



Committee of the Regions

COTER-VI-003

111th plenary session, 16 and 17 April 2015

DRAFT OPINION

Investment plan and European Fund for Strategic Investments

Rapporteur-general: **Claude Gewerc (FR/PES)**
President of Picardy Regional Council

Deadline for tabling amendments:

3 p.m. (Brussels time) **on Friday 27 March.** Amendments must be submitted using the online tool for tabling amendments (available through the Members' Portal at <http://cor.europa.eu/members>).

Number of signatures required: 6

Reference documents

Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank - An Investment Plan for Europe (COM(2014) 903 final)

Proposal for a Regulation of the European Parliament and of the Council on the European Fund for Strategic Investments and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 (COM(2015) 10 final)

**Draft opinion of the European Committee of the Regions - Investment plan and European Fund
for Strategic Investments**

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Recital 1

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
(1) The economic and financial crisis has led to a lowering of the level of investments within the Union. Investment has fallen by approximately 15% since its peak in 2007. The Union suffers in particular from a lack of investment as a consequence of market uncertainty regarding the economic future and the fiscal constraints on Member States. This lack of investment slows economic recovery and negatively affects job creation, long-term growth prospects and competitiveness.	(1) The economic and financial crisis has led to a lowering of the level of investments within the Union. Investment has fallen by approximately 15% since its peak in 2007, <i>affecting all European regions, particularly the least developed ones</i> . The Union suffers in particular from a lack of investment as a consequence of market uncertainty regarding the economic future and the fiscal constraints on Member States. This lack of investment slows economic recovery and negatively affects job creation, long-term growth prospects and competitiveness.

Amendment 2

Recital 2

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
(2) Comprehensive action is required to reverse the vicious circle created by a lack of investment. <i>Structural</i> reforms and fiscal responsibility are necessary preconditions for stimulating investment. Along with a renewed impetus towards investment financing, these preconditions can contribute to establishing a virtuous circle, where investment projects <i>help support</i> employment and demand and lead to a sustained increase in growth potential.	(2) Comprehensive action is required to reverse the vicious circle created by a lack of investment. <i>Growth-friendly</i> reforms and fiscal responsibility are necessary preconditions for stimulating investment. Along with a renewed impetus towards investment financing, these preconditions can contribute to establishing a virtuous circle, where investment projects <i>support</i> employment and demand <i>in the medium and long term</i> and lead to a sustained increase in growth potential.

Amendment 3

Recital 14

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
(14) The EFSI should target projects delivering high societal and economic value. In particular, the EFSI should target projects that promote job creation , long-term growth and competitiveness. The EFSI should support a wide range of financial products, including equity, debt or guarantees, to best accommodate the needs of the individual project. This wide range of products should allow the EFSI to adapt to market needs whilst encouraging private investment in the projects. The EFSI should not be a substitute for private market finance but should instead catalyse private finance by addressing market failures so as to ensure the most effective and strategic use of public money. The requirement for consistency with State aid principles should contribute to such effective and strategic use.	(14) The EFSI should target projects delivering high societal and economic value and also help boost the economic, social and territorial cohesion of the EU . In particular, the EFSI should target projects that promote the creation of sustainable, good quality jobs , long-term growth and competitiveness. The EFSI should support a wide range of financial products, including equity, debt or guarantees, to best accommodate the needs of the individual project. This wide range of products should allow the EFSI to adapt to market needs whilst encouraging private investment in the projects. The EFSI should not be a substitute for private market finance but should instead catalyse private finance by addressing market failures so as to ensure the most effective and strategic use of public money. The requirement for consistency with State aid principles should contribute to such effective and strategic use.

Amendment 4

Recital 16

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
(16) The EFSI should target investments that are expected to be economically and technically viable, which may entail a degree of appropriate risk, whilst still meeting the particular requirements for EFSI financing.	(16) The EFSI should target investments that are expected to be economically and technically viable, which may entail a degree of appropriate risk which would be excessive for private investors without EFSI support , whilst still meeting the particular requirements for EFSI financing.

Reason

This is a condition for the additionality of investments under the Juncker plan.

Amendment 5

Recital 20a (new)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<p><i>(20a) The European Commission should not take Member States' financial contributions to the EFSI, including any participation in investment platforms, into account when calculating budgetary adjustments under the Pact's preventive or corrective arms.</i></p> <p><i>The Member States may use the European Structural and Investment Funds (ESIF) to contribute to the financing of eligible projects that are supported by the EU guarantee, in accordance with the objectives, guarantees and rules of the legal framework that applies to these Funds.</i></p> <p><i>The flexibility of this approach should maximise synergies between EU instruments and the potential to attract investors to the areas of investment targeted by the EFSI. The ESIF and EFSI should be complementary, and crowding out should be avoided as far as possible.</i></p>

Reason

This is a way to reinforce consistency between the EFSI and the Structural Funds and avoid the danger of crowding out.

Amendment 6

Recital 21

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
(21) Provided that all relevant eligibility criteria are fulfilled, Member States may use <i>European Structural Investment Funds</i> to contribute to the financing of eligible projects that are supported by the EU guarantee. The flexibility of this approach should maximise the potential to attract investors to the areas of investment targeted by the EFSI.	(21) Provided that all relevant eligibility criteria are fulfilled, Member States may use <i>the ESIF</i> to contribute to the financing of eligible projects that are supported by the EU guarantee. The flexibility of this approach should maximise the potential to attract investors to the areas of investment targeted by the EFSI. <i>The EFSI can also be used to co-finance eligible projects within the framework of the ESIF.</i>

Reason

The aim is to ensure that the Structural Funds provide an additional leverage effect for the EFSI in terms of the project pipeline for investments linked for instance to clusters and which are particularly relevant to SMEs.

Amendment 7

Recital 25

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
(25) The EIB should regularly evaluate activities supported by the EFSI with a view to assessing their relevance, performance and impact and to identifying aspects that could improve future activities. Such evaluations should contribute to accountability and analysis of sustainability.	(25) The EIB, <i>the Commission and the Advisory Committee</i> should regularly evaluate activities supported by the EFSI with a view to assessing their relevance, performance and impact, <i>as well as the coordination and consistency with the other EU policies and instruments supported by the ESIF</i> , and to identifying aspects that could improve future activities. Such evaluations should contribute to accountability and analysis of sustainability.

Amendment 8

Recital 25a (new)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<i>(25a) The Advisory Committee monitors the financing policy of the EFSI, which submits a six-monthly summary of its activities to it. The Advisory Committee issues an opinion and draws up recommendations on eligibility criteria, theme-based and geographical distribution of investments and their additionality, as well as on their social and environmental impact. It is composed of equal numbers of representatives of the CoR and the European Economic and Social Committee (EESC).</i>

Reason

The economic and social partners and local and regional authorities are best placed to gauge the real impact of the investments undertaken.

Amendment 9

Recital 29a (new)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<i>(29a) The budgets for the Horizon 2020 programme and Connecting Europe Facility should be reduced only after all options for flexibility under the European budget have been exhausted. Reducing the budget for the Connecting Europe Facility will in no way affect the amount transferred from the Cohesion Fund and earmarked for transport projects in the Member States eligible for this fund.</i>

Reason

Horizon 2020 and the Connecting Europe Facility fund structural investments which are not intrinsically profitable but which are a prerequisite for private investment. Any reduction in this funding might lessen the volume of investment in the EU.

Amendment 10

Recital 31a (new)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<i>(31a) In addition to information on the economic viability of the projects, the project pipeline should provide information on compliance with social and environmental requirements and with the aims of the regional development strategies. A six-monthly summary report will be sent to the Advisory Committee.</i>

Amendment 11

Article 1 - paragraph 1a (new)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<i>1a. The Commission and the European Investment Bank (EIB) shall ensure that the aid granted by the EFSI is consistent with and complements the other policies and instruments of the EU.</i>

Amendment 12

Article 1a (new)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<i>For the purposes of the present regulation, the following definition shall apply: (1) "Investment platform" shall be taken to mean a co-financing mechanism established to finance a group of projects. An investment platform may be regional, national, cross-border or sectoral, in line with the ESIF and the EU's sectoral policies.</i>

Reason

In order to generate genuine additionality of investments, it is important to harness networks of local or professional players to propose, accompany and co-finance projects, given that they are more

aware of the opportunities and can thus more accurately appraise the risks involved. It is also important to be able to include smaller projects in each group provided they comply with a policy of investment validated by the fund.

Amendment 13

Article 2 - paragraph 3a (new)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<i>3a. The Commission shall not take national financial contributions, including any contribution to investment platforms, into account when calculating budgetary adjustments under the Stability and Growth Pact's preventive or corrective arms.</i>

Amendment 14

Article 3 - paragraph 5 – point 1a (new)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<i>The Investment Committee shall take into account the objective of the economic, social and territorial cohesion of the EU.</i>

Amendment 15

Article 9 – paragraph 1

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
The Commission and the EIB, with support from the Member States, shall promote the creation of a transparent pipeline of current and potential future investment projects in the Union. The pipeline is without prejudice to the final projects selected for support according to Article 3(5).	The Commission and the EIB, with support from the Member States, shall promote the creation of a transparent pipeline of current and potential future investment projects in the Union, <i>providing information on the projects' economic viability and compliance with social and environmental requirements and with the aims of the regional development strategies.</i> The pipeline is without prejudice to the final projects selected for support according to Article 3(5).

Amendment 16

Article 9 – paragraph 3

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
Member States shall develop, update and disseminate, on a regular and structured basis, information on current and future investment projects in their territory.	Member States, <i>in close cooperation with local and regional authorities</i> , shall develop, update and disseminate, on a regular and structured basis, information on current and future investment projects in their territory.

Amendment 17

Article 10 – paragraph 1

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
The EIB, in cooperation with the EIF as appropriate, shall report semi-annually to the Commission on EIB financing and investment operations under this Regulation. The report shall include an assessment of compliance with the requirements on the use of the EU guarantee and the key performance indicators established pursuant to Article 2(1)(g). The report shall also include statistical, financial and accounting data on each EIB financing and investment operation and <i>on an aggregated basis</i> .	The EIB, in cooperation with the EIF as appropriate, shall report semi-annually to the Commission on EIB financing and investment operations under this Regulation. The report shall include an assessment of compliance with the requirements on the use of the EU guarantee and the key performance indicators established pursuant to Article 2(1)(g). The report shall also include statistical, financial and accounting data on each EIB financing and investment operation and <i>on their social and environmental impact. It shall list the projects for which European Structural and Investment Fund support is combined with EFSI support and the total contribution from each source. A summary of this report shall be sent to the Advisory Committee for its opinion (see Amendment 8).</i>

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. welcomes the Juncker plan which recognises the chronic weakness of investment in the European Union and the need to redress this situation rapidly;
2. notes however the limited ambition of a EUR 315 billion programme coming six years after the USD 800 billion American recovery plan;
3. questions the mechanism of the Juncker plan which chiefly comprises a guarantee fund intended to finance riskier projects. Furthermore, as the EUR 16 billion guarantee has been drawn from redeployed appropriations initially earmarked for the Connecting Europe Facility and Horizon 2020, the Committee draws the Commission's attention to the disastrous repercussions for projects which are in fact in line with the EU's priorities;
4. therefore asks for the guarantee mechanism to be reviewed and at any rate for it to draw primarily on other resources. The budgets for Horizon 2020 and the Connecting Europe Facility should be reduced only after all options for flexibility under the European budget have been exhausted;
5. asks to be fully involved in monitoring and implementing the Juncker plan. Local and regional authorities have a key role to play in identifying and supporting additional investments in their territories. With this in mind, it is crucial to ensure that the EFSI is consistent. The best method for involving local and regional authorities, Member States and national development banks and institutions in the success of the Juncker plan is geographical or theme-based financing platforms. The degree of delegation and financing arrangements for these platforms need to be specified;
6. considers that a further prerequisite for the success of the Juncker plan is that co-financing must not be curbed by the Stability and Growth Pact. The Committee therefore calls for national co-financing to be exempt from Stability and Growth Pact calculations, irrespective of the Member States' situation with regard to the pact. This request is in line with the Committee's broader request for national co-financing of European Structural Funds to be exempt from Stability and Growth Pact rules;
7. should the funds earmarked for Horizon 2020 and the Connecting Europe Facility be abolished or reduced permanently by the planned budget for the redeployment of appropriations (16 billion), asks that national public spending on research and interconnections also be exempt from Stability and Growth Pact rules;

8. in order to ensure that the Juncker plan is monitored effectively, further suggests that an Advisory Committee composed of EESC and CoR members be established to draw up recommendations for the Commission on the fund's investment policy;
9. lastly considers that it is high time to acknowledge that the EU needs a steady public investment programme to achieve renewed growth, jobs and prosperity and that the strategic public investments underpinning the energy transition and reinforcing cohesion must be encouraged by a more supportive European budgetary framework and intervention rules.

Brussels, ...

III. PROCEDURE

Title	Investment plan and European Fund for Strategic Investments
Reference(s)	COM(2014) 903 final COM(2015) 10 final
Legal basis	Article 307 of the Treaty on the Functioning of the European Union
Procedural basis	Rule 41a) of the CoR Rules of Procedure
Date of Council/EP referral/Date of Commission letter	<ul style="list-style-type: none"> – letter from the Commission on the communication: 26 November 2014 – letter from the Commission on the proposal for a regulation: 13 January 2015 – Council referral: 3 March 2015
Date of Bureau/President's decision	17 December 2014
Commission responsible	Commission for Territorial Cohesion Policy and the EU Budget (COTER)
Rapporteur-general	Claude Gewerc (FR/PES) President of Picardy Regional Council
Analysis	10 February 2015
Discussed in commission	General exploratory debate (Rule 43(4) of the Rules of Procedure) on 2 March 2015
Date adopted by commission	N/A
Result of the vote in commission (majority, unanimity)	N/A
Date adopted in plenary	Scheduled for 16 and 17 April 2015
Previous Committee opinions	<ul style="list-style-type: none"> – Opinion of the Committee of the Regions - Promoting quality of public spending in matters subject to EU action (CdR 2014/4885)¹ – Resolution of the Committee of the Regions on the on the European Commission's Communication - For an investment plan for Europe (CdR 2014/6881)²
Date of subsidiarity monitoring consultation	N/A

¹ [OJ C 19, 21.1.2015, p. 4](#)

² [OJ C 19, 21.1.2015, p. 1](#)