

EUROPEAN INVESTMENT BANK

**SB/09/16**  
28 January 2016

Document 06-2016

**FOR DECISION**

EUROPEAN FUND FOR STRATEGIC  
INVESTMENTS STEERING BOARD

INVESTMENTS IN FUNDS IN LINE WITH EFSI REGULATION

Joint proposal by EC and EIB

Questions concerning this note should be referred to  
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## **Investments in funds in line with EFSI Regulation** ***Geographical Scope***

The EFSI Regulation<sup>1</sup> provides that for equity-type operations, the EU guarantee may be used to support financing for, *inter alia*, equity funds provided that (i) the EIB invests on a *pari passu* basis for its own risk as well, and (ii) that the EIB's equity-type operations shall be carried out in accordance with the EIB's internal rules and procedures<sup>2</sup>.

It is appropriate to clarify how the EFSI Regulation, and in particular Article 8 thereof, is to be understood in the context of investments in funds that leverage investment in the EU and that may also invest outside the EU. Indeed, it is common market practice that such funds often invest in a broader geographical area than the EU Member States, as also reflected in the EIB internal rules and procedures.

In order to achieve the objectives of the EFSI Regulation, the EU guarantee can also be granted for EIB financing and investment operations where the EIB invest in funds the activity of which is not limited solely to the EU Member States, subject to certain conditions. Article 8(b) of the EFSI Regulation provides already a certain extension of the geographical scope of the operations that can benefit from the EU guarantee.

The criteria below shall apply to investments in funds, where such funds are to benefit of the EU guarantee under the **Infrastructure and Innovation Window**:

1. The EIB is allowed to invest into a fund provided there is at least one other co-investor. The EIB's participation in the fund shall not in any case exceed 50 % of the aggregate amounts committed<sup>3</sup> by all (including the EIB) investors at the time of the final closing. Other co-investors in the fund can be established either in the EU or in third countries.
2. The fund into which the EIB directly invests has to be established (incorporated) in an EU Member State. The EIB's investment in funds shall be consistent with internationally agreed tax standards as specified in the EIB's internal rules and procedures, particularly the EIB policy towards weakly regulated, non-transparent and uncooperative jurisdictions<sup>4</sup>.
3. By the end of the investment period, the fund shall have invested at least:
  - (a) 60% of the fund's aggregate invested amounts in EU Member States;
  - (b) 80% of the fund's aggregate invested amounts in countries covered by Articles 8(a) and (b) of the EFSI Regulation; and,

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<sup>1</sup> Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 – the European Fund for Strategic Investments (OJ L 169, 1.7.2015, p. 1).

<sup>2</sup> Credit Risk Policy Guidelines (CRPGs) including the Operational Guidelines for Infrastructure Fund Activities (GIFA).

<sup>3</sup> This limitation applies only to funds that do not invest exclusively within the EU. For the avoidance of doubt, in case of funds composed of several vehicles, the combined aggregate commitment shall be taken into account.

<sup>4</sup> EIB Policy towards weakly regulated, non-transparent and uncooperative jurisdictions, Anti-Fraud Policy, Whistleblowing Policy.

(c) in EFSI eligible operations<sup>5</sup>, twice the amount of the EIB invested commitment.

The legal documentation for the fund shall include requirements to this effect.

The EIF may also in the future make equity investments as EFSI operations benefitting from the EU guarantee, subject to new products being approved by the EFSI Managing Director and the EFSI Steering Board after consultation of the EFSI Investment Committee. For the upcoming new products under the **SME Window** to be included in the EFSI Agreement, the relevant product descriptions presented to the EFSI Managing Director and the EFSI Steering Board for their approval after consultation of the EFSI Investment Committee shall include detailed criteria to be applied to investments, where such investments are to benefit from the EU guarantee.

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<sup>5</sup> Operations that are carried out in the EU Member States and support any of the objectives set out in Article 9(2) of the EFSI Regulation.