSI is a joint initiative of the European Commission and the European Investment Bank (EIB). It underlies the EU's Investment Plan, also known as the "Juncker Plan", which initially aimed to generate €315 billion in public and private financing for strategic investments.

The auditors concluded that EFSI was effective in raising finance to support additional investment within the EU from its launch in 2015 until July 2018. The auditors found that by mid-July 2018, the EIB had approved €65.5 billion of financing, more than the indicative volume of finance to be raised of €61 billion. EFSI support enabled the EIB to achieve a four-fold increase in its higher-risk financing operations compared to 2014.

However, some EFSI projects could have been financed by private and other public sources or by the EIB itself, although on different terms. Project promoters preferred EFSI financing because it was either cheaper or offered a longer payback period.

The auditors also question the reported estimate of additional investment mobilised of €335 billion. In some cases, the methodology used overstated the extent to which EFSI support actually induced additional investment in the real economy. In addition, the reported amounts do not take account of the fact that some EFSI operations replaced other EIB operations and EU financial instruments. The lack of comparable performance and monitoring indicators for all EU financial instruments and budgetary guarantees diminishes transparency and the ability to assess results, say the auditors.

The purpose of this press release is to convey the main messages of the European Court of Auditors' special report.

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“EFSI has a high profile as a flagship EU programme. This makes it all the more important that any claims for its effectiveness are built on solid foundations,” said **Leo Brincat, the Member of the European Court of Auditors responsible for the report.**

The funding EFSI partly replaced related mostly to centrally managed EU financial instruments, in particular in the fields of transport and energy, according to the auditors. They also see a need for the Commission and the EIB to avoid overlaps between EFSI and the European Structural and Investment Funds (ESIF) managed by the Member States.

The EFSI portfolio at the end of 2017 was within the limits set for investing in specific policy sectors. However, the geographic concentration was not sufficiently balanced, mostly ending up in a few larger EU-15 Member States with well-established national promotional banks.

The auditors make a number of recommendations for:

- promoting the justified use of higher-risk EIB products under EFSI;
- encouraging complementarity between EU financial instruments and EU budgetary guarantees;
- improving the assessment of whether potential EFSI projects could have been financed from other sources;
- better estimating the investment mobilised;
- improving the geographical spread of EFSI supported investment.

Note to Editors

EFSI was set up in 2015 as part of the “Investment Plan for Europe”, which was designed to tackle the investment gap that emerged following the financial and economic crisis that began in 2008. It was established at the EIB and is governed by a Steering Board composed of representatives of the Commission and the EIB. EFSI was initially set up to use a €16 billion EU budget guarantee and €5 billion of EIB own resources to enable the EIB Group to provide around €61 billion of finance with the goal of generating an additional €315 billion of strategic investments, by July 2018, in infrastructure and SMEs, covering most EU policy areas and all Member States.

The EU Auditors published an opinion on EFSI in November 2016. They also published a special report on EU financial instruments in July of the same year.

The ECA presents its special reports to the European Parliament and Council of the EU, as well as to other interested parties such as national parliaments, industry stakeholders and representatives of civil society. The vast majority of the recommendations we make in our reports are put into practice. This high level of take-up underlines the benefit of our work to EU citizens.

Special report 3/2019: “European Fund for Strategic Investments: Action needed to make EFSI a full success” is available on the ECA website (eca.europa.eu) in 23 EU languages.