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PROPOSAL

From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	14 January 2015
To:	Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union
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Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the European Fund for Strategic Investments and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013

Delegations will find attached document COM(2015) 10 final.

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2015/0009 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the European Fund for Strategic Investments and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

As a consequence of the economic and financial crisis, the level of investment in the EU has dropped by about 15% since its peak in 2007. The current level is well below what historical trends would imply, and – in the absence of action – projections point towards an only partial rebound over the coming years. Economic recovery, job creation, long-term growth and competitiveness are being hampered as a result. This investment gap poses risks to reaching the targets set by the Europe 2020 Strategy. The President of the European Commission in his Political Guidelines for the Commission 2014-2019 therefore identified this issue as a key policy challenge, as did the European Council on 18 December 2014 (EUCO 237/14) as well as the Group of Twenty Leaders' Summit on 15-16 November 2014.

General uncertainty about the economic situation, high levels of public and private debt in parts of the EU economy and their impact on credit risk limit the room for manoeuvre. However, significant levels of savings and high levels of financial liquidity exist. Moreover, recent enquiries conducted jointly by the European Commission, the European Investment Bank and EU Member States have confirmed that a significant number of viable investment projects remains unfunded.

Against this backdrop, in its Communication "An Investment Plan for Europe", published on the 26 November 2014, the Commission proposed an EU-level initiative to address this issue. The Plan is based on three mutually reinforcing strands. First, the mobilisation of at least EUR 315 billion in additional investment over the next three years, maximising the impact of public resources and unlocking private investment. Second, targeted initiatives to make sure that this extra investment meets the needs of the real economy. And third, measures to provide greater regulatory predictability and to remove barriers to investment, making Europe more attractive and thereby multiplying the impact of the Plan.

This proposal creates the necessary legal framework and provides the budgetary allocations for the first two strands of the Plan in the framework of the EU's legal order. Upon adoption of the proposed regulation, it will be implemented jointly by the Commission and the European Investment Bank (EIB), as strategic partners, with the clear aim of rallying stakeholders at all levels. For the third strand of the Investment Plan concerning the regulatory environment and the removal of barriers to investment, the Commission has set out a first set of actions in its Work Programme, adopted on 16 December 2014 (COM(2014) 910). The Commission will also work together with the other EU Institutions and the Member States in the context of the European Semester as far as these matters are concerned.

Given the key role which small and medium enterprises (SMEs) play in the EU economy, especially in terms of employment creation, they will be a key beneficiary of the support provided for under this proposal.

In this area as well, the design and features of those mechanisms are based on existing experience with innovative financing instruments employed jointly between the EU and the EIB Group.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

President Juncker presented the Investment Plan to the European Parliament on 26 November. Moreover, the Investment Plan was endorsed by the European Council on 18 December 2014. The European Council also invited the Union legislators to agree on the necessary legal text by June, so that the new investments could be activated as early as mid-2015.

The legal, economic and financial concepts underpinning this proposal have been extensively discussed with the European Investment Bank Group and informally discussed with public and private sector representatives. Stakeholders from the private sector have particularly emphasised the importance of robust quality criteria and an independent selection of projects that could be supported by the Plan. More specifically, it was recommended that the projects should be (1) economically viable with the support of the initiative, (2) sufficiently mature to be appraised on a global or local basis, (3) of European added value and consistent with EU policy priorities (such as, for example, the 2030 climate and energy package, Europe 2020 Strategy and other long-term EU strategic priorities). Moreover, projects should not be limited to cross-border projects (such as the case with TEN-T and TEN-E projects).

The Commission additionally gained important insights from its involvement in the Special Task Force on Investment in the EU. The overall objective of the Task Force was to provide an overview of the main investment trends and needs; analyse the main barriers and bottlenecks to investment; propose practical solutions to overcome those barriers and bottlenecks; identify strategic investments with EU added value that could be undertaken in the short run; and make recommendations for developing a credible and transparent pipeline for the medium to long term. This work has been taken into account for the current proposal.

The final task force report is available on the following web site:
http://ec.europa.eu/priorities/jobs-growth-investment/plan/docs/special-task-force-report-on-investment-in-the-eu_en.pdf

3. LEGAL ELEMENTS OF THE PROPOSAL

The legal bases for this proposal are Articles 172, 173, Article 175(3) and Article 182(1) of the Treaty on the Functioning of the European Union. This proposal sets out the legal framework necessary to implement the first two strands of the "Investment Plan for Europe".

In accordance with the principles of subsidiarity and proportionality set out in Article 5 of the Treaty on European Union, the objectives of the proposed action cannot be sufficiently achieved by the Member States and can therefore be better achieved by the EU. 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, the EU level will provide for economies of scale in the use of innovative financial instruments by catalysing private investment in the whole EU 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 what 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. The proposal does not go beyond what is necessary to achieve the objectives pursued.

3.1. Creating a European Fund for Strategic Investments and Establishing a European Investment Advisory Hub (Articles 1-3)

Article 1 of the proposal empowers the Commission to conclude with the EIB an agreement on the establishment of the "European Fund for Strategic Investments" (EFSI) to support investments in the Union and to ensure increased access to financing for companies having up to 3000 employees, with a particular focus on small and medium enterprises, through the supply of risk bearing capacity to the EIB. Article 2 of the proposal establishes that this EU guarantee is to be allocated to specific EIB financing investment operations through the EFSI.

The use of the EU guarantee to the EFSI is to be subject to the governance structures determined therein. Notably, the EFSI shall have a Steering Board (Article 3) which determines the strategic orientation, the strategic asset allocation and operating policies and procedures, including the investment policy of projects that EFSI can support and the risk profile of the EFSI. An Investment Committee, consisting of independent professionals, shall be responsible for examining potential operations and approving the support for operations irrespective of the geographic location of the project concerned.

Members of the Steering Board are appointed by the contributors of risk bearing capacity with voting power proportional to the size of contributions. For as long as the only contributors to the EFSI are the Union and the EIB, the number of members and votes within the Steering Board shall be allocated based on the respective size of contributions in the form of cash or guarantees and all decisions shall be taken by consensus.

When other parties accede to the EFSI Agreement, the number of members and votes within the Steering Board shall be allocated based on the respective size of contributions from contributors in the form of cash or guarantees. The number of members and votes of the Commission and the EIB shall be recalculated accordingly. The Steering Board shall strive to make decisions by consensus. If the Steering Board is not able to decide by consensus within a deadline set by the Chairperson, the Steering Board shall take a decision by simple majority. No decision of the Steering Board shall be adopted if the Commission or the EIB votes against it.

Members of the Investment Committee shall consist of six independent market experts and a Managing Director. The Managing Director shall be assisted by a Deputy Managing Director. The Managing Director will prepare and chair the meetings of the Investment Committee. Decisions in both bodies are to be taken by simple majority, but in the Steering Board, consensus shall be sought. The projects will be selected on their own merits, without any sectorial or geographic pre-established allocation so as to maximize the value added of the Fund. The EFSI will also have the possibility to finance together with Member States and private investors investment platforms at national, regional or sectorial level.

Other than specific provisions governing the creation, the activities and the governance of the EFSI, the EFSI Agreement shall also establish the European Investment Advisory Hub (EIAH, Article 2(2)). Building on existing EIB and Commission advisory services, the EIAH shall provide advisory support for investment project identification, preparation and development and act as a single technical advisory hub (including on legal issues) for project financing within the EU. This shall include support on the use of technical assistance for project structuring, use of innovative financial instruments, and use of public-private partnerships.

3.2. Granting of an EU Guarantee and Establishment of an EU Guarantee Fund (Articles 4-8)

Article 4 of the proposal creates an initial EU guarantee of EUR 16bn for EIB financing and investment operations. In accordance with Article 5, those operations need to support development of infrastructure; or investment in education, health, research, development, information and communications technology and innovation; or expansion of renewable energy and energy efficiency; or infrastructure projects in the environmental, natural resources, urban development and social fields; or SMEs and mid cap companies including by providing working capital risk financing. The support can be provided directly from the EIB or through the European Investment Fund. Those institutions will provide financing with a high degree of financial risk absorption (equity, quasi-equity, etc.) allowing private sector investors to invest alongside.

In order to ensure orderly execution of the EU budget even if the guarantee is called, Article 8 establishes a guarantee fund (the Fund). Experience on the nature of investments to be supported by the EFSI indicates that a ratio of 50% between the payments from the Union budget and from the Union's total guarantee obligations would be adequate. In the steady state, this 50% target will be met from the EU budget, the amounts due to the Union from the investments, amounts received from any defaulting creditors and the returns on the guarantee fund resources invested. However, for an initial period, EUR 8bn will be provided only via payments from the budget. From 2016 onwards, these payments from the budget will gradually build up the endowment of the Fund and should reach an accumulated sum of EUR 8bn by 2020. Nonetheless, should there be calls on the EU guarantee, it is appropriate that the alternative sources of the guarantee fund are also considered in the calculation of the target level in order to limit the potential impact on the EU budget. This consideration in the calculation will be limited to the amount of the EU guarantee that has been called.

In order to provide for maximum cost-efficiency, the Commission shall be charged with investing those resources. Moreover, the Commission shall be empowered, via delegated act, to change the Fund's target amount by 10% after 2018. This should allow the Commission to build on the practical experience acquired and prevent unnecessary drains on the budget, while ensuring its continued protection.

Except for possible losses on equity, where the EIB may decide to do an immediate guarantee call, guarantee calls should only occur once a year after all profits and losses resulting from outstanding operations have been netted.

Should the guarantee be called, the volume of guarantee would be reduced below the original EUR 16bn. However, future revenues due to the Union from the EFSI activities should be allowed to reinstate the EU guarantee up to this original amount.

3.3. Establishing a European Investment Project Pipeline (Article 9)

As often pointed out by stakeholders, a stumbling block to greater investment levels within the EU is a lack of knowledge of ongoing and future investment projects within the Union. Alongside the work of the EFSI, the proposal also provides for the creation of a European investment project pipeline as a means to ensure that information on potential projects is transparent and available to investors.

3.4. Reporting, Accountability, Evaluation and Review of EFSI Operations (Articles 10-12)

Given the use of the EU guarantee by the EIB, it is appropriate for the EIB to report on a regular basis to the Commission, European Parliament and to the Council on operations conducted that are covered by the EU guarantee.

Article 12 sets out a number of regular evaluations by the EIB and the Commission to ensure that EFSI, the EU guarantee and the functioning of the guarantee fund are being utilised as intended. The accountability to the European Parliament is particularly important in this context.

3.5. General Provisions (Articles 13-17)

It is appropriate for a number of general rules to be applicable within the context of the use by the EIB of the EU guarantee. Article 13 establishes that information be made publically available related to activities governed by the EU guarantee. Article 14 and Article 15 are provided in relation to the competences of the Court of Auditors and OLAF respectively, and Article 16 excludes certain types of activities. Finally, Article 17 empowers the Commission to adopt delegated acts in line with the relevant procedure.

3.6. Amendments (Articles 18-19)

Articles 18 and 19 provide for the reallocation of operational appropriations from the Horizon2020 Programme (Regulation (EU) No 1291/2013) and the Connecting Europe Facility (Regulation (EU) No 1316/2013).

4. BUDGETARY IMPLICATION

The EU guarantee provided for the EFSI amounts to EUR 16bn and is fully available from the entry into force of the Regulation. In order to ensure orderly execution of the budget despite potential calls on the guarantee, a guarantee fund is created and provisioned for 50% of total EU guarantee obligations by 2020. Payments into the guarantee fund will amount to EUR 500m in 2016, EUR 1bn in 2017, EUR 2bn in 2018. Payments in 2019 and 2020 of EUR 2.25bn each will depend on the target amount of the guarantee fund being kept unchanged at 50% after 2018. Commitment appropriations will amount to EUR 1.35bn in 2015, EUR 2.03bn in 2016, EUR 2.641bn in 2017 and EUR 1.979bn in 2018. The progressive financing 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.

As is the case with the EIB's current activities, beneficiaries will be charged the costs of the EIB operations under EFSI. The use of the guarantee by the EIB and the investment of the guarantee fund's resources should yield a net positive income. EFSI proceeds will be shared pro-rata among the contributors of risk bearing capacity. Excess endowment of the guarantee fund may be used to restore the EU guarantee to its initial amount.

However, two actions will create costs for the EIB for which the beneficiaries cannot be charged:

1. The European Investment Advisory Hub, created in accordance with Article 2(2) of this proposal, will primarily be funded from existing envelopes for EIB technical assistance under existing EU programmes (Connecting Europe Facility, Horizon 2020…). However, additional funding of up to a maximum of EUR 20m per year (EUR 10m in 2015) may be necessary and will be budgeted in accordance with the

Financial Statement attached to this proposal. Any potential costs for the project pipeline will also be covered.

2. The EIB will incur administrative expenses for increasing its financing via the EIF to small and medium enterprises. Based on current assumptions about the sort of instruments and the speed of signatures for new operations, this will require the payment of fees in the order of an accumulated total of EUR 105m, around EUR 48m of which until 2020. Given the possibility of a postponed payment – until income received can be used for this purpose – these payments are not yet budgeted but only described in the annex to the Financial Statement.

Costs for the EIB which have neither been recovered from the beneficiaries nor deduced from the remuneration of the guarantee granted by the EU may be covered by the EU guarantee, within a cumulative limit corresponding to 1% of its outstanding amounts.

Operational appropriations required by this proposal are to be fully financed within the Multiannual Financial Framework 2014-2020. EUR 6bn are to be reallocated within heading 1A, EUR 2.11bn will be funded by making use of the Unallocated Margin including the Global Margin for Commitments. While grant financing from the Connecting Europe Facility and Horizon 2020 will be reduced, the multiplier effect generated by the EFSI will allow for a significant overall increase of investment in the policy areas covered by those two existing programmes.

5. ADDITIONAL INFORMATION

The financial envelope of this proposal does not explicitly include contributions from Member States or other third parties to any of the structures it creates. However, Article 1(2) explicitly allows for those parties interested to join the EFSI agreement by means of capital contributions to the Fund.

If Member States decide to make contributions to the EFSI, the Commission has indicated that it will take a favourable position towards such contributions in the context of its assessment of public finances according to Article 126 of the Treaty on the Functioning of the European Union and Regulation (EC) No 1467/1997. The Commission Communication ("Making the best use of the flexibility within the existing rules of the Stability and Growth Pact") of 13 January 2015 sets out the specific considerations applicable in this scenario.

2015/0009 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the European Fund for Strategic Investments and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013

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, 173, and Article 175(3) 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 opinions of the European Economic and Social Committee and the Committee of the Regions,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) The economic and financial crisis has led to a lowering of the level of investments within the Union. Investment has fallen by approximately 15% since its peak in 2007. The Union suffers in particular from a lack of investment as a consequence of market uncertainty regarding the economic future and the fiscal constraints on Member States. This lack of investment slows economic recovery and negatively affects job creation, long-term growth prospects and competitiveness.

(2) Comprehensive action is required to reverse the vicious circle created by a lack of investment. Structural reforms and fiscal responsibility are necessary preconditions for stimulating investment. Along with a renewed impetus towards investment financing, these preconditions can contribute to establishing a virtuous circle, where investment projects help support employment and demand and lead to a sustained increase in growth potential.

(3) The G20, through the Global Infrastructure Initiative, has recognised the importance of investment in boosting demand and lifting productivity and growth and has committed to creating a climate that facilitates higher levels of investment.

(4) Throughout the economic and financial crisis, the Union has made efforts to promote growth, in particular through initiatives set out in the Europe 2020 strategy that put in place an approach for smart, sustainable and inclusive growth. The European Investment Bank ('EIB') has also strengthened its role in instigating and promoting investment within the Union, partly by way of an increase in capital in January 2013.

Further action is required to ensure that the investment needs of the Union are addressed and that the liquidity available on the market is used efficiently and channelled towards the funding of viable investment projects.

(5) On 15 July 2014, the then President-elect of the European Commission presented a set of Political Guidelines for the European Commission to the European Parliament. These Political Guidelines called for the mobilisation of "up to EUR 300 billion in additional public and private investment in the real economy over the next three years" to stimulate investment for the purpose of job creation.

(6) On 26 November 2014, the Commission presented a communication entitled "An Investment Plan for Europe"[1] that envisaged the creation of a European Fund for Strategic Investments ('EFSI'), a transparent pipeline of investment projects at European level, the creation of an advisory hub (European Investment Advisory Hub – 'EIAH') and an ambitious agenda to remove obstacles to investment and complete the Single Market.

(7) The European Council on 18 December 2014 concluded that "fostering investment and addressing market failure in Europe is a key policy challenge" and that "The new focus on investment, coupled with Member States' commitment to intensifying structural reforms and to pursuing growth-friendly fiscal consolidation, will provide the foundation for growth and jobs in Europe and calls for setting up a European Fund for Strategic Investments (EFSI) in the EIB Group with the aim to mobilise 315 billion euro in new investments between 2015 and 2017".

(8) The EFSI is part of a comprehensive approach to address uncertainty surrounding public and private investments. The strategy has three pillars: mobilising finance for investment, making investment reach the real economy and improving the investment environment in the Union.

(9) The investment environment within the Union should be improved by removing barriers to investment, reinforcing the Single Market and by enhancing regulatory predictability. The work of the EFSI, and investments across Europe generally, should benefit from this accompanying work.

(10) The purpose of the EFSI should be to help resolve the difficulties in financing and implementing productive investments in the Union and to ensure increased access to financing. It is intended that increased access to financing should be of particular benefit to small and medium enterprises. It is also appropriate to extend the benefit of such increased access to financing to mid-cap companies, which are companies having up to 3000 employees. Overcoming Europe's current investment difficulties should contribute to strengthening the Union's economic, social and territorial cohesion.

(11) The EFSI should support strategic investments with high economic value added contributing to achieving Union policy objectives.

(12) Many small and medium enterprises, as well as mid-cap companies, across the Union require assistance to attract market financing, especially as regards investments that

[1] Communication to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee, the Committee of the Regions and European Investment Bank entitled "An Investment Plan for Europe". COM(2014) 903 final

carry a greater degree of risk. The EFSI should help these businesses to overcome capital shortages by allowing the EIB and the European Investment Fund ('EIF') to provide direct and indirect equity injections, as well as to provide guarantees for high-quality securitisation of loans, and other products that are granted in pursuit of the aims of the EFSI.

(13) The EFSI should be established within the EIB in order to benefit from its experience and proven track record and in order for its operations to start to have a positive impact as quickly as possible. The work of the EFSI on providing finance to small and medium enterprises and small mid-cap companies should be channelled through the European Investment Fund ('EIF') to benefit from its experience in these activities.

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

(15) The EFSI should target projects with a higher risk-return profile than existing EIB and Union instruments to ensure additionality over existing operations. The EFSI should finance projects across the Union, including in the countries most affected by the financial crisis. The EFSI should only be used where financing is not available from other sources on reasonable terms.

(16) The EFSI should target investments that are expected to be economically and technically viable, which may entail a degree of appropriate risk, whilst still meeting the particular requirements for EFSI financing.

(17) Decisions on the use of the EFSI support for infrastructure and large mid-cap projects should be made by an Investment Committee. The Investment Committee should be composed of independent experts who are knowledgeable and experienced in the areas of investment projects. The Investment Committee should be accountable to a Steering Board of the EFSI, who should supervise the fulfilment of the EFSI's objectives. To effectively benefit from the experience of the EIF, the EFSI should support funding to the EIF to allow the EIF to undertake individual projects in the areas of small and medium enterprises and small mid-cap companies.

(18) In order to enable the EFSI to support investments, the Union should grant a guarantee of an amount equal to EUR 16 000 000 000. When provided on a portfolio basis, the guarantee coverage should be capped depending upon the type of instrument, such as debt, equity or guarantees, as a percentage of the volume of the portfolio of outstanding commitments. It is expected that when the guarantee is combined with EUR 5 000 000 000 to be provided by the EIB, that the EFSI support should generate EUR 60 800 000 000 additional investment by the EIB and EIF. This EUR 60 800 000 000 supported by the EFSI is expected to generate a total of EUR 315 000 000 000 in investment in the Union within the period 2015 to 2017. Guarantees that are attached

to projects which are completed without a call on a guarantee are available for supporting new operations.

(19) In order to allow for further increase in its resources, participation in the EFSI should be open to third parties, including Member States, national promotional banks or public agencies owned or controlled by Member States, private sector entities and entities outside the Union subject to the consent of existing contributors. Third parties may contribute directly to the EFSI and take part in the EFSI governance structure.

(20) At the level of projects, third parties may co-finance together with EFSI on a project-by-project basis or in investment platforms related to specific geographic or thematic sectors.

(21) Provided that all relevant eligibility criteria are fulfilled, Member States may use European Structural Investment Funds to contribute to the financing of eligible projects that are supported by the EU guarantee. The flexibility of this approach should maximise the potential to attract investors to the areas of investment targeted by the EFSI.

(22) In accordance with the Treaty on the Functioning of the European Union, Infrastructure and project investments supported under EFSI should be consistent with State aid rules. To that end, the Commission has announced that it will formulate a set of core principles, for the purpose of State aid assessments, which a project will have to meet to be eligible for support under the EFSI. If a project meets these criteria and receives support from the EFSI, the Commission has announced that any national complementary support, will be assessed under a simplified and accelerated State aid assessment whereby the only additional issue to be verified by the Commission will be the proportionality of public support (absence of overcompensation). The Commission has also announced that it will provide further guidance on the set of core principles with a view to ensuring an efficient use of public funds.

(23) Given the need for urgent action within the Union, the EIB and the EIF may have financed additional projects, outside of their usual profile, in the course of 2015 before the entry into force of this Regulation. In order to maximise the benefit of the measures provided for in this Regulation, it should be possible for such additional projects to be included within the EU guarantee coverage in the event that they fulfil the substantive criteria set out in this Regulation.

(24) EIB financing and investment operations supported by the EFSI should be managed in accordance with the EIB's own rules and procedures, including appropriate control measures and measures taken to avoid tax evasion, as well as with the relevant rules and procedures concerning the European Anti-Fraud Office (OLAF) and the Court of Auditors, including the Tripartite agreement between the European Commission, the European Court of Auditors and the European Investment Bank.

(25) The EIB should regularly evaluate activities supported by the EFSI with a view to assessing their relevance, performance and impact and to identifying aspects that could improve future activities. Such evaluations should contribute to accountability and analysis of sustainability.

(26) Alongside the financing operations that will be conducted through the EFSI, a European Investment Advisory Hub ('EIAH') should be created. The EIAH should

provide strengthened support for project development and preparation across the Union, by building on the expertise of the Commission, the EIB, national promotional banks and the managing authorities of the European Structural and Investment Funds. This should establish a single point of entry for questions related to technical assistance for investments within the Union.

(27) In order to cover the risks related to the EU guarantee to the EIB, a guarantee fund should be established. The guarantee fund should be constituted by a gradual payment from the Union budget. The guarantee fund should subsequently also receive revenues and repayments from projects that benefit from EFSI support and amounts recovered from defaulting debtors where the guarantee fund has already honoured the guarantee to the EIB.

(28) The guarantee fund is intended to provide a liquidity cushion for the Union budget against losses incurred by the EFSI in pursuit of its objectives. Experience on the nature of investments to be supported by the EFSI indicates that a ratio of 50% between the payments from the Union budget and from the Union's total guarantee obligations would be adequate.

(29) To partially finance the contribution from the Union budget, the available envelopes of the Horizon 2020 – the Framework Programme for Research and Innovation 2014-2020, provided by Regulation (EU) No 1291/2013 of the European Parliament and of the Council[2], and the Connecting Europe Facility, provided by Regulation (EU) No 1316/2013 of the European Parliament and of the Council[3], should be reduced. Those programmes serve purposes that are not replicated by the EFSI. However, the reduction of both programmes to finance the guarantee fund is expected to ensure a greater investment in certain areas of their respective mandates than is possible through the existing programmes. The EFSI should be able to leverage the EU guarantee to multiply the financial effect within those areas of research, development and innovation and transport, telecommunications and energy infrastructure compared to if the resources had been spent via grants within the planned Horizon 2020 and Connecting Europe Facility programmes. It is, therefore, appropriate to redirect part of the funding presently envisaged for those programmes to the benefit of EFSI.

(30) Given the nature of their constitution, neither the EU guarantee to the EIB nor the guarantee fund are 'financial instruments' within the meaning of Regulation (EU) No 966/2012 of the European Parliament and of the Council[4].

(31) Within the Union, there are a significant number of potentially viable projects that are not being financed due to a lack of certainty and transparency with respect to such projects. Often, this is because private investors are not aware of the projects or have insufficient information to make an assessment of the investment risks. The Commission and the EIB, with support from the Member States, should promote the

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[2] Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decision No 1982/2006/EC (OJ L 347, 20.12.2013, p. 104).

[3] 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, 20.12.2013, p. 129).

[4] Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

creation of a transparent pipeline of current and future investment projects in the Union suitable for investment. This 'project pipeline' should ensure that information is made publicly available regarding investment projects on a regular and structured basis to ensure that investors have reliable information on which to base their investment decisions.

(32) Member States have also begun work at national level on establishing and promoting project pipelines for projects of national significance. The information prepared by the Commission and the EIB should provide links to the accompanying national project pipelines.

(33) Although the projects identified under the project pipeline may be used by the EIB in the identification and selection of EFSI supported projects, the project pipeline should have a broader scope of identifying projects across the Union. This scope may include projects that are capable of being fully financed by the private sector or with the assistance of other instruments provided at European or national level. The EFSI should be able to support financing and investment to projects identified by the project pipeline, but there should be no automaticity between inclusion on the list and access to EFSI support and the EFSI be conferred with discretion to select and support projects that are not included on the list.

(34) To ensure accountability to European citizens, the EIB should regularly report to the European Parliament and the Council on the progress and impact of the EFSI.

(35) In order to ensure an appropriate coverage of the EU guarantee obligations and to ensure the continued availability of the EU guarantee, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission with respect to the adjustment of the amounts to be paid in from the general budget of the Union and to amend Annex I accordingly. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level. The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and to the Council.

(36) Since the objectives of this Regulation, namely to support investments in the Union and to ensure increased access to financing for companies having up to 3000 employees, cannot be sufficiently achieved by the Member States by reason of the disparities in their fiscal capacity to act but can rather, by reason of its scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives,

HAVE ADOPTED THIS REGULATION:

CHAPTER I -European Fund for Strategic Investments

Article 1

European Fund for Strategic Investments

1. The Commission shall conclude an agreement with the European Investment Bank (EIB) on the establishment of a European Fund for Strategic Investments ('EFSI').

   The purpose of the EFSI shall be to support investments in the Union and to ensure increased access to financing for companies having up to 3000 employees, with a particular focus on small and medium enterprises, through the supply of risk bearing capacity to the EIB ('EFSI Agreement').

2. The EFSI Agreement shall be open to accession by Member States. Subject to the consent of existing contributors, the EFSI Agreement shall also be open to accession by other third parties, including national promotional banks or public agencies owned or controlled by Member States, and private sector entities.

Article 2

Terms of the EFSI Agreement

1. The EFSI Agreement shall contain, in particular, the following:

   (a) provisions governing the establishment of the EFSI as a distinct, clearly identifiable and transparent guarantee facility and separate account managed by the EIB;

   (b) the amount and terms of the financial contribution which shall be provided by the EIB through the EFSI;

   (c) the terms of the funding which shall be provided by the EIB through the EFSI to the European Investment Fund ('EIF');

   (d) the governance arrangements concerning the EFSI, in accordance with Article 3, without prejudice to the Statute of the European Investment Bank;

   (e) detailed rules on the provision of the EU guarantee, in accordance with Article 7, including its capped coverage of portfolios of specific types of instruments, calls on the EU guarantee, that – with the exception of possible losses on equity - shall only occur once a year after profits and losses from operations have been netted, and its remuneration and the requirement that remuneration for risk-taking be allocated amongst contributors in proportion with their respective risk share;

   (f) provisions and procedures relating to recovery of claims;

   (g) requirements governing the use of the EU guarantee, including within specific time frames and key performance indicators;

(h) provisions on the financing necessary for the EIAH in accordance with the third subparagraph of paragraph 2;

(i) provisions governing the manner in which third parties may co-invest with EIB financing and investment operations supported by the EFSI;

(j) the modalities of the EU guarantee coverage.

The EFSI Agreement shall provide that there is a clear distinction between operations carried out with the EFSI support and other operations of the EIB.

The EFSI Agreement shall provide that EFSI activities conducted by the EIF are to be governed by the EIF governing bodies.

The EFSI Agreement shall provide that remuneration attributable to the Union from EFSI supported operations shall be provided following the deduction of payments due to calls on the EU guarantee and, subsequently, costs in accordance with the third subparagraph of paragraph 2 and with Article 5(3).

2. The EFSI Agreement shall provide for the creation of a European Investment Advisory Hub ('EIAH') within the EIB. The EIAH shall have as its objective to build upon existing EIB and Commission advisory services in order to provide advisory support for investment project identification, preparation and development and act as a single technical advisory hub for project financing within the Union. This shall include support on the use of technical assistance for project structuring, use of innovative financial instruments, use of public-private partnerships and advice, as appropriate, on relevant issues of EU legislation.

To meet that objective, the EIAH shall use the expertise of the EIB, the Commission, national promotional banks and the managing authorities of the European Structural and Investment Funds.

The EIAH shall be partially financed by the Union up to a maximum amount of EUR 20 000 000 per year during the period ending on 31 December 2020 for the additional services provided for by the EIAH over existing EIB technical assistance. For the years after 2020 the financial contribution from the Union shall be directly linked to the provisions included in the future multi-annual financial frameworks.

3. Member States that become parties to the EFSI Agreement shall be able to provide their contribution, in particular, in the form of cash or a guarantee acceptable to the EIB. Other third parties shall be able to provide their contribution only in cash.

Article 3
Governance of the EFSI

1. The EFSI Agreement shall provide that the EFSI shall be governed by a Steering Board, which shall determine the strategic orientation, the strategic asset allocation and operating policies and procedures, including the investment policy of projects that EFSI can support and the risk profile of the EFSI, in conformity with the objectives under Article 5(2). The Steering Board shall elect one of its members to be Chairperson.

2. For as long as the only contributors to the EFSI are the Union and the EIB, the number of members and votes within the Steering Board shall be allocated based on the respective size of contributions in the form of cash or guarantees.

The Steering Board shall take decisions by consensus.

3. When other parties accede to the EFSI Agreement in accordance with Article 1(2), the number of members and votes within the Steering Board shall be allocated based on the respective size of contributions from contributors in the form of cash or guarantees. The number of members and votes of the Commission and the EIB, according to paragraph 2, shall be recalculated accordingly.

The Steering Board shall strive to make decisions by consensus. If the Steering Board is not able to decide by consensus within a deadline set by the Chairperson, the Steering Board shall take a decision by simple majority.

No decision of the Steering Board shall be adopted if the Commission or the EIB votes against it.

4. The EFSI Agreement shall provide that the EFSI shall have a Managing Director, who shall be responsible for the day-to-day management of the EFSI and the preparation and chairing of meetings of the Investment Committee referred to in paragraph 5. The Managing Director shall be assisted by a Deputy Managing Director.

The Managing Director shall report every quarter on the activities of the EFSI to the Steering Board.

The Managing Director and the Deputy Managing Director shall be appointed by the Steering Board on a joint proposal of the Commission and the EIB for a renewable fixed term of three years.

5. The EFSI Agreement shall provide that the EFSI shall have an Investment Committee, which shall be responsible for examining potential operations in line with the EFSI investment policies and approving the support of the EU guarantee for operations in line with Article 5, irrespective of their geographic location.

The Investment Committee shall be composed of six independent experts and the Managing Director. Independent experts shall have a high level of relevant market experience in project finance and be appointed by the Steering Board for a renewable fixed term of three years.

Decisions of the Investment Committee shall be taken by simple majority.

CHAPTER II -EU Guarantee and EU Guarantee Fund

Article 4
EU Guarantee

The Union shall provide a guarantee to the EIB for financing or investment operations carried out within the Union covered by this Regulation ('EU guarantee'). The EU guarantee shall be granted as a guarantee on demand in respect of instruments referred to in Article 6.

Article 5
Requirements for use of the EU guarantee

1. The granting of the EU guarantee shall be subject to the entry into force of the EFSI Agreement.

2. The EU guarantee shall be granted for EIB financing and investment operations approved by the Investment Committee referred to in Article 3(5) or funding to the EIF in order to conduct EIB financing and investment operations in accordance with Article 7(2). The operations concerned shall be consistent with Union policies and support any of the following general objectives:

   (a) development of infrastructure, including in the areas of transport, particularly in industrial centres; energy, in particular energy interconnections; and digital infrastructure;

   (b) investment in education and training, health, research and development, information and communications technology and innovation;

   (c) expansion of renewable energy and energy and resource efficiency;

   (d) infrastructure projects in the environmental, natural resources, urban development and social fields;

   (e) providing financial support for the companies referred to in Article 1(1), including working capital risk financing.

   In addition, the EU guarantee shall be granted for support of dedicated investment platforms and national promotional banks, via the EIB, that invest in operations meeting the requirements of this Regulation. In that case, the Steering Board shall specify policies regarding eligible investment platforms.

3. In accordance with Article 17 of the Statute of the European Investment Bank, the EIB shall charge the beneficiaries of the financing operations to cover its expenses related to the EFSI. Without prejudice to sub-paragraph 2 and 3, no administrative expenditure or any other fees of the EIB for financing and investment activities conducted by the EIB under this Regulation shall be covered from the Union budget.

   The EIB may call the EU guarantee, in accordance with Article 2(1)(e), within a cumulated maximum limit corresponding to 1% of the total outstanding EU guarantee obligations to cover expenses that whilst charged to beneficiaries of the financing operations, have not been recovered.

Fees of the EIB should the EIB provide funding to the EIF on behalf of the EFSI which is backed by the EU guarantee in accordance with Article 7(2) may be covered from the Union budget.

4. Provided that all relevant eligibility criteria are fulfilled, Member States may use European Structural and Investment Funds to contribute to the financing of eligible projects in which the EIB is investing with the support of the EU guarantee.

Article 6

Eligible Instruments

For the purposes of Article 5(2), the EIB shall use the EU Guarantee towards risk coverage for instruments as a rule on a portfolio basis.

Individual instruments eligible for coverage or portfolios may be composed of the following Instruments:

(a) EIB loans, guarantees, counter-guarantees, capital market instruments, any other form of funding or credit enhancement instrument, equity or quasi-equity participations. These Instruments shall be granted, acquired or issued for the benefit of operations carried out in the Union, including cross-border operations between a Member State and a third country, in compliance with this Regulation and where EIB financing has been granted in accordance with a signed agreement which has neither expired nor been cancelled;

(b) EIB funding to the EIF enabling it to undertake loans, guarantees, counter-guarantees, any other form of credit enhancement instrument, capital market instruments and equity or quasi-equity participations. These Instruments shall be granted, acquired or issued for the benefit of operations carried out in the Union, in compliance with this Regulation and where EIF financing has been granted in accordance with a signed agreement which has neither expired nor been cancelled.

Article 7

Coverage and terms of the EU guarantee

1. The EU guarantee to the EIB shall be of an amount equal to EUR 16 000 000 000, of which a maximum amount of EUR 2 500 000 000 may be allocated for EIB funding to the EIF in accordance with paragraph 2. Without prejudice to Article 8(9), aggregate payments from the Union under the guarantee to the EIB shall not exceed the amount of the guarantee.

2. The coverage of the guarantee over a particular type of instrument portfolio, referred to in Article 6, shall be determined by the risk of that portfolio. The EU guarantee shall be eligible to provide either first loss guarantees on a portfolio basis or a full guarantee. The EU guarantee may be granted on a *pari passu* basis with other contributors.

Where the EIB provides funding to the EIF in order to conduct EIB financing and investment operations, the EU guarantee shall provide for a full guarantee on funding by the EIB provided that an equal amount of funding is provided by the EIB without EU guarantee. The amount covered by the EU guarantee shall not exceed EUR 2 500 000 000.

3. Where the EIB calls the EU guarantee in accordance with the EFSI Agreement, the Union shall pay on demand in accordance with the terms of that Agreement.

4. Where the Union makes any payment under the EU guarantee, the EIB shall pursue the recovery of claims for the amounts paid and reimburse the Union from the sums recovered.

Article 8
EU guarantee fund

1. An EU guarantee fund ('guarantee fund') shall be established from which the EIB may be paid in the event of a call on the EU guarantee.

2. The guarantee fund shall be endowed by:

   (a) payments from the general budget of the Union,

   (b) returns on guarantee fund resources invested,

   (c) amounts recovered from defaulting debtors in accordance with the recovery procedure laid down in the EFSI Agreement as provided for in Article 2(1)(f),

   (d) any other payments received by the Union in accordance with the EFSI Agreement.

3. Endowments to the guarantee fund provided for in points (c) and (d) of paragraph 2 shall constitute internal assigned revenues in accordance with Article 21(4) of Regulation (EU) No 966/2012.

4. The resources of the guarantee fund provided to it under paragraph 2 shall be directly managed by the Commission and invested in accordance with the principle of sound financial management and follow appropriate prudential rules.

5. Endowments to the guarantee fund referred to in paragraph 2 shall be used to reach an appropriate level to reflect the total EU guarantee obligations ('target amount'). The target amount shall be set at 50% of the Union's total guarantee obligations.

   The target amount shall initially be met by the gradual payment of resources referred to in paragraph 2(a). If there have been calls on the guarantee during the initial constitution of the guarantee fund, endowments to the guarantee fund provided for in points (b), (c) and (d) of paragraph 2 shall also contribute to meet the target amount up to an amount equal to the calls on the guarantee.

6. By 31 December 2018, and every year thereafter, the Commission shall review the adequacy of the level of the guarantee fund taking into account any reduction of

resources resulting from the activation of the guarantee and the EIB's assessment submitted in accordance with Article 10(3).

The Commission shall be empowered to adopt delegated acts in accordance with Article 17 adjusting the target amount provided for in paragraph 5 by a maximum of 10% to better reflect the potential risk of the EU guarantee being called.

7. Following an adjustment in year *n* of the target amount or an assessment on the adequacy of the level of the guarantee fund in accordance with the review provided for in paragraph 6:

   (a) any surplus shall be paid in one transaction to a special heading in the statement of revenue in the general budget of the European Union of the year *n*+1,

   (b) any replenishment of the guarantee fund shall be paid in annual tranches during a maximum period of three years starting on year *n*+1.

8. From 1 January 2019, if as a result of calls on the guarantee, the level of the guarantee fund falls below 50% of the target amount, the Commission shall submit a report on exceptional measures that may be required to replenish it.

9. Subsequent to a call on the EU guarantee, endowments to the guarantee fund provided for in points (b), (c) and (d) of paragraph 2 over and above the target amount shall be used to restore the EU guarantee up to its initial amount.

CHAPTER III- European investment project pipeline

Article 9
European investment project pipeline

1. The Commission and the EIB, with support from the Member States, shall promote the creation of a transparent pipeline of current and potential future investment projects in the Union. The pipeline is without prejudice to the final projects selected for support according to Article 3(5).

2. The Commission and the EIB shall develop, update and disseminate, on a regular and structured basis, information on current and future investments which significantly contribute to achieving EU policy objectives.

3. Member States shall develop, update and disseminate, on a regular and structured basis, information on current and future investment projects in their territory.

CHAPTER IV- Reporting, accountability and evaluation

Article 10
Reporting and accounting

1. The EIB, in cooperation with the EIF as appropriate, shall report semi-annually to the Commission on EIB financing and investment operations under this Regulation. The report shall include an assessment of compliance with the requirements on the use of the EU guarantee and the key performance indicators established pursuant to Article 2(1)(g). The report shall also include statistical, financial and accounting data on each EIB financing and investment operation and on an aggregated basis.

2. 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. The report shall be made public and include:

   (a) an assessment of EIB financing and investment operations at operation, sector, country and regional levels and their compliance with this Regulation, together with an assessment of the allocation of EIB financing and investment operations between the objectives in Article 5(2);

   (b) an assessment of the added value, the mobilisation of private sector resources, the estimated and actual outputs, outcomes and impact of EIB financing and investment operations at an aggregated basis;

   (c) an assessment of the financial benefit transferred to beneficiaries of EIB financing and investment operations on an aggregated basis;

   (d) an assessment of the quality of EIB financing and investment operations;

   (e) detailed information on calls on the EU guarantee;

   (f) the financial statements of the EFSI.

3. For the purposes of the Commission's accounting and reporting of the risks covered by the EU guarantee and management of the guarantee fund, the EIB, in cooperation with the EIF as appropriate, shall provide the Commission every year:

   (a) the EIB's and EIF's risk assessment and grading information concerning EIB financing and investment operations;

   (b) the outstanding financial obligation for the EU concerning the guarantees provided towards EIB financing and investment operations broken down by the individual operations;

   (c) the total profits or losses deriving from the EIB financing and investment operations within the portfolios provided by the EFSI Agreement pursuant to Article 2(1)(e).

4. The EIB shall provide to the Commission upon request any additional information necessary to fulfil the Commission's obligations in relation to this Regulation.

5. The EIB, and EIF as appropriate, shall provide the information referred to in paragraphs 1 to 4 at their own expense.

6. The Commission shall, by 30 June of each year, 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 calendar year.

Article 11

Accountability

1. At the request of the European Parliament, the Managing Director shall participate in a hearing of the European Parliament on the performance of the EFSI.

2. The Managing Director shall reply orally or in writing to questions addressed to the EFSI by the European Parliament, in any event within five weeks of receipt of a question.

3. At the request of the European Parliament, the Commission shall report to the European Parliament on the application of this Regulation.

Article 12

Evaluation and Review

1. At the latest [PO *insert date: 18 months after the entry into force of this Regulation*] the EIB shall evaluate the functioning of the EFSI. The EIB shall submit its evaluation to the European Parliament, the Council and the Commission;

   At the latest [PO *insert date: 18 months after the entry into force of this Regulation*] the Commission shall evaluate the use of the EU guarantee and the functioning of the guarantee fund, including the use of endowments according to Article 8(9). The Commission shall submit its evaluation to the European Parliament and the Council.

2. By 30 June 2018 and every three years thereafter:

   (a) the EIB shall publish a comprehensive report on the functioning of the EFSI;

   (b) the Commission shall publish a comprehensive report on the use of the EU guarantee and the functioning of the guarantee fund.

3. The EIB, in cooperation with the EIF as appropriate, shall contribute to and provide the necessary information for the Commission evaluation and report under paragraph 1 and 2 respectively.

4. The EIB and EIF shall on a regular basis provide the European Parliament, the Council and the Commission with all their independent evaluation reports which assess the practical results achieved by the specific activities of the EIB and EIF under this Regulation.

5. At the latest [*PO insert date three years after the entry into force of this Regulation*], the Commission shall submit a report to the European Parliament and the Council on the application of this Regulation accompanied by any relevant proposal.

CHAPTER V-General provisions

Article 13
Transparency and public disclosure of information

In accordance with its own transparency policies on access to documents and information, the EIB shall make publicly available on its website information relating to all EIB financing and investment operations and how they contribute to the general objectives referred to in Article 5(2).

Article 14
Auditing by the Court of Auditors

The EU guarantee and the payments and recoveries under it that are attributable to the general budget of the Union shall be audited by the Court of Auditors.

Article 15
Anti-fraud measures

1. The EIB shall notify OLAF promptly and provide it with the necessary information when, at any stage of the preparation, implementation or closure of operations subject to the EU guarantee, it has grounds to suspect that there is a potential case of fraud, corruption, money laundering or other illegal activity that may affect the financial interests of the Union.

2. OLAF may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council([5]), Council Regulation (Euratom, EC) No 2185/96([6]) and Council Regulation (EC, Euratom) No 2988/95 ([7]) in order to protect the financial interests of the Union, with a view to establishing whether there has been fraud, corruption, money laundering or any other illegal activity affecting the financial interests of the Union in connection with any operations supported by the EU guarantee. OLAF may transmit to the competent authorities of the Member States concerned information obtained in the course of investigations.

   Where such illegal activities are proven, the EIB shall undertake recovery efforts with respect to its operations supported by the EU guarantee.

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[5] Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

[6] Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

[7] Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1).

3. Financing agreements signed in relation to operations supported under this Regulation shall include clauses allowing exclusion from EIB financing and investment operations and, if necessary, appropriate recovery measures in cases of fraud, corruption or other illegal activity in accordance with the EFSI Agreement, EIB policies and applicable regulatory requirements. The decision whether to apply an exclusion from the EIB financing and investment operation shall be taken in accordance with the relevant financing or investment agreement..

Article 16

Excluded activities and non-cooperative jurisdictions

1. In its financing and investment operations, the EIB shall not support any activities carried out for illegal purposes, including money laundering, financing of terrorism, tax fraud and tax evasion, corruption, or fraud affecting the financial interests of the Union. In particular the EIB shall not participate in any financing or investment operation through a vehicle located in a non-cooperative jurisdiction, in line with its policy towards weakly regulated or non-cooperative jurisdictions based on policies of the Union, the Organisation for Economic Cooperation and Development or the Financial Action Task Force.

2. In its financing and investment operations, the EIB shall apply the principles and standards set out in Union law on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing, including a requirement to take reasonable measures to identify the beneficial owners where applicable.

Article 17

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in Article 8(6) shall be conferred on the Commission for a period of three years from the entry into force of this Regulation. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the three-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

3. The delegation of power referred to in Article 8(6) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the *Official Journal of the European Union* or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

5. A delegated act adopted pursuant to Article 8(6) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

CHAPTER VI- Amendments

Article 18
Amendments to Regulation (EU) No 1291/2013

Regulation (EU) No 1291/2013 is hereby amended as follows:

(1) In Article 6, paragraphs 1, 2 and 3 are replaced by the following:

'1. The financial envelope for the implementation of Horizon 2020 is set at EUR 74 328,3 million in current prices, of which a maximum of EUR 71 966,9 million shall be allocated to activities under Title XIX TFEU.

The annual appropriations shall be authorised by the European Parliament and by the Council within the limits of the multiannual financial framework.

2. The amount for activities under Title XIX TFEU shall be distributed among the priorities set out in Article 5(2) of this Regulation as follows:

(a) Excellent science, EUR 23 897,0 million in current prices;

(b) Industrial leadership, EUR 16 430,5 million in current prices;

(c) Societal challenges, EUR 28 560,7 million in current prices.

The maximum overall amount for the Union financial contribution from Horizon 2020 to the specific objectives set out in Article 5(3) and to the non-nuclear direct actions of the JRC shall be as follows:

(i) Spreading excellence and widening participation, EUR 782,3 million in current prices;

(ii) Science with and for society, EUR 443,8 million in current prices;

(iii) Non-nuclear direct actions of the JRC, EUR 1 852,6 million in current prices.

The indicative breakdown for the priorities and specific objectives set out in Article 5(2) and (3) is set out in Annex II.

3. The EIT shall be financed through a maximum contribution from Horizon 2020 of EUR 2 361,4 million in current prices as set out in Annex II.'

(2) Annex II is replaced by the text set out in Annex I to this Regulation.

Article 19
Amendment to Regulation (EU) No 1316/2013

In Article 5 of Regulation (EU) No 1316/2013, 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 29 942 259 000 (*) in current prices. That amount shall be distributed as follows:

(a) transport sector: EUR 23 550 582 000, 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 1 041 602 000;

(c) energy sector: EUR 5 350 075 000.

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

(*) 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).'

CHAPTER VII-Transitional and final provisions

Article 20
Transitional provision

Financing and investment operations signed by the EIB or EIF, during the period from 1 January 2015 to the conclusion of the EFSI Agreement, may be submitted by the EIB or the EIF to the Commission for coverage under the EU guarantee.

The Commission shall assess those operations and, where they comply with the substantive requirements set out in Article 5 and in the EFSI Agreement, decide that the EU guarantee coverage extends to them.

Article 21
Entry into force

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 Strasbourg,

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

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

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

1.3. Nature of the proposal/initiative

1.4. Objective(s)

1.5. Grounds for the proposal/initiative

1.6. Duration and financial impact

1.7. Management mode(s) planned

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

2.2. Management and control system

2.3. Measures to prevent fraud and irregularities

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

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

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

3.2.2. Estimated impact on operational appropriations

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.4. Compatibility with the current multiannual financial framework

3.2.5. Third-party contributions

3.3. Estimated impact on revenue

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 OF THE COUNCIL on the European Fund for Strategic Investments and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013

1.2. Policy area(s) concerned in the ABM/ABB structure[8]

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

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

☐ The proposal/initiative relates to **a new action following a pilot project/preparatory action**[9]

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

X 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

[8] ABM: activity-based management; ABB: activity-based budgeting.
[9] 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*

<u>Specific objective No 1</u> Increasing the number and volume of European Investment Bank (EIB) financing and investment operations in priority areas <u>Specific objective No 2</u> Increasing the volume of European Investment Fund (EIF) financing for small and medium enterprises <u>Specific objective No 3</u> Creating a European Investment Advisory Hub <u>ABM/ABB activity(ies) concerned:</u> 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 EUR 15 invested in projects. Thereby the initiative should help mobilise funding for projects of at least €315bn until 2020. 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. Added value of EU involvement

The initiative will provide for economies of scale in the use of innovative financial instruments by catalysing private investment in the whole Union and making best use of European Institutions and their expertise and knowledge for that purpose. The absence of geographical limits within the Union will provide for greater attractiveness and lower risk in the aggregate of supported projects than it would be possible in single Member States.

1.5.2. Lessons learned from similar experiences in the past

The Commission has gained valuable experience with innovative financing instruments, notably with the Pilot Phase of the Project Bond Initiative and the use of existing EU-EIB financial instruments such as those developed under COSME, Horizon 2020 or the Project Bond Initiative.

1.5.3. 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 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[10]

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

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

[10] Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

In accordance with Article 10 of the proposal, 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 30 June 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 proposal, 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.

2.1.1. Management and control system

Article 14 of the proposal establishes that the EU guarantee and the payments and recoveries under it attributable to the general budget of the Union shall be audited by the Court of Auditors.

EIB financing and investment operations will be managed by the EIB in accordance with its own rules and procedures, including appropriate audit, control and monitoring measures. As foreseen in the EIB Statute, the Audit Committee of the EIB, which is supported by external auditors, is responsible for verifying the regularity of the EIB operations and accounts. The EIB accounts are approved annually by its Board of Governors.

Furthermore, the EIB Board of Directors, where the Commission is represented by a Director and an alternate Director, approves each EIB financing and investment operation and monitors that the EIB is managed in accordance with its Statute and with the general directives laid down by the Board of Governors.

The existing tripartite agreement between the Commission, the Court of Auditors and the EIB of October 2003 details the rules under which the Court of Auditors is to carry out its audits on the EIB Financing Operations under EU guarantee.

2.1.2. Risk(s) identified

The EIB financing and investment operations covered by the Union 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 proposal, 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.

2.1.3. Information concerning the internal control system set up

The EFSI will be governed by a Steering Board, which shall determine the strategic orientation, the strategic asset allocation and operating policies and procedures, including the investment policy of projects that EFSI can support 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 should be composed of independent experts who are knowledgeable and experienced in the areas of investment projects and will be accountable to the Steering Board, who supervises the fulfilment of the EFSI's objectives.

There will also be 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 shall be directly accountable to the Steering Board and shall report every quarter on the activities of the EFSI to the Steering Board. The Managing Director will be appointed by the Steering Board on a joint proposal of the EIB for a renewable fixed term of three years.

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

2.2. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures.

Article 15 of the proposal 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

- For existing budget lines, refer to Section 3.2
- New budget lines requested

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
		Diff./Non-diff.[11]	from EFTA countries[12]	from candidate countries[13]	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
1a	01.0404 – Guarantee for the EFSI	Diff.	NO	NO	NO	NO
1a	01.0405 – Provisioning of the EFSI Guarantee Fund	Diff.	NO	NO	NO	NO
1a	01.0406 – European Investment Advisory Hub	Diff.	NO	NO	NO	NO

11 Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.
12 EFTA: European Free Trade Association.
13 Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

3.2. Estimated impact on expenditure

EUR million (to three decimal places)

Sources of financing for the European Fund for Strategic Investments	2015	2016	2017	2018	2019	2020	Total
CONNECTING EUROPE FACILITY, of which	790	770	770	970			3300
06.020101 – Removing bottlenecks, enhancing rail interoperability, bridging missing links and improving cross-border sections	560.3	520.3	480.3	600.3			2161.2
06.020102 – Ensuring sustainable and efficient transport systems	34.9	32.4	29.9	37.4			134.6
06.020103 – Optimising the integration and interconnection of transport modes and enhancing interoperability	104.8	97.3	89.8	112.3			404.2
09.0303 – Promoting interoperability, sustainable deployment, operation and upgrading of trans-European digital service infrastructures, as well as coordination at European level			50	50			100
32.020101 – Further integration of the internal energy market and the interoperability of electricity and gas networks across borders	30	40	40	56.7			166.7
32.020102 - Enhancing Union security of energy supply	30	40	40	56.6			166.6
32.020103 - Contributing to sustainable development and protection of the environment	30	40	40	56.7			166.7

HORIZON 2020, of which	70	860	871	479	150	270	2700
02.040201 – Leadership in space	11	29.9	27.9	11.6			80.4
02.040203 – Increasing innovation in small and medium-sized enterprises (SMEs)	1.8	2.1	6.1	6.5			16.5
02.040301 – Achieving a resource-efficient and climate change resilient economy and a sustainable supply of raw materials	3.7	7.0	7	17.5			35.2
02.040302 – Fostering secure European societies	7.5	25	25	10.4			67.9
05.090301 – Securing sufficient supplies of safe and high quality food and other bio-based products		30	37	33			100
06.030301 – Achieving a resource-efficient, environmentally-friendly, safe and seamless European transport system		37	37	26			100
08.020101 – Strengthening frontier research in the European Research Council		91.3	91.0	14.2	0.5	24.2	221.2
08.020103 – Strengthening European research infrastructures, including e-infrastructures		17.7	17.6	3.9	8.8	15.4	63.3
08.020201 - Leadership in nanotechnologies, advanced materials, laser technology, biotechnology and advanced manufacturing and processing		38.3	38.5	10.0	32.6	49.6	169.1
08.020203 – Increasing innovation in small and medium-sized enterprises (SMEs)							
08.020301 – Improving lifelong health and wellbeing		3.4	3.4	0.8	1.7	3.0	12.3
08.020302 - Securing sufficient supplies of safe, healthy and high quality food and other bio-based products		51.3	43.3	11.9	26.8	47.6	180.9
08.020303 - Making the transition to a reliable, sustainable and competitive energy system		8.5	10.7	3.3	12.6	18.2	53.2

		30.9	31.2	6.5	14.7	25.9	109.1
08.020304 - Achieving a European transport system that is resource-efficient, environmentally friendly, safe and seamless		12.5	17.6	4.2	26.9	41.4	102.4
08.020305 - Achieving a resource-efficient and climate change resilient economy and a sustainable supply of raw materials		28.1	27.9	5.8	13.0	22.8	97.7
08.020306 – Fostering inclusive, innovative and reflective European societies		10.7	10.6	2.3	5.3	9.3	38.3
08.0204 – Spreading excellence and widening participation		9.3	10.1	2.0	4.6	8.1	34.2
08.0206 – Science with and for society		5.1	5.1	1.1	2.6	4.5	18.4
09.040101 – Strengthening research in future and emerging technologies		35	45.4	37.4			117.9
09.040102 – Strengthening European research infrastructure, including e-infrastructure		15.9	15.3	10.4			41.6
09.040201 – Leadership in information and communications technology		120.3	114.8	71.7			306.8
09.040301 – Improving lifelong health and well-being		19.2	15.5	13.6			48.3
09.040302 - Fostering inclusive, innovative and reflective European societies		6.1	5.8	3.9			15.9
09.040303 – Fostering secure European societies		7.4	7.1	4.9			19.5
10.0201 - Horizon 2020 — Customer-driven scientific and technical support to Union policies	11	12	13	14			50
15.030101 - Marie Skłodowska-Curie actions — generating, developing and transferring new skills,		30	60	70	-30	-30	100

knowledge and innovation 15.0305 - European Institute of Innovation and Technology – integrating the knowledge triangle of higher education, research and innovation	25	136	107	22	30	30	350
32.040301 – Making the transition to a reliable, sustainable and competitive energy system	10	40	40	60			150
REPROGRAMMING OF ITER OVER 2015 – 2020 08.040102 –Construction, operation and exploitation of the ITER facilities – European Joint Undertaking for ITER – Fusion for Energy (F4E)	490			-70	-150	-270	-
Unallocated Margin (including the Global Margin for Commitments)		400	1000	600			2000
TOTAL FINANCING SOURCES FOR THE PROVISIONING OF THE EFSI GUARANTEE FUND	1350	2030	2641	1979			8000
Financing of the European Investment Advisory Hub – 08.040102 –Construction, operation and exploitation of the ITER facilities – European Joint Undertaking for ITER – Fusion for Energy (F4E)	10			-10			-
Financing of the European Investment Advisory Hub – Unallocated margin		20	20	30	20	20	110
TOTAL CONTRIBUTION TO THE EFSI	1360	2050	2661	1 999	20	20	8110

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			2015	2016	2017	2018	2019	2020	**TOTAL**
• Operational appropriations									
01.0405	Commitments	(1)	1350	2030	2641	1979	0	0	8000
	Payments	(2)	0	500	1000	2000	2250	2250	8000
01.0406	Commitments	(1a)	10	20	20	20	20	20	110
	Payments	(2a)	10	20	20	20	20	20	110
Appropriations of an administrative nature financed from the envelope of specific programmes[14]									
Number of budget line		(3)							
TOTAL appropriations for DG ECFIN	Commitments	=1+1a +3	1360	2050	2661	1999	20	20	8110
	Payments	=2+2a +3	10	520	1020	2020	2270	2270	8110
• TOTAL operational appropriations	Commitments	(4)	1360	2050	2661	1999	20	20	8110
	Payments	(5)	10	520	1020	2020	2270	2270	8110
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)							
TOTAL appropriations under HEADING 1A of the multiannual financial	Commitments	=4+ 6	1360	2050	2661	1999	20	20	8110*
	Payments	=5+ 6	10	520	1020	2020	2270	2270	8110*

14 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.

framework									

***NB: Additional appropriations may be required as specified in the annex to this Financial Statement.**

<u>If more than one heading is affected by the proposal / initiative:</u>

• TOTAL operational appropriations	Commitments	(4)							
	Payments	(5)							
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)							
TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (Reference amount)	Commitments	=4+ 6							
	Payments	=5+ 6							

Heading of multiannual financial framework	**5**	'Administrative expenditure'

EUR million (to three decimal places)

		2015	2016	2017	2018	2019	2020	**TOTAL**
DG: ECFIN								
• Human resources		0.264	0.528	0.792	0.924	0.924	1.056	4.488
• Other administrative expenditure		0.36	0.725	0.495	0.615	0.4	0.42	3.015
TOTAL DG ECFIN		0.624	1.253	1.287	1.539	1.324	1.476	7.503

TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)	0.624	1.253	1.287	1.539	1.324	1.476	7.503

EUR million (to three decimal places)

		2015	2016	2017	2018	2019	2020	**TOTAL**
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments	1360.624	2051.253	2662.287	2000.539	21.324	21.476	8117.503
	Payments	10.624	521.253	1021.287	2021.539	2271.324	2271.476	8117.503

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 ⇩			2015		2016		2017		2018		2019		2020		**TOTAL**	
	Type[15]	Average cost	No	Cost	No	Cost	No	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																
				1350		2030		2641		1979						8000
NO 3: CREATING A EUROPEAN INVESTMENT ADVISORY HUB																
				10		20		20		20		20		20		110
TOTAL COST				1360		2050		2661		1999		20		20		8110

[15] 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

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

EUR million (to three decimal places)

	2015	2016	2017	2018	2019	2020	**TOTAL**
HEADING 5 of the multiannual financial framework							
Human resources	0.264	0.528	0.792	0.924	0.924	1.056	4.488
Other administrative expenditure	0.36	0.725	0.495	0.615	0.4	0.42	3.015
Subtotal HEADING 5 of the multiannual financial framework	0.624	1.253	1.287	1.539	1.324	1.476	7.503
Outside HEADING 5[16] of the multiannual financial framework							
Human resources							
Other expenditure of an administrative nature							
Subtotal outside HEADING 5 of the multiannual financial framework							
TOTAL	0.624	1.253	1.287	1.539	1.324	1.476	7.503

The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

16 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.

3.2.3.2. Estimated requirements of human resources

– ☐ The proposal/initiative does not require the use of human resources.

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

Estimate to be expressed in full time equivalent units

		2015	2016	2017	2018	2019	2020
• Establishment plan posts (officials and temporary staff)							
XX 01 01 01 (Headquarters and Commission's Representation Offices)		2	4	6	7	7	8
XX 01 01 02 (Delegations)							
XX 01 05 01 (Indirect research)							
10 01 05 01 (Direct research)							
• External staff (in Full Time Equivalent unit: FTE)[17]							
XX 01 02 01 (AC, END, INT from the 'global envelope')							
XX 01 02 02 (AC, AL, END, INT and JED in the delegations)							
XX 01 04 **yy** [18]	- at Headquarters						
	- in Delegations						
XX 01 05 02 (AC, END, INT - Indirect research)							
10 01 05 02 (AC, END, INT - Direct research)							
Other budget lines (specify)							
TOTAL		2	4	6	7	7	8

XX is the policy area or budget title concerned.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	• Asset management: portfolio management, quantitative analysis, also supporting analytical work for risk; • Support function related to direct management, notably risk management and middle-office payment functions; • Management, reporting and follow-up of the guarantees (project pipeline); • Financial reporting/accounting and reporting activities;
External staff	

17 AC= Contract Staff; AL = Local Staff; END= Seconded National Expert; INT = agency staff; JED= Junior Experts in Delegations.

18 Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

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.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts. […]

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

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts. […]

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:

Appropriations in EUR million (to three decimal places)

	Year **N**	Year **N+1**	Year **N+2**	Year **N+3**	Enter as many years as necessary to show the duration of the impact (see point 1.6)			Total
Specify the co-financing body								
TOTAL appropriations co-financed								

3.3. Estimated impact on revenue

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

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

  – ☐ on own resources

  – ☐ on miscellaneous revenue

EUR million (to three decimal places)

Budget revenue line:	Appropriations available for the current financial year	Impact of the proposal/initiative[19]						
		Year **N**	Year **N+1**	Year **N+2**	Year **N+3**	Enter as many years as necessary to show the duration of the impact (see point 1.6)		
Article ………….								

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

[…]

Specify the method for calculating the impact on revenue.

[…]

19 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.

Annex to the

Legislative financial statement

to the

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the European Fund for Strategic Investments

In accordance wth Article 8(2) of the proposal, revenues from the resources in the Guarantee Fund and the European Fund for Strategic investments shall be allocated to the Guarantee Fund.

The following payment obligations shall be met by using said revenues. However, in the case that those resources are not sufficient to meet those obligations, they shall be met by the Union's budget. Therefore, they may add to the payment and commitment appropriations as indicated in this Financial Statement.

EUR million

	2015	2016	2017	2018	2019	2020	Total
INCREASED ASSISTANCE BY THE EUROPEAN INVESTMENT FUND (EIF)							
	11.5	3.6	5.7	6.8	9.0	11.7	48.3*

*NB: Administrative fees to be paid to the EIF by the EIB acting under the EU guarantee. Beyond 2020, further expenses of approximately €57m are expected. Figures are based on assumptions on the EIF's product mix and assumptions at the time of writing but may be subject to major modifications at later stage.