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The Council agreed its negotiating stance on a proposed regulation on a European fund for strategic investments (EFSI).

This will allow the presidency, on behalf of the Council, to start negotiations with the European Parliament as soon as the EP has agreed its own negotiating stance. The aim is to reach an overall agreement by June, so that new investments can begin as early as mid-2015.

The EFSI is one of the core elements of the Commission's "[investment plan for Europe](#)", published in November 2014.

Main elements of the Councils negotiating position:

Financing: the Council agreed that the fund would be built on 16 billion in guarantees from the EU budget and 5 billion from the EIB.

To facilitate the payment of potential guarantee calls, a guarantee fund would be established that would gradually reach 8 billion (i.e. 50% of total EU guarantee obligations) by 2020.

EU funding would mostly come from the redeployment of grants from the [Horizon 2020](#) programme (research and innovation) and the [Connecting Europe Facility](#) (transport, energy and digital networks), as well as unused margins in the budget.

The EFSI would enhance risk-bearing capacity. By taking on part of the risk of new projects through a first-loss liability, the fund would enable private investors to join under more favourable conditions. As a result, the EFSI is estimated to reach an overall multiplier effect of 1:15 in real investment.

Third parties, including member states' national promotional banks, would be able to co-finance projects together with the EFSI, either on a project-by-project basis or through investment platforms.

The purpose of the EFSI should be: (i) to help resolve the difficulties in financing and implementing productive and strategic investments in the Union; and (ii) to ensure increased access to financing for companies as well as other entities having up to 3000 employees, with a particular focus on small and medium-sized enterprises (SMEs) as defined in this Regulation ().

Projects supported: the EFSI Agreement shall provide that EFSI is to support projects which: (a) are consistent with Union policies, (b) are economically and technically viable, (c) provide additionality, and (d) maximise where possible the mobilisation of private sector capital. The EFSI should support strategic investments with high economic and societal value added contributing to achieving Union policy objectives and promote long-term growth and competitiveness.

In addition, the EFSI Agreement shall provide that the EFSI is to support projects pursuing any of the following general objectives:

- development of infrastructure;
- research and development and innovation;
- investment in education and training, health, information and communications technology;
- development of the energy sector;
- provision of financial support for companies as well as other entities having up to 3000 employees, with a particular focus on SMEs.

Governance structure: under the compromise agreed by the Council, the EFSI would have a two-tier governance structure:

A steering board would set the overall strategy, investment policy and risk profile of the fund. It would adopt investment guidelines for the use of the EU guarantee to be implemented by the investment committee. To ensure an impartial steering board and avoid political influence over the selection of projects, the board's members would come from the Commission and the EIB only. Their numbers would reflect the institutions' size of contributions in the form of cash or guarantees. The steering board would take decisions by consensus.

An independent investment committee would select projects to receive EFSI support. Accountable to the steering board, it would consist of eight independent experts and a managing director. It would take decisions by simple majority. Any project supported by the EFSI would require the approval of the EIB.

Identification of new projects: the proposed regulation would also set up:

- a "European investment advisory hub" to provide advisory support for the identification, preparation and development of projects across the EU;
- a "European investment project directory" to improve investors' knowledge of existing and future projects.