

The European Commission's investments plan

The European Commission has announced a new **investments plan** for the next three years (2015-2017¹) with the purpose to address the economic crisis' effects, in order to boost economic recovery, job creation, long-term growth and European companies' competitiveness. The investment plan has been approved during the European Council summit in December 2014.

The estimated investments level for the next three years reaches **315 billion Euros**, coming from Member States, national investment promotion banks, regional authorities and private investors.

The European Fund for Strategic Investments

The plan foresees creating a **European Fund for Strategic Investments (EFSI)**, which will cover the risks for long term investments and will ensure a higher access to financing for small and medium-sized enterprises (SME) and enterprises with medium capitalization (a number of employees between 250 and 3,000). EFSI will be created within the European Investment Bank (EIB) and there will be allocated 16 billion Euros from the EU budget and 5 billion Euros from EIB for the Fund's creation - a total of **21 billion Euros**. Both Member States and private investors are allowed to contribute to this fund.

Thus, the budgetary allocations will contribute to:

- EU guarantees (16 billion EUR) - long term investments (around 240 billion EUR);
- EIB contribution (5 billion EUR) - SME and medium capitalized companies (around 75 billion EUR).

According to the European Commission's estimates, there will be a **multiplier effect of 1:15** following the enforcement of this mechanism. Therefore, **each Euro spent for risk protection will be able to generate around 15 Euros in the real economy.**

Enhancing the impact of structural funds in national economies

EC's investments plan ascertains that the new financing period will generate **funds assigned to investments of 450 billion Euros** (630 billion, including national co-financing).

The European Commission recommends to Member States to use **innovative financial instruments**, like loans, equities and guarantees, instead of the traditional grants. EC suggests using these financial instruments in key sectors of the investment sector, such as supporting SMEs, energetic efficiency, IT&C, transports and R&D. EC's estimates show that this approach will lead to engaging up to 30 billion Euros in the development of innovative financial instruments, which will lead to **supplementing investments in the real economy with 40 to 70 billion Euros.**

¹ Available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014DC0903&from=EN>.

Creating a EU project pipeline

The European Commission suggests creating a pipeline of European projects with investment potential. Thus, EC and EIB wish to outline a **database of business projects**, which will be available to public and private investors. Therefore, the Commission wishes to offer investors access to relevant and transparent information.

This project pipeline will be updated in real time, EC recommending the inclusion of new projects regularly. The Commission estimates that, in time, this endeavor could lead to creating a **European certification system for viable investment projects**, which will be subsequently used by EIB or national banks to attract private investors.

The European specialists will provide assistance for the projects' structuring, use of innovative financial instruments at both national and European level and enhancement of public-private partnerships. The counseling will be offered through a one-stop-shop type platform, oriented towards three categories of public: projects promoters, investors and public management authorities.

In this regard, EC and EIB aim to establish a **dialogue with stakeholders at European, national and regional levels**, in order to facilitate the launch of investment projects; in this context, there will be organized workshops under the generic name *Investments in Europe*, where there will be discussed the new consulting and investment promotion facilities.

Better legislative conditions for the investment environment

The European Commission suggests implementing an extensive process to rethink the legal regulations, in order to simplify them and to ensure the predictability, which is required by investors. EC states that, despite the efforts from both the European Union and the Member States, the administrative burden and legal provision continue to represent a problem for companies, especially for small and medium-sized ones.

Simpler normative regulations, which apply to private enterprises, are available, according to the EC, through better national spending, efficient fiscal regimes and higher quality of the public administration at all levels.

Priority areas of the investment plan

- Energetic sector
- Infrastructure and transports;
- The single digital market;
- Services and commodities markets;
- Research and innovation;
- European companies internationalization.