

# Applications to European Fund for Strategic Investments (EFSI)

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BRIEFING SHEET

Funding for Infrastructure Projects



The European Fund for Strategic Investments (EFSI) is a joint initiative sponsored by the European Commission and the European Investment Bank (EIB). The fund was established to address the current structural investment gap in the EU. The EFSI aims to enhance investments in strategic European projects.

Stirling Infrastructure helps project sponsors to unlock EFSI resources using its long-term expertise in financing bankable infrastructural projects. The support provided by Stirling Infrastructure is articulated in three different phases:

- The financial assessment of the project and its viability
- The assessment of the eligibility criteria rendering the project qualifiable for EFSI funding
- The set-up and initiation of the formal application procedure

Once the project is approved by the Investment Board, Stirling Infrastructure will follow step by step the application process to make sure a positive outcome is reached.

## EFSI – A closer look

Under the EFSI, the EIB finances strategic projects which are characterised by a higher than usual risk profile. The projects targeted by the fund are strategically important for specific sectors of the European economy:

- Energy, Transport & Digital Infrastructure
- Resource Efficiency & Renewables
- Research & Innovation
- Small-sized and Medium-sized Enterprises

Project proposals within these sectors are subject to the scrutiny of the EIB, whose due diligence process assesses the financial viability and eligibility of the proposal. The EFSI is a demand-driven form of support. Project can be located anywhere within the EU. Cross-border projects also qualify for EFSI funding.

## Project eligibility

In order for individual projects to be eligible for EIB funding, they must be consistent with the EFSI eligibility criteria. Eligible proposals will be:

- Technically and economically secure
- Consistent with the sector eligibility specification set by Art. 9 of the EFSI regulation
- Consistent with the EU economic policy objectives
- Sufficiently mature to be bankable
- Priced commensurately to risk

Consistency with the EU economic policy objectives is a key aspect for unlocking EFSI funds. Successful projects usually contribute to (at least one of the following objectives):

- The promotion of social and economic cohesion
- The improvement of the telecom and transport infrastructure of the EU (including rail, air and road investments in the whole of the EU territory)
- The improvement of the energy supply infrastructure and energy efficiency
- The development of a knowledge-based economy in the EU
- The creation of new infrastructure valorising human capital (schools, hospitals, research centres etc.)
- The support of environmental investments
- The competitiveness of SMEs
- The competitiveness of EU industries

Stirling Infrastructure will support project sponsors assessing individual project proposals vis-à-vis the above-outlined eligibility criteria. It is essential that all the relevant information in relation to such criteria is examined and available before the formal application process is initiated.

## Application process

The financing of infrastructural projects under the EFSI comprises 7 main steps: *proposal, appraisal, approval, signature, disbursement, monitoring and repayment*. Stirling Infrastructure operates as project promoter ensuring the project proposals can reach successfully the approval stage. Stirling Infrastructure will provide the EIB's Operations Directorate with detailed account of the capital investment and the financing arrangements pertaining to each project proposal. The project promoter will also make sure adequate information is provided to the EIB for their independent assessment. This step is crucial as it allows the EIB to assess the long-term business plan of the submitted project proposal and its compatibility with the EIB's lending objectives.

The approval process follows a precise timeline, which is articulated in three subsequent stages. Firstly, each proposal undergoes the standard due diligence process of the EIB, for the verification of the above-outlined eligibility criteria. Secondly, first-stage approvals are reviewed by an Independent Investment Committee including a managing director and 8 experts. Second-stage approvals are finally approved by the EIB governing bodies. The whole application procedure requires appropriate time for the assessment of all the necessary documentation. The length of this procedure can vary but it usually extends from a few months up to one year in most cases.

## About Stirling Infrastructure

Stirling Infrastructure Partners is a corporate finance/project finance advisor. As part of our professional services, this firm also advises project sponsors on raising both debt and equity capital. The firm has expertise in the acquisition and disposal of both infrastructure and energy assets. With a global network of over 1,500 institutional investors and lending institutions, the firm is well placed to advise on arranging finance for project sponsors.

## Disclaimer

This document has been prepared for information purposes only.

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