

# INVESTMENT REPORT **2025/26**

EXECUTIVE SUMMARY

# CAPITALISING ON EUROPE'S STRENGTHS



European  
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# CAPITALISING ON EUROPE'S STRENGTHS

## Investment Report 2025/26: Capitalising on Europe's strengths - Executive summary

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European Investment Bank  
98 -100, boulevard Konrad Adenauer  
L-2950 Luxembourg

This is a publication of the EIB Economics Department.  
[economics@eib.org](mailto:economics@eib.org)  
[www.eib.org/economics](http://www.eib.org/economics)

### About the Economics Department

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The department and its team of economists is headed by Debora Revoltella, director of economics.

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# KEY MESSAGES FROM THE INVESTMENT REPORT 2025/26

In recent years, the European economy has shown remarkable resilience despite unprecedented shocks. Going forward, **a decisive push for private investment is crucial to maintaining momentum and continuing to grow overall investment.** Private investment will respond to clear business opportunities and a more integrated EU single market that enables companies to flourish.

## 1 Investment resilience has relied largely on strong public investment and support, with a focus on structural transformation.

- Public investment has grown faster than gross domestic product (GDP), and government incentives for private investment remain above pre-pandemic levels. Despite heightened uncertainty, corporate investment has remained resilient, though broadly stable in real terms.
- Investment in intangibles (research and development, innovation and skills) continues to grow but has proved particularly vulnerable to increased uncertainty.

## 2 Europe is now at a critical turning point. Decisive policy action and large-scale capital investments are needed to deal with risks and embrace opportunities.

- A new global order is testing Europe's traditional sources of security, stability and competitiveness. Global tensions and the repositioning of the transatlantic alliance coincide with a major technological revolution. At the same time, industries serving the net-zero economy are set to grow exponentially.
- The digital revolution is enhancing productivity and efficiency, and will foster economic, social and territorial integration, while boosting innovation.
- Globally, intensifying competition among superpowers is bringing the European Union and other like-minded countries together.
- These rapid-fire adjustments demand a step change in investment, particularly in private investment, for security, defence, technology, energy, natural resources, access to markets and trade.

### **3 Accelerating investment requires stronger corporate activity, which will be stimulated by improved business prospects. European Investment Bank Group analysis shows untapped potential from further leveraging the EU single market by improving efficiency and scale. This would bolster the European Union domestically and internationally.**

#### Better exploiting the EU single market

- The EU single market provides scale, business opportunities and the efficient and secure organisation of European supply chains. It has a clear track record of boosting investment opportunities. The single market has underpinned 25% of new investment recorded in the European Union since the 1980s.
- Yet integration is stalling: 62% of EU firms say they have to deal with a fragmented EU market when exporting. Removing these barriers could improve firms' investment intensity by 10%, with even stronger gains for intangible investment, which is critical for EU innovation.
- The single market is also a driver of resilience and economic security. European Investment Bank Group (EIB Group) analysis shows that existing trade within the European Union has helped to cushion sudden shocks, particularly for products that depend on supplies from foreign countries. When shocks hit, intra-EU trade at least partially offsets trade with countries beyond the European Union. That stabilising effect would not be possible without a minimum of production and trade already taking place within the European Union.
- The efficiency and scale of the EU market are critical assets domestically and globally. Globally, Europe continues to be seen as a stable and trusted partner, actively forging new cooperation agreements with Latin America (Mercosur) and India. EIB Group estimates show that free trade agreements currently under negotiation – which cover 12.5% of EU exports to the rest of the world – have the potential to increase exports to countries involved by 20.6% and to raise total EU exports by 2.6%.

#### Putting significant EU savings to work

- The savings and investments union could unlock EU savings to finance innovative companies across Europe. Proven public-sector instruments such as risk sharing, securitisation, venture capital and venture debt effectively mobilise private savings. Pan-European mechanisms help level the playing field, expanding firms' access to growth capital and fostering stronger innovation ecosystems. For investors like pension funds and insurance companies, pan-European instruments open new opportunities and enhance risk diversification.
- The EIB Group is a leader in venture debt and venture capital, accounting for 30% of the venture debt market and 24% of the venture capital market. Through the European Tech Champions Initiative 2.0, it seeks to close Europe's later stage financing gap by scaling investment in large and mid-size tech growth funds and attracting long term institutional capital.

### **4 For Europe, the coming years are about execution, impact and scale.**

#### Capitalising on Europe's strengths

- Europe's competitive edge in fast-moving sectors relies on its ability to combine innovation, sustainability and market scale. Europe retains a strong global standing in several strategic industries, including healthtech, advanced manufacturing and robotics, clean energy technologies, agriculture and the bioeconomy, semiconductor equipment, aerospace, quantum and high-performance computing, and automotive.

- Strong support for innovation can be effectively combined with Europe's adaptable industrial expertise, which can be strengthened and scaled. Three elements are needed to maintain a balance between efficiency and security: (1) targeted intervention; (2) a focus on innovation and scaling; and (3) predictable demand, leveraging the power and size of the EU market. In some cases, building strategic independence might require time and measures to help industries transition. Scale is an asset. A pan-European strategy and strong global alliances – especially for critical raw materials and markets – are essential.

#### A technological revolution is reshaping business

- Digitalisation and AI adoption are boosting the productivity of European firms, but they are also creating strategic dependencies in an increasingly polarised world. EIB analysis shows that AI adoption has already had a material impact on EU firms' productivity, accounting for about 12% of the total productivity increase recorded since 2019.
- In the short term, Europe will benefit from its strong industrial base and supportive digital infrastructure. Looking ahead, the expansion of generative AI will intensify strategic dependencies and investment needs for innovation, data centres and energy. Europe's strategic position will be strengthened by a coordinated pan-European approach that aligns initiatives and investment in frontier computational infrastructure, EU data spaces and cybersecurity.

#### Energy bottlenecks need to be addressed

- The remaining bottlenecks in the energy sector need to be addressed, to unlock the benefits of a system that fully integrates renewable energy to bring down energy costs for EU businesses and individuals. Europe weathered the energy shock, and used it as an opportunity to enhance the security of its energy market. Energy costs are being pushed down, as structural transformation and market integration advance. However, those costs remain an issue, not least for energy-intensive industries.
- To prevent new bottlenecks from emerging, investment needs to accelerate in cross-border interconnectors and in system flexibility (combining energy storage with generation, for example), in the electricity grid and in wider electrification. Transforming the energy sector involves substantial upfront costs. Financial instruments that reduce investment risks – built on proven successful models – will be key to sustaining momentum.

#### Stronger European security and defence

- Large investment needs in defence call for coordination, mobilising private resources and a strengthening of European defence industries. Public defence spending is increasing rapidly, with European NATO members targeting defence and security spending of 5% of GDP by 2035.
- While the primary purpose of defence spending is to ensure Europe's security and resilience, it can also deliver broader growth through higher productivity, particularly spending on military and dual-use research, development and innovation, and investment. The European Union has identified capability gaps and a need for more coordination. Co-financed investments in European defence firms and infrastructure and harmonised standards can enhance spillover effects across EU countries and the private sector.
- The composition of the supply chain matters for security. The EU market for mergers and acquisitions shows the increasing maturity and interconnectedness of EU domestic production, even though the presence of foreign players remains significant.

### Protecting Europe's greatest resource: Its people

- Europe continues to lead globally on social and wellbeing outcomes, underpinned by comprehensive social protection systems, high standards of public services and strong social cohesion. Europe is healthier, safer and more inclusive than any other region globally.
- People in high-income EU countries live up to five years longer on average than in the United States. Employment rates in 2025 reached historically high levels of 76% of the working-age population.
- Sustained social investment is key. Housing needs are increasingly urgent: 51% of people living in EU cities say a lack of affordable housing is their most urgent problem. Addressing housing shortages would free people to move to areas with better job opportunities and could increase EU GDP by 1.7% and decrease EU-wide wage inequality by around 1.5%.

## **5 Given limited available resources, future public support will need to focus even more on impact and mobilising private capital. Pan-European instruments that are available to firms across the European Union and targeted to achieve specific policy objectives have proven to be the most effective way of mobilising private resources.**

- The experience of the European Fund for Strategic Investments and InvestEU shows the power of mobilising EU resources. An InvestEU guarantee of €1 delivers €15 of investment in the real economy. Private sources accounted for 70% of resources mobilised under InvestEU.
- A deeper analysis of EIB Group data shows that well-designed financial instruments deliver tangible impacts by strengthening firms' performance and promoting innovation and EU competitiveness. For example, companies receiving EIB-funded loans invested 15% more and had 5% higher productivity compared to peers. The European Investment Fund crowds in institutional investors to venture and growth funds through a fund-of-funds approach. Companies that receive EIB venture debt – which accounts for about 30% of the European market – raise 1.5 times more additional finance.
- Efficiency and effectiveness are key to delivering on large investment programmes in infrastructure and housing. Productivity in the construction sector needs to improve, and projects could benefit from following successful practices used in other public infrastructure projects. Labour productivity in European construction has declined 15% since 2000, contributing to the problem of unaffordable housing and raising the cost of infrastructure. Digitalisation – particularly among firms in the construction industry supply chain – could improve coordination and efficiency. Streamlining regulatory frameworks across the European Union would reduce administrative complexity and market fragmentation. Comparing experiences across the European Union shows the importance of standardised technology, streamlined governance and improved procurement to delivering public infrastructure more cheaply.

# Executive summary

## The EU economy and investment have resisted shocks well in recent years

- **The EIB Group Investment Survey 2025/2026 shows that EU firms adapted well to rapid technological advancement and the demands of the green transition, as well as sharp rises in US tariffs.** EU firms' adoption of digitalisation and generative artificial intelligence (AI) matches that of US firms, while 90% of EU firms invested in the green transition. When the United States raised tariffs, American firms expressed more concern than their EU counterparts. So far, the impact of tariffs has largely been absorbed by US importers, with the effect remaining manageable for EU exporters.
- **Europe's energy sector is transforming, strengthening energy affordability and enhancing autonomy.** Renewable energy now accounts for two-thirds of power capacity and half of electricity generation. The share of EU firms seeing energy costs as a major investment obstacle has declined significantly in recent years (41% in 2025, down from 60% in 2022). Still, high energy costs make it difficult for EU firms to compete. As the transformation continues, the investment focus will expand to address emerging bottlenecks in areas like electricity grids, interconnectors and energy storage.
- **Defence and security spending is rising** towards the long-term target of 5% of gross domestic product (GDP). The European Union remains Ukraine's main financial supporter.
- **Europe is seen as an anchor of stability by global investors,** with European assets in high demand. The European social model underpins social cohesion and stability.

**Investment resilience has benefited significantly from strong public support, which focuses on structural transformation** (Figure 1). Public investment grew faster than GDP, and government incentives for private investment remain above pre-pandemic levels. Despite heightened uncertainty, corporate investment remained broadly stable in real terms (Figure 2). Investment in intangibles (research and development, innovation and skills) continues to grow but is particularly vulnerable to uncertainty (Figure 3).

**Europe is now at a critical turning point. Decisive policy action and large-scale capital investments are needed to mitigate risks and seize opportunities.** A new global order is testing Europe's traditional sources of security, stability and competitiveness. Global tensions and the repositioning of the transatlantic alliance coincide with a major technological revolution. At the same time, decarbonisation of the economy will cause cleantech and other green-technology industries to grow exponentially. The digital revolution is increasing productivity and efficiency and will foster economic, social and territorial integration while boosting innovation. Globally, intensifying competition among superpowers is bringing the European Union and other like-minded countries together. This evolution demands a step change in investment, particularly in private investment in key areas such as security, defence, technology, energy, natural resources and access to markets and trade.

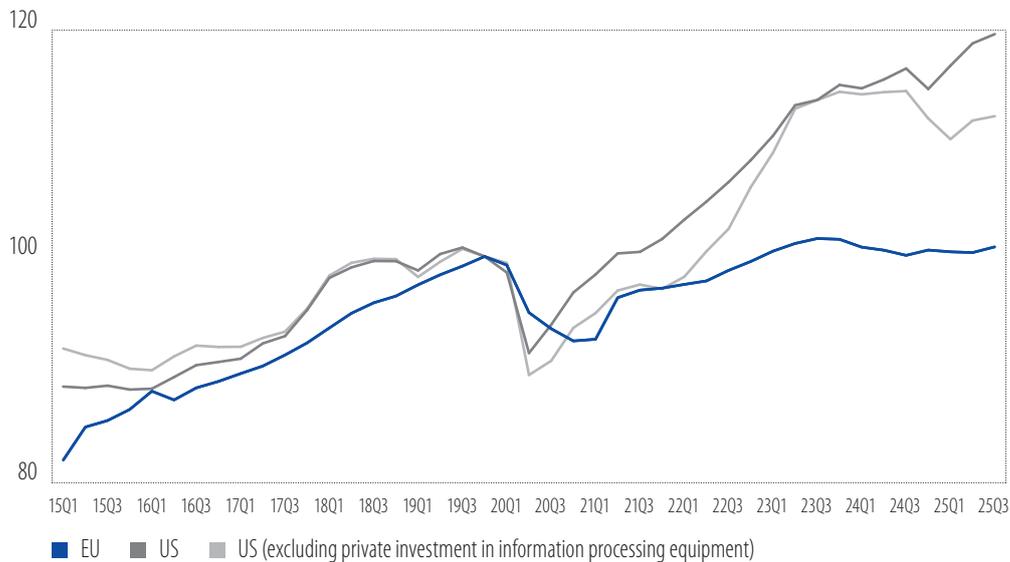
**Figure 1**  
**Change in real gross fixed capital formation in the European Union (cumulative investment since the fourth quarter of 2019, in %), by sector**



Source: EIB staff calculations based on Eurostat.

Note: EU data exclude Ireland. Real gross fixed capital formation by sector, deflated using total investment. Total gross fixed capital formation over one year (until the fourth quarter of 2019) is normalised to 0.

**Figure 2**  
**Real corporate investment (index, 2019Q4=100)**



Source: EIB staff calculations based on Eurostat and Federal Reserve economic data (FRED).

Note: EU data exclude Ireland. All figures were adjusted using the implicit price index for gross fixed capital formation for the European Union and the United States. The most recent data for the United States were for the second quarter of 2025, and for the European Union, the first quarter of 2025. Private investment in information processing equipment was adjusted using the specific price index for that kind of investment. Quarterly data are presented as four-quarter moving averages.

**Figure 3**  
**Change in investment relative to total fixed assets when firms perceive uncertainty as a major barrier to investment (in percentage points)**



Source: EIB staff calculations based on EIB Investment Survey (EIBIS) 2025.

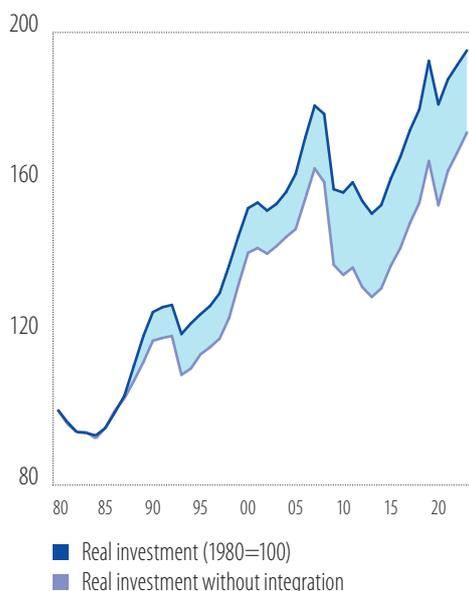
Note: The figure shows the investment intensity of firms and the effect of uncertainty. Uncertainty reduces firms' investment in tangible and intangible assets, but the effect is stronger for intangible assets. The regression of investment intensity on uncertainty controls for (lagged) investment intensity, a cyclical component, a structural financial component, and firms' future demand expectations.

## Leveraging the efficiency and scale of the EU single market can unlock business opportunities to drive a needed acceleration in corporate investment

The EU single market provides scale, business opportunities and efficient and secure organisation of European supply chains. It has a clear track record, underpinning 25% of new investment recorded in the European Union since the 1980s (Figure 4). Yet integration is stalling: 62% of EU firms have difficulty exporting to other EU countries because of fragmented rules and regulations. Removing these barriers could boost the ratio of firm investment to assets by 10%, with even stronger gains for intangible investment, which is critical for EU innovation. The EU single market also drives resilience and economic security. Analysis shows that even limited intra-EU trade has helped companies better weather shocks. This is true even for companies that rely on imports of vulnerable products (those for which Europe has dependencies). When shocks hit, intra-EU trade helps by offsetting changes in trade with countries beyond the European Union – a stabilising effect that requires a minimum of EU production and trade (Figure 5).

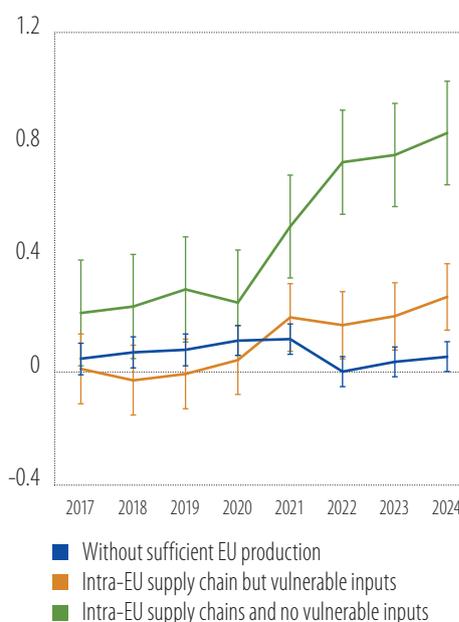
A successful savings and investments union could unlock considerable EU savings to finance innovative companies. Public-sector instruments such as risk-sharing, securitisation, venture capital and venture debt have already proven successful in mobilising private savings. The EIB Group has pioneered venture debt and venture capital and now accounts for 30% of the EU venture debt market and 24% of the venture capital market. Pan-European mechanisms provide an additional critical boost to investment, enabling firms to access growth capital regardless of where they are located and fostering the development of supportive environments. For financial investors, pan-European instruments unlock new investment opportunities and enhance risk diversification. Through the European Tech Champions Initiative 2.0, the EIB Group seeks to close the European gap in late-stage financing by increasing investment in large and mid-size tech growth funds and attracting long-term institutional capital.

**Figure 4**  
Real private investment, with and without an integrated EU single market (index, 1960=100)



Source: EIB staff calculations.

**Figure 5**  
Changes in the evolution of imports from within and beyond the European Union for dependent and non-dependent products (estimated coefficient, in percentage points)



Source: EIB staff calculations based on Comext.

Note: Estimated coefficients and 90% confidence intervals are represented as vertical bars.

**The breadth and efficiency offered by the EU single market is a key strength for Europe, domestically and internationally.** Globally, Europe continues to be seen as a stable and trusted partner that is actively cooperating with other countries through trade deals with Latin America (Mercosur) and India. EIB estimates show that free trade agreements, which cover some 12.5% of EU exports to the rest of the world, have the potential to increase exports to the countries involved by 20.6%, and to raise total EU exports by 2.6%.

**Simplification is a core EU policy goal, with several legislative bills and omnibuses being discussed that would cut companies' administrative burden by 25% overall and 35% for small businesses.** For the EU single market to fully exploit its potential, these efforts should be further pursued by individual EU countries. Bureaucratic costs consume 1.8% of revenue for small and medium-sized firms. In comparison, such firms spend 3.9% of turnover on energy, on average. Firms facing heavy regulation invest less, particularly in intangible assets. Reducing the cost of bureaucracy and improving the business environment increases investment opportunities and amplifies the effectiveness of policy support. EIB analysis shows that policy support boosts investment in intangible assets by two-thirds when firms work in a supportive business environment and do not see regulation as a major obstacle.

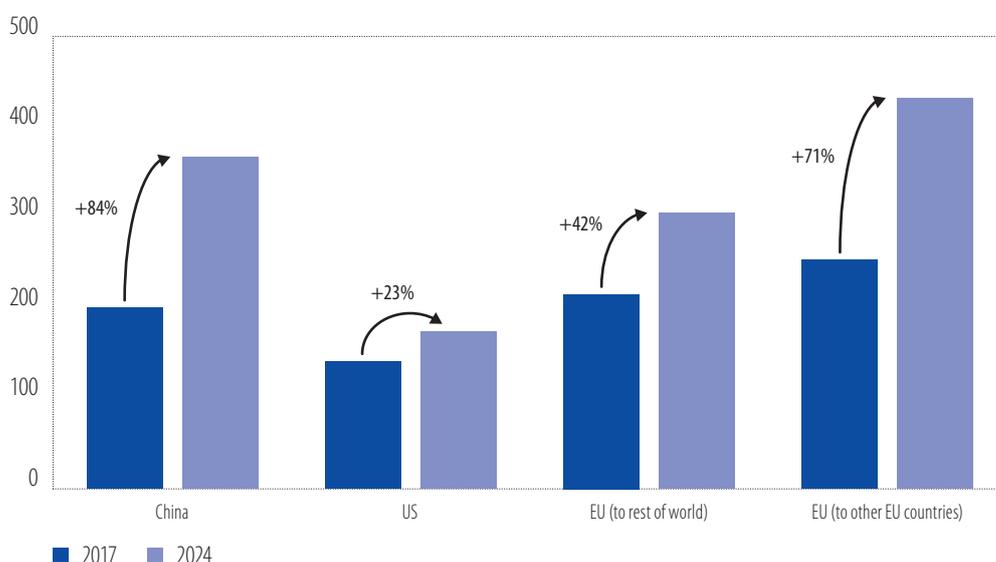
## For Europe, the coming years are about execution, impact and scale

**Europe's competitive edge in fast-moving sectors lies in its ability to combine innovation, sustainability and market scale.** Europe has a strong global standing in several strategic industries, including healthtech, advanced manufacturing and robotics, clean energy technologies, agriculture and the bioeconomy, semiconductor equipment, aerospace, quantum and high-performance computing, and automotive. Europe combines significant support for innovation with adaptable industrial expertise that can be

strengthened and scaled. To balance efficiency and security, three things are key: targeted intervention with a focus on innovation, scaling companies and predictable demand (for which the power and size of the EU market should be leveraged).

**Building Europe’s strategic independence will take time. A pan-European strategy is essential, as are strong global alliances – especially for critical raw materials and markets.** Cleantech provides a clear example of the potential. China is highly competitive in global markets, yet EU cleantech exports continue to grow rapidly – 42% from 2017 to 2024. Trade among EU countries grew 71%, underscoring the importance of the single market and value chains contained within the European Union (Figure 6).

**Figure 6**  
Exports of cleantech goods (\$ billion)

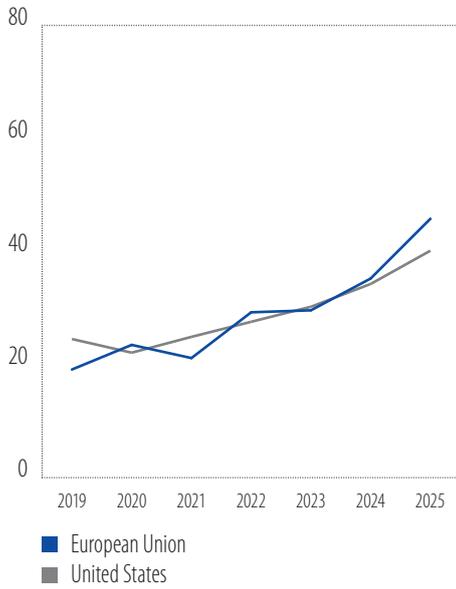


Source: EIB staff calculations based on UN Comtrade data.

**Digitalisation and AI adoption are pushing up EU firms’ productivity, but are also creating strategic dependencies in an increasingly polarised world.** According to EIB analysis, not only do as many EU firms use big data analytics and AI as US firms (Figure 7), but AI adoption already has a material impact on EU firms’ productivity, accounting for about 12% of the total productivity increase recorded since 2019 (Figure 8). In the short term, Europe benefits from its strong industrial base and supportive digital infrastructure. Looking ahead, the expansion of generative AI will intensify strategic dependencies and investment needs for innovation, data centres and energy. Europe needs a coordinated pan-European approach that aligns initiatives and investment in frontier computational infrastructure, key EU data spaces and cybersecurity.

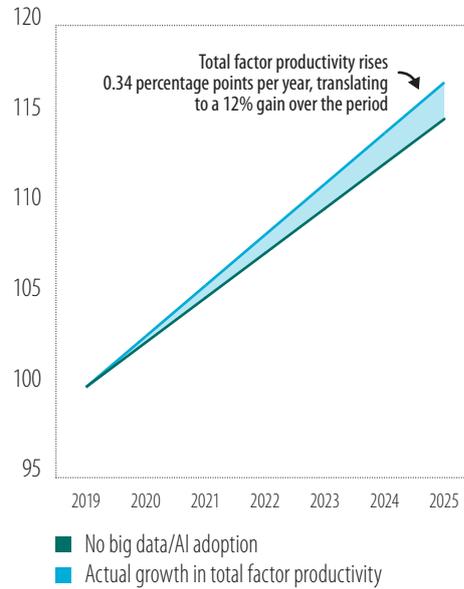
**Addressing remaining bottlenecks is essential to unlock the benefits of a fully integrated energy system, which is key to cutting energy costs for EU businesses and individuals.** Europe has weathered the energy shock and increased the security of its energy market. Energy costs are slowly being pushed down as clean energy is rolled out and markets become better integrated. Costs remain an issue, however, particularly for energy-intensive industries. For manufacturing firms, lower energy costs have been shown to support more productive investment and improve short-term profit margins and turnover, particularly when firms face external competition (Figure 9). While significant progress has already been made in renewables deployment, new bottlenecks are emerging. Investment is needed to accelerate cross-border interconnection and flexibility (combining energy storage with generation, for example), in the electricity grid and in wider electrification. Because transforming the energy sector involves substantial upfront costs, financial instruments that reduce investment risks – building on proven successful models – will be key to sustain investment momentum.

**Figure 7**  
Share of EU and US firms using big data analytics and AI (in %)



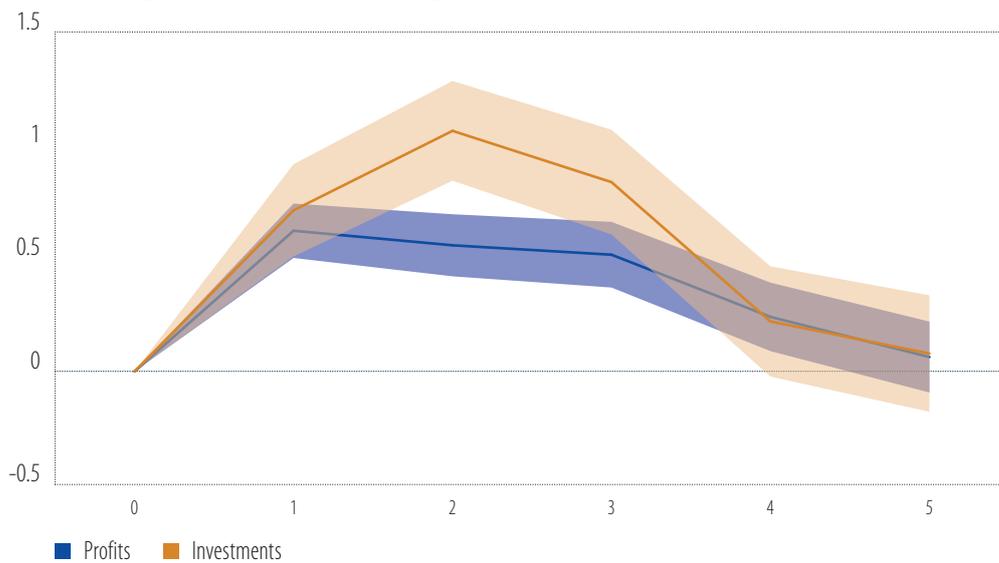
Source: EIB staff calculations based on EIBIS 2019-2025.

**Figure 8**  
Impact of big data and AI adoption on total factor productivity (index)



Source: EIB staff calculations based on EIBIS 2019-2025.  
Note: Aggregate total factor productivity derived from firm level regression for the 2019-2025 period.

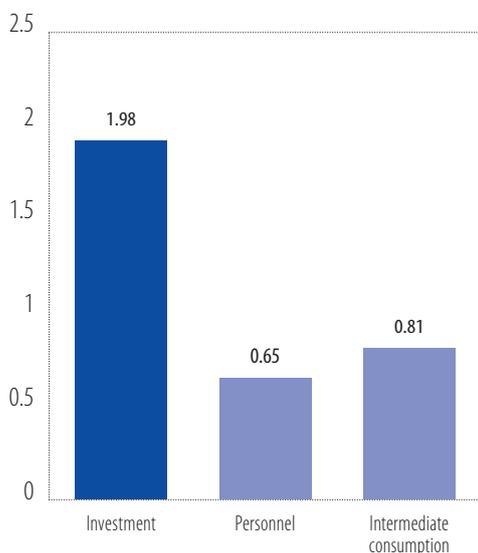
**Figure 9**  
Estimated response of manufacturing firm profits and investment (in percentage points) to a 1 percentage point decline in energy costs



Source: EIB staff calculations based on EIBIS 2016-2025, Organisation for Economic Co-operation and Development (Input-Output Tables, 2025) and Moody's Orbis database. The x-axis refers to years after the decline in energy costs.

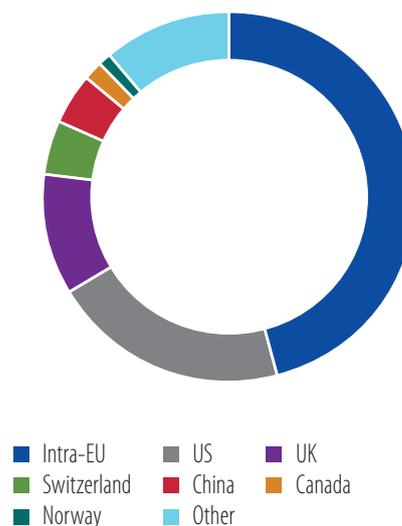
**Large needs for security and defence investment call for coordination, mobilisation of private resources and reinforcement of existing EU defence industries.** Public defence spending is increasing rapidly, with European NATO members targeting defence and security spending at 5% of GDP by 2035. While the primary purpose of defence spending is to ensure Europe’s security, it can spur overall growth by improving the productivity of the whole economy – particularly when military spending targets dual-use projects, research, innovation and investment (Figure 10). The European Union has identified military capability gaps and a need for more coordination. EU members could enhance the impact of security and defence spending by co-financing investments in the EU defence industrial base and harmonising standards. The composition of the supply chain matters, as strong cooperation among EU firms reinforces them. Mergers and acquisitions activity illustrates that Europe’s domestic defence industry is maturing, although foreign players remain a significant presence (Figure 11).

**Figure 10**  
**Cumulative impact of a 1 percentage point of GDP increase in defense spending (% GDP), after three years**



Source: García-Serrador, Sarasa-Flores and Ulloa (2025). See Chapter 2.  
 Note: The plots display the estimated cumulative fiscal multipliers, taking into account local projections three years after the increase in defence spending.

**Figure 11**  
**Origin of companies investing across borders in the European Union (number of firms), 2016-2025**



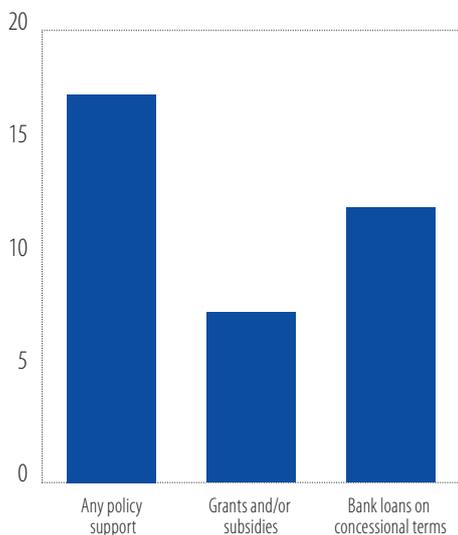
Source: EIB staff calculations based on Moody’s data on cross-border investments.

**Europe continues to lead globally on social issues and general well-being.** This is underpinned by comprehensive social protection systems, high standards of public service and strong social cohesion. Europe is healthier, safer and more inclusive than any other region globally. People in high-income EU countries live up to five years longer on average than in the United States. Employment rates in 2025 reached historically high levels: 76% of the working-age population. Sustained investment is key if Europe’s social model is to remain a foundation for inclusive growth. The lack of affordable housing needs urgent attention: 51% of people living in EU cities identified the lack of affordable housing as their most pressing problem. Addressing housing shortages would free people to move to areas with better job opportunities, and could increase EU GDP by 1.7% and decrease EU-wide wage inequality by around 1.5%.

## Given limited resources, public policy support must focus more on impact and mobilising private capital

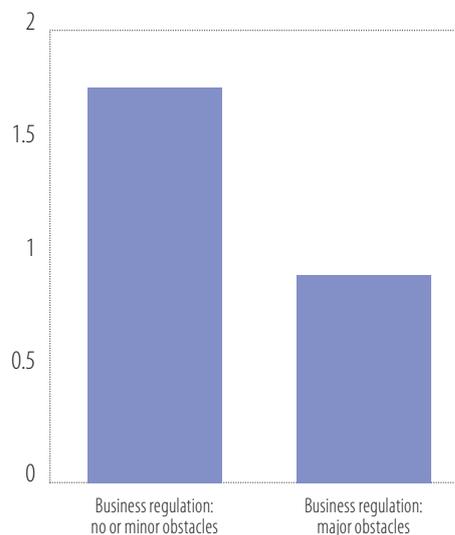
Pan-European and targeted instruments can effectively mobilise private resources, especially for firms operating in better business environments. Such instruments reduce investment risks (and costs), level the EU playing field and diversify and optimise opportunities. On average, 17% of investing EU firms benefited from policy support in the form of grants or finance on favourable terms (Figure 12). Targeted policy has proven more effective at mobilising private investment. Moreover, firms operating in a supporting business environments benefit more from policy support. (Figure 13).

**Figure 12**  
Share of firms receiving policy support (in %)



*Source:* EIB staff calculations based on EIBIS 2019-2025.  
*Note:* The chart includes all firms that invested in the last financial year excluding those that did not know or did not answer the question. Any policy support includes either grants/subsidies or bank finance with favourable terms. The question on bank loans on concessional terms was not asked in EIBIS 2023.

**Figure 13**  
Impact of policy support on intangible investment by measuring the change in investment over total assets (in percentage points)

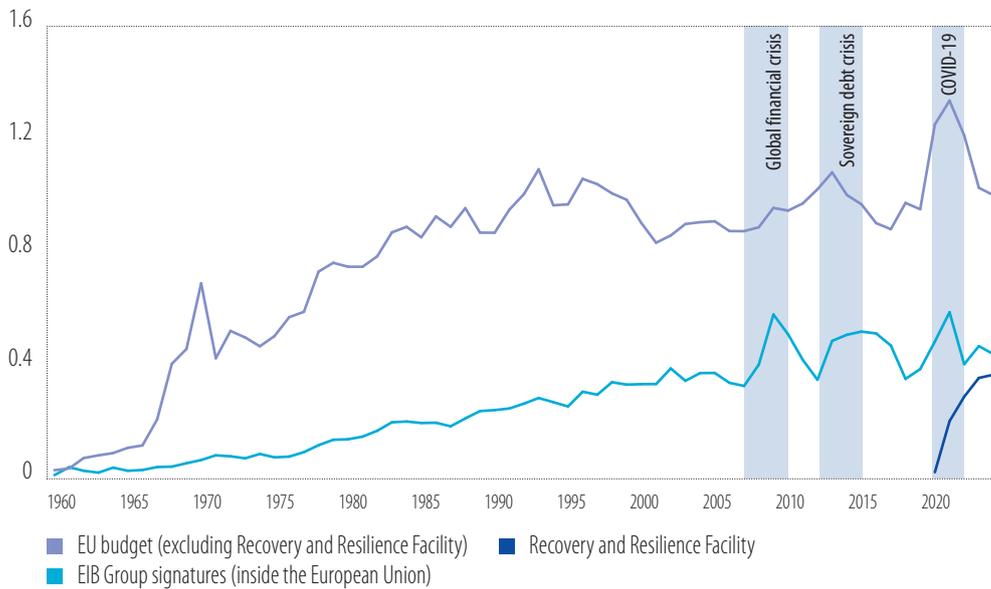


*Source:* EIB staff calculations based on the EIBIS and Moody's ORBIS database for 2022-2025.  
*Note:* The chart compares companies that received policy support with a matched sample of those that did not (three nearest neighbours) with similar characteristics. Policy support includes grants/subsidies and bank loans on favourable terms.

**Experience with the European Fund for Strategic Investment and InvestEU shows the power of mobilising EU resources.** A guarantee of €1 from the EU budget under InvestEU delivers an estimated €15 of investment in the real economy. A substantial share of that mobilisation comes from private sources (70% of resources mobilised under InvestEU were private).

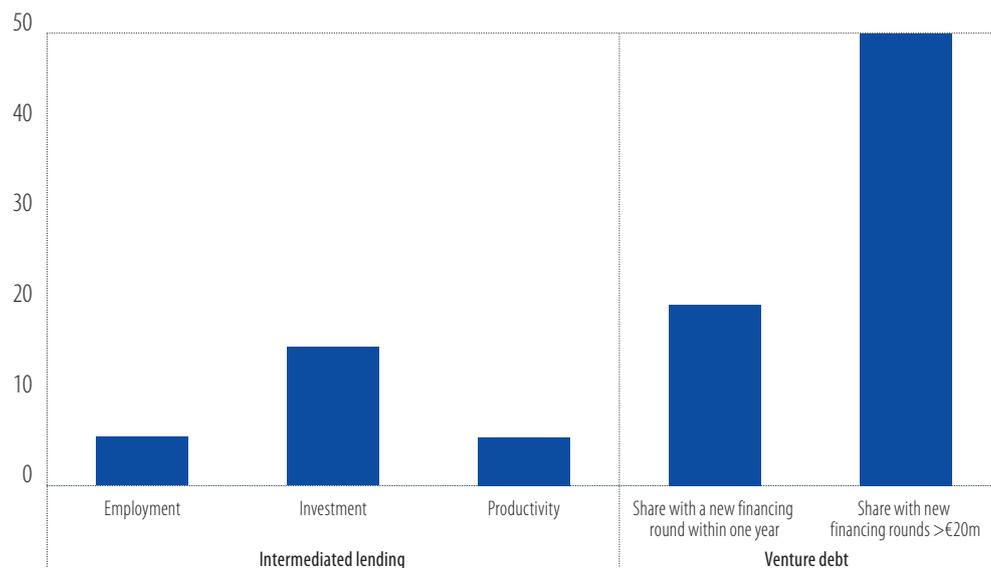
**A deep dive into EIB Group data shows that well-designed financial instruments deliver tangible impact, strengthening firms' performance and promoting innovation and EU competitiveness.** For example, firms receiving EIB loans invest 15% more than their peers and have 5% higher productivity (Figure 15). The European Investment Fund crowds in institutional investors to venture and growth funds through a fund-of-funds approach, while EIB-financed venture debt, which accounted for around 30% of the EU market, enables beneficiaries to raise 1.5 times more additional finance.

**Figure 14**  
**EIB Group signatures, EU budget and Recovery and Resilience Facility resources (% EU GDP)**



*Source:* EIB staff calculations.  
*Note:* Data are shown as a percentage of EU GDP, where the European Union consists of six countries to 1973; nine countries to 1981; ten countries to 1986; 12 countries to 1995; 15 countries to 2004; 25 countries to 2007; 27 countries to 2013; 28 countries to 2020; and 27 from then on.

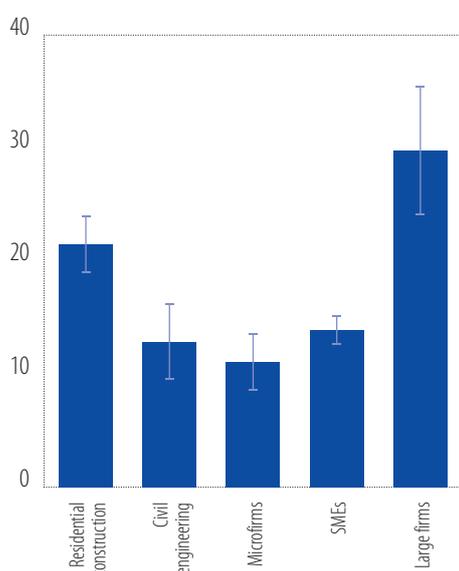
**Figure 15**  
**Performance of EIB beneficiary firms vs. comparable firms (% difference)**



*Source:* EIB staff estimates based on internal EIB loan data, the Orbis database and PitchBook data.  
*Note:* For intermediated lending, the graph reports the average impact for recipients of multibeneficiary intermediated loans relative to a matched sample of their peers in the three years after the loan. For venture debt, the graph reports the differences in financing rounds (venture capital and private equity rounds) between EIB venture debt recipients and a comparative sample of beneficiaries of venture debt from other lenders.

**To deliver results, large investment programmes in infrastructure and housing need to be effective and efficient.** The EU construction sector must become more productive, and lessons about best practices can be drawn from public-sector investment projects. Labour productivity in construction has fallen 15% since 2000, making housing less affordable and raising the cost of infrastructure projects. Digitalisation, particularly across the construction supply chain, can improve coordination and efficiency (Figure 16). Streamlining regulatory frameworks across the European Union would reduce administrative complexity and market fragmentation. Comparing experiences across the European Union shows the importance of standardised technology, streamlined governance and improved procurement to build crucial infrastructure more cheaply (Figure 17).

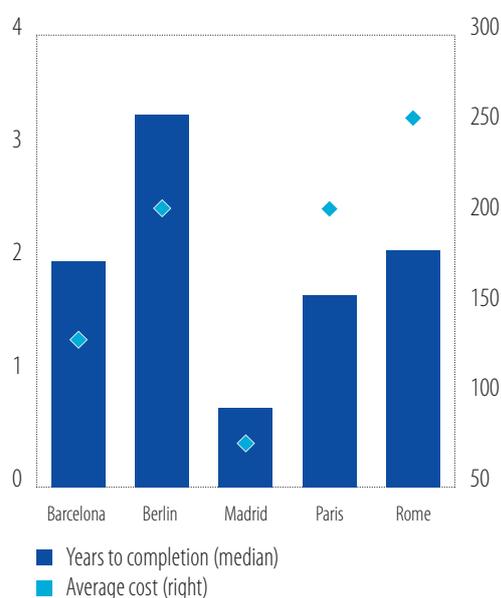
**Figure 16**  
Impact of digital technologies on the productivity of construction firms (productivity difference, in %)



Source: EIB staff calculations based on EIBIS 2019-2025.

Note: Estimates are based on pooled ordinary least squares regressions. All regressions control for country, sector, wave and firm age (younger than ten years old) with robust standard errors. The vertical lines represent 95% confidence intervals. SMEs stands for small and medium enterprises.

**Figure 17**  
Metro line completion time (left axis: years) and costs (right axis: \$ million per km)



Source: EIB staff calculations based on Transit Costs Project data, Marron Institute, 2024.

Note: The figure shows average cost per kilometre and the distribution of completion times for metro lines. The figure includes EU cities with four or more transit lines under construction from 1984 to 2024. The dataset covers a sample of lines with available information. Completion time is defined as the difference between the reported start and end years of construction in the Transit Costs Project data. Cost figures are shown in US dollars in 2023 prices.



# INVESTMENT REPORT **2025/26** EXECUTIVE SUMMARY

# CAPITALISING ON EUROPE'S STRENGTHS

