3.4.2017

OPINION

of the Committee on Industry, Research and Energy

for the Committee on Budgets and the Committee on Economic and Monetary Affairs


Rapporteur: Eva Kaili

(*) Associated committee – Rule 54 of the Rules of Procedure
SHORT JUSTIFICATION

The current low levels in growth and recovery of the post-crisis European Union is the result of a decline in output, triggered by factors like the slow-down in technological progress, a structural shift to low productivity sectors and high leverage ratios. It is thus, paramount, to concentrate our forces in a coordinated effort to avoid the dangers of secular stagnation in an economically-, environmentally- and socially-responsible way.

ITRE, in line with its remit, places in the core of its priorities the optimization of the energy sector, the telecommunications sector, the digital technologies, R&I, SMEs and the new and the traditional industrial frameworks. These sectors underpin the much-needed acceleration of European productivity.

Your rapporteur believes that EFSI 2.0 is an opportunity to accelerate the European output as well as a dynamic instrument that has the potential to re-shape the current investment framework in the EU, by harmonizing the economical ecosystem, cutting red-tape and removing coordination inefficiencies and structural frictions.

EFSI, however, is not a cohesion policy instrument. It is, rather, meant to be a stimulant of the economic capacity of the EU that should help all Member-States to cover their investment gaps. EFSI is an added-value mechanism aiming to augment and complement, and not compete with the existing financial resources and facilities. A basic corollary from that is that EFSI, should never, neither now, nor in the future, replace cohesion funds and similar instruments.

In order for EFSI to be successful in its investment targets it should enhance the realisation of the economic potential of each Member States, both in geographic and in sectorial terms. Unfortunately, EFSI has not yet met the challenge of geographic and sectorial diversification.

Your rapporteur emphasizes the EU cannot return to growth and create jobs and prosperity through a “business-as-usual” attitude. It requires a medium- to long-term effort and persistence. It is not a sprint. It is a marathon race. The EIB and the Commission, as the two institutions primarily responsible for implementing EFSI, should adhere to this mentality. The aim is not to disburse money as fast as possible. The content, the additionality and the geographical spread matter more than the speed at which funds are absorbed.

This ITRE opinion, focuses especially on the fields of energy, telecommunication, research, digital technologies, and SMEs and concentrates on the current weaknesses of EFSI to address sectorial and geographical market-failures and sub-optimal investment situations, which should now be remedied in EFSI 2.0.

Based on the aforementioned reasoning, your rapporteur proposes the following amendments to EFSI 2.0:

- EFSI-supported projects should be more additional. The EIB should enhance its capacity to accept riskier projects, both through risk-sharing instruments and first-loss guarantees that will are particularly useful for infrastructure projects.
- Transparency and accountability in the selection process should be a crucial ex-ante requirement for the criterion of additionality and the implementation of the EFSI regulation and should be safeguarded by EFSI 2.0.
- Geographical diversification must be secured by explicitly addressing the problem of diverse risk premia charged for similar projects in different parts of EU, that derive from the different risk-profiles of the Member States.
- The third pillar of the Investment Plan for Europe (removing barriers to investment) is a necessary condition for the success of EFSI, but it cannot be used as an alibi to legitimize the poor absorption of EFSI especially from the Cohesion Countries or the Member States who suffered more from the recent financial crisis.
- The Commission should work closely with the EIB to strengthen the role of National Promotional Institutions and to establish them in Member States that do not have one.
- In order to attract fresh money, the Commission should work closely with the Financial Regulatory Authorities of the EU in order to allow Financial Institutions to invest more in long-term infrastructure projects by relaxing related regulatory restrictions in their balance sheets.
- The strict implementation of the Stability and Growth Pact should not be an impediment for Member States to use EFSI for investments in infrastructure. The Commission should adopt policies in this direction.
- Special emphasis should be put on pro-growth and job-creation projects in remote areas or in less-developed regions.
- CEF grants and other related facilities should not compete with EFSI or with its market-driven orientation aiming to crowd in “fresh money” and mobilize idle capital. An optimal blending of resources is thus necessary for the success of launching investment in EU. The regulatory framework that allows this blending should be taken into consideration. The Financial Regulation Omnibus is expected to help in this direction.
- Multinational infrastructure projects should be expanded. The Commission should strive for harmonization among the regulatory diversities Member States. This is necessary for the acceleration of infrastructure projects that involve two or more Member States or cross-border ones.
- The strengthening and expansion of the role of the EIAH is critical for the success of EFSI. It should assist local authorities, NPIs and investors, facilitate the creation of investment platforms when they are necessary, help in the formation of SPVs and PPPs, as well as advise stakeholders about innovative sources of funding, especially in infrastructure projects, energy projects and digital sector projects.
- In line with COP21 commitments EFSI should support at least up to 40% projects that contribute to the climate action, including at least 20% financing to energy efficiency projects. Fossil fuel projects shall be avoided.
- In line with the competitive advantages the EU has in the field of digital technologies, EFSI should put the forward-looking digital sector to the top of its financing priorities, especially projects that expand the capacity and infrastructure of connectivity, cybersecurity, networks, blockchain platforms, Internet of Things and so on. This prioritization should be strengthened by experts from those sectors in the EIAH and the decision-making governance of EIB.
- EFSI should address the investment gap in research, especially in the pioneering and low TRL sectors that are expected to determine and shape the consumers’ demand in the coming 20 years.
- The Commission and the EIB should work together for the proactive identification of non-cooperative jurisdictions and establish clear and publicly-available criteria that augment the legal certainty of EFSI without compromising Union standards on issues related to tax governance.

**AMENDMENTS**

The Committee on Industry, Research and Energy calls on the Committee on Budgets and the Committee on Economic and Monetary Affairs, as the committees responsible, to take into account the following amendments:

**Amendment 1**

**Proposal for a regulation**

**Recital 4**

*Text proposed by the Commission*

(4) The EFSI, implemented and co-sponsored by the EIB Group, is firmly on track to deliver the objective of mobilising at least EUR 315 billion in additional investments in the real economy by mid-2018. The market absorption has been particularly quick under the SME Window where the EFSI is delivering well beyond expectations. In July 2016 the SME Window was thus scaled-up by EUR 500 million within the existing parameters of Regulation (EU) No 2015/1017. A larger share of financing to be geared towards SMEs given the exceptional market demand for SME financing under the EFSI: 40% of the increased risk bearing capacity of the EFSI should be geared towards increasing access to financing for SMEs.

*Amendment*

(4) In the first period of its implementation, the EFSI delivered significant and encouraging results. It is still too early to evaluate the full impact of the EFSI on closing the investment gaps, reducing the high levels of unemployment and improving the anaemic growth rates in the Union following the recent financial crisis. Nevertheless, current data indicate that there is room for improvement in different areas, including complementarity with the other pillars of the Investment Plan, better distribution across Member States, additionality, governance and in attracting sustainable investments that promote climate action. There are also indications that the EFSI might be lagging behind in terms of signed operations as well as disbursements according to the EIB’s operation evaluation of its function up to 30 June 2016. Moreover, the SME Window has had a quicker market absorption as compared to the IIW but that might be due to the different nature
of the projects.

Amendment 2
Proposal for a regulation
Recital 4 a (new)

Text proposed by the Commission

(4a) The EFSI is expected to mobilise the targeted EUR 315 billion in additional investments by mid-2018. However, there is no independent assessment, neither of those economic results nor of the societal and environmental impact of the EFSI. It is recalled that the primary aim of the EFSI is to support projects that provide citizens of the Union with long-term societal and environmental benefits, high quality long-term jobs and infrastructures.

Amendment 3
Proposal for a regulation
Recital 5

Text proposed by the Commission

(5) On 28 June 2016, the European Council concluded that "the Investment Plan for Europe, in particular the European Fund for Strategic Investments (EFSI), has already delivered concrete results and is a major step to help mobilise private investment while making smart use of scarce budgetary resources. The Commission intends to soon put forward proposals on the future of the EFSI, which should be examined as a matter of urgency by the European Parliament and the Council."
helping them to overcome current investment difficulties and strengthen their competitiveness. Taking into consideration those imbalances, as well as existing financial frictions, structural impediments, regulatory frameworks, and the risk-aversion of investors, the Commission should undertake ambitious initiatives to help mobilize private investment and proceed with the introduction of the necessary regulatory transformations in order to allow financial institutions to take more infrastructure projects into their portfolios, including further financing of SMEs, while making smart use of scarce budgetary resources. Consideration should also be given to the fact that existing structural inefficiencies in certain Member States do not favour other Member States when it comes to the use of the EFSI. For that reason, no Member State should be entitled to use more than 10% of the EFSI facility.

Amendment 4

Proposal for a regulation
Recital 6

Text proposed by the Commission

(6) The EFSI was established for an initial period of three years and with the aim of mobilising at least EUR 315 billion in investments. Given its success, the Commission is committed to the doubling of the EFSI, both in terms of duration and financial capacity. The legal extension covers the period of the current Multiannual Financial Framework and should provide a total of at least half a trillion euro investments by 2020. In order to enhance the firepower of the EFSI even further and reach the aim of doubling the investment target, Member States should also contribute as a matter of priority.

Amendment

(6) Given the positive indicators, the Commission is committed to the doubling of the EFSI, both in terms of duration and financial capacity. The legal extension covers the period of the current Multiannual Financial Framework and should provide a total of at least half a trillion euro investments by 2020. In order to enhance the firepower of the EFSI even further and reach the aim of doubling the investment target, Member States should also contribute as a matter of priority.
Amendment 5

Proposal for a regulation
Recital 8

Text proposed by the Commission

(8) The extended EFSI should address remaining market failures and sub-optimal investment situations and continue to mobilise private sector financing in investments crucial for Europe’s future job creation – including for the youth –, growth and competitiveness with strengthened additionality. They include investments in the areas of energy, environment and climate action, social and human capital and related infrastructure, healthcare, research and innovation, cross-border and sustainable transport, as well as the digital transformation. In particular, the contribution of operations supported by the EFSI to achieving the Union’s ambitious targets set at the Paris Climate Conference (COP21) should be reinforced. Energy interconnection priority projects and energy efficiency projects should also be increasingly targeted. In addition, EFSI support to motorways should be avoided, unless it is needed to support private investment in transport in cohesion countries or in cross-border transport projects involving at least one cohesion country. For reasons of clarity, although they are already eligible, it should be explicitly laid down that projects in the fields of agriculture, fishery and aquaculture come within the general objectives eligible for EFSI support.

Amendment

(8) The extended EFSI should address remaining market-failures and sub-optimal investment situations and continue to mobilise private sector financing in investments crucial for Europe’s future in terms of high and sustainable levels of quality human capital, the creation of good quality jobs (especially for the youth), growth and competitiveness with strengthened additionality, as well in terms of increasing social cohesion, social inclusion, and hence enhancing the well-being of citizens of the Union. It should also include investments in the areas of energy, environment and climate action, and related infrastructure, healthcare, research and innovation, cross-border and sustainable transport, tourism, as well as the digital transformation. In particular, the contribution of operations supported by the EFSI to achieving the Union’s ambitious targets set at the Paris Climate Conference (COP21) and the Union 2050 commitment to reduce greenhouse gas emissions by 80-95% should be reinforced. Electricity interconnection priority projects, energy efficiency and circular economy projects, especially when they improve Union energy security, enabling private individuals and local communities and cooperatives to become actively involved, should also be increasingly targeted, along with the adaptation of energy grids and renewable energy generation storage and distribution as well as alternative energy resources for vehicles and the building sector. Findings so far show that the broad support provided by the EFSI to energy, energy efficiency and renewable energy projects has been accompanied by
a corresponding reduction in ordinary EIB investments in those sectors, thereby nullifying the notion of additionality. EFSI-financed loans should be granted in addition to ordinary EIB investment operations. Similarly, in the digital sector, and within the scope of the ambitious Union policy on the Digital Economy, new digital infrastructure targets should be set in order to ensure the bridging of the digital divide and that the Union will be a global pioneer in the new age of the, so-called, internet of things, blockchain technology, and cyber- and network-security. Moreover, a criterion for the success of the EFSI should be the assistance provided to policy areas that suffered from cuts in investments in order to fund the EFSI, such as research grants, especially for low technology readiness levels. EFSI support to motorways should be avoided, unless it is needed to support private investment in transport in cohesion countries or in cross-border transport projects involving at least one cohesion country. For reasons of clarity, although they are already eligible, it should be explicitly laid down that projects in the fields of agriculture, fishery and aquaculture come within the general objectives eligible for EFSI support. EFSI support for fossil fuel projects, especially infrastructure and nuclear installations, should be avoided.

Amendment 6
Proposal for a regulation
Recital 8 a (new)

Text proposed by the Commission

(8a) It should be noted that in its EFSI-supported special activities, the EIB makes systematic use of participation in risk-sharing instruments with its co-investors. The EIB should therefore intervene, as a matter of course where
blending is concerned and where necessary in other cases, by providing first loss guarantees for the activities concerned in order to optimise the additionality of the EFSI facility and mobilise more private funds.

Amendment 7

Proposal for a regulation
Recital 8 b (new)

Text proposed by the Commission

(8b) It should be borne in mind that the leading global powers have all created military-industrial complexes in order to stay ahead of the competition in technological and scientific terms. It is therefore imperative that the Union does the same by allocating large sums, in particular through the EFSI, to the creation of a Union defence industry which, as a result of its research and development work, will have a significant civil and economic impact.

Amendment 8

Proposal for a regulation
Recital 9

Text proposed by the Commission

(9) Additionality, a key feature of the EFSI, should be strengthened in the selection of projects. In particular, operations should only be eligible for EFSI support if they address clearly identified market failures or sub-optimal investment situations. Operations in infrastructure under the Infrastructure and Innovation Window linking two or more Member States, including e-infrastructure, should be considered additional given their inherent difficulty and their high added value for the
augmented by geographical factors such as the origin of the beneficiary or the geographical destination of the project. Operations in infrastructure under the Infrastructure and Innovation Window linking two or more Member States, especially if at least one Member-State is a cohesion country, including e-infrastructure, should be considered additional given their inherent difficulty and their high added value for the Union. Moreover, projects supported by the EFSI should also be considered as providing additionality when generating long-term social and environmental benefits. An activity report on how and to what extent social and environmental factors were taken into consideration should be drawn up.

Amendment 9
Proposal for a regulation
Recital 9 a (new)

Text proposed by the Commission

(9a) The EIB has already developed a range of products that facilitate further risk-taking through, predominantly, risk-sharing instruments with its co-investors. The EIB should intervene by providing first-loss-guarantees in order to optimise the additionality of the EFSI and mobilise more private funds and accelerate investments, especially in the infrastructures sector.

Amendment 10
Proposal for a regulation
Recital 9 b (new)

Text proposed by the Commission

(9b) Transparency in the eligibility, approval and selection stages of projects
is an essential condition and is to be reflected in the governance structure of the decision-making process. The role of the Steering and Investment Committees should be further clarified. The result of their decisions in the selection procedure should ensure additionality and the basis on which a project is rejected should be disclosed. It is therefore important to continually confirm the accountability of the decision-makers in order to ensure that any difficulties in the implementation of Regulation (EU) 2015/1017 are not repeated in this Regulation. Moreover, the Commission should work promptly in the formation of pre-defined, clear, objective, and publicly-available criteria that reduce legal uncertainty and improve tax governance, especially when the investment activities involve entities with links to non-cooperative jurisdictions. Transparency is also necessary in the methodology that the EIB uses to define the interest rate for its financing activities through the EFSI. Excessive country risk premia should not serve as a deterrent for the participation of beneficiaries from disadvantaged Member States.

Amendment 11

Proposal for a regulation

Recital 10

*Text proposed by the Commission*

(10) Due to their potential to increase the efficiency of the EFSI intervention, blending operations combining non-reimbursable forms of support and/or financial instruments from the Union budget, such as those available under the Connecting Europe Facility, and financing from EIB Group, including EIB financing under the EFSI, as well as other investors should be encouraged. Blending aims to enhance the value added of Union spending by attracting additional resources

*Amendment*

(10) Due to their potential to increase the efficiency of the EFSI intervention, blending operations combining non-reimbursable forms of support and/or financial instruments from the Union budget, such as those available under the Connecting Europe Facility, and financing from EIB Group, including EIB financing under the EFSI, as well as other investors should be encouraged. Blending aims to enhance the value added of Union spending by attracting additional resources
from private investors and to ensure the actions supported become economically and financially viable. In view of the inherent complexity of those instruments, the EIAH should also give guidance on the optimal choice of funding instruments and blending. Moreover the EIAH, being a market-driven instrument providing advice on investment on various market sectors, should, where appropriate, also provide access to expertise to other advisory entities with relevant specialised knowledge of specific market sectors. Encouragement of further collaboration between the EIAH and other advisory entities is critical for the success of the EFSI, especially in market areas and niches where higher specialisation and deeper know-how is needed.

Amendment 12
Proposal for a regulation
Recital 10 a (new)

Text proposed by the Commission

(10a) In order to improve the performance of the EFSI at both national and regional level, there is a need to step up cooperation between the EIB, which steers the EFSI, and the national promotional banks or institutions.

Amendment 13
Proposal for a regulation
Recital 11

Text proposed by the Commission

(11) In order to reinforce the take-up of the EFSI in less-developed and transition regions, the scope of the general objectives eligible for EFSI support should be enlarged.

(11) In order to reinforce the uptake of the EFSI in less-developed and transition regions, the scope of the general objectives eligible for EFSI support should be enlarged to ensure a balanced distribution of projects across the Union, so that all
Member States have access to finance. With a view to contributing to the Union objective of economic, social and territorial cohesion, reduction of regional disparities, increase in good quality jobs and the broadening of the productive base of Member States, especially for the Member States most affected by the financial crisis or regions that are not within the Union average in terms of GDP growth, the geographical balance of EFSI support needs to be enhanced, in line with the geographical diversification and concentration guidelines and by strengthening the role of the EIAH. That should be done whilst preserving the market-driven nature of the EFSI.

Amendment 14

Proposal for a regulation
Recital 14

Text proposed by the Commission

(14) In order to partly finance the contribution from the general budget of the Union to the EU guarantee fund for the additional investments to be made, a transfer should be made from the available envelope of the Connecting Europe Facility (CEF), provided for in Regulation (EU) No 1316/2013 of the European Parliament and of the Council. Moreover, EUR 1 145 797 000 of appropriations should be transferred from the CEF financial instruments to the grant part of the CEF with a view to facilitating blending with the EFSI or to other relevant instruments, in particular those dedicated to energy efficiency.

Amendment

(14) In order to partly finance the contribution from the general budget of the Union to the EU guarantee fund for additional investments to be made, an appropriate adjustment to the target rate of the EU guarantee fund should allow the necessary increase in funding without any further reduction in the scarce resources of the available envelope of the Connecting Europe Facility (CEF) and Horizon 2020, provided for in Regulations (EU) No 1316/2013 and No 1291/2013 of the European Parliament and of the Council as presented in the evaluation carried out by the Commission. Moreover, EUR 1 145 797 000 of appropriations should be transferred from the CEF financial instruments to the grant part of the CEF with a view to facilitating blending with the EFSI or to other relevant instruments, in particular those dedicated to energy efficiency.
Amendment 15
Proposal for a regulation
Recital 15

Text proposed by the Commission

(15) On the basis of the experience acquired with the investments supported by the EFSI, the target amount of the guarantee fund should be brought to 35% of the total EU guarantee obligations ensuring an adequate level of protection.

Amendment

(15) On the basis of the experience acquired with the investments supported by the EFSI, the target amount of the guarantee fund should be brought to 32% of the total EU guarantee obligations ensuring an adequate level of protection.

Amendment 16
Proposal for a regulation
Recital 15 a (new)

Text proposed by the Commission

(15a) It is paramount to evaluate whether, and to what extent, the strict implementation of the Stability and Growth Pact presents an obstacle for some Member States, especially for those that suffered more from the recent financial crisis, in participating directly in
the EFSI or indirectly by contributing with public financing to individual projects and investment platforms. It is also essential to investigate if treating direct or indirect contributions from Member States and regional or local administrations as ‘one-offs’ under the Stability and Growth Pact results in more jobs and growth. Those measures will support Member States in implementing the necessary reforms that are essential in consolidating the growth of local economies.

Amendment 17
Proposal for a regulation
Recital 15 b (new)

Text proposed by the Commission

(15b) It is also to be noted that the EFSI is a financial facility created to add value to the existing financial instruments, such as ESIFs, Cohesion Funds and CEF, and not to compete with them. In addition, any further expansion of the EFSI beyond the current MFF should explore alternative sources of funding other than those indicated by Regulation (EU) No 1291/2013, in view of the challenges posed to the Union’s position as a global leader in science, research and discovery. Consequently, the EFSI should not replace (or partly replace) the existing cohesion and structural funds and related facilities or compromise and reduce their importance.

Amendment 18
Proposal for a regulation
Recital 16

Text proposed by the Commission

(16) In line with the exceptional market

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demand for SME financing under the EFSI which is expected to continue, the EFSI SME Window should be enhanced. Particular attention should be paid to social enterprises, including through the development and deployment of new instruments.

Amendment 19

Proposal for a regulation
Recital 17

Text proposed by the Commission

(17) The EIB and the EIF should ensure that the final beneficiaries, including SMEs, are informed of the existence of EFSI support, so as to enhance the visibility of the EU guarantee granted under Regulation (EU) 2015/1017.

Amendment

(17) The EIB and the EIF should ensure that the final beneficiaries, including start-ups and SMEs, are informed of the existence of EFSI support, so as to enhance the visibility of the EU guarantee granted under Regulation (EU) 2015/1017. The EFSI logo should be prominently placed in the financing agreement, particularly in the case of SMEs, so as to increase the visibility of the EFSI as a Union initiative.

Amendment 20

Proposal for a regulation
Recital 21

Text proposed by the Commission

(21) The European Investment Advisory Hub (EIAH) should be enhanced and its activities should focus on needs not covered adequately under current arrangements. It should pay particular attention to supporting the preparation of projects involving two or more Member States and projects that contribute to achieving the objectives of COP21. Notwithstanding its objective to build upon existing advisory services of the EIB and the Commission, so to act as a single technical advisory hub for project financing within the Union, the EIAH

Amendment

(21) The European Investment Advisory Hub (EIAH) should be enhanced through increased accessibility and transparency, and its activities should focus on needs not covered adequately under current arrangements. It should pay particular attention to supporting the preparation of projects providing genuine additionality, involving two or more Member States or projects in on-border regions and projects that contribute to achieving the objectives of COP21. Notwithstanding its objective to build upon existing advisory services of the EIB and the Commission, so to act as a
should also contribute actively to the objective of sectorial and geographical diversification of the EFSI and support the EIB where needed in originating projects. It should also actively contribute to the establishment of investment platforms and provide advice on the combination of other sources of Union funding with the EFSI.

single technical advisory hub for project financing within the Union, the EIAH should also contribute actively to the objective of sectorial and geographical diversification of the EFSI and support the EIB where needed in originating and aggregating projects by strengthening its local presence in Member States with limited capacity but high investment potential. Increased funding is necessary to enable the EIAH to create offices that act as decentralised regional clusters of technical assistance and to ensure that information material is available in all the languages of the Member States. It should also take into account the specificities of Member States, such as maturity of financial markets, the limited experience in the use of complex financial instruments, as well as specific obstacles related to the development and implementation of projects. It should also actively collaborate with established national promotional banks or institutions, work with the Commission in order to facilitate Member States in the establishment of NPBs to the establishment of sectorial, thematic or regional investment platforms and provide advice on the combination of other sources of Union funding with the EFSI, as well as providing information about the respective eligibility criteria to be respected by those funds.

Amendment 21

Proposal for a regulation
Recital 21 a (new)

Text proposed by the Commission

Amendment

(21a) A positive view should be taken of the possibility for certain EFSI funding to be offered in the form of participation in the projects financed. In light of the possibility for certain financing to be offered in that form, it is appropriate to integrate such a system into public...
projects submitted for funding.

Amendment 22
Proposal for a regulation
Recital 22

Text proposed by the Commission

(22) Regulation (EU) No 1316/2013
and Regulation (EU) No 2015/1017 should therefore be amended accordingly,

Amendment

(22) Regulation (EU) 2015/1017 should therefore be amended accordingly,

Amendment 23
Proposal for a regulation
Article 1 – paragraph 1 – point 2
Regulation (EU) 2015/1017
Article 5 – paragraph 1 – subparagraph 3

Text proposed by the Commission

To better address market failures or sub-optimal investment situations, EIB special activities supported by the EFSI shall typically have features such as subordination, participation in risk-sharing instruments, cross-border characteristics, exposure to specific risks or other identifiable aspects as further described in Annex II.

Amendment

The EIB’s special activities supported by the EFSI shall better address economic and financial inefficiencies, market failures and sub-optimal investment situations, including discrepancies in the investment capacity of Member States and their diverse risk premia, leveraging frictions, weak investment multipliers, complicated multi-national and cross-border projects and aversion to risk investment, especially in research, innovation, new technologies, as well as existing and new infrastructures.

To that end, these special activities shall typically have features such as subordination, participation in risk-sharing instruments, first-loss guarantee schemes in the event that the EFSI is combined with Union and/or national budgetary resources, cross-border characteristics, and exposure to specific risks or other identifiable aspects as further described in Annex II. The EFSI shall maximise the number of projects and the number of final beneficiaries and the potential leverage effect.
EIB projects carrying a risk lower than the minimum risk under EIB special activities may also be supported by the EFSI if the use of the EU guarantee is required to ensure additionality as defined in the first subparagraph of this paragraph.

The projects supported by the EFSI that consist of physical infrastructure linking two or more Member States or of the extension of physical infrastructure or services linked to physical infrastructure from one Member State to one or more Member States, shall also be considered to provide additionality.;

The EFSI may support projects that consist of physical infrastructure linking two or more Member States or of the extension of physical infrastructure or services linked to physical infrastructure from one Member State to one or more Member States, as long as those projects provide additionality.

Additionality shall also be linked to the innovative nature and long-term societal and environmental benefits of the projects and their potentially longer-term and higher-risk financing needs.

Moreover, in order to better reach sectors where the demand for financing cannot be sufficiently met by the private market and where the nature and size of operations and loan requirements mean it is not possible to access funding through classic EIB activities, the EFSI should also support sector-specific financial mechanisms, in particular for cultural and creative industries (CCI), provided for under Union framework programmes such as the guarantee facility within the Creative Europe programme through the provision of guarantees for topping-up and front-loading of those mechanisms.

Moreover, when the EFSI is combined with other funds, such as CEF, Horizon 2020 and ESIFs, the additionality criteria shall apply and the highest risk tranche shall be covered by the EFSI. However, financing through the EFSI shall not replace grants under Union funding such as ESIF, CEF and Horizon 2020.
Amendment 24

Proposal for a regulation
Article 1 – paragraph 1 – point 2 a (new)
Regulation (EU) 2015/1017
Article 5 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

(2a) In Article 5 the following paragraph is inserted:

‘2a. To that end, and so as to ensure that the additionality criteria include more than just the financial or the risk variables, the EFSI shall assess the environmental and social performance of every project supported.’

Amendment 25

Proposal for a regulation
Article 1 – paragraph 1 – point 3 a (new)
Regulation (EU) 2015/1017
Article 6 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

(3a) In Article 6(1) the following subparagraph is added:

‘The Investment Committee shall be responsible for ensuring that overall, projects under the EU guarantee foster social and regional cohesion across the Union.’

Amendment 26

Proposal for a regulation
Article 1 – paragraph 1 – point 4 – point a – point i (new)
Regulation (EU) 2015/1017
Article 7 – paragraph 8 – point d

Present text

Amendment

(-i) point (d) is replaced by the following:
'(d) information and communication technologies infrastructures;
'(d) information, cyber security, networks, block chain and communications technologies infrastructures;'

Amendment 27

Proposal for a regulation
Article 1 – paragraph 1 – point 4 – point a – point i a (new)
Regulation (EU) 2015/1017
Article 7 – paragraph 8 – point f

Present text
'(f) education and training;
Amendment
'(f) human capital development, education and training;'

Amendment 28

Proposal for a regulation
Article 1 – paragraph 1 – point 4 – point a – point -ii (new)
Regulation (EU) 2015/1017
Article 7 – paragraph 8 – point h

Present text
'(h) SMEs;'
Amendment
'(h) startups and SMEs;'

Amendment 29

Proposal for a regulation
Article 1 – paragraph 1 – point 4 – point a – point ii a (new)
Regulation (EU) 2015/1017
Article 7 – paragraph 8 – point l a (new)

Text proposed by the Commission
'(la) defence'.

Amendment
'(la) The following point is added:
'(la) defence'.

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**Amendment 30**

**Proposal for a regulation**

**Article 1 – paragraph 1 – point 4 – point d**

Regulation (EU) 2015/1017

Article 7 – paragraph 12 – subparagraph 2 – second sentence

*Present text*

Decisions approving the use of the EU guarantee shall be public and accessible, and include the rationale for the decision, with particular focus on compliance with the additionality criterion. *The publication shall not contain commercially sensitive information.* In reaching its decision, the Investment Committee shall be supported by the documentation provided by the EIB.

*Amendment*

Decisions approving the use of the EU guarantee shall be made public and accessible together with detailed minutes, and shall include the rationale for the decision, with particular focus on compliance with the additionality criterion. *In its proposal, the Investment Committee shall give employment and sustainability more weight. Publications shall not contain commercially sensitive information.* In reaching its decision, the Investment Committee shall be supported by the documentation provided by the EIB. *Each project approved under the EFSI should be accompanied by a substantiated and verifiable justification by the Steering Committee concerning additionality. The assessment of additionality of individual projects shall be detailed, especially in relation to the market failures which the EFSI seeks to address.*

*The scoreboard shall function as a priority-setting tool for each EFSI project and shall also be publicly available after the evaluation of projects applying for the use of the EU guarantee. Furthermore, the scoreboard of indicators shall be used by the Investment Committee to ensure an independent and transparent assessment of the potential and actual use of the EU guarantee, and to prioritise the use of the EU guarantee for operations that display higher scores and additionality.*

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**Amendment 31**

**Proposal for a regulation**

**Article 1 – paragraph 1 – point 5 – point - a (new)**
Regulation (EU) 2015/1017
Article 9 – paragraph 2 – points e – points ia to ic (new)

Text proposed by the Commission

Amendment

(aa) in paragraph 9(2) (e) the following subpoints are inserted:

‘(ia) blockchain technology;
(ib) internet of things;
(ic) cybersecurity and network protection infrastructures;’

Amendment 32

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point a a (new)
Regulation (EU) 2015/1017
Article 9 – paragraph 2 – point i a (new)

Text proposed by the Commission

Amendment

(aa) in paragraph 2, the following point is added:

‘(ia) support for Union initiatives in the defence sector, in particular via:

(i) research and development at Union level;
(ii) the development of the Union’s defence capabilities;
(iii) SMEs and mid-caps in the field of defence.’

Amendment 33

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point b
Regulation (EU) 2015/1017
Article 9 – paragraph 2 – subparagraph 1 a

Text proposed by the Commission

Amendment

The EIB shall target that at least 40 % of EFSI financing under the infrastructure and

The EFSI Steering Board and the Investment Committee shall make sure
innovation window supports projects with components that contribute to climate action, in line with the COP21 commitments. The Steering Board shall provide detailed guidance to that end; that each supported project is in line with the criteria set out in this Regulation and that each helps to reach the Union’s climate goals and boost its transition to sustainability. At least 40% of EFSI financing under the Infrastructure and Innovation Window shall be earmarked for projects directly accomplishing the COP21 commitments, as well as the EU2050 commitments to reduce greenhouse gas emission by 80-95%. Moreover, at least 20% of EFSI financing shall support energy efficiency projects, prioritising small-scale innovative projects in the building sector, with special attention given to projects eliminating social inequalities and fighting energy poverty. EFSI financing for SMEs and mid-cap companies shall not be included in that computation.

Amendment 34

Proposal for a regulation
Article 1 – paragraph 1 – point 5 – point d a (new)
Regulation (EU) 2015/1017
Article 9 – paragraph 7 – subparagraph 2 a (new)

Text proposed by the Commission

The rules on flexibility and the implementation of the Stability and Growth Pact under the preventive and corrective arm of the Pact shall not restrict the participation of Member States in the EFSI. Therefore, in order to serve the objective of the EFSI to create jobs and growth, when Member States and regional and local administrations co-finance single projects supported by the EFSI, their participation shall be considered as one-off contributions under the Stability and Growth Pact.
Amendment 35

Proposal for a regulation
Article 1 – paragraph 1 – point 8 – point a
Regulation (EU) 2015/1017
Article 12 – paragraph 5

Text proposed by the Commission

5. Endowments to the guarantee fund referred to under paragraph 2 shall be used to reach an appropriate level (target amount) to reflect the total EU guarantee obligations. The target amount shall be set at 35% of the total EU guarantee obligations.;

Amendment

5. Endowments to the guarantee fund referred to under paragraph 2 shall be used to reach an appropriate level (target amount) to reflect the total EU guarantee obligations. The target amount shall be set at 32% of the total EU guarantee obligations.;

Amendment 36

Proposal for a regulation
Article 1 – paragraph 1 – point 9 – point a – point ii
Regulation (EU) 2015/1017
Article 14 – paragraph 1 – subparagraph 2 – second sentence

Text proposed by the Commission

It shall also support the preparation of climate action and circular economy projects or components thereof, in particular in the context of COP21, the preparation of projects in the digital sector, as well as the preparation of projects referred to in the fifth subparagraph of Article 5(1);.

Amendment

It shall also support the preparation of climate action and circular economy projects or components thereof, in particular in the context of COP21, the preparation of ambitious cross-border projects, projects in research and innovation such as the digital and telecommunications sector, as well as the preparation of projects referred to in the fifth subparagraph of Article 5(1);

Amendment 37

Proposal for a regulation
Article 1 – paragraph 1 – point 9 – point b – point i
Regulation (EU) 2015/1017
Article 14 – paragraph 2 – point c

Text proposed by the Commission

(c) leveraging local knowledge to

Amendment

(c) leveraging local and regional
facilitate EFSI support across the Union and contributing where possible to the objective of sectorial and geographical diversification of the EFSI referred to in Section 8 of Annex II by supporting the EIB to originate operations;

knowledge to facilitate EFSI support across the Union and contributing to the objective of sectorial and geographical diversification of the EFSI referred to in Section 8 of Annex II by supporting the EIB as well as the project developers to originate and aggregate operations;

Amendment 38

Proposal for a regulation
Article 1 – paragraph 1 – point 9 – point b – point ii
Regulation (EU) 2015/1017
Article 14 – paragraph 2 – point e

Text proposed by the Commission

(e) providing pro-active support on the establishment of investment platforms;

Amendment

(e) providing pro-active support on the establishment of investment platforms, whenever needed. Investment platforms are an essential tool to deal with market failures, especially in the financing of multiple, regional, or thematic projects, including energy efficiency projects and cross-border projects. Since the creation of investment platforms in the Union is not commensurate with the actual needs of the market, further attention shall be given to widening the scope and the use of investment platforms so as to enable the efficient aggregation of small projects;

Amendment 39

Proposal for a regulation
Article 1 – paragraph 1 – point 9 – point b – point iii
Regulation (EU) 2015/1017
Article 14 – paragraph 2 – point f

Text proposed by the Commission

(f) providing advice on the combination of other sources of Union funding (such as the European Structural and Investment Funds, Horizon 2020 and the Connecting Europe Facility) with the

Amendment

(f) providing advice on the combination of EFSI with other sources of Union funding such as the ESIFs, Horizon 2020 (including inter alia the European Institute of Innovation and Technology) and the CEF, thus facilitating the optimal
blending of various Union resources.
That shall be done in a manner that does not disincentivise crowding-in or the mobilisation of fresh money or idle capital;

Amendment 40

Proposal for a regulation
Article 1 – paragraph 1 – point 9 – point b – point iii (new)
Regulation (EU) 2015/1017
Article 14 – paragraph 2 – point fa (new)

Text proposed by the Commission

(iii a) The following point is added:

‘(fa) providing advice for projects involving two or more Member States and providing support for the setting up of special-purpose vehicles or other ad hoc bodies, including decentralised clusters of technical assistance to better meet the needs of a specific sector and/or a region, such as energy efficiency projects in south-eastern Member States. Advice shall also be provided for multi-national, intra-regional, multi-regional and cross-border projects, as well as on the possible combination with other sources of Union financing, including funds which involve Union territorial cooperation;’

Amendment 41

Proposal for a regulation
Article 1 – paragraph 1 – point 9 – point b – point iii b (new)
Regulation (EU) 2015/1017
Article 14 – paragraph 2 – point fb (new)
(iii b) The following point is added:

‘(fb) providing additional support for Member States whose financial and capital markets have been severely harmed by the recent financial crisis and which are therefore facing significant investment gaps in strategic sectors that provide long-term competitive advantages, including in risky and less developed research and innovation projects.’

Amendment 42

Proposal for a regulation
Article 1 – paragraph 1 – point 9 – point c
Regulation (EU) 2015/1017
Article 14 – paragraph 5

Text proposed by the Commission

5. In order to achieve the objective referred to in paragraph 1 and to facilitate the provision of advisory support at local level, the EIAH shall seek to use the expertise of the EIB, the Commission, national promotional banks or institutions, and the managing authorities of the European Structural and Investment Funds.

Amendment

5. In order to achieve the objective referred to in paragraph 1 and to facilitate the provision of advisory support at local level, the EIAH shall seek to use the expertise and collaborate with the Commission, national promotional banks or institutions, and the managing authorities of the European Structural and Investment Funds.

Amendment 43

Proposal for a regulation
Article 1 – paragraph 1 – point 9 – point d a (new)
Regulation (EU) 2015/1017
Article 14 – paragraph 7

Present text

“7. The Union shall contribute up to a maximum of EUR 20 000 000 per annum

Amendment

‘7. The Union shall contribute the amount necessary, with a minimum of
towards covering the costs of EIAH operations until 31 December 2020 for the services provided by the EIAH under paragraph 2 which are in addition to those already available under other Union programmes, insofar as those costs are not covered by the remaining amount from fees referred to in paragraph 4.”

EUR 20 000 000 per annum towards covering the costs of EIAH operations until 31 December 2020 for it to fulfil its enhanced responsibilities and intensify the services provided by the EIAH under paragraph 2 which are in addition to those already available under other Union programmes, insofar as those costs are not covered by the remaining amount from fees referred to in paragraph 4.’.

**Amendment 44**

**Proposal for a regulation**  
**Article 1 – paragraph 1 – point 10 – point b**  
Regulation (EU) 2015/1017  
Article 18 – paragraphs 7 and 8

<table>
<thead>
<tr>
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<th>Amendment</th>
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<td>(b) paragraphs 7 and 8 are deleted.;</td>
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**Amendment 45**

**Proposal for a regulation**  
**Article 1 – paragraph 1 – point 11**  
Regulation (EU) 2015/1017  
Article 19 – paragraph 1 a

<table>
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<th>Amendment</th>
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<tr>
<td>The EIB and EIF shall inform or shall oblige financial intermediaries to inform the final beneficiaries, including SMEs, of the existence of EFSI support.;</td>
<td>The EIB and EIF shall inform, or shall oblige financial intermediaries to inform, the final beneficiaries, including SMEs, of the existence of EFSI support and shall make that information prominently visible, particularly in the case of SMEs, in the financing agreement and on every contract that includes EFSI support, thereby increasing public awareness and improving visibility;</td>
</tr>
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</table>

**Amendment 46**

**Proposal for a regulation**  
**Article 1 – paragraph 1 – point 12**
Regulation (EU) 2015/1017
Article 22 – paragraph 1 – subparagraph 4

*Text proposed by the Commission*

The Commission shall provide detailed guidance, where needed;

*Amendment*

The Commission shall provide detailed guidance, where needed. *In addition, the Commission shall be responsible for the identification of standard criteria and definitions to ensure transparency on issues related to tax governance. Moreover, the Commission shall submit an annual report listing the details of all projects per policy area that have received Union support through the EFSI, including the total amount of the contribution of each source as well as the risk profiles. Also, the EIB, in its financing and investment operations, shall apply the principles and standards set out in Union law on the prevention of the use of the financial system for the purpose of money laundering and terrorism financing, including a requirement to take reasonable measures to identify the beneficial owners where applicable.*

**Amendment 47**

**Proposal for a regulation**
**Article 2 – paragraph 1 – point 1**
Regulation (EU) No 1316/2013
Article 5 – paragraph 1 – point b

*Text proposed by the Commission*

(b) telecommunications sector: EUR 1 091 602 000;

*Amendment*

(b) telecommunications sector: EUR 1 416 602 000;

**Amendment 48**

**Proposal for a regulation**
**Article 2 – paragraph 1 – point 1**
Regulation (EU) No 1316/2013
Article 5 – paragraph 1 – point c
Text proposed by the Commission

(c) energy sector: EUR 5 005 075 000.

Amendment

(c) energy sector: EUR 5 350 075 000.
## PROCEDURE – COMMITTEE ASKED FOR OPINION

<table>
<thead>
<tr>
<th>Title</th>
<th>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</th>
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<tr>
<td>Opinion by</td>
<td>ITRE 3.10.2016</td>
</tr>
<tr>
<td>Associated committees - date announced in plenary</td>
<td>19.1.2017</td>
</tr>
<tr>
<td>Rule 55 – Joint committee procedure</td>
<td>Date announced in plenary 19.1.2017</td>
</tr>
<tr>
<td>Date adopted</td>
<td>3.4.2017</td>
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<tr>
<td>Result of final vote</td>
<td>+: 37, -: 13, 0: 6</td>
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<td>Substitutes present for the final vote</td>
<td>Pilar Ayuso, Rosa D’Amato, François Grossetête, Barbara Kudycka, Marian-Jean Marinescu, Victor Negrescu, Sofia Sakorafa, Davor Škrlec, Theodor Dumitru Stolojan</td>
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<td>Substitutes under Rule 200(2) present for the final vote</td>
<td>György Hölvényi, Julia Reda</td>
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<td><strong>S&amp;D</strong></td>
<td>José Blanco López, Adam Gierek, Theresa Griffin, Eva Kaili, Jeppe Kofod, Peter Kouroumbashev, Miapetra Kumpula-Natri, Édouard Martin, Csaba Molnár, Victor Negrescu, Dan Nica, Patrizia Toi, Kathleen Van Brempt, Martina Werner, Flavio Zanonato, Carlos Zorrinho</td>
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<td><strong>ALDE</strong></td>
<td>Fredrick Federley, Kaja Kallas, Angelika Mlinar, Morten Helvæg Petersen, Carolina Punset, Lieve Wierinck</td>
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<td>Jean-Luc Schaffhauser</td>
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<td>Xabier Benito Ziluaga, Sofia Sakorafa, Neoklis Sylkiotis</td>
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<td>Reinhard Bütikofer, Rebecca Harms, Julia Reda, Michel Reimon, Davor Škrlec</td>
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Key to symbols:
+ : in favour
- : against
0 : abstention