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Addendum to Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) 2015/1017, (EU) 2021/523, (EU) 2021/695 and (EU) 2021/1153 as regards increasing the efficiency of the EU guarantee under Regulation (EU) 2021/523 and simplifying reporting requirements (COM(2025)84)

COMMISSION STAFF WORKING DOCUMENT
Accompanying the document

Proposal for a
REGULATION OF THE EUROEAN PARLIAMENT AND OF THE COUNCIL

amending Regulations (EU) 2015/1017, (EU) 2021/523, (EU) 2021/695 and (EU) 2021/1153 as regards increasing the efficiency of the EU guarantee under Regulation (EU) 2021/523 and simplifying reporting requirements

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Staff working document accompanying the proposal for an amendment to Regulations (EU) 2015/1017, (EU) 2021/523, (EU) 2021/695 and (EU) 2021/1153 as regards increasing the efficiency of the EU guarantee under Regulation (EU) 2021/523 and simplifying reporting requirements

1. Introduction

The InvestEU Programme is the largest risk-sharing instrument currently in place within the EU and its guarantee capacity should be increased to properly serve the current and emerging needs while focusing on financing higher risk and scale-up investment.

As highlighted in his report, 'The Future of European Competitiveness', Mario Draghi emphasised that the transition to a low-carbon, resource-efficient, and circular economy will also be essential for securing the EU's long-term economic prosperity, resilience, and competitiveness.[1] However, to unlock the full potential of this transition, a cohesive and well-executed strategy will be crucial, including fostering the role of public and private finance in supporting the transition.

Thanks to its partial provisioning and multiplier effect, InvestEU offers a budget-wise efficient instrument to address huge investment needs in priority areas by leveraging public and private investment. This is particularly relevant in the context of constrained public finances. While InvestEU targets a broad range of key policy areas, there is a strong focus on investments which can support the objectives of the Competitiveness Compass, the Clean Industrial Deal and digital innovation and transition including support for start-ups and scale-ups. InvestEU is a versatile instrument and can serve policy areas according to priorities of the Union.

As of June 2024, InvestEU is estimated to have mobilised investments of EUR 280 billion, of which EUR 201 billion (close to 70%) stem from the private sector. Close to 45% of the volume of operations signed under InvestEU are supporting the climate objective. The interim evaluation of the InvestEU Programme, published in September 2024[2], highlighted the need to consider ways to enhance the financial capacity of InvestEU in the remainder of the current Multiannual Financial

[1] M. Draghi, The future of European competitiveness, 2024, available at: https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en#paragraph_47059

[2] https://commission.europa.eu/about/departments-and-executive-agencies/economic-and-financial-affairs/evaluation-reports-economic-and-financial-affairs-policies-and-spending-activities/interim-evaluation-investeu-programme_en

Framework (MFF) and to reduce the administrative burden on key stakeholders. Moreover, the interim evaluation recommended ensuring continuity in the financial products offered to the market and avoiding a stop-and-go situation, as this would create not only a gap in the much-needed Union support for policy priorities but would also add complexity for financial intermediaries and final recipients.

A legislative amendment to the InvestEU Regulation[3] is proposed to simplify reporting requirements under InvestEU and the European Fund for Strategic Investments (EFSI), to increase the EU guarantee available by EUR 2.5 billion underpinned by EUR 1 billion provisioning for the remainder of this MFF and to allow the use of existing resources more efficiently by consolidating and further enhancing combination of the InvestEU guarantee with the EFSI guarantee and the guarantee available under two legacy financial instruments (i.e. the CEF Debt Instrument and InnovFin Debt Facility), thus providing continued support to businesses and projects in the last two years of this MFF. The proposed changes are expected to mobilise around EUR 50 billion in private and public investment.

Efficiency gains and simplifications will also be achieved through non-legislative measures. The Commission is engaging with the implementing partners of InvestEU and of legacy investment support programmes to reduce the reporting burden through contractual simplifications where no legislative amendment is needed.

2. Estimates of savings from reporting simplifications

Reporting simplifications are needed for InvestEU, EFSI and other legacy instruments to reduce the reporting burden on implementing partners, financial intermediaries and final recipients. Such simplifications will be implemented via legislative amendments to the InvestEU Regulation[4] and to the EFSI Regulation, as well as via non-legislative means, and are expected to save around EUR 350 million:

[3] COM(2025) 84 final, 26.2.2025.

[4] Certain reporting simplifications reducing the frequency of reporting under the InvestEU Regulation are already being adopted by the co-legislators. The trilogues on the proposal were concluded in December 2024.

- More than 90% of the estimated cost savings, i.e. around EUR 324 million, will stem from (a) the introduction of a waiver for transactions of an amount up to EUR 100 000 as regards the key performance/monitoring indicators (KPI/KMIs) reporting, and (b) an adjusted application of the SME definition based on the proportionality principle, whereby in case of market conform financial products, the implementing partners may only take into account the number of employees in the last annual or consolidated accounts instead of using the full analysis set out in the Commission SME Recommendation[5], and for non-market conform financial products, where considered appropriate, the guarantee agreement may derogate from the Commission SME Recommendation. The conservative estimate, based on the experience with EFSI, is that around 900 000 small business will benefit from these measures with an average estimated saving of around EUR 360 per SME, corresponding to 1.5 days of work.
- The decrease in the InvestEU implementing partners' costs related to: (a) the possibility to replace the annual audit opinions on the management declarations by other independent means providing an equivalent level of assurance; (b) the introduction of a waiver for the reporting of KPIs/KMIs for small transactions which they no longer need to collect and process; and (c) the reduction of the frequency of the progress report from four to three times per year. The total estimated cost savings for these measures amount to EUR 20 million.
- The decrease in the European Investment Bank (EIB) Group costs related to: (a) the reduction of the frequency of the EFSI operational and risk reports from quarterly to annually and the streamlining of their content; and (b) the removal of the obligation to produce the yearly EFSI/InvestEU investment barriers report. The total estimated cost savings for these measures amount to around EUR 6 million.

The Commission estimates were mainly based on: (a) the number of final recipients supported under EFSI, the SME window in particular; and (b) the information and feedback received from the EIB Group, as well as other implementing partners, as regards time needed to produce the

[5] Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36).

various reports requested under the two programmes, their average hourly costs and, where relevant, the amount of other costs when external service providers were used for the production of independent reports.

3. Use of reflows to increase the EU guarantee

The legislative amendment proposal also includes an increase in the EU guarantee available under InvestEU by EUR 2.5 billion, with the corresponding provisioning of additional EUR 1 billion stemming from reflows becoming available in 2025, 2026 and 2027 from EFSI and other legacy instruments[6].

The increase of the EU guarantee is consistent with the objective of reaching the target InvestEU provisioning with lower contributions from the voted budget appropriations in 2026 and 2027. Since the beginning of this MFF, reflows from financial instruments and the EFSI surpluses have been allocated to InvestEU and the Public Sector Loan Facility (PSLF).

This increase of the EU guarantee will support the mobilisation of around EUR 25 billion in additional private and public investment. The increased InvestEU capacity will be mainly used to finance higher risk activities in support of priority Union policies, such as the ones outlined in the Competitiveness Compass – covering tech sectors that will matter in tomorrow's economy such as digital frontier technologies – and the Clean Industrial Deal, as well as any potential new initiatives in priority areas such as defence industrial policy, dual-use activities or military mobility. More specifically, the incremental capacity can be used to support equity and quasi-equity in highly innovative and risky projects, higher risk debt such as certain forms of subordinated debt, guarantee instruments, and other instruments to support the scaling up of innovative companies.

The indicative distribution of the EU guarantee between the four policy windows is proposed to be increased proportionately to the increase of the EU guarantee. This is without prejudice to initiatives that may be taken in the coming months to meet compelling and urgent financing needs. The proposed increase for each policy window will be as follows:

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[6] Those instruments are enumerated in Annex IV to the InvestEU Regulation.

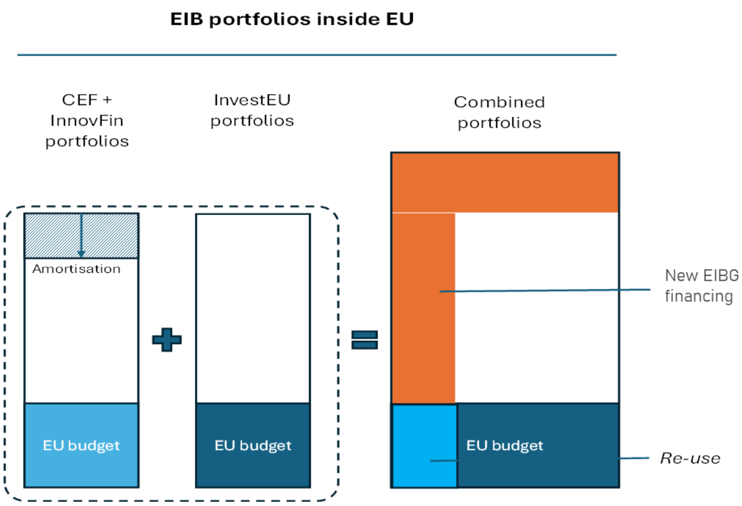
	2021 – InvestEU Regulation	2025 – InvestEU Regulation amendment proposal
InvestEU guarantee	**26 152 310 073**	**28 652 310 073**
Sustainable Infrastructure Window (SIW)	9 887 682 891	10 832 884 564
Research, Innovation and Digitisation Window (RIDW)	6 575 653 460	7 204 245 489
SME Window (SMEW)	6 906 732 440	7 566 973 583
Social Investment and Skills Window (SISW)	2 782 241 282	3 048 206 437

4. Combinations of the InvestEU guarantee with guarantee released from EFSI and legacy instruments

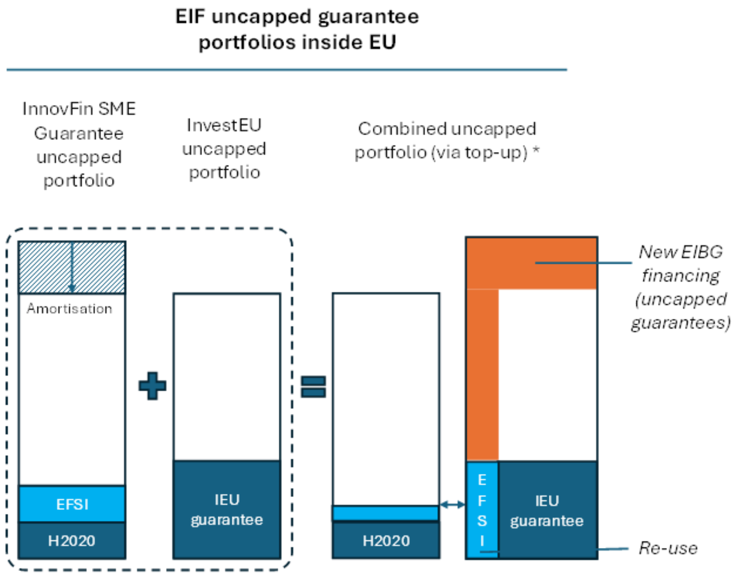
An additional optimisation takes the form of a more efficient use of the EU guarantee by combining the InvestEU guarantee with support from the Union budget under EFSI and other two legacy financial instruments (i.e. the CEF Debt Instrument and InnovFin Debt Facility). This combination will enable continued support to businesses and projects in the last two years of the investment period. In particular, the combination may support financial products or portfolios implemented or to be implemented by the EIB or the European Investment Fund (EIF) under InvestEU, including financial products and portfolios containing exclusively financing and investment operations eligible under InvestEU.

The combination allows for a proactive use of EU resources that otherwise may have remained under-used and will be deployed by the EIB Group, the sole implementing partner for EFSI, InnovFin Debt Facility and CEF Debt Instrument. The use of these resources in combination with the InvestEU guarantee enhances the overall guarantee capacity, however it does not lead to an increase in the total InvestEU guarantee available on top of the EUR 2.5 billion increase proposed by the Commission (see Section 3 of this Staff Working Document).

The possibility of combining resources from InvestEU and the resources of legacy instruments already exists under the existing InvestEU Regulation and has been applied for two EIB debt portfolios under EFSI and InvestEU. The combinations lead to an increase of the risk-absorption capacity of the EU guarantee, which in turn increases the volume of new operations that could be supported under InvestEU. For example, an additional combination of EIB debt instruments with CEF Debt Instrument and InnovFin Debt Facility could be portrayed as shown below. The CEF Debt Instrument and InnovFin Debt Facility guarantee could also be used as a first loss piece.



The possibility of combination will be further simplified in order to maximise flexibility in integrating resources from legacy instruments and to optimise InvestEU financing. For example, in the case of EIF uncapped guarantees, that are at the core of SME financing for innovation and green and digital transition, the proposal is to combine the EU guarantee under InvestEU and the risk-bearing capacity of EFSI without merging the transactions originated with the support of EFSI into the portfolio originated under InvestEU (see picture below).



The higher risk-bearing capacity provided by the Union budget will also allow for a greater diversification and allow the EIB and the EIF to increase their residual risk more than proportionally (re-tranching between first loss piece and residual risk), hence ensuring an even higher level of new InvestEU financing.

The implementation of the above changes will avoid a detrimental stop-and-go, that would have created a gap in the much-needed Union support to policy priorities and added complexity to the financial intermediaries and final recipients, and lead a significantly higher amount of new financing without increasing the budget made available to InvestEU and therefore a continuity in the offer to the market of financial products.

The combination will trigger substantial efficiency gains by creating the possibility for an increased volume of guarantee cover to be provided for strategic investments in key Union priority areas. It will lead to an additional investment of around EUR 25 billion that can be expected to be mobilised and to an increased diversification of risks.