

European Fund for Strategic Investments (EFSI)

2015/0009(COD) - 16/06/2017 - Follow-up document

In accordance with Regulation (EU) 2015/1017 of the European Parliament and of the Council, the Commission presents its annual report on the management of the Guarantee Fund of the European Fund for Strategic Investments (EFSI) in 2016.

The report contains the presentation of the financial position of the EFSI GF at the end of the previous calendar year, the financial flows during the previous calendar year as well as the significant transactions and any relevant information on the financial accounts. It also includes information about the financial management, the performance and the risks to the EFSI Guarantee Fund.

To recall, the EU Guarantee covers (up to EUR 16 billion) financing and investment operations signed by the EIB under the Infrastructure and Innovation Window and by the EIF under the SME Window. Part of the overall EFSI operations is covered by the EU Guarantee while a part is carried out at the own risk of the EIB Group (at least EUR 5 billion).

The main observations in the report are as follows:

Financial accounts:

- **the net assets of the Guarantee Fund stood at EUR 1,020 million** as at 31 December 2016. The assets were composed of the investment portfolio, classified as: (i) assets available-for-sale (EUR 948 million), (ii) short term bank deposits (EUR 45 million) and (iii) cash and cash equivalents (EUR 26 million). The Guarantee Fund ended the year with an economic result of EUR 0.9 million;
- as at 31 December 2016, the **guarantee exposure of the EU** in relation to disbursed outstanding EFSI operations by the EIB Group **amounted to EUR 4,392 million**, out of the legal commitment of EUR 16 billion guaranteed by the EU. EFSI operations managed by the EIB under the **Infrastructure and Innovation Window** generated revenue of EUR 16.1 million for the EU. For the EFSI operations managed by the EIF under the **SME Window**, the EU incurred in 2016 an amount of EUR 0.945 million concerning EIF administrative fees. The amount is payable to the EIF on 30 June 2017;
- in 2016, a budgetary appropriation of EUR 2,100 million was committed relating to the provisioning of the EFSI Guarantee Fund A total amount of approximately **EUR 1,018 million** was effectively paid into the Guarantee Fund during the year.

Financial management: investment and risk management strategies were adopted reflecting the investment objectives and outlook for market conditions. The investment approach aimed at enhanced diversification across various fixed income asset classes.

An amount of **EUR 500 million** in payment appropriations was initially made available to the Fund for 2016. During December 2016, an **additional EUR 518 million** was paid into the Fund. It is presently provided in the EU budget that around EUR 2.3 billion will be paid into the Guarantee Fund during the course of 2017 bringing its total assets to an expected level of EUR 3.3 billion.

At the end of December 2016, the **portfolio** was made up predominantly of securities issued by sovereigns (42% of Guarantee Fund market value) as well as by sub-sovereigns, supranationals and agencies (23%).

Target amount: as of end-2016, **total cumulated signatures under EFSI amounted to EUR 21.3 billion covering 28 Member States**, which represents a significant increase compared to 2015, at the end of which total signatures amounted to EUR 1.2 billion.

The overall outstanding disbursed exposure covered by the EU Guarantee amounted to nearly EUR 4.4 billion (EUR 4.02 billion under the Infrastructure and Innovation Window and EUR 369.7 under the SME Window) up from EUR 0.2 billion in 2015.

The target amount of the EFSI GF is set at 50% of the total EU guarantee obligations, which currently stand at EUR 16 billion.

The risk assessment of the different products supported by the EU Guarantee shows that overall the Union budget would be adequately shielded from potential calls under the EU Guarantee with an **adjusted target rate for provisioning the Guarantee Fund of 35%** (as proposed by the Commission in the [EFSI 2.0 proposal](#)). The Court of Auditors has confirmed this assessment.