EAPB Comments on the amendments of the European Parliament to the ECON/BUDG Draft Report 2018/0229 on the establishment of the InvestEU Programme

The European Association of Public Banks (EAPB) is presenting this paper commenting on the amendments tabled by Members of European Parliament to the Draft Report to the regulation proposal establishing the InvestEU Programme in the MFF 2021-27. Since some 800 amendments were tabled to the ECON & BUDG Secretariat, the EAPB is offering short, summarizing comments from the perspective of national and regional promotional banks or institutions (NPBIs) foreseen to become the implementing partners of this programme.

The EAPB wishes to express its strong support for the Draft Report by Mr. Fernandes and Mr. Gualtieri which largely improves the legislative proposal. The deletion of the requirement to cover financing in at least three Member States for the prospective implementing partners is an essential step to improve the legal certainty of NPBIs which are typically limited by their statutes to only operate in their Member States or regions. We welcome extended and clarified rules concerning the governance structure. We have also welcomed the previously missing definition of the *financial contribution*.

Overview of (shadow) rapporteurs in the responsible committees:

	ECON	**BUDG**
EPP	KARAS Othmar	**FERNANDES José Manuel**
S&D	**GUALTIERI Roberto**	GARDIAZABAL RUBIAL Eider
ECR	LOONES Sander	LOONES Sander
ALDE	TREMOSA I BALCELLS Ramon	TORVALDS Nils
GUE	PAPADIMOULIS Dimitrios	NÍ RIADA Liadh
Greens	GIEGOLD Sven	GIEGOLD Sven
EFDD	VALLI Marco	VALLI Marco
ENF	KAPPEL Barbara	KAPPEL Barbara

The EAPB generally supports amendments tabled by Mr. Karas, Ms. Gardiazabal Rubial as shadow rapporteurs of their respective parties. Moreover, we also estimate the amendments by Ms. Esther de Lange, Mr. Marcus Ferber, and Mr. Jens Geier very positively.

At the same time there is an evident backlash in the European Parliament coming particularly from the ECR and the ENF groups against opening of the EU Guarantee to NPBIs and amending the Commission's proposal in a way that basically preserves the EFSI architecture with the monopoly of the EIB Group. Although we agree that the EIB Group, the Treaty-based EU bank shall be a prominent implementing partner as the only intermediary able to operate in all EU Member States, this step would lead to mobilizing less investment volumes and allow for lower penetration of the InvestEU operations to Cohesion countries and to smaller region-scaled projects.

Please find below our assessment of the 825 amendments tabled to amend the Regulation proposal.

Amendments to be particularly supported:

- ✓ Amendments **265 & 266** address one of the main problems of EFSI, i.e. the lengthy approval procedures. Suggested deletion will enable the InvestEU Programme to provide financing to the final beneficiary faster.
- ✓ Amendments **285 & 286** aim to send an important political signal to the Commission to develop maximum efforts to crowd in as many implementing partners as possible.
- ✓ Amendments **291 & 292** simplify the participation and increase the legal certainty of NPBIs in the InvestEU programme.
- ✓ Amendments **329 or 343** define the EIB Group as “the European Investment Bank and its subsidiaries”. This definition echoes the participation of the European Investment Fund in the programme. The EIF has proved to be an essential body for SME and innovation financing in the EU and its activities should indeed be continued.
- ✓ Amendment **347** provides for a previously lacked definition of investment platforms, which is suitable for the purpose. We invite the co-legislators to include this definition in this wording.
- ✓ Amendment **377** removes the requirement to “duly justify” financing of midcap companies under the InvestEU Programme. The EAPB is favorable of providing financing to small midcaps with problems accessing finance. The requirement to “duly justify” such cases is nevertheless rather vague and could lead to many different interpretations. Amendment **394** clarifies that the Member State Compartment can also be used by a regional authority within an EU Member State for a ring-fenced used of the allocated funds on its territory.
- ✓ Amendments **400 & 695** aim to support blending operations by financial intermediaries which can improve the efficiency of EU investments.
- ✓ Amendments **422 & 442 & 742** ensure a better consultation of implementing partners and the proportionality of investment guidelines.
- ✓ Amendment **427** provides for more clarity and consistency of the text: *Commission guidance* → *Investment Guidelines* (correct name).
- ✓ Amendment **460** addresses the problem of the definition of a market failure.
- ✓ Amendments **475 or 476 or 477, 479 or 480, 485, 487, 490, 495, 543, 544** all clarify that the Member State Compartment can also be used by a regional authority within an EU Member State for a ring-fenced used of the allocated funds on its territory. This clarification was needed for regional authorities and regional promotional banks (see also 394).
- ✓ Amendment **499** provides for a clear definition of the quality of the EU Guarantee which increases the legal certainty of implementing partners.
- ✓ Amendment **504** encourages an intensive cooperation of the EIB Group with NPBIs, much to the benefit of the InvestEU Program’s goals. It also ensures that NPBIs not wishing to benefit directly from the EU Guarantee may remain contractual partners of the EIB Group.
- ✓ Amendment **533** removes the three Member State requirement imposed on the implementing partners by the Regulation proposal.
- ✓ Amendment **535** ensures more legal certainty and a higher subsidiarity of the InvestEU Programme.
- ✓ Amendment **562** rightly addresses the problem that the entry costs of the programme could be too high for many NPBIs, which could hamper the implementation particularly in Cohesion countries of smaller regions and member States, More financial assistance to these intermediaries would be much welcomed in order to achieve a geographical balance.
- ✓ Amendment **574** brings about a very well functioning alternative to the proposed governance structure where all key stakeholders are represented.
- ✓ Amendment **595** foresees the necessary step to establish common Risk Assessment Criteria which are needed for a correct and consistent implementation of the programme throughout the Union.
- ✓ Amendment **638** – we agree that the Investment Committee should be fully independent.
- ✓ Amendment **683, 694 & 704** will lead to a very cost-efficient approach to the InvestEU Advisory Hub. It is indeed necessary to only set up new advisory structures where needed

instead of doubling the existing ones. They should also support creation of investment platforms.

- ✓ Amendments **689 & 693** address the major shortcoming of EFSI, i.e. the lack of small project supported. The advisory support under InvestEU should assist in project bundling.

Amendments to be opposed:

- Amendment **68** is very unclear and inspires many questions concerning banking secrecy rules and data protection laws. We suggest abandoning this proposal.
- Amendment **69**: we deem this proposal very critically and suggest its deletion. Should potential Implementing Partners be selected according to their „past experience“ with EU financial instruments, it would allow for an interpretation discriminating against newly established promotional banks or those without prior experience in the management of EU financial instruments. This contradicts the EU’s support for establishing NPBIs across all EU Member States and attracting as many implementing partners as possible.
- Amendments **282 & 283 & 284** technically remove the direct access of the NPBIs to the EU Guarantee, hence returning to the EFSI model which needs to be reformed.
- Amendments **338 & 339 & 340** follow the same purpose (monopolization of the EU Guarantee by the EIB group), completely redesigning the regulation proposal and the draft report.
- Amendment **350** includes a spelling mistake in the abbreviation of “***NPBI***” (written falsely as ~~***NBPI***~~”).
- Amendments **457 & 458 & 459** technically remove the direct access of the NPBIs to the EU Guarantee, hence returning to the EFSI model which needs to be reformed.
- Amendment **469** empowers the Commission to adopt delegated acts to define market and coordination failures and sub-optimal investment situations. Implementing partners need a stable set of definitions and of the regulatory environment in general. Continuous changes to this key definition would considerably complicate the product development and long-term investments under the InvestEU programme..
- Amendments **512 & 513 & 517 & 520** technically remove the direct access of the NPBIs to the EU Guarantee, hence returning to the EFSI model which needs to be reformed.
- Amendments **536 & 537** do not solve the problem of the three Member State requirement imposed on the financial intermediaries. It does not explain what is the value added by operating in two or more Member States nor how should such requirement be fulfilled by NPBIs. We strongly advocate against this amendment.
- Amendment **538 & 539** no longer make sense since it removes the three Member State requirements but still encourages the NPBIs to form a group covering financing in three Member States. This article would be very inconsistent and unclear.
- Amendments **547 & 587** bring about terms ***Union-wide and/or Member State specific*** *market failures.* These are very difficult to define and are not mentioned in the Financial Regulation.
- Amendment **568** foresees the EIB Group monopoly over the EU Guarantee.