

**Comments of the European Association Public Banks (EAPB)
On the Draft Opinion of the ITRE Committee on the Proposal for the InvestEU Programme in MFF
2021-27**

The European Association of Public Banks (EAPB) welcomes the Draft Opinion (2018/0229(COD)) of the Committee on Industry, Research and Energy (ITRE) on the Proposal for the InvestEU Programme in MFF 2021-27.

I. General Comments

The EAPB represents a numbers of regional and national promotional banks (NPBIs) that are potential implementing partners of the European Union under the InvestEU proposal. The EAPB shares the view of the Draft Opinion that the future role of the EIB Group, as the treaty-based EU bank, should be more clearly defined and that its investment activities should continue, including the successful EIF programmes COSME and Horizon 2020. We also believe that the governance structure as proposed by the Draft Opinion ensures a better political balance to the InvestEU management, brings in more banking expertise to the decision-making process, and cuts the high costs of delegating experts for implementing partners.

II. EAPB Comments on the Draft Opinion by the ITRE Committee

| ITRE Amendment nr. | Commission's Proposal | ITRE Amendment | EAPB comment |
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| 5 | <p>Recital 16: Small and medium-sized enterprises (SMEs) play a crucial role in the Union. However, they face challenges when accessing finance because of their perceived high risk and lack of sufficient collateral. Additional challenges arise from SMEs' need to stay competitive by engaging in digitisation, internationalisation and innovation activities and skilling up their workforce. Moreover, compared to larger enterprises, they have access to a more limited set of financing sources: they typically do not issue bonds, have only limited access to stock exchanges or large institutional investors. The challenge in</p> | <p>Recital 16: Small and medium-sized enterprises <i>represent over 99% of businesses</i> in the Union <i>and their economic value is significant and crucial.</i> (...) <i>Programmes such as COSME and Horizon 2020 have been important for SMEs in that they have facilitated access to finance in all phases of their lifecycle, and this was added to by EFSI for which there was a quick SME uptake.</i> The InvestEU Fund should <i>therefore build on these successes and</i> provide an opportunity to focus on specific, more targeted financial products.</p> | <p>The EAPB supports the ITRE amendment but also suggests inserting the Horizon 2020 programme, which is proved as an important tool for the (innovative) SME support across Europe which should be continued.</p> |

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| | <p>accessing finance is even greater for those SMEs whose activities focus on intangible assets. SMEs in the Union rely heavily on banks and debt financing in the form of bank overdrafts, bank loans or leasing. Supporting SMEs that face the above challenges and providing more diversified sources of funding is necessary for increasing the ability of SMEs to finance their creation, growth and development, withstand economic downturns, and for making the economy and the financial system more resilient during economic downturn or shocks. This is also complementary to the initiatives already undertaken in the context of the Capital Markets Union. The InvestEU Fund should provide an opportunity to focus on specific, more targeted financial products.</p> | | |
| 6 | <p>Recital 26: The Commission should assess the compatibility of investment and financing operations submitted by the implementing partners with Union law and policies whereas the decisions on financing and investment operations should ultimately be taken by an implementing partner.</p> | Deletion of Recital 26 | <p>We support the deletion of this provision because its implementation would result into prolonging the approval procedures and would also demand much additional banking expertise by the Commission.</p> |
| 8 | <p>Recital 27 A Project Team consisting of experts put at the disposal of the Commission by the implementing partners in order to provide professional expertise in financial and technical assessment of proposed financing and investment operations should score those submitted by the implementing partners to be assessed by the Investment Committee.</p> | Deletion of Recital 27 | <p>The EAPB supports the deletion of this article proposed by the ITRE Rapporteur.</p> <p>We believe that this additional layer of governance would make the InvestEU more difficult and complex to implement than EFSI, much to the expense of the final outcome. In addition, the requirement to delegate own experts, imposed on the prospective implementing partners, would be very costly for smaller national and regional promotional banks, hence discouraging them from the direct cooperation on the programme. That could eventually hamper the implementation in the Member States and regions that need the EU wide action on investment the most.</p> |

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| <p>9</p> | <p>Recital 30 In order to ensure that interventions under the EU compartment of the InvestEU Fund focus on market failures and sub-optimal investment situations at Union level, but, at the same time, satisfy the objectives of best possible geographic outreach, the EU guarantee should be allocated to implementing partners, which alone or together with other implementing partners, can cover at least three Member States. However, <i>it is expected that around</i> 75 % of the EU guarantee under the EU compartment would be allocated to <i>implementing partner or partners that can offer financial products under the InvestEU Fund in all Member States.</i></p> | <p>Recital 30 In order to ensure that interventions under the EU compartment of the InvestEU Fund focus on market failures and sub-optimal investment situations at Union level, but, at the same time, satisfy the objectives of best possible geographic outreach, the EU guarantee should be allocated to implementing partners, which alone or together with other implementing partners, can cover at least three Member States. However, 75 % of the EU guarantee under the EU compartment would be allocated to <i>the European Investment Bank.</i></p> | <p>The EAPB does not have a position to the actual amendments of the Rapporteur. We would nevertheless like to include one change into this paragraph of the recital to ensure legal consistency of the proposal in respect to the regional implementing partners.</p> <p>Several Member States, incl. Germany, Belgium, Spain and Italy are countries with regional NPBIs that could become InvestEU implementing partners. However, for the regional players it is difficult and not particularly meaningful to develop international cooperation as foreseen in the proposal. For these regional actors, we suggest opening the option to cooperate internally within their Member State: „...can cover at least three Member States or their regions.“</p> |
| <p>17</p> | <p>Article 7 – paragraph 3 – subparagraph 2 The Commission guidance shall allow to: a) as regards adaptation, ensure the resilience to the potential adverse impacts of climate change through a climate vulnerability and risk assessment, including relevant adaptation measures, and, as regards mitigation, integrate the cost of greenhouse gas emissions and the positive effects of climate mitigation measures in the cost-benefit analysis; b) account for consolidated project impact in terms of the principal components of the natural capital relating to air, water, land and biodiversity; c) estimate the impact on the social inclusion of certain areas or populations.</p> | <p>Article 7 – paragraph 3 – subparagraph 2: point c a (new): c a) demonstrate the expected benefits and contribution of the project in terms of Climate and Energy objectives.</p> | <p>The EAPB does not support the ITRE amendment. The Commission proposal (points a, b, c) are sufficient as such and do not need to be extended by this new point. This proposal could likely result into another burdensome yet abstract reporting requirement for the implementing partners and hamper the overall implementation.</p> |
| <p>18</p> | <p>None</p> | <p>Art. 8 (a) - new (...) 2. Without prejudice to the requirement to meet the definition of additionality as set out in the first subparagraph, the following elements are strong indications of additionality: — projects and financial products</p> | <p>The EAPB welcomes this proposed provision focused on the additionality principle. However, we suggest adding “financial products” (i.e. credit or loan guarantee schemes) offered by the NPBIs to ensure legal clarity, particularly within the SME window.</p> |

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| | | <p>proposed that carry a risk corresponding to EIB special activities, as defined in Article 16 of the EIB Statute, or an equivalent level of risk, especially if such projects present country-, sector- or region-specific risks, in particular those experienced in less developed regions and transition regions and/or if such projects present risks associated with innovation, in particular in growth-, sustainability- and productivity-enhancing unproven technologies;</p> <p>— projects and financial products proposed by implementing partners considered by the Investment Committee to carry a level of risk equivalent to that described in the first indent of this subparagraph.</p> | |
| 19-25 | (the entire Art. 9) | Inclusion of “ regions ” behind “Member States” everywhere where applicable in the Article 9. | These are helpful amendments that should be widely supported. They provide for a better legal clarity for Member States where funds under the shared management are administrated by regional authorities. |
| 30 | None | <p>Article 17 (a) - new Steering Committee (...) 4. The Steering Committee shall determine the operating policies and procedures necessary for the functioning of InvestEU and the rules applicable to the operations with investment platforms and national or regional promotional banks or institutions.</p> <p>(...)</p> | <p>The EAPB sees the ITRE proposal for the Steering Committee replacing the project team as preferable, for the reasons we listed above (AM 8 and 31)</p> <p>Should the European Parliament opt for the Steering Committee model, we ask to insert the regional promotional banks to the final text to ensure consistency and legal clarity.</p> |
| 31 | <p>Article 18 Project team</p> <p>(...)</p> | <p>Article 18 <i>deleted</i></p> | <p>The EAPB supports the deletion of this article proposed by the ITRE Rapporteur.</p> <p>We believe that this additional layer of governance would make the InvestEU more</p> |

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| | | | difficult and complex to implement than EFSI, much to the expense of the final outcome. In addition, the requirement to delegate own experts, imposed on the prospective implementing partners, would be very costly for smaller national and regional promotional banks, hence discouraging them from the direct cooperation on the programme. That could eventually hamper the implementation in the Member States and regions that need the EU wide action on investment the most. |
| 37 | <p>Article 20 – paragraph 6 The InvestEU Advisory Hub shall have local presence, where necessary. It shall be established in particular in Member States or regions that face difficulties in developing projects under the InvestEU Fund. The InvestEU Advisory Hub shall assist in the transfer of knowledge to the regional and local level with a view to building up regional and local capacity and expertise for support referred to in paragraph 1.</p> | <p>Article 20 – paragraph 6 The InvestEU Advisory Hub shall have a presence in each Member State, with a particular focus on ensuring a presence in regions that face difficulties in developing projects under the InvestEU Fund. The InvestEU Advisory Hub shall assist in the transfer of knowledge to the regional and local level with a view to building up regional and local capacity and expertise for support referred to in paragraph 1.</p> | <p>The EAPB support the original Commission proposal.</p> <p>Across the EU Member States and their regions, there are different levels of capacity to assist local market players with the InvestEU programme. It is therefore unnecessary to establish a local Invest EU Advisory Hub there where it is not needed. The economized costs can be used on intensifying the technical assistance there where it is actually needed.</p> |

III. EAPB suggests the following new amendments:

| | Commission’s Proposal | EAPB proposal for amendment | EAPB comment |
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| A | <p>Article 4, paragraph 1</p> <p><i>Budget and amount of the EU guarantee</i></p> <p>1. The EU guarantee for the purposes of the EU compartment referred to in point (a) of Article 8(1) shall be EUR 38 000 000 000 (current prices). It shall be provisioned at the rate of 40 %.</p> <p>An additional amount of the EU guarantee may be provided for the purposes of the Member State compartment referred to in</p> | <p>Article 4, paragraph 1</p> <p><i>Budget and amount of the EU guarantee</i></p> <p>1. The EU guarantee for the purposes of the EU compartment referred to in point (a) of Article 8(1) shall be EUR 38 000 000 000 (current prices). It shall be provisioned at the rate of 40 %.</p> <p>An additional amount of the EU guarantee may be provided for the purposes of the Member State compartment referred to in</p> | <p>A large part of funds under the shared management is administrated by regional governments all across the Union. Therefore it would make sense to confer them the power to transfer the funds allocated to their region to the InvestEU Fund for a ring-fenced use in their territory.</p> |

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| | <p>point (b) of Article 8(1), subject to the allocation by Member States, pursuant to [Article 10(1)] of Regulation [[CPR] number]28 and Article [75(1)] of Regulation [[CAP plan] number]29, of the corresponding amounts.</p> <p>The contributions from third countries referred to in Article 5 shall also increase the EU guarantee referred to in the first subparagraph, providing a provisioning in cash in full in accordance with [Article 218(2)] of the [Financial Regulation].</p> | <p>point (b) of Article 8(1), subject to the allocation by the national or regional authorities of the Member States, pursuant to [Article 10(1)] of Regulation [[CPR]number]28 and Article [75(1)] of Regulation [[CAP plan] number]29, of the corresponding amounts.</p> <p>The contributions from third countries referred to in Article 5 shall also increase the EU guarantee referred to in the first subparagraph, providing a provisioning in cash in full in accordance with [Article 218(2)] of the [Financial Regulation].</p> | |
| B | <p>Art. 8, paragraph 1 (b)</p> <p>the Member State compartment shall address specific market failures or suboptimal investment situations in one or several Member States to deliver objectives of the contributing Funds under shared management.</p> | <p>Art. 8, paragraph 1 (b)</p> <p>the Member State compartment shall address specific market failures or suboptimal investment situations in one or several Member States to deliver objectives of the contributing Funds under shared management. A contribution agreement can also be concluded between a regional authority of a Member State and the Commission. Such agreement shall provide for investment activities on the territory of the contributing region and shall be subject to equal conditions as set out in the Article 9 of the Regulation.</p> | <p>A large part of funds under the shared management is administrated by regional governments all across the Union. Therefore it would make sense to confer them the power to transfer the funds allocated to their region to the InvestEU Fund for a ring-fenced use in their territory.</p> |
| C | <p>Art. 12, paragraph 1:</p> <p>The Commission shall select, in accordance with [Article 154] of the [Financial Regulation], the implementing partners or a group of them, as referred to in the second subparagraph of this paragraph, from among eligible counterparts.</p> <p>For the EU compartment, the eligible counterparts shall have expressed their interest and shall be able to cover financing</p> | <p>The Commission shall select, in accordance with [Article 154] of the [Financial Regulation], the implementing partners or a group of them, as referred to in the second subparagraph of this paragraph, from among eligible counterparts.</p> <p>For the EU compartment, the eligible counterparts shall have expressed their interest and shall be able to cover</p> | <p>It is necessary to keep this opportunity open also for the regional level, for relevant Member States (with regional promotional banks – e.g. Belgium, Germany, Italy, and Spain).</p> |

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| | <p>and investment operations in at least three Member States. The implementing partners may also cover together financing and investment operations in at least three Member States by forming a group.</p> <p>For the Member State compartment, the Member State concerned may propose one or more eligible counterparts as implementing partners from among those that have expressed their interest pursuant to Article 9(3)(c).</p> <p>Where the Member State concerned does not propose an implementing partner, the Commission shall proceed in accordance with the second subparagraph of this paragraph among those implementing partners that can cover financing and investment operations in the geographical areas concerned.</p> | <p>financing and investment operations in at least three Member States. The implementing partners may also cover together financing and investment operations in at least three Member States by forming a group. This condition can be satisfied by covering financing and investment operations in one region of a Member State.</p> <p>For the Member State compartment, <i>the national or regional authority of the Member State or region</i> concerned may propose one or more eligible counterparts as implementing partners from among those that have expressed their interest pursuant to Article 9(3)(c).</p> <p>Where the Member State or region concerned does not propose an implementing partner, the Commission shall proceed in accordance with the second subparagraph of this paragraph among those implementing partners that can cover financing and investment operations in the geographical areas concerned.</p> | |
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