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PROPOSAL

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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
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Delegations will find attached document COM(2016) 597 final.

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2016/0276 (COD)

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

{SWD(2016) 297 final}
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EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

Since the Investment Plan for Europe was presented in November 2014, the conditions for an uptake in investment have improved and confidence in Europe's economy and growth are returning. The Union is now in its fourth year of moderate recovery, with GDP growing at 2% in 2015. The comprehensive efforts initiated with the Investment Plan are already delivering concrete results, despite the fact that macroeconomic effects of larger investment projects cannot be immediate. Investment is expected to pick up gradually throughout 2016 and 2017 although it remains below historical levels.

On 1 June 2016, the Commission issued a Communication entitled 'Europe investing again – Taking stock of the Investment Plan for Europe and next steps'[1] outlining the achievements of the Investment Plan so far and the envisaged next steps, including the extension of the duration of the European Fund for Strategic Investments (EFSI) beyond its initial three-year period, the scaling-up of the SME window within the existing framework and the enhancement of the EIAH. On 28 June 2016, the European Council concluded that "[t]he Investment Plan for Europe, in particular the 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".

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 presented today covers the period of the current Multiannual Financial Framework and should provide a total of at least half a trillion euro investments by 2020. The proposal is consistent with the revision of Regulation (EU, Euratom) 966/2012 on the Financial Regulation that the Commission is proposing at the same time to set up a robust framework for the management of the financial liabilities of the Union. In order to enhance the firepower of the EFSI even further and reach the aim of doubling the investment target, the Commission calls on Member States to also contribute as a matter of priority. In this context, the Commission has today adopted a proposal to facilitate contributions at the level of the risk-bearing capacity of the EFSI by catering for the possibility for Member States to transfer resources from European Structural and Investment Funds (ESIF) allocated to them under shared implementation in order to further enhance the firepower of the EFSI.

For the period after 2020, the Commission intends to put forward the necessary proposals to ensure that strategic investment will continue at a sustainable level.

Since its launch one year ago, the EFSI, implemented and co-sponsored by the Commission's strategic partner for investments, the European Investment Bank (EIB) Group, is firmly on track to deliver the objective of mobilising at least EUR 315 billion in additional investments

[1] COM(2016)359 final.

in the real economy by mid-2018 while endeavouring to maximise private sector contributions. The market absorption has been particularly quick under the Small and Medium-sized Enterprises (SME) window where the EFSI is delivering well beyond expectations. To ensure that sufficient funding is available to continue providing finance to SMEs with EFSI support, in July 2016 the SME Window was scaled-up by EUR 500 million within the existing parameters of Regulation (EU) 2015/1017. The projects approved by the EIB Group by July 2016 for coverage under the EFSI are expected to mobilise EUR 115.7 billion in total investments across 26 Member States and to support some 200,000 SMEs, thereby contributing to Europe's future job creation including youth employment, growth and competitiveness. The European Investment Advisory Hub (EIAH) and the European Investment Project Portal (EIPP) have also made a positive start. The EIAH has already dealt with some 230 requests from 27 Member States and the EIPP has already published more than 100 investment projects since its launch on 1 June 2016, allowing investors to access investment opportunities across Europe instantly.

As part of the Commission's efforts to improve Europe's investment environment, the Commission has tabled a number of initiatives to help support investment and facilitate the financing of the real economy, such as the lowering of capital charges for insurance and reinsurance companies as regards infrastructure investments and the adoption of practical guidance on the application of State aid rules in the context of public funding of infrastructure. In addition, the Energy Union, the Capital Markets Union, the Single Market and the Digital Single Market Strategies, and the Circular Economy package all contain specific measures that will remove concrete obstacles and further improve the environment for investment, if fully implemented. For instance, upcoming proposals relating to the internal electricity market, renewable energy and governance of the Energy Union will create more long-term regulatory clarity and stability, enabling investments in the energy sector. In this context, the Commission notes that the EIB has become a global leader in the issuance of green bonds to help finance sustainable projects. The Capital Markets Union will help remove financial barriers to investment, the Single Market Strategy will contribute to more efficient public procurement markets, and the Digital Single Market Strategy will enhance regulatory certainty in the digital sector.

Financing under the EFSI does not substitute the need for Member States to implement the necessary reforms to remove obstacles to investment identified in the context of the European Semester, in areas such as insolvency, public procurement, judicial systems and the efficiency of public administration or sector-specific regulations. The Commission has already issued a number of Country-Specific Recommendations for reforms in the area of investment. These reforms are a necessary condition to sustain and increase investment levels in Member States.

The positive momentum generated by the Investment Plan should be maintained and efforts need to be continued to bring investment back to its long-term sustainable trend. The mechanisms of the Investment Plan work and should be reinforced to continue the mobilisation of private investments in sectors important to Europe's future and where market failures or sub-optimal investment situations remain. The aim of the EFSI continues to be to support investments that could not have been carried out in the same period or not to the same extent by the EIB, the EIF or under existing Union financial instruments without EFSI support.

In line with the initial investment period, private investment should be attracted to the maximum extent possible, and SMEs will be a key beneficiary of the support provided for under this proposal. Particular attention will also be paid to projects that contribute to reaching the objectives of COP21. The extension of the duration of the EFSI will not only allow the prolongation of a successful scheme, it will also pass an important message to project promoters and encourage them to submit projects to the EIB.

A key element of the proposal is a further reinforcement of additionality of the projects supported under the EFSI. It has been made even clearer that the projects under the EFSI address sub-optimal investment situations and market gaps, as part of the eligibility criteria. In view of their importance for Europe, cross-border infrastructure projects, including related services, have been specifically identified as providing additionality.

Beyond the extension of the duration of the EFSI, the proposal foresees a number of technical enhancements for the EFSI and the EIAH, incorporating the lessons learnt in the first year of implementation of the EFSI.

An important objective of the proposal is to reinforce the take-up of EFSI in less-developed regions and transition regions. In that respect, an easier combination of other sources of Union funding such as the ESIF, Horizon 2020 and the Connecting Europe Facility with EFSI support is a key element and contributes to mobilising additional private sector investment. In parallel, the Commission has today adopted a proposal aimed at simplifying the Common Provisions Regulation so as to facilitate such combination. In this context, it would be appropriate to allow that the control and assurance mechanisms relating to operations benefiting from EFSI support could be used to fulfil the corresponding requirements under other EU funding for the same project in order to streamline procedures and gain in efficiency.

The support to less-developed regions and transition regions in Europe is enlarged by an explicit reference to any industry that would not otherwise be covered in the general objectives. In addition, EFSI-supported investments in motorways which should be in general avoided would be allowed in cohesion countries under certain conditions.

The Commission also proposes to better focus the EFSI on EU political priorities as regards climate change, for example by setting a minimum target for climate-friendly projects and by confining support to motorways only to those involving private investment in cohesion countries or in cross-border transport projects involving at least one cohesion country. Moreover, the Commission recognises the importance of using part of the Union budget, such as the one available under the CEF, in the form of grants for blending with the EFSI. The combined use of grants and the EFSI will help projects become economically and financially viable, thus enhancing the added value of Union spending by attracting additional resources from private investors. Furthermore, taking into account the significant economic multiplier effect that investments in the defence sector have in terms of creation of spin-offs and technology-transfer on other sectors, as well as the creation of jobs, it would be appropriate to consider including defence-related investment projects under the EFSI and, thus, to consider modifying the eligibility criteria in the EIB lending policy to that effect.

For the EIAH, the proposal foresees more targeted technical assistance services for projects involving several Member States, projects that contribute to reaching the objectives of COP21 and for the combination of other sources of Union funding, such as European Structural and Investment Funds (ESIF), Horizon 2020 and the Connecting Europe Facility, with the EFSI. This support will focus on needs not covered adequately under current arrangements.

In addition, the proposal foresees that the EIAH should actively contribute to the objective of sectorial and geographical diversification of the EFSI, by supporting the EIB to originate projects where needed.

- **Consistency with existing policy provisions in the policy area**

On 26 November 2014, the Commission presented the Investment Plan for Europe, a comprehensive strategy to address Europe's investment gap that emerged as a consequence of the economic and financial crisis. The proposal to extend the EFSI is fully consistent with existing policy provisions in the policy area, in particular with the ESIF and other sources of Union funding targeting infrastructure investments in Member States. The combination of such funds with the EFSI is possible and the Commission is proposing legislative changes to further facilitate such combination.

- **Consistency with other Union policies**

The proposal is consistent with and contributes to major EU policy priorities such as the 2020, 2030 and 2050 climate and energy frameworks, including the Energy Union and the commitments made at the Paris climate conference (COP21), the Circular Economy package, the Europe 2020 Strategy, the Digital Single Market, the Capital Markets Union, the Single Market Strategy, the Single European Transport Area, the New Skills Agenda for Europe and other long-term EU strategic priorities.

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Legal basis**

The legal bases for this proposal are Articles 172, 173, the third paragraph of Article 175 and Article 182(1) of the Treaty on the Functioning of the European Union. This proposal sets out the legislative framework necessary to extend the EFSI until the end of the current Multiannual Financial Framework, as well as technical changes to the EIAH.

- **Subsidiarity (for non-exclusive competence)**

The objectives of the proposed action cannot be sufficiently achieved by the Member States and can therefore be better achieved by the Union. By reason of the disparities in Member States' fiscal capacity to act, action at Union level can better achieve the objectives pursued, by reason of its scale and effects. More specifically, action at the Union level will allow for economies of scale in the use of the Union budget funds in combination with the EIB Group financing by catalysing private investment in the whole Union and making best use of the European Institutions and their expertise and knowledge for that purpose. The multiplying effect and the impact on the ground will thus be much higher than could be achieved by an investment offensive in a single Member State or a group of Member States. The Union's Single Market, together with the fact that there will be no country-specific or sectorial project allocation, will provide for greater attractiveness for investors and lower aggregated risks.

- **Proportionality**

The proposal is intended to continue to boost Europe's long-term growth prospects by mobilising private funds for strategic investments in a context of scarce budgetary resources. It does not go beyond what is necessary to achieve the objectives pursued.

3. CONSULTATION OF INTERESTED PARTIES AND EVALUATIONS

After President Juncker presented the Investment Plan to the European Parliament on 26 November 2014, the European Council endorsed the Plan with all its components in December 2014, calling for a swift delivery. The EIB Group heeded the call of the European Council and started investment activities under the Plan as of January 2015. The European Parliament and the Council subsequently adopted the necessary legislative framework (Regulation (EU) 2015/1017) with exceptional speed in June 2015. On 1 June 2016, the Commission issued a Communication entitled 'Europe investing again – Taking stock of the Investment Plan for Europe and next steps' outlining the achievements of the Investment Plan so far and the envisaged next steps, including the extension of the duration of the EFSI beyond its initial three-year period, the scaling-up of the SME Window within the existing framework and the enhancement of the EIAH. On 28 June 2016, the European Council concluded that "[…] the EFSI has already delivered concrete results […]" and called the European Parliament and the Council to examine the Commission's proposals on the future of the EFSI "as a matter of urgency".

In preparation of this proposal, the Commission has relied upon discussions that took place regularly in the European Council, the European Parliament as well as the Council of Ministers. The proposal has also been discussed with the EIB Group and with public and private sector representatives and representatives from non-governmental organisations. A stakeholder meeting took place on 7 September 2016.

Stakeholders have emphasised the importance of robust quality criteria and more transparency in the selection of projects to be supported by the EU guarantee, in particular as regards the provision of additionality. In addition, a broader geographic and sectorial coverage of the EFSI was advocated, with particular attention to be paid to projects that contribute to the objectives of COP21 as well as projects involving infrastructure investments across several Member States. Stakeholders also asked for a more active involvement of the EIAH in specific areas, as well as a more general capacity to contribute to the generation of projects where needed. This proposal takes into account the feedback received.

Moreover, the Commission has gained important additional insights for the extension of the duration of the EFSI from its evaluation required by Article 18(2) of Regulation (EU) 2015/1017 on the use of the EU guarantee and the functioning of the guarantee fund.

In addition to that internal evaluation, an independent evaluation of the application of Regulation (EU) 2015/1017, carried out by external experts, is on-going. The delivery is foreseen in November, so that the contents of that evaluation can inform the legislative discussions.

4. BUDGETARY IMPLICATIONS

The EU guarantee provided for the EFSI will be increased from EUR 16 billion to EUR 26 billion. Out of the EUR 26 billion, a maximum of EUR 16 billion will be available for guarantee calls prior to 6 July 2018. In line with the evaluation foreseen in Article 18(2) of Regulation (EU) 2015/1017 which accompanies this proposal, the EU guarantee fund's provisioning will be brought to 35 % of total EU guarantee obligations by 2020. At the same time, to provide a guarantee of EUR 26 billion over the full investment period, the guarantee fund should be increased by EUR 1.1 billion, thus reaching EUR 9.1 billion in total.

Payments into the guarantee fund will amount to EUR 500 million in 2016, EUR 2.3 billion in 2017, EUR 1.6 billion in 2018, EUR 1.4 billion in 2019, EUR 2.0 billion in 2020, EUR 450 million in 2021 and EUR 400 million in 2022. Commitment appropriations will amount to EUR 1.35 billion in 2015, EUR 2.104 billion in 2016, EUR 2.641 billion in 2017, EUR 2.010 billion in 2018, EUR 167 million in 2019 and EUR 378 million in 2020. The progressive provisioning of the guarantee fund should not create risks for the EU budget during the first years, since possible guarantee calls relating to losses incurred will only materialise over time. The possibility of proposing exceptional measures if needed has been reinforced.

As is the case with the EIB's current activities, beneficiaries are charged the costs of the EIB operations under the EFSI. Those operations and the investment of the EU guarantee fund's resources should yield a net positive income, which is currently estimated to amount to EUR 450 million and will be used to build up the guarantee fund. Operational appropriations required by this proposal are to be fully financed within the Multiannual Financial Framework 2014-2020. EUR 500 million are to be reallocated within heading 1A from the Connecting Europe Facility's financial instruments and EUR 150 million are to be funded from the unallocated margin.

The reallocation from the Connecting Europe Facility requires an amendment of Article 5 of Regulation (EU) 1316/2013, as included under Article 2 of this proposal.

The financial envelopes for the transport sector and the energy sector laid down in this Article 5 should be reduced by respectively EUR 155 million and EUR 345 million.

For reasons of legal consistency, this amendment under Article 2 also includes an increase of the financial envelope for the telecommunications sector of EUR 50 million as comprised in the Commission proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1316/2013 and (EU) No 283/2014 as regards the promotion of Internet connectivity in local communities[2].

5. OTHER ELEMENTS

• Implementation plans and monitoring, evaluation and reporting arrangements

The monitoring, evaluation and reporting requirements are adequately foreseen in Regulation (EU) 2015/1017. This proposal adjusts the evaluation and reporting to take into account the extension of the duration of the investment period.

• Detailed explanation of the specific provisions of the proposal

This proposal for amending Regulation (EU) 2015/1017 includes the following main elements:

a) Financing

– The extension of the duration of the EFSI until the end of the current Multiannual Financial Framework, i.e. until 31 December 2020, with a view to

[2] COM(2016)589 final.

reaching a target for the full investment period of at least EUR 500 billion of private and public investment.

– The increase of the EU guarantee to EUR 26 billion, of which a maximum of EUR 16 billion are available for guarantee calls prior to 6 July 2018.

– An adjustment of the target rate of the EU guarantee fund to 35 % of total EU guarantee obligations.

– The increase of the EIB contribution from EUR 5 billion to EUR 7.5 billion for the full investment period. Both this increase and the distribution of the EIB contribution between the infrastructure and innovation window and the SME window are subject to the approval by the relevant EIB decision-making bodies.

– A further contribution from the general budget of the Union to the EU guarantee fund for the investments to be made during the full investment period through a transfer of EUR 500 million of the available envelope of the Connecting Europe Facility for financial instruments and EUR 150 million from the unallocated margin.

– An estimated EUR 450 million of net positive income from costs charged to beneficiaries and the investment of the guarantee fund's resources will be used to build up the guarantee fund.

b) Governance and project selection

– Enhanced additionality, with operations under the EFSI having to address clearly identified market failures or sub-optimal investment situations as part of the eligibility criteria. The proposal also includes a more detailed definition of additionality and considers projects under the Infrastructure and Innovation Window linking two or more Member States to satisfy the additionality requirement given their inherent difficulty and their high Union added value.

– An additional focus on projects that contribute to achieving the Union's ambitious targets set at the Paris Climate Conference (COP21). Energy interconnection priority projects and energy efficiency projects will also be increasingly targeted. In addition, the proposal foresees that 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. The proposal also foresees the explicit inclusion of agriculture, fishery and aquaculture in the general objectives eligible for EFSI support. In addition, a larger share of financing will be geared towards SMEs given the exceptional market demand for SME financing under the EFSI: 40% of the increase of the EFSI's risk-bearing capacity should be geared towards increasing access to financing for SMEs.

– Increased transparency through the obligation for the Investment Committee to explain in its decisions, which are made public and accessible, the reasons why it deems that a certain operation should be granted the EU guarantee and through the publication of the scoreboard of indicators once an operation under the EU guarantee is signed. The proposal also includes an obligation for the EIB and the EIF to inform the final beneficiaries, including SMEs, of the existence of EFSI support.

– Adjustments to and reinforcement of provisions relating to the compliance with Union principles on tax good governance to cater for recent policy developments in that field.

– Limited technical clarifications in relation to: (i) the content of the agreement between the Commission and the EIB on the management of the EFSI and on the granting of the EU guarantee and on the instruments covered, in particular subordinated financing, and (ii) the coverage of losses due to exchange rate fluctuations in certain situations.

c) European Investment Advisory Hub

– More targeted technical assistance services for projects involving several Member States, for projects that contribute to reaching the objectives of COP21, for digital infrastructures and for the combination of other sources of Union funding with the EFSI. This support will focus on needs not covered adequately under current arrangements. In addition, the proposal foresees that the EIAH should actively contribute to the objective of sectorial and geographical diversification of the EFSI.

2016/0276 (COD)

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 AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 172 and 173, the third paragraph of Article 175 and Article 182(1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) Since the Investment Plan for Europe was presented in November 2014[3], the conditions for an uptake in investment have improved and confidence in Europe's economy and growth are returning. The Union is now in its fourth year of moderate recovery, with Gross Domestic Product growing at 2% in 2015. The comprehensive efforts initiated with the Investment Plan are already delivering concrete results, despite the fact that macroeconomic effects of larger investment projects cannot be immediate. Investment is expected to pick up gradually throughout 2016 and 2017 although it remains below historical levels.

(2) That positive momentum should be maintained and efforts need to be continued to bring investment back to its long-term sustainable trend. The mechanisms of the Investment Plan work and should be reinforced to continue the mobilisation of private investments in sectors important to Europe's future and where market failures or sub-optimal investment situations remain.

(3) On 1 June 2016 the Commission issued a Communication entitled 'Europe investing again – Taking stock of the Investment Plan for Europe and next steps' outlining the achievements of the Investment Plan so far and the envisaged next steps, including the

[3] COM(2014) 903 final.

extension of the European Fund for Strategic Investments (EFSI) beyond its initial three-year period, the scaling-up of the Small and Medium-sized Enterprises (SME) Window within the existing framework and the enhancement of the European Investment Advisory Hub (EIAH).

(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.

(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."

(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.

(7) For the period after 2020, the Commission intends to put forward the necessary proposals to ensure that strategic investment will continue at a sustainable level.

(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.

(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 Union.

(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.

(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.

(12) For the full investment period, the Union should provide a Union guarantee (the 'EU guarantee') which should not, at any time, exceed EUR 26 000 000 000 in order to enable the EFSI to support investments, of which a maximum of EUR 16 000 000 000 should be available prior to 6 July 2018.

(13) It is expected that when the EU guarantee is combined with the EUR 7 500 000 000 to be provided by the EIB, the EFSI support should generate EUR 100 000 000 000 additional investment by the EIB and EIF. The amount of EUR 100 000 000 000 supported by the EFSI is expected to generate at least EUR 500 000 000 000 of additional investment in the real economy by the end of 2020.

(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[4]. 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.

(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.

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[4] Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010, OJ L 348, 12.2013, p. 129.

(16) In line with the exceptional market 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.

(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.

(18) With a view to enhancing the transparency of EFSI operations, the Investment Committee should explain in its decisions, which are made public and accessible, the reasons why it deems that an operation should be granted the EU guarantee, with particular focus on compliance with the additionality criterion. The scoreboard of indicators should be made public once an operation under the EU guarantee is signed.

(19) The operations supported by the EFSI should adhere to the Union's principles of tax good governance.

(20) In addition, it is appropriate to make certain technical clarifications in relation to the contents of the agreement on the management of the EFSI and on granting of the EU guarantee and on the instruments covered by it, including coverage for currency exchange rate risk in certain situations. The agreement with the EIB on the management of the EFSI and on the granting of the EU guarantee should be adapted in line with this Regulation.

(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 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.

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

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EU) No 2015/1017 is amended as follows:

(1) Article 4(2) is amended as follows:

(a) in point (a), point (ii) is replaced by the following:

'(ii) the amount, of no less than EUR 7 500 000 000 in guarantees or cash, and the terms of the financial contribution which is to be provided by the EIB through the EFSI;';

(b) in point (c), point (i) is replaced by the following:

'(i) in accordance with Article 11, detailed rules on the provision of the EU guarantee, including its arrangements on coverage, its defined coverage of portfolios of specific types of instruments and the respective events triggering possible calls on the EU guarantee;';

(2) in Article 5(1) the third subparagraph is replaced by the following:

'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.

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.';

(3) In Article 6(1), the introductory words are replaced by the following:

'The EFSI Agreement shall provide that the EFSI is to support projects which address market failures or sub-optimal investment situations and which:';

(4) Article 7 is amended as follows:

(a) Paragraph 8 is amended as follows:

(i) point (e) is replaced by the following:

'(e) climate action, environmental protection and management;';

(ii) The following point (l) is added:

'(l) agriculture, fishery and aquaculture.';

(b) in paragraph 10, the second sentence is replaced by the following:

'Each member of the Investment Committee shall communicate without delay to the Steering Board, the Managing Director and the Deputy Managing Director all information needed to check on an ongoing basis the absence of any conflict of interest.';

(c) in paragraph 11, the following sentence is added:

'The Managing Director shall be responsible for informing the Steering Board of any such breach that comes to his knowledge and propose appropriate action.';

(d) in paragraph 12, the second sentence of the second subparagraph is replaced by the following:

'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.';

(5) Article 9 is amended as follows:

(a) in paragraph 2 the following points (h) and (i) are added:

'(h) agriculture, fishery and aquaculture;

(i) for less-developed regions and transition regions as listed respectively in Annex I and Annex II of Commission Implementing Decision 2014/99/EU[5], other industry and services eligible for EIB support.';

(b) in paragraph 2, the following subparagraph is added:

'The EIB shall target that at least 40 % of EFSI financing under the infrastructure and innovation window supports projects with components that

[5] Commission Implementing Decision No 2014/99/EU of 18 February 2014 setting out the list of regions eligible for funding from the European Regional Development Fund and the European Social Fund and of Member States eligible for funding from the Cohesion Fund for the period 2014-2020, OJ L 50, 20.2.2014, p. 22.

contribute to climate action, in line with the COP21 commitments. The Steering Board shall provide detailed guidance to that end.';

(c) paragraph 3 is replaced by the following:

'3. The investment period during which the EU guarantee may be granted for supporting financing and investment operations covered by this Regulation shall last until:

(a) 31 December 2020, for EIB operations for which a contract between the EIB and the beneficiary or financial intermediary has been signed by 31 December 2022;

(b) 31 December 2020, for EIF operations for which a contract between the EIF and the financial intermediary has been signed by 31 December 2022.';

(d) paragraph 4 is deleted.;

(6) in Article 10(2), point (a) is replaced by the following:

'(a) EIB loans, guarantees, counter-guarantees, capital market instruments, any other form of funding or credit enhancement instrument, including subordinated debt, equity or quasi-equity participations, including in favour of national promotional banks or institutions, investment platforms or funds;';

(7) Article 11 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. The EU guarantee shall not, at any time, exceed EUR 26 000 000 000, of which a part may be allocated for EIB funding or guarantees to the EIF in accordance with paragraph 3. Aggregate net payments from the general budget of the Union under the EU guarantee shall not exceed EUR 26 000 000 000 and not exceed EUR 16 000 000 000 prior to 6 July 2018.';

(b) paragraph 3 is replaced by the following:

'3. 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 provided that an amount of at least EUR 4 000 000 000 of funding or guarantees is provided by the EIB without coverage by the EU guarantee, up to an initial limit of EUR 6 500 000 000. Without prejudice to paragraph 1, that limit may where appropriate be adjusted by the Steering Board.

(c) in paragraph 6, points (a) and (b) are replaced by the following:

'(a) for debt instruments referred to in Article 10(2)(a), the principal and all interest and amounts due to the EIB but not received by it in accordance with the terms of the financing operations until the event of default; losses arising from fluctuations of currencies other than the euro in markets where possibilities for long-term hedging are limited; for subordinated debt a deferral, reduction or required exit shall be considered to be an event of default;

(b) for equity or quasi-equity investments referred to in Article 10(2)(a), the amounts invested and their associated funding cost and losses arising from fluctuations of currencies other than the euro;';

(8) Article 12 is amended as follows:

(a) paragraph 5 is replaced by the following:

'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.';

(b) paragraph 7 is replaced by the following:

'7. From 1 July 2018, if as a result of calls on the EU guarantee, the level of the guarantee fund falls below 50 % of the target amount, or it may fall below that level within a year according to a risk assessment by the Commission, the Commission shall submit a report on exceptional measures that may be required.';

(c) paragraphs 8, 9 and 10 are replaced by the following:

'8. After a call on the EU guarantee, endowments to the guarantee fund provided for in points (b) and (d) of paragraph 2 above the target amount shall be used within the limits of the investment period provided for in Article 9 to restore the EU guarantee up to its full amount.

9. Endowments to the guarantee fund provided for in point (c) of paragraph (2) shall be used to restore the EU guarantee up to its full amount.

10. In the event that the EU guarantee is fully restored up to an amount of EUR 26 000 000 000, any amount in the guarantee fund in excess of the target amount shall be paid to the general budget of the Union as internal assigned revenue in accordance with Article 21(4) of Regulation (EU, Euratom) No 966/2012 for any budget lines which may have been used as a source of redeployment to the guarantee fund.';

(9) Article 14 is amended as follows:

(a) Paragraph 1 is amended as follows:

(i) in the first subparagraph, the second sentence is replaced by the following:

'Such support shall include providing targeted support on the use of technical assistance for project structuring, on the use of innovative financial instruments and on the use of public-private partnerships, taking into account the specificities and needs of Member States with less-developed financial markets.';

(ii) in the second subparagraph, the following sentence is added:

'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).';

(b) paragraph 2 is amended as follows:

(i) point (c) is replaced by the following:

'(c) leveraging local knowledge to 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;';

(ii) point (e) is replaced by the following:

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

(iii) The following point (f) is added:

'(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 EFSI.';

(c) paragraph 5 is replaced by the following:

'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.';

(d) in paragraph 6, the second sentence is replaced by the following:

'Cooperation between, on the one hand, the EIAH and, on the other hand, a national promotional bank or institution, an international financing institution or an institution or a managing authority, including those acting as a national advisor, having expertise relevant for the purposes of the EIAH, may take the form of a contractual partnership.';

(10) Article 18 is amended as follows:

(a) paragraph 6 is replaced by the following:

'6. By 30 June 2018 and 30 June 2020, the Commission shall submit to the European Parliament and the Council a report containing an independent evaluation of the application of this Regulation.';

(b) paragraphs 7 and 8 are deleted.;

(11) in Article 19, the following paragraph is added:

'The EIB and EIF shall inform or shall oblige financial intermediaries to inform the final beneficiaries, including SMEs, of the existence of EFSI support.';

(12) Article 22(1) is replaced by the following:

'1. In their financing and investment operations covered by this Regulation, the EIB, the EIF and all financial intermediaries shall not support any activities carried out for illegal purposes, including money laundering, terrorist financing, organised crime, tax fraud and tax evasion, corruption, and fraud affecting the financial interests of the Union.

In particular the EIB and the EIF shall not participate in any financing or investment operation through a vehicle located in a jurisdiction that does not co-operate with the Union in relation to the application of the internationally agreed tax standards on transparency and exchange of information.

In their financing and investment operations covered by this Regulation, the EIB and the EIF shall not make use of or engage in tax avoidance structures, in particular aggressive tax planning schemes, or practices not complying with EU tax good governance principles, as set out in the Union legislation, including Commission recommendations and communications.

The Commission shall provide detailed guidance, where needed.';

(13) in Article 23(2), the first and second sentences of the first subparagraph are replaced by the following

'The power to adopt delegated acts referred to in Article 7(13) and (14) shall be conferred on the Commission for a period of five years from 4 July 2015. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period.';

(14) Annex II is amended as set out in the Annex to this Regulation.

Article 2

Regulation (EU) No 1316/2013 is amended as follows:

(1) in Article 5, paragraph 1 is replaced by the following:

‘1. The financial envelope for the implementation of the CEF for the period 2014 to 2020 is set at EUR 29 992 259 000 in current prices. That amount shall be distributed as follows:

(a) transport sector: EUR 23 895 582 000, of which EUR 11 305 500 000 shall be transferred from the Cohesion Fund to be spent in line with this Regulation exclusively in Member States eligible for funding from the Cohesion Fund;

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

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

These amounts are without prejudice to the application of the flexibility mechanism provided for under Council Regulation (EU, Euratom) No 1311/2013(*).

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(*) Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-20 (OJ L 347, 20.12.2013, p. 884).’.

Article 3

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament	*For the Council*
The President	*The President*

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

2. MANAGEMENT MEASURES

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND THE COUNCIL amending Regulation (EU) No 2015/1017

1.2. Policy area(s) concerned in the ABM/ABB structure[6]

Policy area: Economic and Financial Affairs ABB Activity: Financial operations and instruments For a detailed account of the ABB Activities, refer to Section 3.2 Policy area: Mobility and Transport Policy area: Communications networks, content and technology Policy area: Energy

1.3. Nature of the proposal/initiative

☐ The proposal/initiative relates to **a new action**

☐ The proposal/initiative relates to **a new action following a pilot project/preparatory action**[7]

X The proposal/initiative relates to **the extension of an existing action**

☐ The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objective(s)

1.4.1. The Commission's multiannual strategic objective(s) targeted by the proposal/initiative

Supporting growth-enhancing investments in line with Union budgetary priorities, especially in the areas of:

1) Strategic infrastructure (Digital and energy investments in line with the EU policies)

2) Transport infrastructure in industrial centres, education, research and innovation

6 ABM: activity-based management; ABB: activity-based budgeting.
7 As referred to in Article 54(2)(a) or (b) of the Financial Regulation.

3) Investments boosting employment, in particular through SME funding and measures for youth employment

1.4.2. Specific objective(s) and ABM/ABB activity(ies) concerned

Specific objective No 1 Increasing the number and volume of European Investment Bank (EIB) financing and investment operations in priority areas Specific objective No 2 Increasing the volume of European Investment Fund (EIF) financing for small and medium-sized enterprises ABM/ABB activity(ies) concerned: ECFIN: Financial operations and instruments

1.4.3. Expected result(s) and impact

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

The initiative should allow the European Investment Bank and the European Investment Fund to carry out financing and investment operations in the areas mentioned under 1.4.1 with larger financing volume and, in the case of the EIB, with riskier but still economically viable projects. A multiplier effect should be generated by means of the provision of an EU guarantee to the EIB, so that EUR 1 of the EU guarantee under this initiative could generate approximately EUR 15 invested in projects. Thereby the initiative should help mobilise funding for projects of at least EUR 500 billion until the end of the current Multiannual Financial Framework. This should help raise overall investments in the Union and thereby potential and actual growth and employment.

1.4.4. Indicators of results and impact

Specify the indicators for monitoring implementation of the proposal/initiative.

The objective is to increase investments in strategic areas as listed under 1.4.1. In that context, the following indicators will be applied: - The number of projects/SMEs having received EIB/EIF financing under the initiative. - The achieved average multiplier effect. The expected multiplier effect is around 15 in terms of the use of the EU guarantee compared to the total investment raised for the projects supported under the initiative and the terms of the transactions.

- The cumulative volume of funding raised for supported projects

The monitoring of the results will be based on the reporting by the EIB and market research.

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term

[…]

[…]

1.5.2. Added value of EU involvement

Since the Investment Plan for Europe was presented in November 2014[8], the conditions for an uptake in investment have improved and confidence in Europe's economy and growth are returning. The Union is now in its fourth year of moderate recovery, with GDP growing at 2% in 2015. The comprehensive efforts initiated with the Investment Plan are already delivering concrete results, despite the fact that macroeconomic effects of larger investment projects cannot be immediate. Investment is expected to pick up gradually throughout 2016 and 2017 although it remains below historically sustainable levels.

This positive momentum should be maintained and efforts need to be continued to bring investment back to its long-term sustainable trend. The mechanisms of the Investment Plan work and should be reinforced to continue the mobilisation of private investments in sectors important to Europe's future and where market failures or sub-optimal investment situations remain.

1.5.3. Lessons learned from similar experiences in the past

The first year of implementation of EFSI has proven the soundness of the initial plan. The EFSI, implemented and co-sponsored by the EIB Group, is firmly on track to deliver the objective of mobilizing 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 the Regulation (EU) 2015/1017.

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."

[8] COM(2014) 903 final.

1.5.4. Compatibility and possible synergy with other appropriate instruments

The initiative is fully compatible with existing programmes under Heading 1a, notably the Connecting Europe Facility, Horizon 2020 and COSME. Synergies with the European Structural Investment Funds (ESIF) are also clear; a brochure has been issued on February 2016 on the complementarity between ESIF and EFSI. In addition, a proposal to amend the Common Provision Regulations of the structural funds in order to facilitate the combination of ESFI and EFSI has been made in parallel to the current proposal.

Synergies will be exploited by making use of existing Commission expertise in the management of financial resources and the experience acquired under existing EU-EIB financing instruments.

1.6. Duration and financial impact

☐ Proposal/initiative of **limited duration**

– ☐ Proposal/initiative in effect from [DD/MM]YYYY to [DD/MM]YYYY

– ☐ Financial impact from YYYY to YYYY

X Proposal/initiative of **unlimited duration**

– Implementation with a start-up period from YYYY to YYYY,

– followed by full-scale operation.

1.7. Management mode(s) planned[9]

X **Direct management** by the Commission

– X by its departments, including by its staff in the Union delegations;

– ☐ by the executive agencies

☐ **Shared management** with the Member States

☐ **Indirect management** by entrusting budget implementation tasks to:

– ☐ third countries or the bodies they have designated;

– ☐ international organisations and their agencies (to be specified);

– ☐the EIB and the European Investment Fund;

– ☐ bodies referred to in Articles 208 and 209 of the Financial Regulation;

– ☐ public law bodies;

– ☐ bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;

– ☐ bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;

– ☐ persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.

– *If more than one management mode is indicated, please provide details in the 'Comments' section.*

Comments

9 Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: https://myintracomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx

The Guarantee Fund will be under direct management by the Commission.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

In accordance with Article 10 of Regulation (EU) 2015/1017, the EIB, in cooperation with the EIF as appropriate, shall report semi-annually to the Commission on EIB financing and investment operations. In addition, the EIB, in cooperation with the EIF as appropriate, shall report annually to the European Parliament and to the Council on EIB financing and investment operations. By 31 March of each year, the Commission is required to send to the European Parliament, the Council and the Court of Auditors an annual report on the situation of the Guarantee Fund and the management thereof in the previous year.

In accordance with Article 12 of the Regulation, the EIB shall evaluate the functioning of the European Fund for Strategic Investments (EFSI) and provide its evaluation to the European Parliament, the Council and the Commission. Moreover, the Commission shall evaluate the use of the EU guarantee and the functioning of the Guarantee Fund and provide into the European Parliament and the Council. A comprehensive report on the functioning of the EFSI is required by 30 June 2018 and every three years thereafter, as well as a comprehensive report on the use of the EU guarantee and the functioning of the Guarantee Fund.

2.2. By 30 June 2018 and 30 June 2020, the Commission shall submit to the European Parliament and the Council a report containing an independent evaluation of the application of this Regulation. Management and control system

2.2.1. Risk(s) identified

The EIB financing and investment operations covered by the EU guarantee carry a non-negligible financial risk. The probability of a call upon the guarantee is tangible. However, it is estimated that the Guarantee Fund provides the protection required for the Union budget. Projects themselves may be subject to implementation delays and cost overruns.

Even if based on conservative assumptions, the cost-efficiency of the initiative could suffer from insufficient market-uptake of the instruments and changing market conditions over time reducing the assumed multiplier effect.

In accordance with Article 8(4) of the Regulation (EU) 2015/1017, the resources of the Guarantee Fund are to be invested. Those investments will bear an investment risk (e.g. market and credit risk) and some operational risk.

2.2.2. Information concerning the internal control system set up

The EFSI is governed by a Steering Board, which determines the strategic orientation of the EFSI, the operating policies and procedures, the rules applicable to the operations with the investment platforms and national promotional banks and the risk profile of the EFSI.

Decisions on the use of the EFSI support for infrastructure and larger mid-cap projects are to be made by an Investment Committee. The Investment Committee is composed of independent experts who are knowledgeable and experienced in the areas of investment projects and are accountable to the Steering Board, who supervises the fulfilment of the EFSI's objectives.

There is a Managing Director responsible for the day-to-day management of the EFSI and preparation of the meeting of the Investment Committee. The Managing Director is directly accountable to the Steering Board and reports every quarter on the activities of the EFSI to the Steering Board. The Managing Director was appointed by the President of the EIB, after approval by the European Parliament of the candidate selected by the Steering Board.

The Commission manages the assets of the Guarantee Fund in accordance with the Regulation and under its internal rules and procedures in force.

2.3. Measures to prevent and fight fraud and irregularities affecting the financial interests of the Union

Specify existing or envisaged prevention and protection measures.

Article 21 of the Regulation (EU) 2015/1017 clarifies the competence of the European Anti-Fraud Office (OLAF) to carry out investigations on operations supported under this initiative. In accordance with the EIB Board of Governors' Decision of 27 July 2004 concerning the EIB's cooperation with OLAF, the Bank has established specific rules for cooperation with OLAF in connection with possible cases of fraud, corruption or any other illegal activity detrimental to the financial interests of the Communities.

Beyond that, the EIB's rules and procedures are applicable. Notably those include the EIB internal Investigation Procedures approved by the EIB Management Committee in March 2013. Furthermore, in September 2013, the EIB adopted its "Policy on preventing and deterring Prohibited Conduct in European Investment Bank activities" (EIB Anti-Fraud Policy).

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

3.2. Estimated impact on expenditure

The proposal will not increase the total level of expenditure programmed under Heading 1a of the Multiannual Financial Framework 2014-2020, as the envelope of the Connecting Europe Facility will be reduced to finance the contribution from the EU Budget to the European Fund for Strategic Investments.

EUR million (to three decimal places)

Sources of financing for the European Fund for Strategic Investments	2016	2017	2018	2019	2020	Total
CONNECTING EUROPE FACILITY, of which	73,908	-	31,277	106,879	287,936	500,000
06.020105 – Creating an environment more conducive to private investment for transport infrastructure projects					155,000	155,000
32.020104 - Creating an environment more conducive to private investment for energy projects	73,908	-	31,277	106,879	132,936	345,000
Unallocated Margin				60,000	90,000	150,000
TOTAL FINANCING SOURCES FOR THE PROVISIONING OF THE EFSI GUARANTEE FUND	73,908	-	31,277	166,879	377,936	650,000

In order to eliminate the mismatch in each specific budget year between the sources of financing and the envisaged commitment schedule, the commitment schedule included in the legislative financial statement accompanying the Regulation of the European Parliament and the Council No 2015/1017 (EFSI) needs to be amended as follows:

EUR million (to three decimal places)

Amendment of the EFSI commitment schedule	2015	2016	2017	2018	2019	2020	Total
Existing commitment schedule – 01.0405	1350,000	2030,000	2641,000	1979,000			8000,000
Amendment		73,908	-	-73,908			000,000
Revised commitment schedule – 01.0405	1350,000	2 103,908	2 641,000	1 905,092			8000,000

3.2.1. *Summary of estimated impact on expenditure*

EUR million (to three decimal places)

Heading of multiannual financial framework	1A	Competitiveness for growth and jobs

DG: ECFIN			2017	2018	2019	2020	2021	**TOTAL**
• Operational appropriations								
01.0405	Commitments	(1)		105,185	166,879	377,936		650,000
	Payments	(2)			150,000	250,000	250,000	650,000
01.0407	Commitments	(1)	p.m.	p.m.	p.m.	p.m.		p.m.
	Payments	(2)	p.m.	p.m.	p.m.	p.m.		p.m.
Appropriations of an administrative nature financed from the envelope of specific programmes[10]								

[10] Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

Number of budget line		(3)						
TOTAL appropriations for DG ECFIN	Commitments	=1		105,185	166,879	377,936		650,000
	Payments	=2			150,000	250,000	250,000	650,000
• TOTAL operational appropriations	Commitments	(4)		105,185	166,879	377,936		650,000
	Payments	(5)			150,000	250,000	250,000	650,000
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)						
TOTAL appropriations under HEADING 1A of the multiannual financial framework	Commitments	=4+ 6		105,185	166,879	377,936		650,000
	Payments	=5+ 6			150,000	250,000	250,000	650,000

Heading of multiannual financial framework	**5**	‘Administrative expenditure’

EUR million (to three decimal places)

	2019	2020	TOTAL
DG: ECFIN			
• Human resources			
• Other administrative expenditure			

TOTAL DG ECFIN				

TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)			

EUR million (to three decimal places)

		2017	2018	2019	2020	2021	**TOTAL**
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments		105,185	166,879	377,936		650,000
	Payments			150,000	250,000	250,000	650,000

3.2.2. *Estimated impact on operational appropriations*

- ☐ The proposal/initiative does not require the use of operational appropriations
- X The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ⇩			2018		2019		2020		**TOTAL**	
	Type[11]	Average cost	No	Cost	No	Cost	No	Cost	Total No	Total cost
SPECIFIC OBJECTIVES NO 1: INCREASING THE NUMBER AND VOLUME OF EIB FINANCING AND INVESTMENT OPERATIONS IN PRIORITY AREAS AND 2: INCREASING THE VOLUME OF EIF FINANCING FOR SMALL AND MEDIUM ENTERPRISES										
				105,185		166,879		377,936		650,000

11 Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

3.2.3. *Estimated impact on appropriations of an administrative nature*

3.2.3.1. Summary

– X The proposal/initiative does not require the use of appropriations of an administrative nature beyond what was already included in the legislative financial statement accompanying Reg 2015/1017.

– ☐ The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

3.2.3.2. Estimated requirements of human resources

– X The proposal/initiative does not require the use of human resources beyond what was already included in the legislative financial statement accompanying Reg 2015/1017.

– ☐ The proposal/initiative requires the use of human resources, as explained below:

3.2.4. *Compatibility with the current multiannual financial framework*

– X The proposal/initiative is compatible the current multiannual financial framework.

– ☐ The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

– ☐ The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework.

3.2.5. *Third-party contributions*

– X The proposal/initiative does not provide for co-financing by third parties.

– The proposal/initiative provides for the co-financing estimated below:

3.3. Estimated impact on revenue

– ☐ The proposal/initiative has no financial impact on revenue.

– X The proposal/initiative has the following financial impact:

☐ on own resources

X on miscellaneous revenue

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative[12]				
		2019	2020	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
Article 660 – Other contributions and refunds		200,000	250,000			

For miscellaneous 'assigned' revenue, specify the budget expenditure line(s) affected.

01 04 05 Provisioning of the EFSI guarantee fund Specify the method for calculating the impact on revenue.

Remuneration of the EU guarantee as foreseen in the EFSI agreement signed with the EIB.

[12] As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25 % for collection costs.