Mid-term review

<u>InvestEU Programme</u>

Brussels, February 2024

Executive Summary

By fostering sustainable investment, innovation, and job creation, **InvestEU contributes to the future of the EU**. With InvestEU, for the first time, National Promotional Banks and Institutions (NPBIs) and International Financial Institutions (IFIs) other than the EIB Group ("other IPs") were **granted direct access to an EU guarantee to implement the internal action**, thus ensuring a **better response to national and local investment needs** as well as increasing the **effectiveness of a policy-driven Programme**. After **three years** since the launch of the Programme, ELTI members put forward **10 recommendations to improve the functioning of InvestEU.** Such recommendations **should be taken aboard** in the mid-term review of InvestEU and considered when **designing the successor of the Programme in the next Multi-annual Financial Framework (MFF)**.

1. **Providing support to the "other IPs" when negotiating and implementing the Guarantee and Contribution Agreements**. The European Commission (EC) may prepare a detailed FAQ document in response to all relevant IPs' requests for clarification, thus sharing lessons learned.
2. **Speeding up the Guarantee negotiation and making it more transparent**. The EC should give indications upfront on risk-sharing structure and related pricing of the EU Guarantee. It should also provide upfront all documents required before (e.g., call-related documents) and after (e.g., reporting templates) negotiating the Guarantee Agreements as well as during implementation. During first-time as well as amendments' negotiations, a swifter process is needed to ensure longer-term planning and securing IPs with the available guarantee amounts, thus avoiding constant renegotiations of the Agreements.
3. **Dynamically adjusting the provisioning rate based on market performance**. To avoid ex-ante/rigid over-provisioning, the provisioning rate should be adjusted on a yearly basis, as envisaged by recital (70) of the InvestEU Regulation and similarly to what happens for other budgetary guarantee instruments (e.g., NDICI), to take into account the overall InvestEU portfolio performance.
4. **Clearly describing the distinction between general and thematic products in the Investment Guidelines** and ruling the duly justified cases when the InvestEU Guarantee could cover up to 80% of the underlying loan portfolio in *pari-passu* risk-sharing structures or 100% of the first loss piece in portfolio risk-sharing structures, thus also ensuring a level playing field among IPs.
5. **For equity products**, **studying alternative mechanisms** such as risk-based fee (like for debt), a cap, or ideally a paid-in contribution from the Commission, as the current "revenue-sharing sharing mechanism" (and related funding costs) is not satisfactory and does not ensure level playing field among IPs.
6. **Hedging currency risk.** The InvestEU guarantee should cover foreign exchange in a way that ensures a level playing field between the eurozone and non-EUR countries.
7. **Streamlining reporting requirements**. Overlaps and inconsistencies between relevant rules (InvestEU eligibility criteria, state aid, financial regulation requirements, etc.) should be

reduced. Reporting requirements should be streamlined in terms of deadlines, templates, and required information. In particular, the obligation of yearly audits and controls, reviewed by an external auditor, is a disproportionate burden and questions the relevance of the Pillar Assessment.

8. **Applying state aid consistency regime to all IPs**. Financing and investment operations supported by the either the EU compartment or the Member State compartment should be exempted from state aid compliance and fall under the state aid consistency regime for all IPs, thus ensuring a level playing field between national and international IPs, including the EIB Group.
9. **Streamlining the governance**. For all financial products negotiated between the EC and IPs, in line with the rules for indirect management, the EC should fully delegate IPs for deployment with no need for additional policy checks. As this requires amending the Regulation, in the meantime, the Commission could harmonize the templates that Implementing Partners are requested to prepare, namely the Policy Check Request Form (part A) and the Guarantee Request Form by consolidating them in one form only as they are nearly identical yet different and this requires double effort for the IPs. Such harmonization would be welcomed favourably also by the Investment Committee (IC) that has signalled interest in being informed of the outcome of the Policy Check to make an independent yet informed decision. More broadly, the governance for intermediated financing and investment operations should be further simplified, thus allowing the IC to verify additionality at financial product level rather than on a transaction-by-transaction basis.
10. **Bolstering the InvestEU Advisory Hub**. Funding for the next calls for expression of interest for the Advisory Hub should be at least as high as the one made available during the first round of calls.

Additional ELTI suggestions for the next MFF are included in the **ELTI Strategic Outlook: Activating the EU budget for long-term needs.**

In 2021, the European Commission (EC) launched a strategic investment programme, InvestEU, which **provides the EU with crucial long-term funding by leveraging private and public funds**. The Programme helps mobilise private investments to achieve the EU policy priorities (such as the green and digital transition, innovation, and social cohesion) and is flexible enough to meet emerging policy needs (e.g., investing in net-zero and in strategic technologies). It consists of three components: the InvestEU Fund, the InvestEU Advisory Hub, and the InvestEU Portal.

By fostering sustainable investment, innovation, and job creation, **InvestEU contributes to the future of the EU**. With InvestEU, for the first time, financial institutions other than the EIB Group (i.e., National Promotional Banks and Institutions and International Financial Institutions operating inside EU) were granted **direct access to an EU guarantee to implement the internal action**. Complementing EIB investment activities with those of other Implementing Partners ("other IPs") ensures a **better response to national and local investment needs across the EU, thus increasing the effectiveness of the Programme and contributing to achieving key EU policy goals**. In fact, other IPs are using their financial expertise as well as their know-how of national/local markets and clients to achieve European public policy goals and generate long-term added value for the EU. **Becoming a new IP requires, however, time and effort**, from undergoing the pillar assessment (PA)[1] to participating in calls for expression of interest, from negotiating and signing Guarantee and Contribution Agreements to finalising investment operations backed by the InvestEU Guarantee through an articulated governance, from putting in place the IT infrastructure needed to monitor and report to finally fulfilling reporting obligations. These efforts represent a long-term investment aimed at establishing partnership between IPs and the EU Commission, and more broadly an intense cooperation with the EU in the years to come. Hence, it is crucial that the volume of the guarantee provided to each IP is sufficient to ensure a positive cost-benefit implementation and the deployment of successful financial products for the entire investment period (without "stop and go", which is detrimental for the market). **InvestEU prepared the ground for a significantly intensified cooperation between the EU Commission and other IPs not only for this instrument[2] but also for EU Financial instruments to be developed under the next MFF and thereafter.** Continuity between InvestEU and its future edition under the next MFF is critical, also to avoid a new rump-up phase and waste heavy set-up costs.

The InvestEU Programme is therefore highly strategic, not only considering the amount of resources mobilised (with a €370 billion investment target, starting from a €26.2 billion budgetary guarantee, which represents only about 0.5% of the MFF)), but, above all, because it confirms the **efficacy of the "open architecture" of implementing the EU budget in "indirect management"[3].** As a result, **InvestEU supports a wide range of financial instruments that are tailored to specific national needs**. So far 90% of the InvestEU budget is committed and 70% approved.

[1] In the context of the PA process, the EC gathers detailed information about IP's due diligence, decision-making processes, and their economic situation. The PA prepares the ground for intensified cooperation between the EC and other IPs.

[2] The EU Commission benefited from the positive experience of the PA in the cooperation with IPs for external policy financial instruments for many years.

[3] EU funding is entrusted to eligible IPs or other authorities inside and outside the EU.

By increasing the number of IPs from 2 (EIB and EIF) to 16[4], more final beneficiaries and projects can be reached due to the large variety of all IPs business models, access to markets, and contacts to private investors. Compared to previous EU financial instruments **InvestEU helps bring the EU promotion to a more diverse portfolio of projects.**

Against this background, **the InvestEU mid-term evaluation is an excellent occasion to provide feedback to the EC and the EU co-legislators** about the experience gained by other IPs with this new Programme. All proposed improvements to the InvestEU Regulation stemming from the current implementation experience or policy discussions **should also be considered when designing the next edition of the Programme**, to be implemented in the next MFF period (2028 – 2034).

Finally, any future changes that may increase the complexity of the Programme should be carefully considered, as they may further reduce market acceptance and increase implementation costs that are already very high. This is particularly important for smaller projects where a proportionate approach is always necessary.

All partners involved in the preparation, design, and implementation of InvestEU so far have gone through a first-time experience. This was and still is a significant investment on the side of the EU Commission as well as on the side of IPs. Future negotiations of Guarantee Agreements under InvestEU and comparable financial instruments under the next MFF will pay back these investments in the interest of growth and prosperity in Europe. However, continuity with basic elements of the InvestEU instrument is needed in the future to capitalise on the experience gained so far and make the most of new guarantee instruments.

Other IPs cover Europe

InvestEU opened a new chapter in the implementation of EU financial instruments. In addition to the EIB Group, other IPs are also contributing with their specific know-how and financial resources both through direct access and/or still through indirect access as financial intermediaries of the European Investment Fund.

The table below shows that, to date, **at least one "other IP" per Member State offers financial products with an InvestEU guarantee under direct access** (except for Austria where only the EIB Group is active):

[4] Until March 2024, with the perspective of additional IPs signing a guarantee agreement under the 2nd call for expression of interest

Country	Other Implementing Partners	Country	Other Implementing Partners
Austria	No IP other than EIBG	Italy	CEB, CDP, CDP Equity
Belgium	CEB, PMV	Latvia	CEB, NIB, EBRD
Bulgaria	CEB, EBRD, BDB (*MS compartment*)	Lithuania	CEB, NIB, EBRD
Croatia	CEB, EBRD	Luxembourg	CEB
Cyprus	CEB	Malta	CEB
Czechia	CEB, EBRD, NRB (*MS compartment*)	The Netherlands	CEB, InvestNL
Denmark	CEB, NIB	Poland	CEB, NIB, EBRD, BGK
Estonia	CEB, NIB, EBRD	Portugal	CEB
Finland	CEB, NIB	Romania	CEB, EBRD
France	CEB, CDC, BPIFrance	Slovakia	CEB, EBRD
Germany	CEB	Slovenia	CEB, EBRD
Greece	CEB, EBRD	Spain	CEB, ICO
Hungary	CEB, EBRD, Garantiqa	Sweden	CEB, NIB
Ireland	CEB	Norway & Iceland	NIB

Note: The EIB Group is covering all EU 27, Norway, and Iceland. In six Member States (Bulgaria, Czechia, Finland, Greece, Malta, Romania) a Contribution Agreement under the Member State Compartment of InvestEU was signed. This table was prepared on 20.04 2024.

<u>Specific considerations for the mid-term review</u>

A. INVESTEU FUND

Different business models of IPs allow a large variety of final beneficiaries to benefit from investments backed by InvestEU. Direct access to the InvestEU Guarantee by other IPs and the indirect implementation via the EIB Group, in parallel, ensures **flexibility to address a wide range of market needs**, more broadly. Against the background of intensive and costly preparatory works for InvestEU, other IPs underline the need for continuity of the core elements of InvestEU, thus generating positive impact for long-term investments. As further discussed in this paper, however, a number of improvements are still possible, based on the negotiation- and implementation-experience made so far.

1. Negotiating and implementing the Guarantee and Contribution Agreements

With the InvestEU Programme, NPBIs assume, for the first time within the EU, the role of Implementing- and Advisory Partners of the EC, by relying on their knowledge of the local economic environment, investment/financing needs and conditions. It should be noted, however, that the **articulated structure of the InvestEU Programme and the Guarantee/Contribution Agreements** make the implementation of the underlying financial products and advisory initiatives rather complex. This often **requires support and operational guidance from the relevant EC services** (e.g., DG ECFIN, DG COMP, DG BUDG, DG REFORM, etc.), whose guidance is highly appreciated by all IPs although not envisaged under indirect management. To support IPs with the implementation of the Guarantee Agreement, the EC may consider **compiling a specific FAQ document** containing all operational questions received from IPs and related answers, similar to what has been already done for other EU programmes (e.g., Connecting Europe Facility – CEF).

2. Guarantee negotiation

The 1st call gave no indication about the pricing of the guarantee. Against this background, it was difficult for IPs to decide on an appropriate answer to market failures (chicken-egg problem). The negotiations of the agreements from the 1st cut-off date should now have given the EC sufficient insight to **provide clear *ex-ante* and transparent pricing grids, including policy discounts, for future calls**. With the learning experience from the 1st call, **time-to-market, which is a crucial success factor, should be drastically shortened in the future**. During first-time as well as amendments' negotiations, a swifter process is needed to ensure longer-term planning and securing IPs with the available guarantee amounts, thus avoiding constant renegotiations of the Agreements.

Against this background, the EC should **give indications upfront on risk-sharing structure and related pricing** of the EU Guarantee. It should also **provide upfront all documents** required before (e.g., call-related documents) and after (e.g., reporting templates) negotiating the Guarantee Agreements as well as during implementation.

3. Provisioning, risk-sharing mechanisms, and currency risk

a) Provisioning and risk-sharing mechanisms

The InvestEU guarantee is offered to IPs through **either *pari-passu* or portfolio risk-sharing mechanisms and with varying percentages of coverage** of the underlying financing/investment operations. Cumulatively, the EC must always ensure that the 40% provisioning rate set in the InvestEU Regulation is respected.

To avoid ex-ante/rigid over-provisioning, **the provisioning rate should be adjusted on a yearly basis**, as envisaged by recital (70) of the InvestEU Regulation and similarly to what happens for other budgetary guarantee instruments (e.g., NDICI), to take into account the overall InvestEU portfolio performance.

A higher degree of flexibility for the provisioning rate may also increase the risk appetite of the InvestEU Fund, thus **bolstering the impact of InvestEU investments.**

The InvestEU Guarantee aims to **support riskier projects and more innovative sectors**, as these investments carry a **higher degree of additionality**. It appears to be designed, however, primarily with a banking debt focus (i.e., for debt-type products). The standard risk rating models (Moody's, S&P) are applied to assess the instruments' underlying portfolio risk. However, these risk models do not fit early-stage investments, such as venture capital financing (SME) and more broadly equity investments that would require a paid-in contribution rather than an unfunded budgetary guarantee.

To allow IPs to finance projects with a high degree of additionality, **the distinction between general and thematic products should be clearly described in the Investment Guidelines**, ruling the duly justified cases when the InvestEU Guarantee could cover up to 80% of the underlying loan portfolio in *pari-passu* risk-sharing structures or 100% of the first loss piece in portfolio risk-sharing structures, thus also ensuring level playing field among IPs.

For equity products, the current "revenue-sharing sharing mechanism" (and related funding costs) is not satisfactory and does not ensure level playing field among IPs. **Alternative mechanisms should be studied such as risk-based fee (like for debt), a cap, or ideally a paid-in contribution from the Commission** (through a funded pillar, as it is already the case in other EU programmes such as the European Innovation Council under Horizon Europe).

b) Non-EUR projects

Europe has still no single currency in all 27 EU Member States. "Non-Euro countries" need similar, in some cases even more intensive promotion than "EUR-countries". **InvestEU does not give an answer to address the disadvantage of a different currency**. For non-EUR products, **coverage of the exchange rate would increase market acceptance** and create a level-playing-field between EU Member States with different currencies. Additionally, in the case of "non-Euro countries", InvestEU shall give the possibility of **providing financing not only in EUR but also in the local currency of the relevant IP**, thus increasing the potential reach of investments supported by the Guarantee (especially those focused on export to EUR-countries), eliminating the exchange rate risk from the economic circulation, and promoting the use of the common currency.

4. Reporting requirements

The InvestEU Regulation envisages three main classes of reporting requirements: (a) Operational Reporting (Annex II), (b) Financial Reporting (Annex III), and (c) Risk Reporting (Annex IV**). In the Guarantee Agreement, additional "Complementary reporting requirements" are also included**, such as State aid reporting (Annex X), Progress Report (Annex II) and cash flow forecasts as part of the semi-annual Claims Form (Annex V).

Each reporting requirement has a **different deadline and a different format/template**. Cumulatively, IPs must report to the EC on a bi-monthly, quarterly, semi-annual, and annual basis.

Reporting requirements tend to penalise smaller projects (e.g., those involving start-up/scale-ups, SMEs, small mid-caps, small municipalities), as final beneficiaries must provide IPs with the necessary information to secure the loan/investment. The InvestEU reporting requirements thus represent a **cost that not all final beneficiaries can bear**, especially compared to the benefits that the InvestEU guarantee offers in terms of reduced interests rates (debt products) or additional co-financing amounts (equity products).

Moreover, **the obligation of yearly audits and controls, reviewed by an external auditor,** seems a disproportionate burden and questions the relevance of the Pillar Assessment, since, typically, the activities of NPBIs are anyhow audited in total on a yearly basis.

Against this background, the EC should:

- **Adopt simpler reporting frameworks** to facilitate the implementation of the EU budget and **promote market acceptance**, making InvestEU more attractive to investors and project developers.
- **Focus more on impact than on processes** (especially when the budget is implemented by Pillar Assessed Institutions, which is the case for InvestEU).
- **Consider the perspective of final beneficiaries** (adapting the number of required data to the complexity of the business, defining threshold for the disclosure of certain data, merging requirements stemming from different legislations, etc.).

In this context, the EC may **establish a working group involving IPs and relevant EC services to propose concrete recommendations on how InvestEU reporting requirements can be drastically simplified**.

ELTI also commented on the reduction of information requirements under EU legislation in another paper[5].

5. State aid regime

[5] https://www.eltia.eu/images/2023.12.01_-_Reduction_of_information_requirements_under_EU_legislation_-_Have_your_say_procedure_-_ELTI.pdf

Currently, **all IPs must respect State aid rules when implementing financial products under InvestEU** to avoid undue distortions to competition and trade between Member States. However, while State aid rules are necessary in the case of public subsidy programmes that – according to the 2022 State Aid Scoreboard – rely on more distortive instruments such as grants and tax advantages[6], they **are not always fit-for-purpose in the case of more complex financial instruments** (e.g., intermediate equity fund-of-funds investment, etc.) and constrain the action of IPs in areas with a high degree of additionality or where "market-based" solutions are preferable (e.g., venture capital, social and affordable housing, etc.). **Many IPs are not public sector entities and have never dealt with State aid procedures**, which are normally a prerogative of Government Bodies (e.g., ministries) and require carrying out a completely new set of actions. **Applying State aid rules to IPs under InvestEU requires ad hoc compromise solutions** and cannot simply replicate what was designed for public sector entities. Such solutions should be discussed with the **direct involvement and constant support of the relevant EC services**, the lack of which is currently leaving the IPs in a state of **regulatory and operational uncertainty**.

In addition, as recommended by the EC and indicated in GBER rules of the state aid calculation, **cumulation and possibility of supporting the same investments from different aid schemes create unfavourable conditions for InvestEU beneficiaries** in comparison to other support schemes. In other words, the currently applied InvestEU State aid cumulation rules indicate that the amount of InvestEU financing has to be deducted from the eligible investment costs. Therefore**,** any loan backed by the InvestEU Guarantee lowers the amount of costs eligible for other public financing, such as grants. **Potential InvestEU beneficiaries receiving other public support are, therefore, no longer interested in the InvestEU Programme, as it reduces the amount of grants they could receive/apply for, in many cases even without receiving directly aid** (such as under intermediated equity products subject to GBER rules).

Finally, **not all IPs are required to respect State aid rules in the same way**. In fact, **national IPs are required to be "State aid compliant", while International Financial Institutions (IFIs) and the EIB Group follow the principle of "State aid consistency**". "State aid compliance" means that national IPs must design financial products under InvestEU in line with the relevant articles of (i) the General Block Exemption Regulation (GBER) or (ii) State aid Guidelines. National IPs are, therefore, expected to respect all State aid conditions therein, such as, but not limited to, those on (i) cumulation (art. 8 – GBER), (ii) reporting (art. 11(a) – GBER), (iii) publication and information (art. 9 - GBER). On the contrary, the same treatment is not reserved for international IPs, which can negotiate directly with the EC product-specific clauses to ensure "consistency" with State aid rules. In these conditions, as mentioned, **beneficiaries prefer to apply for the InvestEU support, which is not considered as State aid**. **This approach hampers deployment of this instrument by NPBIs on the markets on which IFIs operate.**

Against this background, not only does **compliance with State aid rules make deploying the InvestEU guarantee more complex**, but the **different State aid treatment between national and international**

[6] 58% of total State aid amounts spent by Member States in 2021 were in the form of grants, while 16% in the form of tax advantages.

IPs risks compromising the level-playing field among IPs and puts the former at a significant disadvantage. For a more effective and balanced deployment of the InvestEU guarantee, the following changes may be envisaged:

- **Require all IPs of the Programme to be "State aid consistent"**.
- Define, already in the negotiation phase with each IP, **specific clauses and criteria in order to ensure (i) consistency of the relevant financial products with State aid rules and/or (ii) market-conformity of the underlying operations** in case of IPs that already deploy market-conform financial instruments.

Further room for improvement

1. Sustainability proofing

The InvestEU Regulation requires IPs to carry out the sustainability analysis of their financing/investment operations under the Programme, in line with the provisions of the "Technical guidance on sustainability proofing for the InvestEU Fund" (the guidance). The guidance outlines specific requirements depending on the type of operation (i.e., direct vs indirect operations) and identifies a threshold (10 m EUR) under which no sustainability proofing is required. It also indicates that for intermediated operations targeting SMEs, small mid-caps and "other eligible enterprises"; a simplified sustainability analysis should be carried out by IPs.

However, the environmental assessment and the sustainability proofing are not yet defined in all details, which might **prevent private investors from co-financing projects co-funded with InvestEU support**. In particular, **more guidance would be welcomed in relation to the requirement on monetisation for environmental impacts under the "Technical Guidance"**. For the monetisation of Greenhouse Gases, alternative suggestions for carbon pricing would also be important.

In addition, where the requirements are most specific (i.e., for infrastructure projects), **the guidance refers generally to "infrastructure" without taking into consideration the different types of infrastructure projects** that can be financed by IPs, which range from the most environmentally impactful (e.g., transport, energy, water, telecom, etc.) to others, like social and affordable housing that have a lower impact. Such lack of distinction forces IPs to carry out the same type of analysis regardless of the fundamentally different nature and policy objectives between the former and the latter, thus **increasing costs associated with the realisation of infrastructure projects which already offer very low returns** (therefore, discouraging private investments) and suffer from a distinct market financing gap. Therefore, these **assessments and proofing procedures should be further simplified, notably for social infrastructure**, by applying the same rules as those for non-infrastructure projects.

In addition, taking into account the scale of challenges related to the transformation of European economies (in particular in the area of energy) and the implementation of ambitious goals related to the EU's climate goals, the question arises whether the list of excluded activities, indicated in Annex V, to the InvestEU Regulation should not be reviewed and adjusted to current market requirements (taking into account, among other things, the impact of the war in Ukraine on the raw material security of individual Member States). **It seems that some of the exclusions indicated in Annex V may not be entirely consistent with other requirements set out by other EU legislation and should therefore be subject to re-examination.**

ELTI Members also encourage **the EU Commission to early on reflect on the reference to the DNSH-principle in the updated EU Financial Regulation** and to find a pragmatic and practical way of dealing with the future requirements for all EU spending legislation. IPs should be involved in this reflexion process, aiming at ensuring that projects with smaller ticket sizes will remain in the scope of future EU programmes.

2. Relevant rules

Implementing the InvestEU Programme requires to combine different rules (eligibility criteria, reporting requirements, state-aids legislation, sustainability assessment, financial regulation provisions, etc.). This leads to high complexity, which IPs can handle in a customer-friendly way, only to a certain extent. **The overall set of rules affecting the implementation of InvestEU should be proportionate** and the Guarantee should give an incentive to implement projects rather than refrain from it due to too high regulatory costs and bureaucracy. Against this background, relevant rules should be simplified and standardised by:

- **Relying on the EU Pillar Assessment with respect to internal processes and procedures of IPs** (leading to a simplified legal framework for IPs);
- **Referring to and relying on existing relevant regulations as much as possible** (for instance, in terms of KYC requirements, AML checks, ESG reporting or other banking regulation issues) and making such rules applicable, in a consistent manner, across all EU programmes (both inside and outside Europe).
- **The application of additional rules should be limited to a minimum**, e. g. to transparency requirements when using EU funds.

3. Governance

The governance under InvestEU is articulated with **multiple yet uncorrelated steps of control on individual transactions versus the indirect management implementation modality** which, according to the Financial Regulation, implies full delegation to implementing partners.

To simplify the process, it is crucial to **streamline the approval process of single operations post signature of the Guarantee Agreement** and promoting cross-reliance among the various governing bodies.

- In line with the indirect management implementation modality and with the implementation of other EU programmes under indirect management (e.g., NDICI), **the EC should rely in full on IPs, with no need for additional policy checks.**
- As this requires amending the Regulation, in the meantime, **the Commission could harmonize the templates that Implementing Partners are requested to prepare**, namely the Policy Check

Request Form (part A) and the Guarantee Request Form **by consolidating them in one form only** as they are nearly identical yet different and this requires double effort for the IPs. Such harmonization would be **welcomed favourably also by the Investment Committee (IC)** that has signalled interest in being informed of the outcome of the Policy Check to make an independent yet informed decision.

- **For intermediated products, the Investment Committee should be involved in assessing additionality at financial product level** rather than assessing additionality on a transaction-by-transaction basis.

B. InvestEU Advisory Hub

Concerning the InvestEU Advisory Hub, the direct Contribution Agreements with NPBIs are opening a new long-standing partnership between the EU and NPBIs. ELTI members strongly welcome the spirit of this partnership (leading to flexible and decentralised advisory services offered to final beneficiaries). Advisory partners have demonstrated both high interest and **the ability to propose a wide range of advisory programmes, both innovative and fit for the local context**. As the need for technical assistance to further enhance the deployment of InvestEU financial products will remain high in the coming years, advisory partners stand ready to submit new proposals. In this context, it is crucial to **keep the same funding level for the next calls for proposals under the InvestEU Advisory Hub**.

At the same time, other IPs suggest the EC to **explore how to adopt a more flexible approach, e. g. to the Key Performance Indicators and Key Monitoring Indicators**, which happen to be too prescriptive and may jeopardise some types of advisory services. In this respect, **more flexibility could enhance and support innovative (or simply different) approaches to much needed advisory**.

The European Association of Long-Term Investors – ELTI

ELTI members represent a European-wide network of National Promotional Banks and Institutions that offer financial solutions tailored to the specific needs of their countries and economies. Multilateral financial institutions complement the activities at national level with specific cross-border solutions or investments with a European impact. Following the specific public mission of each member, the business model of each institution differs from country to country including different products and approaches. This is the same for multilateral ELTI members. Most members offer various debt-products but not all members have a mandate for investment in equity.

The 31 members of the European Long-Term Investors Association (ELTI) a.i.s.b.l. are major long-term investors and represent a combined balance sheet of EUR 2,7 trillion. The Association promotes and attracts quality long-term investment in the real economy, including:

- strengthening cooperation, including at an operational level, between European financial institutions as well as with other Institutions of the European Union (EU) acting as long-term financiers;
- informing the EU and its Institutions on the role and potential of the Members as institutions and agencies for long-term financing;
- strengthening the access of the Members to information on matters related to the EU;
- exchanging information and experiences among Members and with national and international organisations sharing the Association's interest in the promotion of long-term investment;
- developing the concept of long-term investment within the economic and financial sector and promoting academic research on long-term investments;
- representing, promoting and defending the shared interests of its Members in the field of Long-Term Investment in full transparency.

The Full Members of ELTI are generally national official financial institutions dedicated to promoting public policies at the national and EU level[7]. The European Investment Bank (EIB) has the status of a permanent observer. ELTI also includes Associate Members, notably multilateral financial institutions, regional financial institutions and non-banking institutions[8].

[7] Oesterreichische Kontrollbank (OeKB) Austria, Federal Holding and Investment Company (SFPI) Belgium, Bulgarian Development Bank (BDB) Bulgaria, Croatian Bank for Reconstruction and Development (HBOR) Croatia, National Development Bank-CZ (NRB) Czech Republic, Caisse des Dépôts et Consignations (CDC) France, La Banque publique d'Investissement (bpifrance) France, KfW Bankengruppe (KfW) Germany, Hellenic Development Bank (HDB) Greece, Hungarian Development Bank (MFB) Hungary, Strategic Banking Corporation of Ireland (SBCI) Ireland, Cassa Depositi e Prestiti (CDP) Italy, Latvian Development Finance Institution (ALTUM) Latvia, INVEGA Lithuania, Société Nationale de Credit et d'Investissement (SNCI) Luxembourg, Malta Development Bank (MDB), Malta, Invest-NL The Netherlands, Bank Gospodarstwa Krajowego (BGK) Poland, Banco Português de Fomento (BPF) Portugal, Slovak Investment Holding (SIH) Slovakia, Slovenska Izvozna in Razvojna Banka (SID) Slovenia, Instituto de Credito Oficial (ICO) Spain

[8] Nordic Investment Bank (NIB), Council of Europe Development Bank (CEB), Long-Term Infrastructure Investors Association (LTIIA), Participatiemaatschappij Vlaanderen NV (PMV) Belgium, Wallonie Entreprendre (WE),

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Belgium; NRW.Bank Germany, Consignment Deposits and Loans Fund (CDLF) Greece, Investment and Development Fund of Montenegro (IRF) – Montenegro, Turkiye Sinai Kalkinma Bankasi (TSKB) Turkey