



# The Investment Plan

## Questions and Answers

Q & A



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## QUESTIONS AND ANSWERS

### 1. Why is this approach to investments new and different?

The Investment Plan put forward by the Commission aims to revive investment in Europe by addressing the main obstacles to investment in a coherent way. The new approach consists of three strands:

- a) **New financial tools** (in particular the new European Fund for Strategic Investments), in partnership with the European Investment Bank, to address the current shortage of risk-financing in Europe.
- b) **A pipeline of projects** at EU level, and enhanced support for project development through more user-friendly technical assistance, for public sector stakeholders as well as private investors.
- c) A more stable, **business friendly and predictable regulatory environment**, at the European, national, and sub-national level, focussing on completing the single market for energy, digital and transport and capital markets.

The Investment Plan is a paradigm shift in how public money is used for strategic investments in Europe.

The need for investments to support jobs and growth is also recognised at the international level, as witnessed by the [G20 Communiqué](#) and [Brisbane Action Plan](#) published on 16 November 2014.

### 2. Why a new European Fund for Strategic Investment (EFSI)?

An essential part of the Investment Plan put forward by the Commission is to set up a new European Fund for Strategic Investment (EFSI). This will be a dedicated Fund, managed and hosted by the European Investment Bank (EIB) and co-financed by the EIB and the European Commission. The Fund will finance strategic projects across the EU in infrastructure such as broadband, energy and transport; education, research and innovation; renewable energy and energy efficiency. Part of the new financing will be dedicated to supporting investment by SMEs and middle capitalisation (mid-cap) companies<sup>1</sup> through the European Investment Fund (EIF), an entity dedicated to this kind of financing within the EIB-Group.

The rationale of the EFSI is to be able to **capture riskier projects** and engage in activities that are of greater strategic interest, and thus more complex to structure. This goes beyond existing EU programmes and the more traditional activities of the EIB and other financial institutions.

The new Fund, which will aim at strategic investment choices, should be attractive to private investors as it assumes the more complex and risk-bearing part of the transaction.

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<sup>1</sup> While SMEs are defined as having fewer than 250 employees, mid-caps are broadly said to have between 250 and 3000 employees.

**3. How will the fund work in practice?**

The Fund will provide partial risk protection (first loss protection) to the EIB Group (EIB and EIF). This risk protection will allow the EIB to offer products that absorb more risk than their traditional products. High added value projects but with higher risks, that currently are not able to attract finance, will as a result become investible. A part of the risk capacity of the Fund can also be used together with National Promotional Banks.

**4. How is this different from what the EIB is already doing?**

The EIB is the largest multilateral lender and borrower in the world. In 2013 its lending activities were in excess of €75 billion. A capital increase was carried out in 2013 with the aim of generating an additional € 180 billion of investment over three years (2013-2015). This important work by the EIB will continue.

The purpose of the new Fund is to complement current activities by focusing exclusively on strategic investments that are necessary for Europe’s return to growth but have a different risk profile to the projects currently financed by the EIB. The guarantee by the EU budget will ensure that investment in such projects will generate interesting returns and should therefore more easily crowd-in a greater number of private sector investors.

**5. What is the added value compared to what exists already?**

**The EU budget will provide € 16 billion in funding while the EIB will contribute an additional € 5 billion in risk-bearing capacity.** Together this can catalyse at least € 315 billion in additional investment finance.

However, this is only the beginning. A key element of the new approach is that Member States and National Promotional Banks will also be able to contribute either at the level of the Fund or by co-financing various projects.

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
<b>Total</b>	<b>21 bn</b>		<b>315 bn</b>

**6. There is enough money in the system. Why should the private sector not finance these projects alone?**

In contrast to some years ago and thanks to the improved economic and financial market situation, as well as the actions of the European Central Bank (ECB) on monetary policy, there is **ample liquidity available** both in financial institutions and in the corporate sector. Moreover, levels of private savings are high in many Member States.

The problem is that this liquidity does not reach the real economy as efficiently and as swiftly as it should. This is due to the uncertainty of economic and political developments

and the still high levels of indebtedness in parts of the EU economy and their impact on credit risk. This is confirmed by the latest economic data which show that, contrary to the U.S., investment has continued to fall in the EU since the crisis (currently 15% lower than in 2007) and it has not rebounded as expected.

In economic terms, this is referred to as "market failure", meaning that market forces alone cannot provide the solution in the short-term. This is where public authorities have a key role to play. The Investment Plan provides a comprehensive strategy to bridge this gap, mobilising private investments alongside public financing.

## 7. The problem is not the money but the lack of risk-bearing capacity to finance projects.

The situation is not the same in all Member States, but certain clear patterns can be recognised everywhere in terms of investment needs that are currently not met:

- Our households and companies need to benefit from the latest technologies and become more **energy-efficient**.
- Our **education and innovation systems** are less well equipped and less funded than those of several of our key competitors.
- Our **welfare systems** need substantial modernisation to adapt to the rapid ageing of our population.
- Our **energy sector** needs to upgrade its networks with the latest technologies, integrate renewable sources of energy and diversify its sources of supply.
- Our **transport sector** must modernise its infrastructure, reduce congestion and improve trade connections.
- Our **environment** needs better waste, recycling and water facilities and networks.
- And we need far-reaching and faster **broadband** and smarter data centres across Europe.

The fact that these sectors have been identified as priority areas does not mean that there is, necessarily, at this stage a sufficient number of projects that are mature enough to be financed. Several projects at different stages of development have however already been identified. As the Report of the joint Task-Force between the European Commission and the EIB (which is expected to be released shortly) will show, mature projects exist but given their complex nature, private investors are often unaware of the potential benefits, wary of risk and therefore reluctant to invest.

## 8. Europe needs much more: this is a drop in the ocean.

It would be naïve to believe that there is a simple, single answer to fix Europe's investment problems. The Investment Plan put forward by the Commission is part of a comprehensive approach to accompany growth and the creation of jobs in Europe by combining structural reforms, fiscal responsibility and a boost to investment. All national governments must contribute their fair share. The EU cannot pull it off alone.

This Investment Plan provides a sizable additional boost. The addition of € 315 billion of investment finance is the equivalent of 2% of the EU's GDP over three years. It means practically doubling the investment capacity of the EU budget. A key aspect of the Plan is to make sure that this money is put to work, channelled towards the real needs of the economy, and can get off to a quick start.

This is just one aspect of the Plan. At this stage, the extra € 315 billion correspond to what the EU can achieve through European means, by making better use of its budget. **The Commission and the EIB are inviting Member States and private investors to participate, which will further multiply the impact of the initiative.** An additional essential pillar of the Plan is to remove existing barriers to investment in the Single Market – financial as well as non-financial. This strand can in itself generate much more than € 315 billion in terms of increased output and EU GDP, even if it may take more time for these measures to produce their full effect.

Finally, the Plan comes on top of existing measures and instruments that are now being deployed, such as the European Structural and Investment Funds (approximately € 600 billion over the period 2014-2020, including co-financing), which are available at national and regional level.

## 9. What will be the impact on jobs and growth?

According to European Commission estimations, the Investment Plan has the potential to add € 330 to € 410 billion to the EU's GDP and create 1 to 1.3 million new jobs in the coming three years.

## 10. People and companies cannot wait: when will we see the effects? Who will deliver?

The European Commission and the EIB are in the driving seat when it comes to complementing sources of finance and finding the right projects to boost jobs and growth. But we cannot do it alone. This is why Member States in the European Council are invited to endorse the Plan. The three EU institutions (European Parliament, Council and the Commission) will work together to take the necessary legal steps as swiftly as possible. The political support of the European Parliament is essential. If there is broad support among all key players, we will see quick results.

The creation of the new European Fund for Strategic Investments will require some legal and administrative steps. With the strong backing by all actors concerned, **the Fund should be in place and operational by mid-2015.** In the meantime, the EIB will pre-finance the activities of the Fund. This will give the initiative a flying start.

Moreover, **existing EU instruments are already available** and deployed. At EU level, this includes the Connecting Europe Facility, Horizon 2020 and the COSME programme. At national level, funding is available in the framework of the European Structural and Investment Funds (more than € 200 billion over the coming three years). All these instruments are already available and should be used to their best effect straight away.

## 11. The problem is too much red-tape and regulatory burden. What will the Commission do about it?

The Commission recognises that the right regulatory environment can make a major difference when it comes to investment. For this reason, the Investment Plan lists how to remove barriers in essential areas like energy, telecom, transport, services and research. Some important measures will be spelled out in the Commission Work Programme for 2015 (which will be presented before the end of December, after discussion with Parliament and Council). Accelerated work towards a Capital Markets Union and contributing to the diversification of funding sources will be essential. Putting in place the right regulatory environment is a joint national and EU responsibility and has to be tackled at all levels.

## 12. Why don't you propose a new capital increase for the EIB instead?

In 2012, EU Member States agreed to increase the EIB's paid-in capital by € 10 billion, with the understanding that this would allow the EIB to increase lending activity by 40% between 2013 and 2015. This additional EIB lending is expected to support € 180 billion of additional investment across Europe by the end of 2015. The EIB is well on track to deliver on the commitment to provide an enhanced response and looks set to exceed the target agreed in 2012.

The EIB has demonstrated a firm response to the economic crisis and has contributed to improving the economic and financial situation. While during the crisis, regular channels of bank lending and market financing were impaired, today much more liquidity is available both in financial institutions and in the corporate sector. This is why, a **more targeted initiative is necessary** to ensure the effective support of activities that banks and markets will not finance on their own. This is what the Investment Plan is about.

## 13. Where does the money really come from?

Today the problem is not a lack of money but that it is not being put to productive use as it languishes on corporate's and individuals' bank accounts. The challenge is to put this money to work and channel it into productive investments. We can do this by **making smarter use of the EU budget resources and by redirecting the excess risk bearing capacity of the EIB**. By doing so we create a risk-buffer of € 21 billion which allows us to catalyse at least € 315 billion in investments.

The objective is to **mobilise additional investments** that would not have happened in a "business as usual"-scenario. In this context, the role of the new Fund and other policies is to mobilise public money and kick-start private investment and co-financing **without creating new debt**. Through the new Fund, the money invested will be put to work ensuring an as high multiplier effect as possible. This means: the more resources are available for financing, the more projects will be financed leading to more jobs and growth for the EU economy.

### The package consists of the following:

- 1) Creating a guarantee in the EU budget of € 16 billion.



- 2) This guarantee, coupled with EIB-resources of € 5 billion, will absorb the higher risk in strategic investments and in this way mobilise private resources that are currently not being invested in the real economy.

In addition, and on top of the € 315 billion mobilised by the EFSI, **European Structural and Investment Funds** need to be deployed in a more efficient way and boosted further.

**Member States and private investors** can participate directly in the Fund or at project-level.

#### 14. What is the share of public versus private money and why?

This will depend on the specific project and the way it is constructed. The EFSI will work with a wide range of instruments, including guarantees, equity, various debt instruments and venture capital for SMEs, so as to crowd-in as much private investments as possible.

#### 15. How is the Fund financed?

**To establish the EFSI, a guarantee of € 16 billion, will be created under the EU budget which will go to the Fund.** The EIB will commit € 5 billion. The Fund will thus start with significant firepower while being able to expand its activities further over time. Member States, directly or through their National Promotional Banks, will have the opportunity to contribute to the Fund in the form of capital. Importantly, **in the context of the assessment of public finances under the Stability and Growth Pact, the Commission will take a favourable position towards such capital contributions to the Fund.**

**The EU guarantee will be backed up by existing EU funds from the existing margins of the EU budget, the Connecting Europe Facility and the Horizon 2020 programme.** Thanks to the Fund, the impact of these EU programmes on the real economy will be multiplied, compared to what they would have achieved otherwise.

#### 16. How is the EU guarantee constituted?

The EU guarantee will be progressively constituted to reach € 16 billion. **It will be backed up by a provisioning buffer of € 8 billion, which is 50% of the total guarantee.**

The provisioning buffer will consist of € 2 billion from the EU-budget and from appropriations under two main EU financing programmes: the Connecting Europe Facility (€ 3.3 billion) and Horizon 2020 (€ 2.7 billion). Importantly, the necessary re-affected appropriations in these two programmes do not mean that the money is lost. On the contrary, the EFSI offers significantly increased possibilities to invest in Europe's infrastructure, as well as for research and innovation purposes. This is a win-win situation for everyone involved.

#### 17. What is a multiplier effect?

The multiplier effect is the ratio between the total financial volume of the projects generated as a result of the intervention of the Fund and the initial public money mobilised to set up the Fund. In the case of EFSI, this means that a small share of public money used as a risk-bearing capacity will allow a much larger share of private finance to invest in projects which would otherwise not have been funded.

In any given investment project or financial activity, possible losses are normally distributed in a certain, pre-defined order among the investors: Losses are first absorbed by the "equity" owners (the shareholders), then the "subordinated debt" owners and only if there are still losses to absorb, by the "senior debt" owners. This means that the "thicker" the layer of protection before senior debt owners are hit, the more likely investors will be willing to invest.

The substantial guarantee offered by the EU budget will allow the EFSI to invest in the less safe tranches of the projects (equity and subordinated debt). In this way, the EFSI will make it much easier to attract private investors into a project or activity, as these private investors would invest in the most protected, so-called senior, financial tranches

## 18. How did you get the multiplier effect of 1:15?

The multiplier effect of the EFSI means that one euro of public money in the Fund will enable it to invest three euros in subordinated debt in a certain project, allowing private investors to invest five euro in the safer, senior tranches of the same project. **This means that one euro leads to a final investment of 15 euro, that is, in total a multiplier effect of 1:15.**

The multiplier effect of **1:15 is a prudent estimate, based on historical experience** from EU programmes and the EIB. As a reference, the capital increase of the EIB in 2013 had an estimated multiplier effect of 1:18. Likewise, in the context of the current Loan Guarantee Facility for SMEs under the COSME programme, € 1 billion of funding results in at least € 20 billion being available on average on the ground for SMEs, the equivalent of a multiplier effect of 1:20.

The multiplier effect in the individual case **will depend on the mix of activities** and the specific features of each project. Some operations will have a higher or lower multiplier effect.

## 19. Is tax-payers' money at risk? What if the guarantee of the EU budget is called upon?

The EU budget guarantee allows the EIB to offer products with higher added value, but also inherently more risky. The risks are mitigated by:

- professional management, benefitting from the experience and expertise of the EIB;
- an independent and professional Investment Committee that oversees the activities of the EFSI;
- an adequate remuneration of the risk that will be kept in the fund to off-set losses;
- a well-diversified portfolio;
- a well-endowed guarantee fund of 50% of the total outstanding EU guarantee which makes it based on historical experience unlikely that losses would exceed the provisions in the guarantee fund;
- professional risk monitoring and the possibility to readjust the risk guidelines in case of adverse developments in the early life of the portfolio;

- payment terms in case of a call on the guarantee that allow for the possibility to spread the budgetary impact of a call on the fund over time;
- foreseeing an early warning system in the governance of the EFSI to ensure that sufficient information is given and that preventive measures are taken in case the financial viability of the Fund gets under stress.

## 20. What will the Fund do exactly? What projects will it finance?

Funding will be channelled to viable projects, with a real added value for the European social market economy. This includes in particular but not only:

- 1) **Strategic infrastructure** (digital and energy investments in line with the EU policies)
- 2) Transport infrastructure in **industrial centres, education, research and innovation**
- 3) Investments **boosting employment**, in particular through SME funding and measures for youth employment

The Member States will provide lists of projects to the joint Commission-EIB Task Force selected according to **three key criteria**:

- 1) EU-added value (projects in support of EU objectives)
- 2) Economic viability and value – prioritising projects with high socio-economic returns
- 3) Projects that can start at latest within the next three years, i.e. a reasonable expectation for capital expenditure in the 2015-2017 period.

In addition, listed projects should have the potential for leveraging other sources of funding. They should also be of reasonable size and scalability (differentiating by sector/sub-sector), even if this can take account of the bundling of smaller investments.

## 21. What about competition law screening of the selected projects?

Public support for infrastructure investments generally contributes to stimulating jobs and growth. It helps build infrastructure that otherwise would never be realised and to draw in private investments. Projects should be chosen carefully so that they do not waste taxpayer money, harm competitors and crowd out private investment. To make the Investment Plan a success, the Commission will follow three key principles when applying state aid-rules: Projects should fulfil a real need – so no duplication of existing infrastructure; they should allow for fair and reasonable access to all users; and public support should be limited to what is necessary to kick-start investment and not result in overcompensation.

When Member States contribute money from their own budgets directly, the Commission will in addition conduct a simplified state aid assessment taking into account the characteristics of the sector and focusing on avoiding overcompensation. This will ensure implementation without undue delays, and ensure fair competition.

## 22. What will be done for SMEs in particular?

The EU's 22 million SMEs are the backbone of the EU's economy. Growth and recovery start with our SMEs. But we should not forget about another segment of the EU's economy that sometimes has difficulties accessing finance: mid-cap companies. These are significantly

larger than SMEs but still much smaller than the really large companies and often face a shortage of finance. The European Investment Fund (part of the EIB-Group) has the dedicated purpose of assisting SMEs and mid-caps. The EU also has relevant programmes in this area (COSME and Horizon 2020). The idea is to significantly scale up these activities, also ensuring that the eligibility criteria to benefit from financing are accommodating and do not act as obstacles to investments.

### 23. How can Member States participate? Is this interesting for them?

Member States, directly or through their National Promotional Banks, can participate in the EFSI by providing capital. Importantly, **in the context of the assessment of public finances under the Stability and Growth Pact, the Commission will take a favourable position towards such capital contributions to the Fund.**

Consideration could also be given to creating a co-investment platform that would allow National Promotional Banks and potentially other interested institutional investors to co-invest alongside the EFSI/EIB. Member States can also contribute at the level of different projects and through a more efficient use of the European Structural and Investment Funds (see question 34).

### 24. How can private investors participate? Is this interesting for them?

Private investors can contribute directly to the EFSI but are more likely to participate at the level of financing different projects. Different forms of public-private partnerships are also possible, including through complementary fund vehicles such as for example European Long-term Investment Funds (ELTIFs, available in the first half of 2015 if the legislative process goes ahead as planned).

### 25. How is the money going to be spent? Who will decide on the projects? How can we be sure that money is spent on viable projects (and not "white elephants")?

Good and sustainable projects should be identified by those who are close to the situation on the ground – for example regional or local authorities and market participants.

The Fund will have a **dedicated Investment Committee** consisting of experts that will have to validate every project from a commercial and societal perspective and in light of the Investment Guidelines of the Fund. Rigorous and regular monitoring will ensure that money is efficiently spent, bringing real added value.

Together with the Member States, **the "Investment Task Force"**, which will report shortly, has carried out a first screening exercise of potentially viable projects with European significance. The Commission considers that this work should continue on a more permanent basis at EU level, to help identify and unlock key investment projects of European significance, as well as to inform investors on a regular basis of the state of preparedness of various projects. National Promotional Banks could usefully contribute to this work.

**A pipeline of investable projects of European significance should be established.** The list of projects would be dynamic and based on a number of simple and recognised economic

criteria (see question 20). Projects will be continuously added and removed over time. This does not mean that every project in the European pipeline should or will be financed in the context of the Plan (existing instruments could be used too), but it will allow public and private investors to access relevant and transparent information about projects. **The list of assessed and non-assessed projects should be made available on a website**, which in turn could be connected to similar lists at national and regional level. Expanded and improved technical assistance will also be put in place, through an **advisory investment "Hub"**.

## 26. Who is going to ensure the Fund is well run and that public money is well used?

The EFSI will have clear governance arrangements, ensuring that appropriate checks and balances are in place. As regards the projects to be financed, **an Investment Committee with dedicated technical experts** will validate all projects, subject to investment guidelines. The guidelines will make sure that funding will be used for viable and strategic projects with a European interest, in the areas of infrastructure, renewable energy, education and research.

## 27. What will be the role of the European Parliament?

The European Parliament is a key partner in bringing Europe back to growth. The exact accountability arrangements will of course be discussed with the European Parliament. In addition to the EIB's general reporting obligations, the Parliament could for example regularly invite a high-level representative **of the EFSI to report on the Fund's activities**. The relevant Vice-Presidents and European Commissioners, responsible for the different areas of activities of the Fund, as well as EIB representatives, should also regularly report to the European Parliament's relevant Committees.

## 28. What is the role of the Court of Auditors?

The Court of Auditors will exercise its audit rights on the use of EU Budget funds by the EIB, as foreseen by Article 287 of the Treaty on the Functioning of the European Union (TFEU).

This is not uncharted territory but standard practice. There is already a tripartite agreement between the Court of Auditors, the EIB and the Commission on the modalities of implementation of these controls.

The EIB also has its own audit committee and is subject to an external audit, which covers the activities of the EIB financed by its own funds.

## 29. How will technical assistance be strengthened to improve project preparation and share experience? And what if I am aware of a promising project and would like to apply for funding?

As part of the Investment Plan, a dedicated **one stop shop, an investment advisory "Hub"**, is being put in place, building on existing technical assistance provided by the Commission and the EIB (see question 25). The objective is to ensure that relevant experience from across Europe is shared, that project promoters and investors are brought together and can easily access all information they need about viable, available projects and financing options through a single first point of contact.

### 30. What legislative changes are needed to make this happen? When will they happen?

No changes to the EU's Multi-Annual Financial Framework are needed. In order to set up the EFSI and its funding arrangements, a Regulation based on Articles 172 (Trans-European Networks/Connecting Europe Facility), 175(3) (European Structural and Investment Funds) and 182 (Research and Innovation/Horizon 2020), and potentially, Article 173 (industry) of the TFEU will be necessary.

The Regulation will ensure the participation of Horizon 2020 and the Connecting Europe Facility in the EFSI. The Commission will present such a proposal shortly and will call on the co-legislators to adopt it as swiftly as possible **so that the EFSI can be operational by mid-2015**. Other necessary legislative and non-legislative initiatives, for example as regards the business and regulatory environment, will be described in detail in the Commission's Work Programme for 2015, to be published in December.

### 31. Will this plan not put the EIB's triple A rating at risk?

The new structure is designed so that the EIB's current credit rating will not be affected. The significant guarantee provided by the EU budget should mitigate any potential risk in this regard.

### 32. What is the difference with the Connecting Europe Facility and the "Marguerite Fund", which also fund infrastructure projects?

There are three major differences: the size and the scope of the new Fund, as well as its capacity to deploy a multitude of financial instruments, will make it play a very different and much stronger role. It will also have a different governance structure.

The Connecting Europe Facility (CEF) is the EU's main funding instrument for the Trans-European Networks and Infrastructure (TEN). It has a budget of € 33.2 billion for the period 2014–20 to finance transport, energy and telecommunication infrastructures of EU interest, through grants, as well as innovative financial instruments (such as project bonds) to a maximum limit of 20% of total budget (currently 10%, but this share can be doubled subject to certain conditions). Compared to the proposed Fund, it is thus more limited in size and in sectors covered.

As regards the 2020 European Fund for Energy, Climate Change and Infrastructure ("Marguerite"), it is very different in nature, since it targets equity financing in infrastructure investments, and is much more modest in size. Current commitments stand at € 710 million. The scope of Marguerite is limited to transport, energy and mature renewable sources.

### 33. Why are you not proposing a new own resource at EU level to finance the Investment Plan?

Speed and simplicity are of essence. For these reasons, the Commission opted for a joint effort with the EIB, using some of the combined fire-power of the EU budget and the EIB and benefiting from its technical expertise and experience.

### 34. How will the European Structural and Investment Funds contribute to the Investment Plan?

Member States and regional authorities should use EU funds at their disposal as effectively as possible in support of investment, by focusing on key areas and maximising the multiplying effect of every euro invested. This implies **an increased use of financial instruments in the form of loans, equity and guarantees, instead of traditional grants.**

In the context of the Investment Plan, the ambition is to **at least double the use of innovative financial instruments** in the European Structural and Investment Funds for the period from 2014 to 2020. The increased use of innovative financial instruments, rather than grants, should create additional financial leverage on every euro mobilised. By doubling the amount of innovative instruments and using the leverage effect thus created, at least € 20 billion in terms of additional investments in the real economy could be mobilised between 2015 and 2017.

In addition, Member States and regions can also raise the multiplier effect of EU funds by increasing national co-financing beyond the minimum legal requirement.

Finally, Member States are invited to use EU funds still available under the 2007 to 2013 programming period to their best effect and ensure that they are fully used in support of this Investment Plan.

### 35. How does the new initiative compare to the Project Bond Initiative?

**The new initiative will be more flexible and cover a broader range of sectors than the pilot phase of the project bond initiative.**

The pilot phase of the project bond initiative reflects sectors covered by the European Commission's Connecting Europe Facility and uses a single financial tool to provide credit-enhancing-capacity for capital market issues. The project bond initiative is on track to achieve the objectives of the Pilot Phase.

By comparison, the new initiative will be a very flexible instrument, covering many different sectors such as transport, energy, telecoms, but also environment, education, research, energy efficiency, and using a wide range of financial instruments, including equity, guarantees, subordinated debt and senior debt. The financial means to finance the initiative will also be considerably larger than those attributed to project bonds.