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**NOTE**

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From: General Secretariat of the Council  
To: Permanent Representatives Committee (part 2)/Council

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Subject: Proposal for a Regulation of the European Parliament and of the Council  
establishing the InvestEU Programme  
- Presidency Issues Note

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Delegations will find attached the Presidency Issues Note on InvestEU.

# PRESIDENCY ISSUES NOTE

## I. INTRODUCTION

1. On 6 June 2018, the Commission presented a proposal for a Regulation of the European Parliament and of the Council establishing the InvestEU programme.<sup>1</sup>
2. The proposal has been examined by the Working Party of Financial Counsellors in thirteen meetings so far, and it was discussed at the informal meeting of ECOFIN ministers in Vienna on 8 September 2018. As a result of the negotiations to date, the Presidency considers that there is broad support for the proposed streamlining of 14 financial instruments into one programme, building on the positive experience with the European Fund for Strategic Investments (EFSI). Delegations also support opening up the access to the EU guarantee for financial institutions other than the European Investment Bank Group (EIB).
3. Progress in negotiations has been made by outlining a partnership between the Commission and the EIB in the InvestEU programme. The proposed partnership reflects the central role of the EIB and ensures that full use will be made of its expertise, for example by entrusting the EIB with the risk assessment at the portfolio level of the EU guarantee.
4. Nevertheless, the Presidency has identified two key issues set out below on which, for a successful conclusion of Council negotiations, guidance from ministers is sought.

### IIa. KEY ISSUE 1: GOVERNANCE

5. In its proposal for the governance of the InvestEU programme, the Commission has deviated from the set-up of EFSI, partly to reflect the involvement of other implementing partners than the EIB. Important differences in the Commission's proposed governance structure of InvestEU, as compared to EFSI, include the introduction of a project team and the introduction of an advisory board, with two configurations (one with member state representatives, and one with representatives of the implementing partners). Contrary to EFSI, the Commission's proposal does not foresee a steering board for the InvestEU programme.

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<sup>1</sup> Doc. ST 9980/18 + ADD 1-6

6. The Commission's proposal for the InvestEU governance set-up has met resistance from a large number of delegations, who argued that the proposed governance set-up would be too complex. Furthermore, delegations would like to build on the positive EFSI experience, while also acknowledging the role of other implementing partners than the EIB.
  7. In view of these considerations, delegations share the view that the establishment of a project team would not be necessary, and its tasks could instead be performed by the Investment Committee and its secretariat. Delegations also agree that the proposed advisory board could be simplified by providing for one single composition including both member state representatives and representatives of the implementing partners.
  8. Furthermore, delegations have expressed the wish to introduce a steering board, mirroring EFSI governance. To account for the participation of other implementing partners than the EIB in InvestEU, those other implementing partners should also be represented in the steering board, alongside the Commission and the EIB. Delegations agree that the mandate of the steering board members should be aligned with the duration of the multiannual financial framework. The voting modalities and composition of the steering board should reflect the important role of the Commission as the policy steer of the programme, as well as the role of the EIB as the key implementing partner, responsible for implementing 75% of the EU guarantee.
  9. Delegations have highlighted the importance of the independence of the Investment Committee and its secretariat.
- Do the ministers agree that the proposed governance set-up reflects the right balance and that work at technical level should continue on this basis?

**IIb. KEY ISSUE 2: ALLOCATION OF THE EU GUARANTEE TO OTHER IMPLEMENTING PARTNERS THAN THE EIB (25%)**

10. An innovation of the InvestEU programme as compared to its predecessor EFSI is the fact that other implementing partners than the EIB have direct access to the EU guarantee. 25% of the EU guarantee is reserved for such implementing partners. The rationale for this wider access is to complement the EIB efforts and try to deliver in a number of areas identified as weaker or underserved spots in the wake of the EFSI experience.

11. The Commission's proposal foresees that the Commission, when selecting implementing partners, shall ensure that a number of criteria is fulfilled, including achieving geographical diversification and promoting innovative financial and risk solutions to address market failures and suboptimal investment situations. However, in order to ensure that the take-up of the InvestEU guarantee is balanced, in geographical and sectorial terms but also in terms of NPBI participation and project size, further discussion on the allocation of the 25% is warranted. While a demand-driven approach for the allocation of the EU guarantee lies at the core of the Commission's proposal, this approach could be complemented with further guiding principles, striving to better deliver for member states with less developed financial sectors.
  12. Additional safeguards could be built in to ensure that the direct access benefits a large number of implementing partners, acts in favor of geographical coverage and does not become an instrument of concentration.
  13. Furthermore, there seems to be broad support for a gradual release of the EU guarantee to other implementing partners than the EIB.
- According to which principles do Ministers think the 25% of the EU guarantee for other implementing partners than the EIB should be distributed?

### III. CONCLUSION

14. Against this background, the Council is invited to:
  - have an exchange of views on the topics set out above, with a view to providing political guidance for the further work;
  - mandate the Working Party of Financial Counsellors to continue its examination of the proposal with a view to reaching a general approach as soon as possible.



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