

European Fund for Strategic Investments (EFSI): Legal requirements to ensure additionality and added-value of EFSI operations

The European Investment Bank (EIB) recently announced the first four projects to be financed under President Juncker's EUR 315 billion investment initiative. These include EUR 303 million for health care research in Spain, a public-private partnership in the Irish health sector, the expansion of the Dubrovnik airport in Croatia and a nineteenth century Italian steel factory¹.

Whereas those four projects do not (yet) benefit from the guarantee provided by the EFSI, this EIB's attempt to demonstrate its readiness to put the EFSI into operation reveals the structural inconsistencies of both the EFSI legal set-up and the EIB procedures themselves. For the time being there is no genuine guarantee about the additionality of EFSI financing and added-value to EU's long-term economic development objectives, in particular the multiple dividends of a decarbonised and decentralised energy system with substantial energy savings at its heart.

The regulation governing the EFSI needs to ensure transparency and accountability on how the fund will contribute to the achievement of EU long-term objectives, its additionality to EIB usual operations and its added-value for the EU and expected well-being, environmental, social and economic benefits for European citizens.

Additionality of EFSI operations

- Additionality can not only be based alone on Art. 16 of the EIB statute;
- The EIB has to explicitly demonstrate additionality beyond existing risk bearing capacities, at both project level and on an aggregated basis;
- A documented risk calculation, including long term financial risk of stranded assets should be part of ex-ante assessment and ex-post reporting.

Added-value to EU's long term economic development

- The delivery of EU's added-value is not fully guaranteed throughout EIB standard selection and reporting procedures; for instance, there is no specific qualitative weighting of horizontal objectives and sustainable development principles in the EIB policies and procedures;
- Project selection needs to be based on a comprehensive and long-term life cycle assessment;
- Key performance indicators should be developed on a scoreboard basis and legally anchored in the EFSI agreement;
- Those key performance indicators should be integrated in addition to a renewed "Three Pillars Assessment Framework" for the EIB; its full methodology and individual project assessment steps should be made public;
- For each project financed under the EFSI, the ex-ante and ex-post assessment shall be done accordingly.

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¹ <http://bankwatch.org/news-media/for-journalists/press-releases/europes-back-future-bankwatch-and-counter-balance-statement#notes>