

European Fund for Strategic Investments: extension of duration; technical enhancements for the Fund and the European Investment Advisory Hub

2016/0276(COD) - 12/12/2017 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 502 votes to 125, with 19 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amended the Commission proposal as follows:

Strengthening additionality: the amended text stressed that the drive to achieve the quantitative perspective to mobilise at least EUR 315 billion in additional investment over an initial period of three years shall not prevail over the additionality of the projects selected.

Additionality shall mean support by the EFSI for operations which address market failures or sub-optimal investment situations and which could not have been carried out during the period in which the EU guarantee can be used, or not to the same extent, by the EIB, the EIF or under existing Union financial instruments, without EFSI support.

Projects supported shall strive to create employment and sustainable growth and shall typically have a higher risk profile than projects supported by normal EIB operations.

The following elements are strong indications of additionality:

- projects that carry a risk corresponding to EIB special activities, as defined in Article 16 of the EIB Statute, especially if such projects present country-, sector- or region-specific risks, in particular those experienced in less developed regions and transition regions and/or if such projects present risks associated with innovation;
- projects that consist of physical infrastructure, including infrastructure, linking two or more Member States or of the extension of such infrastructure or services linked to such infrastructure from one Member State to one or more Member States.

Reduce financing costs: the EIB and the Commission shall implement changes, in particular to the remuneration of the EU guarantee, to contribute to a reduction in the financing cost of the operation borne by the beneficiary of the EIB financing under EFSI so as to facilitate its implementation.

Similar efforts should be undertaken where necessary to ensure that EFSI supports small-scale projects.

Governance of EFSI: all institutions and bodies involved in EFSI governing structures shall endeavour to ensure gender balance in relevant EFSI governing bodies.

The Steering Committee shall comprise five members: three appointed by the Commission, one by the EIB and one expert appointed as a non-voting member by the European Parliament. The Steering Board shall elect a Chairperson from among its voting members for a fixed term of three years, renewable once.

The Managing Director shall exercise his or her duty of care regarding potential conflicts of interest of any member of the Investment Committee.

Twice a year, the EIB shall submit to the European Parliament, to the Council and to the Commission a list of all decisions of the Investment Committee as well as the scoreboards relating to all those decisions.

Conditions for the use of the EU guarantee: the EU guarantee shall be granted for EIB financing and investment operations approved by the Investment Committee or for funding or guarantees to the EIF in order to conduct EIB financing and investment operations. The EIB shall, where appropriate, delegate the appraisal, selection and monitoring of small-scale sub-projects to financial intermediaries or approved eligible vehicles, in particular investment platforms and national promotional banks or institutions.

The operations concerned shall be consistent with Union policies and support any of the following general objectives:

- railway infrastructure, other rail projects, and maritime ports;
- blockchain technology;
- internet of things;
- cybersecurity and network protection infrastructures;
- cultural and creative industries, for which sector-specific financial mechanisms are to be authorised in interaction with the Creative Europe Programme.

The amending Regulation provides that where the EIB provides funding or guarantees to the EIF in order to conduct EIB financing and investment operations, the EU guarantee shall provide for a full guarantee on such funding or guarantees up to an initial limit of EUR 6.5 billion, provided that an amount of at least EUR 4 billion of funding or guarantees is gradually provided by the EIB without coverage by the EU guarantee.

The limit of EUR 6.5 billion could be increased by the Steering Committee to a maximum of EUR 9 billion, without an obligation on the EIB to match the amounts above EUR 4 billion.

European Investment Advisory Platform (EIAH): in order for it to act as a single technical advisory hub for project financing within the Union, the amended text enhances the EIAH by stating that it should also:

- contribute to the sectoral and geographical diversification of the EFSI;
- support the EIB and national development banks or institutions in originating and developing operations, in particular in less developed regions and transition regions, and, where necessary, helping to structure demand for EFSI support;
- endeavour to conclude at least one cooperation agreement with a national promotional bank or institution per Member State;
- be present at the local level to provide tailor-made assistance on the ground.

Lastly, the EIB and the EIF shall not enter into new or renewed operations with entities incorporated or established in jurisdictions listed under the relevant Union policy on non-cooperative jurisdictions, or that are identified as high-risk third countries, or that do not effectively comply with Union or internationally agreed tax standards on transparency and exchange of information.