



Brussels, 6.6.2018  
COM(2018) 439 final

2018/0229 (COD)

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**establishing the InvestEU Programme**

{SEC(2018) 293 final} - {SWD(2018) 314 final} - {SWD(2018) 316 final}

## **EXPLANATORY MEMORANDUM**

### **1. CONTEXT OF THE PROPOSAL**

For the Multiannual Financial Framework (MFF) as of 2021, there is a need to provide for an EU investment programme to cater for cross-cutting objectives in terms of simplification, flexibility, synergies and coherence across relevant EU policies. The considerations put forward in the Commission's Reflection Paper on the future of EU finances highlight the need "to do more with less" and leverage the EU budget at a time of budgetary constraints. To address the problem of the current multitude of EU-level financial instruments, the Reflection Paper suggests as a possible solution their integration in a single fund that would provide support via a wide variety of financial products while having a strengthened focus on policy areas and objectives. It also suggests that EU-level financial instruments and those managed by Member States under cohesion policy should be complementary.

Under the current and previous MFFs, financial instruments expanded under a variety of programmes. During the 2014-2020 MFF, the Commission established 16 centrally managed financial instruments. The budget allocation for the instruments for internal action currently amounts to EUR 5.2 billion. These instruments aim to support investments in different policy areas, like Research and Innovation (R&I), small and medium-sized enterprises (SMEs) financing, infrastructure, cultural sectors, as well as promoting environmental and social sustainability.

Financial instruments are also a delivery mechanism for the European Structural and Investment Funds (ESIF) programmes delivered under shared management by the managing authorities. The total budget programmed to be delivered through financial instruments under shared management for the 2014-2020 MFF amounts to approximately EUR 21 billion.

Moreover, in the aftermath of the financial and sovereign debt crises spanning from 2008 to 2015, boosting jobs, growth and investment is one of the top 10 priorities of the Commission in the form of the Investment Plan for Europe launched in 2014 as a response to the subdued investment levels. At its core is the European Fund for Strategic Investments (EFSI) established in 2015, with the aim of mobilising at least EUR 315 billion of additional investment by mid-2018 through support to the risk-bearing capacity of the European Investment Bank Group by means of an EU guarantee of EUR 16 billion together with financing of EUR 5 billion from the own resources of the European Investment Bank Group. Building on its success, the EFSI was extended and increased at end-2017. It now provides a budgetary guarantee of EUR 26 billion underpinned by provisioning of budgetary resources of EUR 9.1 billion. Moreover, the European Investment Bank Group provides additional risk-bearing capacity of EUR 7.5 billion. The aim is to mobilise at least EUR 500 billion of additional investment by end-2020. The InvestEU Programme will be based on the same successful budgetary model as the EFSI, making sure that scarce budgetary resources mobilise as much private investments as possible.

The conditions for an increase in investment have improved since 2014, thanks to the improvement of the economic conditions and also due to public interventions such as the EFSI. However, important investment gaps remain in different policy areas which are often held back by persistent market failures. In order to meet the ambitious policy objectives of the Union, attracting private capital to finance investment remains essential while adjusting the approach towards more policy relevance. The InvestEU Programme will contribute towards meeting policy objectives of the Union, including in particular under COSME and Horizon Europe, whenever the use of repayable investment support is appropriate. The Commission's proposal for A Modern Budget for Europe establishes that EUR 3.5 billion of the envelope for

Horizon Europe is allocated under the InvestEU Fund, to contribute to the Research, Innovation and Digitisation policy window, with a total indicative allocation of the EU guarantee of EUR 11.25 billion.

The creation of the InvestEU Programme provides for a single EU investment support mechanism for internal action for the 2021-2027 MFF. The InvestEU Programme builds on the successful experience of the EFSI and the current financial instruments for internal policies. It will stand on four legs: (i) the InvestEU Fund providing for the EU guarantee; (ii) the InvestEU Advisory Hub providing in particular project development-related technical assistance; (iii) the InvestEU Portal providing an easily accessible data-base for promoting projects in search for financing; and (iv) blending operations.

The InvestEU Fund will be demand-driven in attracting private investment. It will foster in particular innovation, digitisation and sustainable infrastructure investment but will also cater for needs in the social sector and of SMEs. Reaching also smaller and local projects will be important.

The InvestEU Fund consists of an EU budget guarantee that will back the financial products provided by the implementing partners. It targets EU added-value projects and promotes a coherent approach to financing EU policy objectives. It offers an effective and efficient mix of EU financing tools for specific policy areas.

This proposal provides for a date of application as of 1 January 2021 and is presented for a Union of 27 Member States, in line with the notification by the United Kingdom of its intention to withdraw from the European Union and Euratom based on Article 50 of the Treaty on European Union received by the European Council on 29 March 2017.

- **Reasons and objectives**

As a single investment scheme for internal Union policies, the InvestEU Programme is both a policy instrument and a delivery tool.

As a policy instrument, the InvestEU Programme's overall objective is to support the policy objectives of the Union by mobilising public and private investment within the EU, hereby addressing market failures and investment gaps that hamper the achievement of EU goals regarding sustainability, competitiveness and inclusive growth.

The purpose is to supply financing to economic actors with a risk profile that private financiers are not always able or willing to address in order to promote competitiveness of the EU economy, sustainable growth, social resilience and inclusiveness and the integration of capital markets in the EU in line with EU policy objectives in different sectors. Underpinned by an EU guarantee, the InvestEU Programme will contribute to the modernisation of the EU budget and increase the impact of the EU budget by "*doing more with less*". For economically viable projects with a revenue generating capacity, a more systemic use of a budgetary guarantee can help increasing the impact of public funds.

The InvestEU Programme should have the capacity to shape an EU strategy in tackling the still subdued investment activity in the Union. By diversifying the sources of funding and promoting long term and sustainable finance, the InvestEU Programme will contribute to the integration of European capital markets, within the framework of the Capital Markets Union, and to the strengthening of the Single Market. As an EU-wide resource pooling financial, market, technical and policy expertise, the InvestEU Programme should also be a catalyser for financial innovation at the service of policy objectives.

As a delivery tool, the InvestEU Fund aims to implement the EU budget through a budgetary guarantee more efficiently, achieving economies of scale, increasing the visibility of EU

action and simplifying the reporting and accountability framework. The proposed structure has the objective of simplification, increased flexibility and removal of potential overlaps between seemingly similar EU support instruments.

In addition to the EU guarantee at Union level, the proposal foresees the possibility for the Member States to use part of the funds under shared management through a dedicated compartment in the EU guarantee under the InvestEU Fund in pursuit of the same objectives where market failures or sub-optimal investment situations are present at national or regional level.

Moreover, the InvestEU Advisory Hub will provide project development advisory support and accompanying measures throughout the investment cycle to foster the origination and development of projects and access to financing. The InvestEU Advisory Hub will be provided in the InvestEU Programme's policy areas and will also ensure a single point of access for project promoters and intermediaries. The InvestEU Advisory Hub will be complementary to technical assistance activities carried out under the shared management programmes.

Finally, the InvestEU Portal will reinforce the visibility of investment opportunities in the Union and thus help project promoters in search of financing.

- **Consistency with existing policy provisions**

The proposal is fully aligned with existing policy provisions since the InvestEU Programme provides the EU guarantee in order to efficiently use EU budgetary funds when operations with revenue-generating capacity are financed in line with EU policy objectives. These include the Capital Markets Union, the Digital Single Market Strategy, the Clean Energy for All Europeans package, the EU Action Plan for the Circular Economy, the Low-Emission Mobility Strategy, the Defence and the Space Strategy for Europe. Within its scope of application, the InvestEU Fund supports from a financing perspective these mutually reinforcing strategies.

- **Consistency with other Union policies**

The InvestEU Programme is complementary to grant financing and other actions under the policy areas it supports, such as Horizon Europe, the Connecting Europe Facility, the Digital Europe Programme, the Single Market, Competitiveness of SMEs and European Statistics Programme, the European Space Programme, the European Social Fund+, the Creative Europe, the Programme for Environment & Climate Action (LIFE) and the European Defence Fund. Synergies with external policy instruments will be ensured, where relevant.

Blending with grant financing will ensure complementarity with other spending programmes.

The InvestEU Programme is also complementary to the European Structural and Investment Funds. In order to facilitate the deployment of certain Funds under shared management (European Regional Development Fund (ERDF), the European Social Fund+ (ESF+), the Cohesion Fund, the European Maritime and Fisheries Fund (EMFF) and the European Agriculture Fund for Rural Development (EAFRD) through financial products, the Member States will have the possibility to rely on the InvestEU Programme. This is a major simplification compared to the current situation since only one set of rules will apply in this case.

The InvestEU Programme's actions should be used to address market failures or sub-optimal investment situations, in a proportionate manner, without duplicating or crowding out private financing and have a clear European added value. This will ensure consistency between the

actions of the Programme and EU State aid rules, avoiding undue distortions of competition in the internal market.

## **2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

### **• Legal basis**

The proposal is based on Article 173 (Industry) and the third paragraph of Article 175 (Economic, Social and Territorial Cohesion) of the Treaty on the Functioning of the European Union (TFEU).

In line with established jurisprudence, the legal basis referred to reflect the main contents of the proposal. The procedures laid down for both Articles regarding the legal basis are the same (ordinary legislative procedure).

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

The InvestEU Programme will cover investments and access to finance supporting EU policy priorities by addressing EU-wide market failures and investment gaps. It also supports the design, development and EU-wide market testing of innovative financial products, and the systems to spread them, for new or complex market failures and investment gaps.

The voluntary Member State compartment would allow addressing country specific market failures and investment gaps while drawing on financial products designed at central level, ensuring a more efficient geographical usage of resources, where this is warranted. It would allow Member States to implement part of their funds under the European Regional Development Fund (ERDF), the European Social Fund+ (ESF+), the Cohesion Fund, the European Maritime and Fisheries Fund (EMFF) and the European Agriculture Fund for Rural Development (EAFRD) through the InvestEU Fund.

The proposed structure with two compartments in each policy window allows an effective application of the subsidiarity principle. In addition, the two compartments within each window will share the same InvestEU Fund rules, which will allow a clearer and simpler framework for the use of different sources of EU funds.

### **• Proportionality**

The EU long-term goals regarding sustainability, competitiveness and inclusive growth require significant investments in different policy areas. This includes, *inter alia*, new models relating to mobility, renewable energy, energy efficiency, natural capital, innovation, digitisation, skills, social infrastructure, circular economy, climate action, oceans and small businesses' creation and growth.

Renewed efforts are needed to tackle persisting market fragmentation and market failures caused by private investors' risk-averseness, the public sector's limited funding capacity and structural inefficiencies of the investment environment. Member States cannot sufficiently bridge those investment gaps alone.

An intervention at EU level ensures that a critical mass of resources can be leveraged so as to maximise the impact of investment on the ground. The proposal does not replace Member State investment but on the contrary it is complementary to such investments, by focusing in particular on support for projects that provide EU added value. In addition, the EU level provides for economies of scale in the use of innovative financial products by catalysing private investment in the whole EU and making best use of the European institutions and their expertise for that purpose. The EU intervention also provides access to a diversified portfolio of European projects, thereby catalysing private investment, and allows for the development

of innovative financing solutions which can be scaled up or replicated, as appropriate, in all Member States.

Intervention at EU level is the only tool capable of effectively addressing investment needs linked to EU-wide policy objectives. In addition, structural reforms and an improved regulatory environment will continue to be necessary to address the remaining investment gaps in the period 2021-2027.

- **Choice of the instrument**

The purpose of the proposal is to provide a single instrument providing an EU budgetary guarantee to underpin financing and investment operations by the implementing partners in line with the conclusions of the Impact Assessment to build on the success of the EFSI and previous financial instruments while taking into account lessons learnt as regards, *inter alia*, the avoidance of fragmentation and possible overlaps. Therefore, a Regulation is proposed.

### **3. RESULTS OF RETROSPECTIVE EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS**

- **Retrospective evaluations/fitness checks of existing legislation**

The proposal builds on lessons learnt from evaluations of predecessor financial instruments and of the EFSI. In particular, an independent evaluation of the EFSI [insert references to external evaluation and SWD] was conducted in 2018 in addition to several other evaluations on the EFSI since its inception:

- Commission evaluation on the use of the EU guarantee and the functioning of the EFSI guarantee fund<sup>1</sup> accompanied by an opinion of the Court of Auditors<sup>2</sup>,
- EIB evaluation on the functioning of the EFSI<sup>3</sup> (October 2016) and
- independent external evaluation on the application of the EFSI Regulation<sup>4</sup> (November 2016).

Main findings of these evaluations were summarised in the Commission Communication on the Investment Plan for Europe (COM (2016) 764)<sup>5</sup>.

All evaluations found that the EU Guarantee proved relevant and enabled the EIB to undertake riskier activities and introduce higher risk products to support a wider range of beneficiaries. The EFSI also proved a relevant tool to mobilise private capital. In terms of governance, the independent evaluation of 2018 pointed to the importance of the Investment Committee for the credibility of the scheme, the transparency of its decisions and the quality of the scoreboard, which was evaluated as a relevant tool that allows a consistent approach to project presentation and to summarise appraisal conclusions.

Based on signed operations, the EFSI has mobilised EUR 207 billion of investment by end-2017, corresponding to 66 % of the target. This increased to EUR 256 billion for approved operations and corresponds to 81 % of the target. Extrapolating this trend a further 6 months with the completion of the EFSI in mid-2018, mobilised investment from approved operations are expected to reach the EUR 315 billion target by mid-2018 or shortly thereafter.

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<sup>1</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52016SC0297&from=EN>

<sup>2</sup> [https://www.eca.europa.eu/Lists/News/NEWS1611\\_11/OP16\\_02\\_EN.pdf](https://www.eca.europa.eu/Lists/News/NEWS1611_11/OP16_02_EN.pdf)

<sup>3</sup> <http://www.eib.org/infocentre/publications/all/evaluation-of-the-functioning-of-the-efsi.htm>

<sup>4</sup> [https://ec.europa.eu/commission/publications/independent-evaluation-investment-plan\\_en](https://ec.europa.eu/commission/publications/independent-evaluation-investment-plan_en)

<sup>5</sup> <http://ec.europa.eu/transparency/regdoc/rep/1/2016/EN/COM-2016-764-F1-EN-MAIN.PDF>

The evaluations have noted some concentration in Member States with well-developed institutional capacities. However, if the investment mobilised is considered relative to Member States' Gross Domestic Product this concentration is much less pronounced. Nevertheless, in order to improve further the geographical balance, the EFSI 2.0 has strengthened the relevance of the European Investment Advisory Hub.

As of 31 December 2017, the actual multiplier effect of the EFSI is broadly in line with what had been assessed at the outset – an aggregate global multiplier of 13.5 achieved by end-2017 against a target of 15 at the end of the investment period. The EFSI has also been effective in mobilising private investments. Around 64 % of investment mobilised is from the private sector.

In terms of efficiency, the availability of the EU Guarantee proved to be an efficient tool to considerably increase the volume of riskier operations by the European Investment Bank. In particular, the EU Guarantee freezes less budgetary resources compared to financial instruments, as it requires prudent but limited provisioning compared to the level of financial engagement. It assumes a contingent liability and is consequently expected to achieve economies of scale that result in higher investment mobilised per euro spent. The evidence analysed as part of the independent evaluation in 2018 also clearly indicated that the size of the EU Guarantee under the EFSI was appropriate. It also found that the approach used for the modelling of the EFSI target rate was broadly adequate and in line with industry standards, but proposed some further developments.

A budgetary guarantee has also proven more cost-efficient for the EU budget, as it limits the payment of management fees to the implementing partner. In the case of the EFSI, the EU is even remunerated for the EU Guarantee provided under the Infrastructure and Innovation Window.

The 2016 independent evaluation stressed the need to better define and clarify the concept of additionality. Consequently, the EFSI 2.0 Regulation includes several measures which clarify the concept and the criteria and made the process more transparent.

The independent evaluation of 2018, which could only assess operations approved under the EFSI and therefore could not test the new EFSI 2.0 measures, confirmed the need to further clarify the concept of additionality and the definition of sub-optimal investment situations. In particular, it concluded that the EFSI operations are characterised by a higher level of risk as compared to standard (non-EFSI) operations by the European Investment Bank, as required by the EFSI Regulation. However, the various survey and interviews indicated that under the Infrastructure and Innovation Window of the EFSI some crowding out may have occurred. It would be important to avoid this situation under the InvestEU Programme.

The independent evaluation of 2018 also highlighted the non-financial added value of attracting new investors, providing demonstrations and market testing of new products and financing models, and support and adoption of higher operations standards by financial service providers.

The 2016 EIB evaluation and the independent evaluation of 2018 confirmed the initial disruption caused by the EFSI to other EU level financial instruments by offering similar financial products, in particular the debt instrument under the Connecting Europe Facility and part of the InnovFin, which were partly resolved by re-focusing existing instruments towards new market segments.

The proposal for the InvestEU Fund also builds on lessons learnt from evaluations of predecessor financial instruments spanning two decades (Connecting Europe Facility, Horizon 2020, COSME, etc., and instruments launched under earlier financial frameworks

such as the Competitiveness and Innovation Programme (CIP). In general, these evaluations confirm that financing gaps continue to exist in Europe in the sectors and policy areas covered by EU financial instruments and that EU-level investment support continues to be relevant and necessary in order to meet EU policy objectives. However, they also stress that the coherence between different EU-level financial instruments and other EU initiatives should be strengthened, that synergies with national and regional initiatives should be better exploited, and that overlaps exist among the current instruments. They point to a need for better coordination and design of investment support instruments to minimise potential overlaps. The expansion of activities has created a need to strengthen mechanisms for the overall coordination of actions, avoiding unnecessary proliferation and achieving greater synergies.

As regards the COSME instruments offering support to SMEs which are crucial to the Union's future competitiveness, the evaluations show that these instruments are underpinned by a strong market failure rationale and being driven by the constraints in access to finance faced by SMEs. Especially start-ups, smaller SMEs and those lacking sufficient collateral are faced with persistent and structural market gaps for debt finance prevalent across the EU. The Court of Auditors found in a Special Report that the SME guarantee facility has had a positive impact on the growth of supported SMEs. In line with the Court's recommendations, some better targeting of beneficiaries and more coordination with national schemes is needed.<sup>6</sup>

Specifically regarding the InnovFin financial instruments under Horizon2020, the evaluations show that access to finance remains an essential issue in order to improve Europe's innovation performance. They confirm that InnovFin financial instruments have performed well against the backdrop of growing demand for risk finance in research and innovation, and made it possible for the EIB Group to cover new riskier segments. However, again, the need to strengthen synergies with other EU funding programmes is highlighted, as is the need to address remaining barriers in the context of helping innovative companies to grow from early stage to expansion. It was also pointed out that only a relatively small number of firms receiving grants under Horizon 2020 benefitted from financial instruments under Horizon 2020, which may hinder scaling up of innovative companies.

The InvestEU Fund will build upon these experiences and target research and innovation recipients (including innovative SMEs and mid-caps) in order to provide them with better access to finance at all stages of their development. It will exploit synergies between grant and market based financing by facilitating blending. In addition, the European Court of Auditors' audit on the guarantee facility recommended better targeting of beneficiaries at more innovative companies. By pooling expertise and resources, the InvestEU Fund will increasingly focus support on companies that engage in higher-risk innovation activities.

In the social area and regarding the Employment and Social Innovation (EaSI) Programme, there is empirical evidence that investments in social infrastructure, social enterprises producing goods ('tangibles') as well as social services, ideas and people ('intangibles') are crucially lacking in the Union, yet critical for its Member States to develop into a fair, inclusive and knowledge-based society.

Microfinance and social enterprises in Europe are still recent developments and part of an emerging market that is not yet fully developed. As highlighted by the EaSI mid-term evaluation conducted in 2017, the EaSI financial instruments have supported vulnerable persons and micro-enterprises and facilitated access to finance for social enterprises, thus having achieved significant social impact. The evaluation concluded that deploying the full potential shown by the results achieved so far justifies the continuity for investment support in

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<sup>6</sup> <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=44174>



the social field and need for additional firepower to be provided under the InvestEU Programme.

The impact assessment report regarding the InvestEU Programme includes a detailed summary of these evaluation results.

- **Stakeholder consultations**

The impact assessment relied on the Open Public Consultation (OPC) on EU funds in the area of investment, research & innovation, SMEs and the single market and in particular on the replies related to EU Support for Investment<sup>7</sup>.

This proposal takes into account the results of this OPC. In particular most respondents expressed a view that the current EU support for investment does not sufficiently address policy challenges like reducing unemployment, supporting social investment, facilitating the digital transition, facilitating access to finance in particular for SMEs, ensuring a clean and healthy environment and supporting industrial development.

The respondents stressed the importance of EU-wide policy challenges, among others, in areas like research, support for education and training, clean and healthy environment, and transition to low carbon and circular economy, and reducing unemployment.

Around 60 % of respondents to the OPC on Strategic infrastructure expressed a view that difficulty to access financial instruments is an obstacle that prevents the current programmes from successfully achieving policy objectives.

A vast majority of participant supported the identified steps that could help simplify and reduce administrative burdens. In particular, this included fewer, clearer and shorter rules, alignment of rules between EU funds as well as a stable but flexible framework between programming periods.

The proposal aims to address these results by strengthening the focus on Union policy priorities in the context of the support under the InvestEU Fund. The single set of rules established by the InvestEU Fund should address the issue of possible overlaps and in particular make it easier for final recipients to request support. The InvestEU Fund also has an in-built flexibility, allowing it to adjust to developing market situations and needs. The reporting requirements have also been harmonised.

- **External expertise**

An external evaluation was conducted in line with Article 18(6) of Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) 1316/2013 – the European Fund for Strategic Investments<sup>8</sup> as explained under the sub-heading 'Retrospective evaluations/fitness checks of existing legislation'. It is published concurrently to this proposal.

- **Impact assessment**

The impact assessment [*insert reference to Impact Assessment*] examines in detail the main challenges for the next MFF, in particular the investment gaps and sub-optimal investment situations in different policy areas like research and innovation, sustainable infrastructure,

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<sup>7</sup> This was a subpart of the OPC on Investment, research and innovation, SMEs and single market. [https://ec.europa.eu/info/consultations/public-consultation-eu-funds-area-investment-research-innovation-smes-and-single-market\\_en](https://ec.europa.eu/info/consultations/public-consultation-eu-funds-area-investment-research-innovation-smes-and-single-market_en)

<sup>8</sup> OJ L 169, 1.7.2015, p. 1.

SME financing as well as social investment. It analyses and explains the choices for the proposed InvestEU Fund structure, its governance, objectives, target actions, financial products and final recipients. Where appropriate, the impact assessment describes the considered alternative solutions and explains the reasoning for the proposed choices. This in particular relates to the rationale for the creation of a single investment support instrument, the delivery mechanisms and the implementing partners, and for the proposed governance structure.

The impact assessment underlines that the current experience with EU financial instruments and the EFSI budgetary guarantee demonstrated a need for simplification, streamlining and better coordination of EU's investment support instruments during the next MFF. Experience with the EFSI also revealed significant benefits and efficiency gains inherent in using, where possible, a budgetary guarantee instead of traditional financial instruments.

The impact assessment identifies the following main characteristics for the InvestEU Fund:

- A single structure, directly communicated to financial intermediaries, project promoters and final recipients in search of financing.
- Increase in leverage and more efficient use of budgetary resources through the use of a single budgetary guarantee underpinning different financial products that address a diversified portfolio of risks. This presents efficiency gains when compared to the option of having different financial instruments or ring-fenced budgetary guarantees addressing a limited range of risks, in that it requires a lower provisioning rate while providing an equivalent level of protection.
- Simplified and focused offer of investment support instruments targeting the main EU policy objectives. Such offer would also enable combining grants and finance from different EU programmes, EIB conventional lending or private finance.
- The ability to deliver sector-specific instruments to support particular market failures (e.g. Green Shipping, energy demonstration projects, natural capital).
- Flexibility measures that will enable the InvestEU Fund to quickly react to market changes and policy priorities that evolve over time.
- An integrated governance and implementation structure which enhances internal coordination and strengthens the position of the Commission towards implementing partners. This would also lead to management cost efficiencies, avoidance of duplications and overlap and would increase the visibility towards investors.
- Simplified reporting, monitoring and control requirements. Due to the single framework, the InvestEU Fund will foresee integrated and simplified monitoring and reporting rules.
- Better complementarity between programmes managed centrally and those under shared management. This includes a possibility for Member States to channel shared management allocations through the InvestEU Fund (in the Member State compartment).
- Association of the InvestEU Advisory Hub to the InvestEU Fund in order to support the development of and implementation of a pipeline of bankable projects.

The range of interventions envisaged under the InvestEU Fund will be implemented through different products targeting different risks that would inherently require high, medium or low provisioning rates, depending on the type of guarantee coverage provided and the operations supported. The Commission will provide guidance and monitor the usage and the risks

incurred under different products, so as to ensure that the overall portfolio is compatible with the provisioning rate laid down in the proposal.

On 27 April 2018, the Regulatory Scrutiny Board issued a positive opinion with reservations. [insert hyperlink to opinion of RSB] The Impact Assessment Staff Working Document [insert reference/link] addresses the issues raised. The report now better explains the current overlaps between the EFSI and centrally managed financial instruments. It also clarifies how the potential overlaps will be avoided under the InvestEU Fund. Moreover, the choice of the proposed governance structure as well as the role of the different bodies are presented in more detail. This includes a comparison of the governance arrangements currently in use for the EFSI and the financial instruments with the one proposed under the InvestEU Fund. Additional clarifications on the assumptions for the foreseen level of risk and the provisioning rate have been added, including further explanations concerning the risk assessment function within the governance structure.

- **Simplification**

Sub-optimal investment situations are currently addressed through a heterogeneous and fragmented portfolio of EU financial instruments and the EFSI. This situation also leads to complexity for financial intermediaries and final recipients, who are confronted with different eligibility and reporting rules.

The aim of the InvestEU Fund is to simplify the EU investment support by establishing a single framework that helps to reduce the complexity. Due to a reduced number of agreements under a single set of rules, the InvestEU Fund will simplify the access to EU support for the final recipients, the governance and the management of investment support instruments.

Moreover, as the InvestEU Fund covers all investment support policy needs, it allows for the streamlining of and harmonisation of reporting requirements and performance indicators.

- **Fundamental rights**

The proposal does not have an impact on fundamental rights.

#### **4. BUDGETARY IMPLICATIONS**

In accordance with the Communication<sup>9</sup> of the Commission on the Multi-Annual Financial Framework for the period 2021-2027, the budgetary framework (commitments in current prices) foreseen for the InvestEU Programme is EUR 14 725 000 000, including EUR 525 000 000 for project development assistance and other accompanying measures. The overall provisioning will amount to EUR 15 200 000 000, of which EUR 1 000 000 000 being covered by revenues, repayments and recoveries generated by existing financial instruments and the EFSI. In line with [Article 211(4)(d)] of the [Financial Regulation] revenues and recoveries from the InvestEU Fund shall also provide additional contributions to provisioning.

A legislative financial statement is included into this proposal.

#### **5. OTHER ELEMENTS**

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The InvestEU Fund (the EU guarantee) will be implemented through indirect management. The Commission shall conclude the necessary guarantee agreements with the implementing

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<sup>9</sup> COM(2018)321 final.

partners. The InvestEU Advisory Hub will be implemented through indirect or direct management depending on the nature of the assistance. The InvestEU Portal will mainly be implemented through direct management.

The impact of the InvestEU Programme will be assessed through evaluations. Evaluations will be carried out in line with paragraphs 22 and 23 of the Interinstitutional Agreement of 13 April 2016<sup>10</sup>, where the three institutions confirmed that evaluations of existing legislation and policy should provide the basis for impact assessments of options for further action. The evaluations will assess the InvestEU Programme's effects on the ground based on the InvestEU Programme indicators/targets and a detailed analysis of the degree to which the InvestEU Programme can be deemed relevant, effective, efficient, provides enough EU added value and is coherent with other EU policies. They will include lessons learnt to identify any lacks/problems or any potential to further improve the actions or their results and to help maximise their exploitation/impact. Monitoring of performance will be measured against indicators laid down in the proposal. In addition to these core indicators, more detailed indicators will be included in the investment guidelines or in the guarantee agreements on the basis of the specific financial products to be deployed. Moreover, specific indicators will be developed for the InvestEU Advisory Hub and the InvestEU Portal.

Harmonised reporting will be requested from the implementing partners in line with the [Financial Regulation].

- **Detailed explanation of the specific provisions of the proposal**

#### Chapter I – General provisions

The general provisions provide for the general and specific objectives of the InvestEU Programme which are subsequently reflected in the policy windows.

The financing and investment operations to be supported by the EU guarantee under the InvestEU Fund shall contribute to (i) the competitiveness of the Union, including innovation and digitisation; (ii) the sustainability of the Union economy and its growth; (iii) social resilience and inclusion; (iv) the integration of Union capital markets and the strengthening of the Single Market, including solutions addressing the fragmentation of the Union capital markets, diversifying sources of financing for Union enterprises and promoting sustainable finance.

The size of the EU guarantee is proposed to be EUR 38 000 000 000 and the provisioning rate 40 %, i.e. EUR 15 200 000 000 is needed for the provisioning (both amounts in current prices). The indicative allocation of the EU guarantee between the policy windows is laid down in Annex I. The size of the provisioning is based on the type of financial products envisaged and the riskiness of the portfolios, taking into account the experience under the EFSI and former financial instruments.

A financial envelope of EUR 525 000 000 (in current prices) is proposed for the InvestEU Advisory Hub, the InvestEU Portal and accompanying measures.

It is also foreseen that third countries could be associated to financial products under the policy windows of the InvestEU Fund by providing their full participation in cash. This possibility is foreseen in particular to allow, where justified, for the continuation of existing arrangements, *inter alia*, in the area of research, or to foresee possibilities for support in relation to the accession processes. Member States wishing to use part of their funds under

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<sup>10</sup> Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making of 13 April 2016 (OJ L 123, 12.5.2016, p. 1).

shared management through the InvestEU Fund may also contribute. These amounts come in addition to the EU guarantee of EUR 38 000 000 000 (in current prices).

## Chapter II – InvestEU Fund

This Chapter identifies the four policy windows of the InvestEU Fund: (i) sustainable infrastructure; (ii) research, innovation and digitisation; (iii) SMEs; (iv) social investment and skills. It also defines the two compartments of the EU guarantee: (i) EU compartment; and (ii) Member State compartment, which will be composed of one sub-compartment per Member State which decides to contribute part of its funds under shared management into the InvestEU Fund.

The specific rules related to the Member State compartment foresee a contribution agreement between the Commission and the Member State concerned and define the main elements of the contribution, such as, for example, the size, provisioning rate and contingent liability. The Common Provisions Regulation and other relevant legal instruments will contain the necessary enabling provisions. Once the transfer to the InvestEU Fund takes place, the implementation of the Member State compartment will follow the rules of the InvestEU Fund. The Commission shall select the implementing partner based on a proposal by the Member State and sign the guarantee agreement with the Member State concerned.

The Commission proposal for the 2021-2027 MFF set a more ambitious goal for climate mainstreaming across all EU programmes, with an overall target of 25 % of EU expenditure contributing to climate objectives. The contribution of the InvestEU Programme to the achievement of this overall target will be tracked through an EU climate tracking system. The Commission will present the information annually in the context of the annual draft budget.

To support the full use of the potential of the Invest EU Programme to contribute to climate objectives, the Commission will seek to identify relevant actions throughout the InvestEU Programme preparation, implementation, review and evaluation processes.

## Chapter III – EU guarantee

The provisions relating to the EU guarantee and its deployment are set out in this Chapter. They include the irrevocable and on-demand character of the EU guarantee, the investment period which covers the MFF-period, requirements for the eligible financing and investment operations and eligible types of financing. The sectors eligible for financing and investment operations are laid down more in detail in Annex II.

Moreover, this Chapter lays down the requirements for implementing partners – who, inter alia, have to pass the pillar-assessment in line with the [Financial Regulation] –, and for the guarantee agreements between the Commission and the implementing partners.

In selecting the implementing partners, the Commission will consider their capacity to fulfil the objectives of the InvestEU Fund and to contribute their own resources, to crowd-in private investors, to provide adequate geographic and sectorial coverage and contribute to new solutions to address market failures and sub-optimal investment situations. Given its role under the Treaties, its capacity to operate in all Member States and the existing experience under the current financial instruments and the EFSI, the European Investment Bank Group should remain a privileged implementing partner under the EU compartment. National promotional banks or institutions will also be considered. Moreover, it will be possible to have other international financial institutions as implementing partners, in particular when they present a comparative advantage in terms of specific expertise and experience in certain Member States. It should also be possible for other entities fulfilling the criteria laid down in

the Financial Regulation to act as implementing partners. Implementing partners will need to cover at least three Member States but may form a group for that purpose.

It is expected that around 75 % of the EU guarantee under the EU compartment would be allocated to implementing partner or partners that can offer financial products in all Member States.

It also includes the detailed coverage of the EU guarantee in function of the different nature of the financing that can be provided under it.

#### Chapter IV – Governance

The InvestEU Fund will have an advisory board meeting in two configurations: (i) representatives of the implementing partners; and (ii) representatives of the Member States. Its tasks include advising the Commission on the design of financial products to be implemented under the InvestEU Fund and giving advice on market failures and sub-optimal investment situations, as well as on market conditions in the configuration with the implementing partners. The Advisory Board will also inform Member States about the implementation of the InvestEU Fund and allow for a regular exchange of views on market developments as well as the sharing of best practices.

A project team composed of experts put at the disposal of the Commission by the implementing partners will prepare the scoreboard on potential financing and investment operations for the assessment of the Investment Committee whether to grant the benefit of the EU guarantee to these operations or not. The Commission has to confirm that a proposed financing or investment operation is compliant with EU law in order for a proposal to be submitted to the project team.

The Investment Committee approves the use of the EU guarantee for financing and investment operations. Its members will be external experts with expertise from the relevant sectors. The Committee will meet in four different configurations which correspond to the policy windows. Each configuration has six members out of which four are permanent members who take part in all configurations. The remaining two members are selected to take more specifically into account the areas covered by that particular policy window.

#### Chapter V – InvestEU Advisory Hub

The InvestEU Advisory Hub will provide advisory support for the identification, preparation, development, structuring, procuring and implementation of projects, including related capacity building. It will be available for public and private project promoters as well as for financial and other intermediaries.

#### Chapter VI – InvestEU Portal

The InvestEU Portal will be established, building on the experience with the Project Portal under the Investment Plan for Europe. It will include systematic checks of the consistency of the projects received with Union law and policies and an obligation on implementing partners to consider projects meeting the consistency test falling within their scope of action. Its objective is to provide visibility on investable projects in the EU that are in search of funding. However, a project does not have to be posted on the Portal in order to benefit from EU funding. Similarly, a submission to the Portal does not mean that the project will in the end benefit from the EU guarantee.

#### Chapter VII – Monitoring and reporting, evaluation and control

It is proposed that the use of the EU guarantee will be evaluated through an interim and a final evaluation in line with the requirements of the [Financial Regulation]. This Chapter also

provides for regular monitoring and reporting while laying down the indicators against which performance will be measured in Annex III. Moreover, it contains provisions on audit and on OLAF's rights with regard to financing and investment operations in third countries.

Finally this Chapter lays down the procedure for the delegated acts and foresees an application of the Regulation as of 1 January 2021.

#### Chapter VIII – Transparency and visibility

The standard provisions are included to ensure adequate transparency and visibility.

#### Chapter IX – Transitional and final provisions

This final Chapter includes provisions in relation to the use of revenues, repayments and recovery from the predecessor programmes. A list of those programmes, in addition to the EFSI, is in Annex IV.

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**  
**establishing the InvestEU Programme**

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 Article 173 and the third paragraph of Article 175 thereof,

Having regard to the proposal from the European Commission,

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

Having regard to the opinion of the European Economic and Social Committee<sup>11</sup>,

Having regard to the opinion of the Committee of the Regions<sup>12</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) With 1.8% of EU GDP, down from 2.2% in 2009, infrastructure investment activities in the Union in 2016 were about 20% below investment rates before the global financial crisis. Thus, while a recovery in investment-to-GDP ratios in the Union can be observed, it remains below what might be expected in a strong recovery period and is insufficient to compensate years of underinvestment. More importantly, the current investment levels and forecasts do not cover the Union's structural investment needs in the face of technological change and global competitiveness, including for innovation, skills, infrastructure, small and medium-sized enterprises ('SMEs') and the need to address key societal challenges such as sustainability or population ageing. Consequently, continued support is necessary to address market failures and sub-optimal investment situations to reduce the investment gap in targeted sectors to achieve the Union's policy objectives.
- (2) Evaluations have underlined that the variety of financial instruments delivered under the 2014-2020 Multiannual Financial Framework period has led to some overlaps. That variety has also produced complexity for intermediaries and final recipients who were confronted with different eligibility and reporting rules. Absence of compatible rules also hampered the combination of several Union funds although such combination would have been beneficial to support projects in need of different types of funding. Therefore, a single fund, the InvestEU Fund, should be set up in order to achieve a more efficiently functioning support to final recipients by integrating and simplifying the financial offer under a single budgetary guarantee scheme, thereby improving the impact of Union intervention while reducing the cost to the Union budget.

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<sup>11</sup> OJ C [...], [...], p. [...].

<sup>12</sup> OJ C [...], [...], p. [...].



- (3) In the last years, the Union has adopted ambitious strategies to complete the Single Market and to stimulate sustainable growth and jobs, such as the Capital Markets Union, the Digital Single Market Strategy, the Clean Energy for all Europeans package, the Union Action Plan for the Circular Economy, the Low-Emission Mobility Strategy, the Defence and the Space Strategy for Europe. The InvestEU Fund should exploit and reinforce synergies between those mutually reinforcing strategies through providing support to investment and access to financing.
- (4) At Union level, the European Semester of economic policy coordination is the framework to identify national reform priorities and monitor their implementation. Member States develop their own national multiannual investment strategies in support of those reform priorities. The strategies should be presented alongside the yearly National Reform Programmes as a way to outline and coordinate priority investment projects to be supported by national or Union funding, or by both. They should also serve to use Union funding in a coherent manner and to maximise the added value of the financial support to be received notably from the European Structural and Investment Funds, the European Investment Stabilisation Function and the InvestEU Fund, where relevant.
- (5) The InvestEU Fund should contribute to improving the competitiveness of the Union, including in the field of innovation and digitisation, the sustainability of the Union's economic growth, the social resilience and inclusiveness and the integration of the Union capital markets, including solutions addressing their fragmentation and diversifying sources of financing for the Union enterprises. To that end, it should support projects that are technically and economically viable by providing a framework for the use of debt, risk sharing and equity instruments underpinned by a guarantee from the Union's budget and by contributions from implementing partners. It should be demand-driven while support under the InvestEU Fund should at the same time focus on contributing to meeting policy objectives of the Union.
- (6) The InvestEU Fund should support investments in tangible and intangible assets to foster growth, investment and employment, and thereby contributing to improved well-being and fairer income distribution in the Union. Intervention through the InvestEU Fund should complement Union support delivered through grants.
- (7) The Union endorsed the objectives set out in the United Nations Agenda 2030 and its Sustainable Development Goals and the Paris Agreement in 2015 as well as the Sendai Framework for Disaster Risk Reduction 2015-2030. To achieve the agreed objectives, including those embedded in the environmental policies of the Union, action pursuing sustainable development is to be stepped up significantly. Therefore, the principles of sustainable development should feature prominently in the design of the InvestEU Fund.
- (8) The InvestEU Programme should contribute to building a sustainable finance system in the Union which supports the re-orientation of private capital towards sustainable investments in accordance with the objectives set out in the Commission Action Plan for Financing Sustainable Growth<sup>13</sup>.
- (9) Reflecting the importance of tackling climate change in line with the Union's commitments to implement the Paris Agreement and the United Nations Sustainable Development Goals, the InvestEU Programme will contribute to mainstream climate actions and to the achievement of an overall target of 25 % of the Union budget

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<sup>13</sup> COM(2018)97 final.

expenditures supporting climate objectives. Actions under the InvestEU Programme are expected to contribute 30 % of the overall financial envelope of the InvestEU Programme to climate objectives. Relevant actions will be identified during the InvestEU Programme's preparation and implementation and reassessed in the context of the relevant evaluations and review processes.

- (10) The contribution of the InvestEU Fund to the achievement of the climate target will be tracked through an EU climate tracking system developed by the Commission in cooperation with implementing partners and using in an appropriate way the criteria established by [Regulation on the establishment of a framework to facilitate sustainable investment<sup>14</sup>] for determining whether an economic activity is environmentally sustainable.
- (11) According to the 2018 Global Risks Report issued by the World Economic Forum, half of the ten most critical risks threatening the global economy relate to the environment. Such risks include air, soil and water pollution, extreme weather events, biodiversity losses and failures of climate-change mitigation and adaptation. Environmental principles are strongly embedded in the Treaties and many of the Union's policies. Therefore, the mainstreaming of environmental objectives should be promoted in the InvestEU Fund related operations. Environmental protection and related risk prevention and management should be integrated in the preparation and implementation of investments. The EU should also track its biodiversity-related and air pollution control-related expenditure in order to fulfil the reporting obligations under the Convention on Biological Diversity and Directive (EU) 2016/2284 of the European Parliament and of the Council<sup>15</sup> Investment allocated to environmentally sustainability objectives should therefore be tracked using common methodologies coherent with that developed under other Union programmes applying to climate, biodiversity and air pollution management in order to allow assessing the individual and combined impact of investments on the key components of the natural capital, including air, water, land and biodiversity.
- (12) Investment projects receiving substantial Union support, notably in the area of infrastructure, should be subject to sustainability proofing in accordance with guidance that should be developed by the Commission in cooperation with implementing partners under the InvestEU Programme and, using in an appropriate way the criteria established by [Regulation on establishment of a framework to facilitate sustainable investment] for determining whether an economic activity is environmentally sustainable and coherently with the guidance developed for other programmes of the Union. Such guidance should include adequate provisions to avoid undue administrative burden.
- (13) Low infrastructure investment rates in the Union during the financial crisis undermined the Union's ability to boost sustainable growth, competitiveness and convergence. Sizeable investments in the European infrastructure are fundamental to meet the Union's sustainability targets, including the 2030 energy and climate targets. Accordingly, support from the InvestEU Fund should target investments into transport, energy, including energy efficiency and renewable energy, environmental, climate action, maritime and digital infrastructure. To maximise the impact and the value

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<sup>14</sup> COM(2018)353.

<sup>15</sup> Directive (EU) 2016/2284 of the European Parliament and of the Council of 14 December 2016 on the reduction of national emissions of certain atmospheric pollutants, amending Directive 2003/35/EC and repealing Directive 2001/81/EC (OJ L 344, 17.12.2016, p. 1).

added of Union financing support, it is appropriate to promote a streamlined investment process enabling visibility of the project pipeline and consistency across relevant Union programmes. Bearing in mind security threats, investment projects receiving Union support should take into account principles for the protection of citizens in public spaces. This should be complementary to the efforts made by other Union funds such as the European Regional Development Fund providing support for security components of investments in public spaces, transport, energy and other critical infrastructure.

- (14) Whereas the level of overall investment in the Union is increasing, investment in higher-risk activities such as research and innovation is still inadequate. The resulting underinvestment in research and innovation is damaging to the industrial and economic competitiveness of the Union and the quality of life of its citizens. The InvestEU Fund should provide the appropriate financial products to cover different stages in the innovation cycle and a wide range of stakeholders, in particular to allow the upscaling of and deployment of solutions at a commercial scale in the Union, in order to make such solutions competitive on world markets.
- (15) A significant effort is urgently needed to invest in digital transformation and to distribute the benefits of it to all Union citizens and businesses. The strong policy framework of the Digital Single Market Strategy should now be matched by investment of a similar ambition, including in artificial intelligence.
- (16) Small and medium-sized enterprises (SMEs) play a crucial role in the Union. However, they face challenges when accessing finance because of their perceived high risk and lack of sufficient collateral. Additional challenges arise from SMEs' need to stay competitive by engaging in digitisation, internationalisation and innovation activities and skilling up their workforce. Moreover, compared to larger enterprises, they have access to a more limited set of financing sources: they typically do not issue bonds, have only limited access to stock exchanges or large institutional investors. The challenge in accessing finance is even greater for those SMEs whose activities focus on intangible assets. SMEs in the Union rely heavily on banks and debt financing in the form of bank overdrafts, bank loans or leasing. Supporting SMEs that face the above challenges and providing more diversified sources of funding is necessary for increasing the ability of SMEs to finance their creation, growth and development, withstand economic downturns, and for making the economy and the financial system more resilient during economic downturn or shocks. This is also complementary to the initiatives already undertaken in the context of the Capital Markets Union. The InvestEU Fund should provide an opportunity to focus on specific, more targeted financial products.
- (17) As set out in the reflection paper on the social dimension of Europe<sup>16</sup> and the European Pillar of Social Rights<sup>17</sup>, building a more inclusive and fairer Union is a key priority for the Union to tackle inequality and foster social inclusion policies in Europe. Inequality of opportunities affects in particular access to education, training and health. Investment in the social, skills and human capital-related economy, as well as in the integration of vulnerable populations in the society, can enhance economic opportunities, especially if coordinated at Union level. The InvestEU Fund should be used to support investment in education and training, help increase employment, in particular among the unskilled and long-term unemployed, and improve the situation

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<sup>16</sup> COM(2017) 206.

<sup>17</sup> COM(2017) 250.

with regard to intergenerational solidarity, the health sector, homelessness, digital inclusiveness, community development, the role and place of young people in society as well as vulnerable people, including third country nationals. The InvestEU Programme should also contribute to the support of European culture and creativity. To counter the profound transformations of societies in the Union and of the labour market in the coming decade, it is necessary to invest in human capital, microfinance, social enterprise finance and new social economy business models, including social impact investment and social outcomes contracting. The InvestEU Programme should strengthen nascent social market eco-system, increasing the supply of and access to finance to micro- and social enterprises, to meet the demand of those who need it the most. The report of the High-Level Task-Force on Investing in Social Infrastructure in Europe<sup>18</sup> has identified investment gaps in social infrastructure and services, including for education, training, health and housing, which call for support, including at the Union level. Therefore, the collective power of public, commercial and philanthropic capital, as well as support from foundations, should be harnessed to support the social market value chain development and a more resilient Union.

- (18) The InvestEU Fund should operate under four policy windows, mirroring the key Union policy priorities, namely sustainable infrastructure; research, innovation and digitisation: SMEs; and social investment and skills.
- (19) Each policy window should be composed of two compartments, that is to say an EU compartment and a Member State compartment. The EU compartment should address Union-wide market failures or sub-optimal investment situations in a proportionate manner; supported actions should have a clear European added value. The Member State compartment should give Member States the possibility to contribute a share of their resources of Funds under shared management to the provisioning of the EU guarantee to use the EU guarantee for financing or investment operations to address specific market failures or sub-optimal investment situations in their own territory, including in vulnerable and remote areas such as the outermost regions of the Union, to deliver objectives of the Fund under shared management. Actions supported from the InvestEU Fund through either EU or Member State compartments should not duplicate or crowd out private financing or distort competition in the internal market.
- (20) The Member State compartment should be specifically designed to allow the use of funds under shared management to provision a guarantee issued by the Union. That combination aims at mobilising the high credit rating of the Union to promote national and regional investments while ensuring a consistent risk management of the contingent liabilities by implementing the guarantee given by the Commission under indirect management. The Union should guarantee the financing and investment operations foreseen by the guarantee agreements concluded between the Commission and implementing partners under the Member State compartment, the Funds under shared management should provide the provisioning of the guarantee, following a provisioning rate determined by the Commission based on the nature of the operations and the resulting expected losses, and the Member State would assume losses above the expected losses by issuing a back-to-back guarantee in favour of the Union. Such arrangements should be concluded in a single contribution agreement with each Member State that voluntarily chooses such option. The contribution agreement should encompass the one or more specific guarantee agreements to be implemented within the Member State concerned. The setting out of the provisioning rate on a case

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<sup>18</sup> Published as **European Economy Discussion Paper** 074 in January 2018.

by case basis requires a derogation from [Article 211(1)] of Regulation (EU, Euratom) No XXXX<sup>19</sup> (the 'Financial Regulation'). This design provides also a single set of rules for budgetary guarantees supported by funds managed centrally or by funds under shared management, which would facilitate their combination.

- (21) The InvestEU Fund should be open to contributions from third countries that are members of the European Free Trade Association, acceding countries, candidates and potential candidates, countries covered by the Neighbourhood policy and other countries, in accordance with the conditions laid down between the Union and those countries. This should allow continuing cooperating with the relevant countries, where appropriate, in particular in the fields of research and innovation as well as SMEs.
- (22) This Regulation lays down a financial envelope for other measures of the InvestEU Programme than the provisioning of the EU guarantee, which is to constitute the prime reference amount, within the meaning of [*reference to be updated as appropriate according to the new inter-institutional agreement*: point 17 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management<sup>20</sup>], for the European Parliament and the Council during the annual budgetary procedure.
- (23) The EU guarantee of EUR 38 000 000 000 (current prices) at Union level is expected to mobilise more than EUR 650 000 000 000 of additional investment across the Union and should be indicatively allocated between the policy windows.
- (24) The EU guarantee underpinning the InvestEU Fund should be implemented indirectly by the Commission relying on implementing partners with outreach to final recipients. A guarantee agreement allocating guarantee capacity from the InvestEU Fund should be concluded by the Commission with each implementing partner, to support its financing and investment operations meeting the InvestEU Fund objectives and eligibility criteria. The InvestEU Fund should be provided with a specific governance structure to ensure the appropriate use of the EU guarantee.
- (25) An Advisory Board consisting of representatives of the implementing partners and of representatives of Member States should be established in order to exchange information and for exchanges on the take-up of the financial products deployed under the InvestEU Fund and to discuss on evolving needs and new products, including specific territorial market gaps.
- (26) The Commission should assess the compatibility of investment and financing operations submitted by the implementing partners with Union law and policies whereas the decisions on financing and investment operations should ultimately be taken by an implementing partner.
- (27) A Project Team consisting of experts put at the disposal of the Commission by the implementing partners in order to provide professional expertise in financial and technical assessment of proposed financing and investment operations should score those submitted by the implementing partners to be assessed by the Investment Committee.

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<sup>20</sup> Reference to be updated: OJ C 373, 20.12.2013, p. 1. The agreement is available at: [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C\\_.2013.373.01.0001.01.ENG&toc=OJ:C:2013:373:TOC](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2013.373.01.0001.01.ENG&toc=OJ:C:2013:373:TOC)

- (28) An Investment Committee composed of independent experts should conclude on the granting of the support from the EU guarantee to financing and investment operations fulfilling the eligibility criteria, thereby providing external expertise in investment assessments in relation to projects. The Investment Committee should have different configurations to best cover different policy areas and sectors.
- (29) In selecting implementing partners for the deployment of the InvestEU Fund, the Commission should consider the counterpart's capacity to fulfil the objectives of the InvestEU Fund and contribute its own resources, in order to ensure adequate geographical coverage and diversification, to crowd-in private investors and to provide sufficient risk diversification as well as new solutions to address market failures and sub-optimal investment situations. Given its role under the Treaties, its capacity to operate in all Member States and the existing experience under the current financial instruments and the EFSI, the European Investment Bank ('EIB') Group should remain a privileged implementing partner under the InvestEU Fund's EU compartment. In addition to the EIB Group, national promotional banks or institutions should be able to offer a complementary financial product range given that their experience and capabilities at regional level could be beneficial for the maximisation of the impact of public funds on the territory of the Union. Moreover, it should be possible to have other international financial institutions as implementing partners, in particular when they present a comparative advantage in terms of specific expertise and experience in certain Member States. It should also be possible for other entities fulfilling the criteria laid down in the Financial Regulation to act as implementing partners.
- (30) In order to ensure that interventions under the EU compartment of the InvestEU Fund focus on market failures and sub-optimal investment situations at Union level, but, at the same time, satisfy the objectives of best possible geographic outreach, the EU guarantee should be allocated to implementing partners, which alone or together with other implementing partners, can cover at least three Member States. However, it is expected that around 75 % of the EU guarantee under the EU compartment would be allocated to implementing partner or partners that can offer financial products under the InvestEU Fund in all Member States.
- (31) The EU guarantee under the Member State compartment should be allocated to any implementing partner eligible according to [Article 62(1)(c)] of the [Financial Regulation], including national or regional promotional banks or institutions, the EIB, the European Investment Fund and other multilateral development banks. When selecting implementing partners under the Member State compartment, the Commission should take into account the proposals made by each Member State. In accordance with [Article 154] of the [Financial Regulation], the Commission must carry out an assessment of the rules and procedures of the implementing partner to ascertain that they provide a level of protection of the financial interest of the Union equivalent to the one provided by the Commission.
- (32) Financing and investment operations should ultimately be decided by an implementing partner in its own name, implemented in accordance with its internal rules and procedures and accounted for in its own financial statements. Therefore, the Commission should exclusively account for any financial liability arising from the EU guarantee and disclose the maximum guarantee amount, including all relevant information on the guarantee provided.

- (33) The InvestEU Fund should, where appropriate, allow for a smooth and efficient blending of grants or financial instruments, or both, funded by the Union budget or by the EU Emissions Trading System (ETS) Innovation Fund with that guarantee in situations where this is necessary to best underpin investments to address particular market failures or sub-optimal investment situations.
- (34) Projects submitted by implementing partners for support under the InvestEU Programme, which include blending with support from another Union programmes, should as a whole also be consistent with the objectives and eligibility criteria contained in the rules of the relevant Union programmes. The use of the EU guarantee should be decided under the rules of the InvestEU Programme.
- (35) The InvestEU Advisory Hub should support the development of a robust pipeline of investment projects in each policy window. In addition, a cross-sectoral component under the InvestEU Programme should be foreseen to ensure a single-entry point and cross-policy project development assistance for centrally managed Union programmes.
- (36) In order to ensure a wide geographic outreach of the advisory services across the Union and to successfully leverage local knowledge about the InvestEU Fund, a local presence of the InvestEU Advisory Hub should be ensured, where needed, taking into account existing support schemes, with a view to provide tangible, proactive, tailor-made assistance on the ground.
- (37) In the context of the InvestEU Fund, there is a need for capacity building support to develop the organisational capacities and market making activities needed to originate quality projects. Moreover, the aim is to create the conditions for the expansion of the potential number of eligible recipients in nascent market segments, in particular where the small size of individual projects raises considerably the transaction cost at the project level, such as for the social finance ecosystem. The capacity building support should therefore be complementary and additional to actions undertaken under other Union programmes that cover a specific policy area.
- (38) The InvestEU Portal should be established to provide for an easily accessible and user-friendly project database to promote visibility of investment projects searching for financing with enhanced focus on the provision of a possible pipeline of investment projects, compatible with Union law and policies, to the implementing partners.
- (39) Pursuant to paragraphs 22 and 23 of the Inter-institutional agreement for Better Law-Making of 13 April 2016<sup>21</sup>, there is a need to evaluate the InvestEU Programme on the basis of information collected through specific monitoring requirements, while avoiding overregulation and administrative burdens, in particular on Member States. These requirements, where appropriate, can include measurable indicators, as a basis for evaluating the effects of the InvestEU Programme on the ground.
- (40) A solid monitoring framework, based on output, outcome and impact indicators should be implemented to track progress towards the Union's objectives. In order to ensure accountability to European citizens, the Commission should report annually to the European Parliament and the Council on the progress, impact and operations of the InvestEU Programme.
- (41) Horizontal financial rules adopted by the European Parliament and the Council on the basis of Article 322 of the Treaty on the Functioning of the European Union apply to

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<sup>21</sup> Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making of 13 April 2016 (OJ L 123, 12.5.2016, p. 1).

this Regulation. These rules are laid down in the Financial Regulation and determine in particular the procedure for establishing and implementing the budget through grants, procurement, prizes, indirect implementation, and provide for checks on the responsibility of financial actors. Rules adopted on the basis of Article 322 TFEU also concern the protection of the Union's budget in case of generalised deficiencies as regards the rule of law in the Member States, as the respect for the rule of law is an essential precondition for sound financial management and effective EU funding.

- (42) Regulation (EU, Euratom) No [the new FR] applies to InvestEU Programme. It lays down rules on the implementation of the Union budget, including the rules on budgetary guarantees.
- (43) In accordance with the Financial Regulation, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council<sup>22</sup>, Council Regulation (Euratom, EC) No 2988/95<sup>23</sup>, Council Regulation (Euratom, EC) No 2185/96<sup>24</sup> and Council Regulation (EU) 2017/1939<sup>25</sup>, the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulation (EU, Euratom) No 883/2013 and Regulation (Euratom, EC) No 2185/96 the European Anti-Fraud Office (OLAF) may carry out administrative investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) may investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council<sup>26</sup>. In accordance with the Financial Regulation, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the Commission, OLAF, the EPPO and the European Court of Auditors and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights.
- (44) Third countries which are members of the European Economic Area (EEA) may participate in Union programmes in the framework of the cooperation established under the EEA agreement, which provides for the implementation of the programmes by a decision under that agreement. Third countries may also participate on the basis of other legal instruments. A specific provision should be introduced in this Regulation to grant the necessary rights for and access to the authorising officer

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<sup>22</sup> 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 L248, 18.9.2013, p. 1).

<sup>23</sup> Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.95, p.1).

<sup>24</sup> 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, 15.11.96, p.2).

<sup>25</sup> Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L 283, 31.10.2017, p.1)

<sup>26</sup> Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29).



responsible, the European Anti-Fraud Office (OLAF) as well as the European Court of Auditors to comprehensively exert their respective competences.

- (45) Pursuant to [*reference to be updated as appropriate according to a new decision on OCTs: Article 88 of Council Decision 2013/755/EU*], persons and entities established in overseas countries and territories (OCTs) are eligible for funding subject to the rules and objectives of InvestEU Programme and possible arrangements applicable to the Member State to which the relevant OCT is linked.
- (46) In order to supplement the non-essential elements of this Regulation with investment guidelines with which financing and investment operations should comply, to facilitate a prompt and flexible adaptation of the performance indicators and to adjust of the provisioning rate, the power to adopt acts in accordance with Article 290 of the TFEU should be delegated to the Commission in respect of drawing-up the investment guidelines for the financing and investment operations under different policy windows, the amendment of Annex III to this Regulation to review or complement the indicators and the adjustment of the provisioning rate. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.
- (47) The InvestEU Programme should address EU-wide market failures and sub-optimal investment situations and provide for Union-wide market testing of innovative financial products, and systems to spread them, for new or complex market failures. Therefore, action at Union level is warranted,

HAVE ADOPTED THIS REGULATION:

## ***CHAPTER I***

### ***GENERAL PROVISIONS***

#### *Article 1*

##### *Subject matter*

This Regulation establishes the InvestEU Fund providing for an EU guarantee for financing and investment operations carried out by the implementing partners in support of the Union's internal policies.

This Regulation also establishes an advisory support mechanism to support the development of investable projects and access to financing and to provide related capacity building ('InvestEU Advisory Hub'). It also establishes a database granting visibility to projects for

which project promoters seek financing and which provides investors with information about investment opportunities ('InvestEU Portal').

It lays down the objectives of the InvestEU Programme, the budget and the amount of the EU guarantee for the period 2021 to 2027, the forms of Union funding and the rules for providing such funding.

## *Article 2*

### *Definitions*

For the purposes of this Regulation, the following definitions apply:

- (1) 'blending operations' means operations supported by the Union budget combining non-repayable forms of support or repayable support or both from the Union budget with repayable forms of support from development or other public finance institutions, as well as from commercial finance institutions and investors; for the purposes of this definition, Union programmes financed from sources other than the Union budget, such as the EU Emissions Trading System (ETS) Innovation Fund, can be assimilated to Union programmes financed by the Union budget;
- (2) 'EU guarantee' means an overall guarantee provided by the Union budget under which the budgetary guarantees in accordance with [Article 219(1) of the [Financial Regulation] take effect through the signature of individual guarantee agreements with implementing partners;
- (3) 'financial product' means a financial mechanism or arrangement agreed between the Commission and the implementing partner under the terms of which the implementing partner provides direct or intermediated financing to final recipients in in any of the forms referred to in Article 13;
- (4) 'financing and/or investment operations' means operations to provide finance directly or indirectly to final recipients in the form of financial products, carried out by an implementing partner in its own name, provided by it in accordance with its internal rules and accounted for in its own financial statements;
- (5) 'Funds under shared management' means funds that foresee the possibility of allocating an amount thereof to the provisioning of a budgetary guarantee under the Member State compartment of the InvestEU Fund, namely the European Regional Development Fund (ERDF), the European Social Fund+ (ESF+), the Cohesion Fund, the European Maritime and Fisheries Fund (EMFF) and the European Agriculture Fund for Rural Development (EAFRD);
- (6) 'guarantee agreement' means the legal instrument whereby the Commission and an implementing partner specify the conditions for proposing financing or investment operations to be granted the benefit of the EU guarantee, for providing the budgetary guarantee for those operations and for implementing them in accordance with the provisions of this Regulation;
- (7) 'implementing partner' means the eligible counterpart such as a financial institution or other intermediary with whom the Commission signs a guarantee agreement and/or an agreement to implement the InvestEU Advisory Hub;
- (8) 'InvestEU Advisory Hub' means the technical assistance defined in Article 20;
- (9) 'InvestEU Portal' means the database defined in Article 21;

- (10) 'InvestEU Programme' means the InvestEU Fund, the InvestEU Advisory Hub, the InvestEU Portal and blending operations, collectively;
- (11) 'microfinance' means microfinance as defined in Regulation [[ESF+] number];
- (12) 'midcap companies' means entities employing up to 3 000 employees that are not SMEs or small midcap companies;
- (13) 'national promotional banks or institutions' means legal entities carrying out financial activities on a professional basis which are given mandate by a Member State or a Member State's entity at central, regional or local level, to carry out development or promotional activities;
- (14) 'small and medium-sized enterprises (SMEs)' means micro, small and medium-sized enterprises as defined in the Annex to Commission Recommendation 2003/361/EC<sup>27</sup>;
- (15) 'small midcap companies' means entities employing up to 499 employees that are not SMEs;
- (16) 'social enterprise' means a social enterprise as defined in Regulation [[ESF+] number];
- (17) 'third country' means a country that is not a member of the Union.

### *Article 3*

#### *Objectives of the InvestEU Programme*

1. The general objective of the InvestEU Programme is to support the policy objectives of the Union by means of financing and investment operations contributing to:
  - (a) the competitiveness of the Union, including innovation and digitisation;
  - (b) the sustainability of the Union economy and its growth;
  - (c) the social resilience and inclusiveness of the Union;
  - (d) the integration of the Union capital markets and the strengthening of the Single Market, including solutions addressing the fragmentation of the Union capital markets, diversifying sources of financing for Union enterprises and promoting sustainable finance.
2. The InvestEU Programme has the following specific objectives:
  - (a) to support financing and investment operations in sustainable infrastructure in the areas referred to in point (a) of Article 7(1);
  - (b) to support financing and investment operations in research, innovation and digitisation;
  - (c) to increase the access to and the availability of finance for SMEs and, in duly justified cases, for small mid-cap companies;

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<sup>27</sup> Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (OJ L 124, 20.5.2003, p. 36).

- (d) to increase the access to and the availability of microfinance and finance to social enterprises, support financing and investment operations related to social investment and skills and develop and consolidate social investment markets, in the areas referred to in point (d) of Article 7(1).

#### *Article 4*

##### *Budget and amount of the EU guarantee*

1. The EU guarantee for the purposes of the EU compartment referred to in point (a) of Article 8(1) shall be EUR 38 000 000 000 (current prices). It shall be provisioned at the rate of 40 %.

An additional amount of the EU guarantee may be provided for the purposes of the Member State compartment referred to in point (b) of Article 8(1), subject to the allocation by Member States, pursuant to [Article 10(1)] of Regulation [[CPR] *number*]<sup>28</sup> and Article [75(1)] of Regulation [[CAP plan] *number*]<sup>29</sup>, of the corresponding amounts.

The contributions from third countries referred to in Article 5 shall also increase the EU guarantee referred to in the first subparagraph, providing a provisioning in cash in full in accordance with [Article 218(2)] of the [Financial Regulation].

2. The indicative distribution of the amount referred to in the first subparagraph of paragraph 1 is set out in Annex I to this Regulation. The Commission may modify the amounts referred to in that Annex I, where appropriate, by up to 15 % for each objective. It shall inform the European Parliament and the Council of any modification.
3. The financial envelope for the implementation of the measures provided in Chapters V and VI shall be EUR 525 000 000 (current prices).
4. The amount referred to in paragraph 3 may also be used for technical and administrative assistance for the implementation of the InvestEU Programme, such as preparatory, monitoring, control, audit and evaluation activities including corporate information technology systems.

#### *Article 5*

##### *Third countries associated to the InvestEU Fund*

The EU compartment of the InvestEU Fund referred to in point (a) of Article 8(1) and each of the policy windows referred to in Article 7(1) may receive contributions from the following third countries in order to participate in certain financial products pursuant to [Article 218(2)] of the [Financial Regulation]:

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- (a) European Free Trade Association (EFTA) members which are members of the European Economic Area (EEA), in accordance with the conditions laid down in the EEA agreement;
- (b) acceding countries, candidate countries and potential candidates, in accordance with the general principles and general terms and conditions for their participation in Union programmes established in the respective framework agreements and Association Council decisions, or similar agreements, and in accordance with the specific conditions laid down in agreements between the Union and them;
- (c) countries covered by the European Neighbourhood Policy, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements and association council decisions, or similar agreements, and in accordance with the specific conditions laid down in agreements between the Union and those countries;
- (d) third countries, in accordance with the conditions laid down in a specific agreement covering the participation of the third country to any Union programme, provided that the agreement:
  - (i) ensures a fair balance as regards the contributions and benefits of the third country participating in the Union programmes;
  - (ii) lays down the conditions of participation in the programmes, including the calculation of financial contributions to individual programmes and their administrative costs. These contributions shall constitute assigned revenues in accordance with Article [21(5)] of the [Financial Regulation];
  - (iii) does not confer to the third country a decisional power on the programme;
  - (iv) guarantees the rights of the Union to ensure sound financial management and to protect its financial interests.

## *Article 6*

### *Implementation and forms of Union funding*

1. The EU guarantee shall be implemented in indirect management with bodies referred to in [Article 62(1)(c)(ii) to (vii)] of the [Financial Regulation]. Other forms of EU funding under this Regulation shall be implemented in direct or indirect management in accordance with the [Financial Regulation], including grants implemented in accordance with its [Title VIII].
2. Financing and investment operations covered by the EU guarantee which form part of the blending operation combining support under this Regulation with support provided under one or more other Union programmes or by the EU Emissions Trading System (ETS) Innovation Fund shall:

- (a) be consistent with the policy objectives and comply with the eligibility criteria set out in the rule on the Union programme under which the support is decided;
  - (b) comply with this Regulation.
- 3. Blending operations including a financial instrument fully financed by other Union programmes or by the ETS Innovation Fund without use of the EU guarantee under this Regulation shall comply with the policy objectives and eligibility criteria set out in the rules of the Union programme under which the support is provided.
- 4. In accordance with Article 6(2), the non-repayable forms of support and/or financial instruments from the Union budget forming part of the blending operation referred to in paragraphs 2 and 3 shall be decided under the rules of the relevant Union programme and shall be implemented within the blending operation in accordance with this Regulation and with [Title X] of the [Financial Regulation].

The reporting shall also include the elements on the consistency with the policy objectives and eligibility criteria set out in the rules of the Union programme under which support is decided as well on the compliance with this Regulation.

## ***CHAPTER II***

### ***InvestEU Fund***

#### *Article 7*

##### *Policy windows*

- 1. The InvestEU Fund shall operate through the following four policy windows that shall address market failures or sub-optimal investment situations within their specific scope:
  - (a) sustainable infrastructure policy window: comprises sustainable investment in the areas of transport, energy, digital connectivity, supply and processing of raw materials, space, oceans and water, waste, nature and other environment infrastructure, equipment, mobile assets and deployment of innovative technologies that contribute to the environmental or social sustainability objectives of the Union, or to both, or meet the environmental or social sustainability standards of the Union;
  - (b) research, innovation and digitisation policy window: comprises research and innovation activities, transfer of research results to the market, demonstration and deployment of innovative solutions and support to scaling up of innovative companies other than SMEs as well as digitisation of Union industry;
  - (c) SMEs policy window: access to and availability of finance for SMEs and, in duly justified cases, for small mid-cap companies;
  - (d) social investment and skills policy window: comprises microfinance, social enterprise finance and social economy; skills, education, training and related services; social infrastructure (including social and student housing); social

innovation; health and long-term care; inclusion and accessibility; cultural activities with a social goal; integration of vulnerable people, including third country nationals.

2. Where a financing or investment operation proposed to the Investment Committee referred to in Article 19 falls under more than one policy window, it shall be attributed to the window under which its main objective or the main objective of most of its sub-projects fall, unless the investment guidelines define otherwise.
3. Financing and investment operations under the sustainable infrastructure policy window referred to in point (a) of paragraph (1) shall be subject to climate, environmental and social sustainability proofing with a view to minimise detrimental impacts and maximise benefits on climate, environment and social dimension. For that purpose, promoters requesting financing shall provide adequate information based on guidance to be developed by the Commission. Projects below a certain size defined in the guidance shall be excluded from the proofing.

The Commission guidance shall allow to:

- a) as regards adaptation, ensure the resilience to the potential adverse impacts of climate change through a climate vulnerability and risk assessment, including relevant adaptation measures, and, as regards mitigation, integrate the cost of greenhouse gas emissions and the positive effects of climate mitigation measures in the cost-benefit analysis;
  - b) account for consolidated project impact in terms of the principal components of the natural capital relating to air, water, land and biodiversity;
  - c) estimate the impact on the social inclusion of certain areas or populations.
4. Implementing partners shall provide the information necessary to allow the tracking of investment that contributes to meeting the Union objectives on climate and environment, based on guidance to be provided by the Commission.
  5. Implementing partners shall target that at least 50 % of the investment under the sustainable infrastructure policy window contribute to meeting the Union objectives on climate and environment.
  6. The Commission is empowered to adopt delegated acts in accordance with Article 26 to define the investment guidelines for each of the policy windows.

## *Article 8*

### *Compartments*

1. Each policy window referred to in Article 7(1) shall consist of two compartments addressing specific market failures or sub-optimal investment situations as follows:
  - (a) the EU compartment shall address any of the following situations:
    - (i) market failures or sub-optimal investment situations related to Union policy priorities and addressed at the Union level;
    - (ii) Union wide market failures or sub-optimal investment situations; or

- (iii) new or complex market failures or sub-optimal investment situations with a view to developing new financial solutions and market structures;
  - (b) the Member State compartment shall address specific market failures or sub-optimal investment situations in one or several Member States to deliver objectives of the contributing Funds under shared management.
2. The compartments referred to in paragraph 1 may be used in a complementary manner to support a financing or investment operation, including by combining support from both compartments.

## *Article 9*

### *Specific provisions applicable to the Member State compartment*

1. Amounts allocated by a Member State under Article [10(1)] of Regulation [[CPR] number] or Article [75(1)] of Regulation [[CAP plan] number] shall be used for the provisioning of the part of the EU guarantee under the Member State compartment covering financing and investment operations in the Member State concerned.
2. The establishment of that part of the EU guarantee under the Member State compartment shall be subject to the conclusion of a contribution agreement between the Member State and the Commission.

The Member State and the Commission shall conclude the contribution agreement or an amendment to it within four months following the Commission Decision adopting the Partnership Agreement or the CAP plan or simultaneously to the Commission Decision amending a programme or a CAP plan.

Two or more Member States may conclude a joint contribution agreement with the Commission.

By derogation from [Article 211(1)] of the [Financial Regulation], the provisioning rate of the EU guarantee under the Member State compartment shall be set at 40 % and maybe adjusted downwards or upwards in each contribution agreement to take account of the risks attached to the financial products intended to be used.

3. The contribution agreement shall at least contain the following elements:
  - a) the overall amount of the part of the EU guarantee under the Member State compartment pertaining to the Member State, its provisioning rate, the amount of the contribution from Funds under shared management, the constitution phase of the provisioning in accordance with an annual financial plan and the amount of the resulting contingent liability to be covered by a back-to-back guarantee provided by the Member State concerned;
  - b) the strategy consisting of the financial products and their minimum leverage, the geographical coverage, the investment period and, where applicable, the categories of final recipients and of eligible intermediaries;
  - c) the implementing partner or partners which have expressed their interest and the obligation of the Commission to inform the Member State about the implementing partner or partners selected;



- d) the possible contribution from Funds under shared management to the InvestEU Advisory Hub;
  - e) the annual reporting obligations towards the Member State, including reporting in accordance with the indicators referred to in the contribution agreement;
  - f) provisions on the remuneration of the part of the EU guarantee under the Member State compartment;
  - g) possible combination with resources under the EU compartment, including in a layered structure to achieve better risk coverage in accordance with Article 8(2).
4. The contribution agreements shall be implemented by the Commission through guarantee agreements signed with implementing partners pursuant to Article 14.

Where, within nine months from the signature of the contribution agreement, no guarantee agreement has been concluded or the amount of a contribution agreement is not fully committed through one or more guarantee agreements, the contribution agreement shall be terminated in the first case or amended accordingly in the second case and the unused amount of provisioning re-used pursuant to [Article 10(5)] of Regulation [[CPR] *number*] and Article [75(5)] of Regulation [[CAP plan] *number*].

Where the guarantee agreement has not been duly implemented within a period specified in Article [10(6)] of Regulation [[CPR] *number*] or in Article [75(6)] of Regulation [[CAP plan] *number*], the contribution agreement shall be amended and the unused amount of provisioning re-used pursuant to [Article 10(6)] of the [[CPR] *number*] and Article [75(6)] of Regulation [[CAP plan]] *number*].

5. The following rules shall apply to the provisioning for the part of the EU guarantee under the Member State compartment established by a contribution agreement:
- (a) after the constitution phase referred to in point (a) of paragraph 3 of this Article, any annual surplus of provisions, calculated by comparing the amount of provisions required by the provisioning rate and the actual provisions, shall be re-used pursuant to [Article 10(6)] of the [CPR] and to Article [75(6)] of the [[CAP plan] *number*];
  - (b) by derogation from [Article 213(4)] of the [Financial Regulation], after the constitution phase referred to in point (a) of paragraph 3 of this Article, the provisioning shall not give rise during the availability of that part of the EU guarantee under the Member State compartment to annual replenishments;
  - (c) the Commission shall immediately inform the Member State where, as a result of calls on that part of the EU guarantee under the Member State compartment, the level of provisions for that part of the EU guarantee falls below 20 % of the initial provisioning;
  - (d) if the level of provisions for that part of the EU guarantee under the Member State compartment reaches 10 % of the initial provisioning, the Member State concerned shall provide to the common provisioning fund up to 5 % of the initial provisioning upon request by the Commission.

## **CHAPTER III**

### **EU GUARANTEE**

#### *Article 10*

##### *EU guarantee*

1. The EU guarantee shall be granted to the implementing partners in accordance with [Article 219(1)] of the [Financial Regulation] and managed in accordance with [Title X] of the [Financial Regulation].
2. Support of the EU guarantee may be granted for financing and investment operations covered by this Regulation for an investment period ending on 31 December 2027. Contracts between the implementing partner and the final recipient or the financial intermediary or other entity referred to in Article 13(1)(a) shall be signed by 31 December 2028.

#### *Article 11*

##### *Eligible financing and investment operations*

1. The InvestEU Fund shall only support financing and investment operations that
  - (a) comply with the conditions set out in [points (a) to (e) of Article 209(2)] of [the Financial Regulation], in particular with the additionality requirement set out in [point (b) of Article 209(2)] of [the Financial Regulation] and, where appropriate, maximising private investment in accordance with [point (d) of Article 209(2)] of the [Financial Regulation];
  - (b) contribute to the Union policy objectives and fall under the scope of the areas eligible for financing and investment operations under the appropriate window in accordance with Annex II to this Regulation; and
  - (c) are consistent with the investment guidelines.
2. In addition to projects situated in the Union, the InvestEU Fund may support the following projects and operations through financing and investment operations:
  - (a) cross-border projects between entities located or established in one or more Member States and extending to one or more third countries, including acceding countries, candidate countries and potential candidates, countries covered by the European Neighbourhood Policy, the European Economic Area or the European Free Trade Association, or to an overseas country or territory as set out in Annex II to the TFEU, or to an associated third country, whether or not there is a partner in those third countries or overseas countries or territories;
  - (b) financing and investment operations in countries referred to in Article 5 which have contributed to a specific financial product.

3. The InvestEU Fund may support financing and investment operations providing finance to recipients which are legal entities established in any of the following countries:
  - (a) a Member State or an overseas country or territory linked to it;
  - (b) a third country or territory associated to the InvestEU Programme in accordance with Article 5;
  - (c) a third country referred to in point (a) of paragraph 2, where applicable;
  - (d) other countries where needed for financing a project in a country or territory referred to in points (a) to (c).

## *Article 12*

### *Selection of implementing partners*

1. The Commission shall select, in accordance with [Article 154] of the [Financial Regulation], the implementing partners or a group of them, as referred to in the second subparagraph of this paragraph, from among eligible counterparts.

For the EU compartment, the eligible counterparts shall have expressed their interest and shall be able to cover financing and investment operations in at least three Member States. The implementing partners may also cover together financing and investment operations in at least three Member States by forming a group.

For the Member State compartment, the Member State concerned may propose one or more eligible counterparts as implementing partners from among those that have expressed their interest pursuant to Article 9(3)(c).

Where the Member State concerned does not propose an implementing partner, the Commission shall proceed in accordance with the second subparagraph of this paragraph among those implementing partners that can cover financing and investment operations in the geographical areas concerned.

2. When selecting implementing partners, the Commission shall ensure that the portfolio of financial products under the InvestEU Fund:
  - (a) maximises the coverage of the objectives laid down in Article 3;
  - (b) maximises the impact of the EU guarantee through the own resources committed by the implementing partner;
  - (c) maximises, where appropriate, private investment;
  - (d) achieves geographical diversification;
  - (e) provides sufficient risk diversification;
  - (f) promotes innovating financial and risk solutions to address market failures and sub-optimal investment situations.
3. When selecting the implementing partners, the Commission shall also take into account:
  - (a) the possible cost and remuneration to the Union budget;

- (b) the capacity of the implementing partner to implement thoroughly the requirements of [Article 155(2)] of the [Financial Regulation] related to tax avoidance, tax fraud, tax evasion, money laundering, terrorism financing and non-cooperative jurisdictions.
4. National promotional banks or institutions may be selected as implementing partners, subject to fulfilling the requirements laid down in this Article and in the second subparagraph of Article 14(1).

### *Article 13*

#### *Eligible types of financing*

1. The EU guarantee may be used towards risk coverage for the following types of financing provided by the implementing partners:
- (a) loans, guarantees, counter-guarantees, capital market instruments, any other form of funding or credit enhancement, including subordinated debt, or equity or quasi-equity participations, provided directly or indirectly through financial intermediaries, funds, investment platforms or other vehicles to be channelled to final recipients;
  - (b) funding or guarantees by an implementing partner to another financial institution enabling the latter to undertake financing activities referred to in point (a).

In order to be covered by the EU guarantee, the financing referred to in points (a) and (b) of the first subparagraph of this paragraph shall be granted, acquired or issued for the benefit of financing or investment operations referred to in Article 11(1), where the financing by the implementing partner has been granted in accordance with a financing agreement or transaction signed or entered into by the implementing partner after the signature of the guarantee agreement between the Commission and the implementing partner and which has not expired or been cancelled.

2. Financing and investment operations through funds or other intermediate structures shall be covered by the EU guarantee in accordance with provisions to be laid down in the investment guidelines even if such structure invests a minority of its invested amounts outside the Union and in the countries referred to Article 11(2) or into assets other than those eligible under this Regulation.

### *Article 14*

#### *Guarantee agreements*

1. The Commission shall conclude a guarantee agreement with each implementing partner on the granting of the EU guarantee in accordance with the requirements of this Regulation up to an amount to be determined by the Commission.

In case implementing partners form a group referred to in the second subparagraph of Article 12(1), a single guarantee agreement shall be concluded between the

Commission and each implementing partner within the group or with one implementing partner on behalf of the group.

2. The guarantee agreements shall contain, in particular, provisions concerning:
  - (a) the amount and the terms of the financial contribution which is to be provided by the implementing partner;
  - (b) the terms of the funding or the guarantees which are to be provided by the implementing partner to another legal entity participating in the implementation, whenever that is the case;
  - (c) in accordance with Article 16, detailed rules on the provision of the EU guarantee, including coverage of portfolios of specific types of instruments and the respective events triggering possible calls on the EU guarantee;
  - (d) the remuneration for risk-taking that is to be allocated in proportion to the respective share in the risk-taking of the Union and the implementing partner;
  - (e) the payment conditions;
  - (f) the commitment of the implementing partner to accept the decisions by the Commission and the Investment Committee as regards the use of the EU guarantee for the benefit of a proposed financing or investment operation, without prejudice to the decision-making of the implementing partner on the proposed operation without the EU guarantee;
  - (g) provisions and procedures relating to the recovery of claims that is to be entrusted to the implementing partner;
  - (h) financial and operational reporting and monitoring of the operations under the EU guarantee;
  - (i) key performance indicators, in particular as regards the use of the EU guarantee, the fulfilment of the objectives and criteria laid down in Articles 3, 7 and 11 as well as the mobilisation of private capital;
  - (j) where applicable, provisions and procedures relating to blending operations;
  - (k) other relevant provisions in compliance with the requirements of [Title X] of the [Financial Regulation].
3. A guarantee agreement shall also provide that remuneration attributable to the Union from financing and investment operations covered by this Regulation is to be provided after the deduction of payments due upon calls on the EU guarantee.
4. In addition, a guarantee agreement shall provide that any amount due to the implementing partner related to the EU guarantee shall be deducted from the overall amount of remuneration, revenues and repayments due by the implementing partner to the Union from financing and investment operations covered by this Regulation. Where this amount is not sufficient to cover the amount due to an implementing partner in accordance with Article 15(3), the outstanding amount shall be drawn from the provisioning of the EU guarantee.
5. Where the guarantee agreement is concluded under the Member State compartment, it may provide for the participation of representatives from the Member State or the regions concerned in the monitoring of the implementation of the guarantee agreement.

## *Article 15*

### *Requirements for the use of the EU guarantee*

1. The granting of the EU guarantee shall be subject to the entry into force of the guarantee agreement with the relevant implementing partner.
2. Financing and investment operations shall be covered by the EU guarantee only where they fulfil the criteria laid down in this Regulation and in the relevant investment guidelines and where the Investment Committee has concluded that they fulfil the requirements for benefiting from the support of the EU guarantee. The implementing partners shall remain responsible for ensuring the compliance of the financing and investment operations with this Regulation and the relevant investment guidelines.
3. No administrative expenditure or fees related to the implementation of financing and investment operations under the EU guarantee shall be due to the implementing partner by the Commission, unless the nature of the policy objectives targeted by the financial product to be implemented allows the implementing partner to demonstrate the need for an exception. Coverage of such costs shall be laid down in the guarantee agreement and shall comply with [Article 209(2)(g)] of the [Financial Regulation].
4. In addition, the implementing partner may use the EU guarantee to meet the relevant share of any recovery costs, unless deducted from recovery proceeds, in accordance with Article 14(4).

## *Article 16*

### *Coverage and terms of the EU guarantee*

1. The remuneration for risk-taking shall be allocated between the Union and an implementing partner in proportion to their respective share in the risk-taking of a portfolio of financing and investment operations or, where relevant, of individual operations. The implementing partner shall have an appropriate exposure at its own risk to financing and investment operations supported by the EU guarantee, unless exceptionally the policy objectives targeted by the financial product to be implemented are of such nature that the implementing partner could not reasonably contribute its own risk-bearing capacity to it.
2. The EU guarantee shall cover:
  - (a) for debt products referred to in Article 13(1)(a):
    - (i) the principal and all interest and amounts due to the implementing partner but not received by it in accordance with the terms of the financing operations until the event of default; for subordinated debt a deferral, reduction or required exit shall be considered to be an event of default;
    - (ii) restructuring losses;

- (iii) losses arising from fluctuations of currencies other than the euro in markets where possibilities for long-term hedging are limited;
  - (b) for equity or quasi-equity investments referred to in Article 13(1)(a), the amounts invested and their associated funding cost and losses arising from fluctuations of currencies other than the euro;
  - (c) for funding or guarantees by an implementing partner to another legal entity referred to in Article 13(1)(b), the amounts used and their associated funding costs.
3. Where the Union makes a payment to the implementing partner upon a call on the EU guarantee, it shall be subrogated into the relevant rights, to the extent they continue to exist, of the implementing partner relating to any of its financing or investment operations covered by the EU guarantee.

The implementing partner shall, on behalf of the Union, pursue the recovery of claims for the amounts subrogated and reimburse the Union from the sums recovered.

## *CHAPTER IV*

### *GOVERNANCE*

#### *Article 17*

##### *Advisory Board*

1. The Commission shall be advised by an advisory board which shall have two configurations, namely representatives of implementing partners and representatives of Member States.
2. Each implementing partner and each Member State may nominate one representative to the configuration concerned.
3. The Commission shall be represented within both configurations of the advisory board.
4. The advisory board meeting of the representatives of the implementing partners shall be co-chaired by a representative of the Commission and the representative nominated by the European Investment Bank.

A representative of the Commission shall be the Chairperson of the advisory board meeting of the representatives of the Member States.

The advisory board shall meet regularly and at least twice a year at the request of the Chairperson. Joint meetings of the two configurations of the advisory board may also be organised at a joint request by their Chairpersons.

The Commission shall establish the operating rules and procedures and manage the secretariat of the advisory board.

5. The advisory board shall
  - (a) in its configuration of the representatives of the implementing partners:

- (i) provide advice on the design of financial products to be implemented under this Regulation;
  - (ii) provide advice to the Commission about market failures and sub-optimal investment situations and market conditions;
- (b) in its configuration of the representatives of Member States:
- (i) inform Members States about implementation of the InvestEU Fund;
  - (ii) exchange views with Member States on market developments and share best practices.

### *Article 18*

#### *Project team*

1. A project team consisting of experts, put at the disposal of the Commission by the implementing partners free of charge for the Union budget, shall be established.
2. Each implementing partner shall assign experts to the project team. The number of the experts shall be established in the guarantee agreement.
3. The Commission shall confirm whether the proposed financing and investment operations by the implementing partners comply with Union law and policies.
4. Subject to the confirmation by the Commission referred to in paragraph 3, the project team shall perform a quality control of the due diligence of the proposed financing and investment operations carried out by the implementing partners. Financing and investment operations shall be then submitted to the Investment Committee for approval of the coverage by the EU guarantee.

The project team shall prepare the scoreboard on the proposed financing and investment operations for the Investment Committee.

The scoreboard shall, in particular, contain an assessment of:

- (a) the risk profile of the proposed financing and investment operations;
- (b) the benefit for final recipients;
- (c) the respect of the eligibility criteria.

Each implementing partner shall provide adequate and harmonised information to the project team in order for it to be able to carry out its risk analysis and prepare the scoreboard.

5. A project team expert shall not assess the due diligence or appraisal relating to a potential financing or investment operation submitted by the implementing partner that has put the expert at the disposal of the Commission. That expert shall also not prepare the scoreboard in relation to those proposals.
6. Each project team expert shall declare to the Commission any conflict of interest and shall communicate without delay to the Commission all information needed to check on an ongoing basis the absence of any conflict of interest.
7. The Commission shall lay down detailed rules for the functioning of the project team and for the verification of conflict of interest situations.



8. The Commission shall lay down detailed rules for the scoreboard to enable the Investment Committee to approve the use of the EU guarantee for a proposed financing or investment operation.

## *Article 19*

### *Investment Committee*

1. An Investment Committee shall be established. It shall
  - (a) examine the proposals for financing and investment operations submitted by implementing partners for coverage under the EU guarantee;
  - (b) verify their compliance with this Regulation and the relevant investment guidelines, giving particular attention to the additionality requirement referred to in [Article 209(2)(b)] of the [Financial Regulation] and to the requirement to crowd in private investment referred to in [Article 209(2)(d)] of the [Financial Regulation]; and
  - (c) check whether the financing and investment operations that would benefit from the support of the EU guarantee comply with all the relevant requirements.
2. The Investment Committee shall meet in four different configurations, corresponding to the policy windows referred to in Article 7 (1).

Each configuration of the Investment Committee shall be composed of six remunerated external experts. The experts shall be selected in accordance with [Article 237] of the [Financial Regulation] and be appointed by the Commission for a fixed term of up to four years. Their term shall be renewable but shall not exceed seven years in total. The Commission may decide to renew the term of office of an incumbent member of the Investment Committee without availing itself of the procedure laid down in this paragraph.

The experts shall have a high level of relevant market experience in project structuring and financing or financing of SMEs or corporates.

The composition of the Investment Committee shall ensure that it has a wide knowledge of the sectors covered by the policy windows referred to in Article 7(1) and of the geographic markets in the Union and that it is gender-balanced as a whole.

Four members shall be permanent members of all four configurations of the Investment Committee. In addition, the four configurations shall each have two experts with experience in investment in sectors covered by that policy window. At least one of the permanent members shall have expertise in sustainable investment. The Commission shall assign the Investment Committee members to its appropriate configuration or configurations. The Investment Committee shall elect a chairperson from among its permanent members.

The Commission shall adopt the rules of procedure and manage the secretariat for the Investment Committee.

3. When participating in the activities of the Investment Committee, its members shall perform their duties impartially and in the sole interest of the InvestEU Fund. They shall not seek or take instructions from the implementing partners, the institutions of the Union, the Member States, or any other public or private body.

CVs and declarations of interest of each member of the Investment Committee shall be made public and constantly updated. Each member of the Investment Committee shall communicate without delay to the Commission all information needed to check on an ongoing basis the absence of any conflict of interest.

The Commission may remove a member from his or her functions if he or she does not respect the requirements laid down in this paragraph or for other duly justified reasons.

4. When acting in accordance with this Article, the Investment Committee shall be supported by the documentation provided by the implementing partners and any other document the Investment Committee considers relevant. Any project assessment conducted by an implementing partner shall not be binding on the Investment Committee for the purposes of a financing or investment operation benefiting from the coverage by the EU guarantee.

The Investment Committee shall use in its assessment and verification of the proposals a scoreboard of indicators referred to in Article 18(3).

5. Conclusions of the Investment Committee shall be adopted by simple majority of all members. In case of a draw, the chair of the Investment Committee has the casting vote.

Conclusions of the Investment Committee approving the support of the EU guarantee to a financing or investment operation shall be publicly accessible and shall include the rationale for the approval. The publication shall not contain commercially sensitive information.

The scoreboard shall be publicly available after the signature of a financing or investment operation or sub-project, if applicable. The publication shall not contain commercially sensitive information or personal data not to be disclosed under the Union data protection rules.

Twice a year, the conclusions of the Investment Committee rejecting the use of the EU guarantee shall be transmitted to the European Parliament and to the Council, subject to strict confidentiality requirements.

6. Where the Investment Committee is requested to approve the use of the EU guarantee for a financing or investment operation that is a facility, programme or structure which has underlying sub-projects, that approval shall comprise the underlying sub-projects, unless the Investment Committee decides to retain the right to approve them separately.

## **CHAPTER V**

### ***InvestEU Advisory Hub***

#### *Article 20*

### ***InvestEU Advisory Hub***

1. The InvestEU Advisory Hub shall provide advisory support for the identification, preparation, development, structuring, procuring and implementation of investment projects, or enhance the capacity of promoters and financial intermediaries to implement financing and investment operations. Its support may cover any stage of the life-cycle of a project or financing of a supported entity, as appropriate.

The InvestEU Advisory Hub shall be available as a component under each policy window referred to in Article 7(1) covering all the sectors under that window. In addition, cross-sectoral advisory services shall be available.

2. The InvestEU Advisory Hub shall in particular provide the following services:
  - (a) providing a single point of entry for project development assistance for authorities and project promoters for centrally managed Union programmes;
  - (b) assisting project promoters, where appropriate, in developing their projects to fulfil the objectives and eligibility criteria set out in Articles 3, 7 and 11 and facilitating development of aggregators for small-scale projects; however, such assistance does not prejudice the conclusions of the Investment Committee on the coverage of the support of the EU guarantee to such projects;
  - (c) supporting actions and leveraging local knowledge to facilitate the use of the InvestEU Fund support across the Union and contributing actively where possible to the objective of sectorial and geographical diversification of the InvestEU Fund by supporting the implementing partners in originating and developing potential financing and investment operations;
  - (d) facilitating the establishment of collaborative platforms for peer-to-peer exchange and sharing of data, knowhow and best practices to support project pipeline and sector development;
  - (e) providing proactive advisory support on the establishment of investment platforms, in particular cross-border investment platforms involving several Member States;
  - (f) supporting actions for capacity building to develop organisational capacities, skills and processes and accelerate investment readiness of organisations in order for promoters and authorities to build investment project pipelines and to manage projects and for financial intermediaries to implement financing and investment operations for the benefit of entities that face difficulties in obtaining access to finance, including through support to develop risk assessment capacity or sector specific knowledge.
3. The InvestEU Advisory Hub shall be available for public and private project promoters and to financial and other intermediaries.
4. Fees may be charged for the services referred to in paragraph 2 to cover part of the costs for providing those services.
5. In order to achieve the objective referred to in paragraph 1 and to facilitate the provision of advisory support, the InvestEU Advisory Hub shall build upon the expertise of the Commission and the implementing partners.
6. The InvestEU Advisory Hub shall have local presence, where necessary. It shall be established in particular in Member States or regions that face difficulties in developing projects under the InvestEU Fund. The InvestEU Advisory Hub shall assist in the transfer of knowledge to the regional and local level with a view to

building up regional and local capacity and expertise for support referred to in paragraph 1.

7. The implementing partners shall propose to project promoters applying for financing, including in particular smaller-sized projects, to refer their projects to request the InvestEU Advisory Hub support in order to enhance, where appropriate, the preparation of their projects and to allow for the assessment of the possibility of bundling projects.

The implementing partners shall also inform promoters, where relevant, of the possibility of listing their projects on the InvestEU Portal referred to in Article 21.

## **CHAPTER VI**

### *Article 21*

#### *InvestEU Portal*

1. The InvestEU Portal shall be established by the Commission. It shall be an easily accessible and user-friendly project database, providing relevant information for each project.
2. The InvestEU Portal shall provide a channel for project promoters to bring their projects for which they are seeking finance visible and thus provide information on them to investors. The inclusion of projects in the InvestEU Portal shall be without prejudice to the decisions on the final projects selected for support under this Regulation, under any other instrument of the Union, or for public funding.
3. Only projects that are compatible with Union law and policies shall be listed on the Portal.
4. Projects meeting the conditions set out in paragraph 3 shall be transmitted by the Commission to the relevant implementing partners.
5. Implementing partners shall examine projects falling within their geographic and activity scope.

## **CHAPTER VII**

### **MONITORING AND REPORTING, EVALUATION AND CONTROL**

#### *Article 22*

##### *Monitoring and reporting*

1. Indicators to report on progress of the InvestEU Programme implementation towards the achievement of the general and specific objectives set out in Article 3 are set in Annex III to this Regulation.
2. To ensure effective assessment of progress of the InvestEU Programme towards the achievement of its objectives, the Commission is empowered to adopt delegated acts in accordance with Article 26 to amend Annex III to this Regulation to review or complement the indicators where considered necessary and to supplement this Regulation with provisions on the establishment of a monitoring and evaluation framework.
3. The performance reporting system shall ensure that data for monitoring implementation and results are collected efficiently, effectively and in a timely manner. To that end, proportionate reporting requirements shall be imposed on implementing partners and other recipients of Union funds, as appropriate.
4. The Commission shall report on the implementation of InvestEU Programme in accordance with [Articles 241 and 250] of the [Financial Regulation]. For that purpose, the implementing partners shall provide annually the information necessary to allow the Commission to comply with its reporting obligations.
5. In addition, each implementing partner shall submit every six months a report to the Commission on the financing and investment operations covered by this Regulation, broken down by the EU compartment and the Member State compartment by Member State, as appropriate. The report shall include an assessment of compliance with the requirements on the use of the EU guarantee and with the key performance indicators laid down in Annex III to this Regulation. The report shall also include operational, statistical, financial and accounting data on each financing and investment operation and at the compartment, policy window and the InvestEU Fund level. One of those reports shall contain the information the implementing partners shall provide in accordance with [Article 155(1)(a)] of the [Financial Regulation].

### *Article 23*

#### *Evaluation*

1. Evaluations shall be done in a timely manner to feed into the decision-making process.
2. By 30 September 2025, the Commission shall carry out an interim evaluation on the InvestEU Programme, in particular on the use of the EU guarantee.
3. At the end of the implementation of the InvestEU Programme, but no later than four years after the end of the period specified in Article 1, the Commission shall carry out a final evaluation of the InvestEU Programme, in particular on the use of the EU guarantee.
4. The Commission shall communicate the conclusions of the evaluations, accompanied by its observations, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions.
5. The implementing partners shall contribute to and provide the Commission with the information necessary to perform the evaluations referred to in paragraphs 1 and 2.

6. In accordance with [Article 211(1)] of the [Financial Regulation], the Commission shall every three years include in the annual report referred to in [Article 250] of the [Financial Regulation] a review of the adequacy of the provisioning rate laid down in Article 4(1) of this Regulation against the actual risk profile of the financing and investment operations covered by the EU guarantee. The Commission is empowered to adopt delegated acts in accordance with Article 26 in order to adjust, on the basis of that review, the provisioning rate laid down in Article 4(1) of this Regulation by up to 15%.

#### *Article 24*

##### *Audits*

Audits on the use of the Union funding carried out by persons or entities, including by others than those mandated by the Union institutions or bodies, shall form the basis of the overall assurance pursuant to [Article 127] of the [Financial Regulation].

#### *Article 25*

##### *Protection of the financial interests of the Union*

Where a third country participates in the InvestEU Programme by a decision under an international agreement or by virtue of any other legal instrument, the third country shall grant the necessary rights and access required for the authorizing officer responsible, the European Anti-Fraud Office (OLAF), the European Court of Auditors to comprehensively exert their respective competences. In the case of OLAF, such rights shall include the right to carry out investigations, including on-the-spot checks and inspections, provided for in Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council concerning investigations conducted by the European Anti-Fraud Office (OLAF).

#### *Article 26*

##### *Exercise of 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 Articles 7(6), 22(2) and 23(6) shall be conferred on the Commission for a period of five years from [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 that five-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 Articles 7(6), 22(2) and 23(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. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016.
5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.
6. A delegated act adopted pursuant to Articles 7(6), 22(2) and 23(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 VIII***

### ***TRANSPARENCY AND VISIBILITY***

#### *Article 27*

##### *Information, communication and publicity*

1. The implementing partners shall acknowledge the origin and ensure the visibility of the Union funding (in particular when promoting the actions and their results), by providing coherent, effective and targeted information to multiple audiences, including the media and the public.
2. The Commission shall implement information and communication actions relating to the InvestEU Programme and its actions and results. Financial resources allocated to the InvestEU Programme shall also contribute to the corporate communication of the political priorities of the Union, as far as they are related to the objectives referred to in Article 3.

## **CHAPTER IX**

### **TRANSITIONAL AND FINAL PROVISIONS**

#### *Article 28*

##### *Transitional provisions*

1. Revenues, repayments and recoveries from financial instruments established by programmes referred to in Annex IV to this Regulation may be used for the provisioning of the EU guarantee under this Regulation.
2. Revenues, repayments and recoveries from the EU guarantee established by Regulation (EU) 2015/1017 may be used for the provisioning of the EU guarantee under this Regulation, unless used for the purposes referred to in Articles 4, 9 and 12 of Regulation (EU) 2015/1017.

#### *Article 29*

##### *Entry into force*

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

It shall apply from 1 January 2021.

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

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*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
- 1.2. Policy area(s) concerned (*programme cluster*)
- 1.3. Nature of the proposal/initiative
- 1.4. Grounds for the proposal/initiative
- 1.5. Duration and financial impact
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  - 3.2.3. *Third-party contributions*
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## LEGISLATIVE FINANCIAL STATEMENT

### 1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

#### 1.1. Title of the proposal/initiative

InvestEU Programme

Regulation (EU) 2018/xx of the European Parliament and of the Council establishing the InvestEU Programme

#### 1.2. Policy area(s) concerned (*Programme cluster*)

European Strategic Investments

#### 1.3. The proposal/initiative relates to:

a new action

a new action following a pilot project/preparatory action<sup>30</sup>

the extension of an existing action

a merger or redirection of one or more actions towards another/a new action

#### 1.4. Grounds for the proposal/initiative

##### 1.4.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

The EU long term goals regarding sustainability, competitiveness and inclusive growth require significant investments in various sectors such as in new mobility models, renewable energies, energy efficiency, research and innovation, digitisation, education and skills, social economy and infrastructure, circular economy, natural capital, climate action or small and medium-sized businesses creation and growth. A budgetary guarantee providing risk bearing capacity to implementing partners in order for them to finance investment in the Union building on the success of the EFSI and financial instruments enables investment support to continue smoothly as of 2021.

##### 1.4.2. Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone.

Reasons for action at European level (ex-ante):

While a recovery in investment-to-GDP ratios in the EU can be observed, it is insufficient to compensate for years of underinvestment and to cover the Union's structural investment needs in front of technological change and global competitiveness, including for innovation, skills, infrastructure, SMEs and the need to address key societal challenges such as sustainability or population ageing. Member States cannot bridge those investment gaps alone. Continued support is required to address market failures and sub-optimal investment situations to reduce the investment gap in targeted sectors to achieve the Union's policy objectives. The use of a budgetary guarantee, with a leverage effect and closer to the market,

<sup>30</sup> As referred to in Article 58(2)(a) or (b) of the Financial Regulation.

efficiently complements grants in the Union's budget toolbox. Intervention at Union level provides economies of scale in the use of innovative financial products by catalysing private investment in the whole Union and making best use of the European institutions and their expertise for that purpose. Union intervention also gives access to a diversified portfolio of projects in the Union and allows for the development of innovative financing solutions which can be scaled up or replicated in all Member States. The multiplying effect and the impact on the ground are thus much higher than what could be achieved by an initiative in a single Member State, in particular for large scale investment programmes.

#### Expected generated Union added value (ex-post)

The initiative should allow implementing partners to carry out financing and investment operations in targeted areas of strategic policy objectives of the Union. A multiplier effect should be generated by means of the provision of an EU guarantee and through attracting private and public investments.

The initiative should help mobilise funding for projects of up to EUR 650 billion until the end of the Multiannual Financial Framework. This should help address market failures and provide access to finance to entities that would otherwise not have found financing in reasonable terms and thereby raise overall investments in the Union and thus growth and employment.

#### 1.4.3. *Lessons learned from similar experiences in the past*

The EFSI has proven relevant for addressing investment market gaps and sub-optimal investment situations in the aftermath of the economic crisis. As investment market gaps persist, there is a need for a more policy-oriented investment support to target specific sub-optimal investment situations.

The budgetary guarantee under the EFSI demonstrated efficiency in increasing the impact of limited budgetary resources.

The EFSI support and centrally managed financial instruments as well as several centrally managed financial instruments were found to overlap in a number of areas. The integration of all future investment programmes of the Union in a single fund aims at simplification, increased flexibility and removal of potential overlaps between similar EU investment support instruments.

Advisory services and technical assistance are highly needed to improve the Member States' and project promoters' capacity to originate, develop and implement investment projects. For the period 2021-2027 it is proposed to integrate centrally managed technical assistance initiatives for investment project support under the InvestEU.

#### 1.4.4. *Compatibility and possible synergy with other appropriate instruments*

The InvestEU Fund encompasses Union repayable support to financing and investment operations through provision of risk-bearing capacity via a budgetary guarantee to implementing partners in key internal policy areas. All such support is thus under a single instrument to enhance leverage, reduce provisioning, avoid

possible overlaps and increase visibility of the action of the Union. Combinations with grant financing (blending), where appropriate, is possible in order to create synergies, e.g. in transport, research and digital sectors.

A Member State compartment will make it possible for Member States to leverage the funds available under cohesion funding in an attractive and simplified manner.

### 1.5. **Duration and financial impact**

#### **limited duration**

- in effect from 01/01/2021 to 31/12/2027
- Financial impact from 2021 to 2027 for commitment appropriations and from 2021 to 2030 for payment appropriations for the provisioning of the EU guarantee

#### **unlimited duration**

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

### 1.6. **Management mode(s) planned<sup>31</sup>**

#### **Direct management** by the Commission

- 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 (possibly, *inter alia*, European Bank for Reconstruction and Development; Council of Europe Bank; World Bank);
- the European Investment Bank Group;
- bodies referred to in Articles 70 and 71 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.

#### Comments

Implementing partners shall be selected by the Commission on the basis of the criteria laid down in the legislative proposal. They may encompass all or some of the above.

<sup>31</sup> Details of management modes and references to the Financial Regulation may be found on the BudgWeb site:  
<https://myintracomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx>

Direct management may concern part of the implementation of InvestEU Advisory Hub and the InvestEU Portal.

## **2. MANAGEMENT MEASURES**

### **2.1. Monitoring and reporting rules**

The implementing partners shall report to the Commission in line with the [Financial Regulation] on a regular basis. For monitoring, they shall apply their rules and procedures which have been assessed in accordance with [Article 154] of the [Financial Regulation] to meet the requirements laid down therein.

The Commission will monitor the performance per each policy window.

### **2.2. Management and control system(s)**

#### *2.2.1. Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed*

The EU guarantee under InvestEU Fund can only be delivered in an indirect management mode through implementing partners which as a rule also contribute to the support to be provided to final recipients. The implementing partners will consist of international financial institutions, national promotional banks and institutions and other financial intermediaries which are Union bodies, regulated and/or under banking sector supervision. The operations benefiting from the support of the EU guarantee remain operations approved by the governing bodies of the implementing partners which will have to apply their due diligence and control framework to these operations. The implementing partners shall provide audited financial statements to the Commission.

#### *2.2.2. Information concerning the risks identified and the internal control system(s) set up to mitigate them*

The risk for the Union budget is linked to the budget guarantee provided by the Union to the implementing partners for their financing and investment operations. The EU guarantee provides a first demand irrevocable guarantee usually on a portfolio basis for operations covered. The Union budget and the implementing partner share the risk related remuneration from the operations on the basis of each of their share in the risk-taking.

The EU guarantee is restricted to EUR 38 000 000 000.

The budget entry ("p.m.") reflecting the budget guarantee for the implementing partner would be activated only in the case of an effective call on the guarantee which cannot be wholly covered by the provisioning (funded with at least EUR 15 200 000 gradually until end-2030). The provisioning rate of 40 % is based on the past experience with the EFSI and financial instruments.

The contingent liability in relation to the Member State compartment will be covered by a back-to-back guarantee from each Member State concerned.

The financing and investment operations in the context of the InvestEU are carried out according to the implementing partners' standard rules of procedure and sound banking practice. The selected implementing partners and the Commission enter into

a guarantee agreement laying down the detailed provisions and procedures relating to the implementation of the InvestEU Fund.

Since the implementing partner as a rule bears part of the risk, the interest of the Union and the implementing partner are accordingly aligned which mitigates the risk to the budget. They are also financial institutions with appropriate rules and procedures in place which will be controlled through the pillar assessment in accordance with the [Financial Regulation].

A specific governance structure will be put in place to assess the relevant financial risks of the operations (project team) or grant the use of the EU guarantee (Investment Committee).

The Commission will receive annual audited financial statements covering the operations from the implementing partners.

- 2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)*

NA

The EU is guaranteeing operations carried out by entrusted entities under their rules and procedures, including their internal control framework. Costs for the EU budget would only arise in relation to particular requirements imposed by the EU on top of the entrusted entities' internal control framework, which cannot be quantified yet

### 2.3. Measures to prevent fraud and irregularities

*Specify existing or envisaged prevention and protection measures, e.g. from the Anti-Fraud Strategy.*

The selected implementing partners will have undergone the pillar assessment foreseen in [Article 154] of the [Financial Regulation], which ensures solid quality of internal control and independent external audit systems. In addition, they will have to meet the requirements of [Title X] of the [Financial Regulation]. Being financial institutions the implementing partners will have internal control frameworks in place. Since InvestEU Fund consists of repayable support, the due diligence and monitoring and controlling by the implementing partners will be relied on, unless weaknesses are identified in those. Moreover, Article 24 of the proposed Regulation foresees that audits on the use of the Union funding carried out by persons or entities, including by others than those mandated by the Union institutions or bodies, shall form the basis of the overall assurance pursuant to [Article 127] of the [Financial Regulation].

## 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

### 3.1. Heading of the multiannual financial framework and new expenditure budget line(s) proposed

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
			from EFTA	from candidate	from third countries	within the meaning of Article [21(2)(b)]
		Diff./Non-diff. <sup>32</sup>				

<sup>32</sup> Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

			countries <sup>33</sup>	countries <sup>34</sup>		of the Financial Regulation
1	02.02.01 InvestEU Guarantee	Diff.	Y	Y	Y	N
	02.02.02 Provisioning of the InvestEU Guarantee	Diff.	Y	Y	Y	N
	02.02.03 InvestEU Advisory Hub and InvestEU Portal and accompanying measures	Diff.	Y	Y	Y	N
	02.01 InvestEU administrative support	Non-diff.	Y	Y	Y	N

<sup>33</sup> EFTA: European Free Trade Association.

<sup>34</sup> Candidate countries and, where applicable, potential candidates from the Western Balkans.



### 3.2. Estimated impact on expenditure

#### 3.2.1. Summary of estimated impact on expenditure<sup>35</sup>

EUR million (to three decimal places)

<b>Heading of multiannual financial framework</b>	1	'Single Market, Innovation & Digital'
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		2021	2022	2023	2024	2025	2026	2027	Post 2027	TOTAL
02.02.01 InvestEU Guarantee	Commitments	pm	pm	pm	pm	pm	pm	pm		pm
	Payments									
02.02.02 Provisioning of the InvestEU Guarantee	Commitments	1 906,742	1 945,387	1 984,325	2 026,571	2 071,143	2 114,056	2 151,776		<b>14 200,000</b>
	Payments	1 402,505	1 574,122	1 673,829	1 805,244	1 921,368	1 994,694	2 040,875	1 787,362	<b>14 200,000</b>
02.02.03 InvestEU Advisory Hub, InvestEU Portal and accompanying measures <sup>36</sup>	Commitments	72,658	73,658	76,158	76,158	73,658	73,658	73,158		<b>519,106</b>
	Payments	30,058	58,458	74,658	76,658	76,158	73,658	72,658	56,800	<b>519,106</b>
02.01 InvestEU administrative support	Commitments = Payments	0,842	0,842	0,842	0,842	0,842	0,842	0,842		<b>5,894</b>
<b>TOTAL appropriations for the envelope of the programme</b>	Commitments	1 980,242	2 019,887	2 061,325	2 103,571	2 145,643	2 188,556	2 225,776		<b>14 725,000</b>
	Payments	1 433,405	1 633,422	1 749,329	1 882,744	1 998,368	2 069,194	2 114,375	1,844.162	<b>14 725,000</b>

<sup>35</sup> Totals may not tally due to rounding.

<sup>36</sup> 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.

<b>Heading of multiannual financial framework</b>	7	‘Administrative expenditure’
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EUR million (to three decimal places)

		2021	2022	2023	2024	2025	2026	2027	<i>Post 2027</i>	TOTAL
Human resources		3,432	3,432	3,432	3,432	3,432	3,432	3,432		<b>24,024</b>
Other administrative expenditure		2,150	2,150	2,150	2,150	2,150	2,150	2,150		<b>15,050</b>
<b>TOTAL appropriations under HEADING 7 of the multiannual financial framework</b>	(Total commitments = Total payments)	<b>5,582</b>	<b>5,582</b>	<b>5,582</b>	<b>5,582</b>	<b>5,582</b>	<b>5,582</b>	<b>5,582</b>		<b>39,074</b>

EUR million (to three decimal places)

		2021	2022	2023	2024	2025	2026	2027	<i>Post 2027</i>	TOTAL
<b>TOTAL appropriations across HEADINGS of the multiannual financial framework</b>	Commitments	1 985,824	2 025,469	2 066,907	2 109,153	2 151,225	2 194,138	2 231,358		<b>14 764,074</b>
	Payments	1 438,987	1 639,004	1 754,911	1 888,326	2 003,950	2 074,776	2 119,957	1 844,162	<b>14 764,074</b>

### 3.2.2. Summary of estimated impact on appropriations of an administrative nature

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

EUR million (to three decimal places)

Years	2021	2022	2023	2024	2025	2026	2027	TOTAL
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HEADING 7 of the multiannual financial framework								
Human resources	3,432	3,432	3,432	3,432	3,432	3,432	3,432	<b>24,024</b>
Other administrative expenditure	1,900	1,900	1,900	1,900	1,900	1,900	1,900	<b>13,300</b>
<b>Subtotal HEADING 7 of the multiannual financial framework</b>	<b>5,332</b>	<b>5,332</b>	<b>5,332</b>	<b>5,332</b>	<b>5,332</b>	<b>5,332</b>	<b>5,332</b>	<b>37,324</b>

Outside HEADING 7 <sup>37</sup> of the multiannual financial framework								
Human resources								
Other expenditure of an administrative nature	0,842	0,842	0,842	0,842	0,842	0,842	0,842	<b>5,894</b>
<b>Subtotal outside HEADING 7 of the multiannual financial framework</b>								

<b>TOTAL</b>	<b>6,174</b>	<b>6,174</b>	<b>6,174</b>	<b>6,174</b>	<b>6,174</b>	<b>6,174</b>	<b>6,174</b>	<b>43,218</b>
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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.

<sup>37</sup> 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.

### 3.2.2.1. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources.
- The proposal/initiative requires the use of human resources, as explained below:

*Estimate to be expressed in full time equivalent units*

Years	2021	2022	2023	2024	2025	2026	2027
<b>• Establishment plan posts (officials and temporary staff)</b>							
Headquarters and Commission's Representation Offices	24	24	24	24	24	24	24
Delegations							
Research							
<b>• External staff (in Full Time Equivalent unit: FTE) - AC, AL, END, INT and JED <sup>38</sup></b>							
Heading 7							
Financed from HEADING 7 of the multiannual financial framework	- at Headquarters						
	- in Delegations						
Financed from the envelope of the programme <sup>39</sup>	- at Headquarters						
	- in Delegations						
Research							
Other: seconded experts from and fully paid by implementing partners							
<b>TOTAL</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>	<b>24</b>

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	<p>Risk managers (4) to assess the risk profile of the portfolios of operations in order to continuously monitor it and to make sure that the provisioning corresponds to the underlying risks.</p> <p>Staff (20) for the secretariat of the InvestEU Fund. The secretariat will take care of</p> <ul style="list-style-type: none"> <li>- receipt of the proposals from the implementing partners;</li> <li>- distribution for assesment of the proposals for the project team and to the Investment Committee;</li> <li>- liaising with the implementing partners;</li> <li>- liaising with the Advisory Board and the Investment Committee;</li> <li>- preparing the meetings between the Commission directorates-general involved in the implementation of the InvestEU and coordinating internally the preparation of investment guidelines, design of financial products and other horizontal matters;</li> <li>- assisting the risk managers in preparation of the risk profile monitoring;</li> <li>- conducting the preparation and negotiations of the guarantee agreements with implementing partners;</li> </ul>
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<sup>38</sup> AC= Contract Staff; AL = Local Staff; END = Seconded National Expert; INT = agency staff; JPD= Junior Professionals in Delegations.

<sup>39</sup> Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

	- monitoring the implementation; - preparing reports; - managing the InvestEU Advisory Hub.
External staff	

### 3.2.3. Third-party contributions

The proposal/initiative:

- does not provide for co-financing by third parties
- provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

Years	2021	2022	2023	2024	2025	2026	2027	TOTAL
Third countries	pm	pm	pm	pm	pm	pm	pm	pm
TOTAL appropriations co-financed	pm	pm	pm	pm	pm	pm	pm	pm

### 3.3. Estimated impact on revenue

- The proposal/initiative has no financial impact on revenue.
- The proposal/initiative has the following financial impact:
  - on own resources
  - on other revenue

please indicate, if the revenue is assigned to expenditure lines X

EUR million (to three decimal places)

Budget revenue line:	Impact of the proposal/initiative <sup>40</sup>						
	2021	2022	2023	2024	2025	2026	2027
6 4 1 (Contributions from financial instruments — Assigned revenue)	250,000	100,000	100,000	250,000	100,000	100,000	100,000
TOTAL	250,000	100,000	100,000	250,000	100,000	100,000	100,000

According to Article 28(1) of the proposal, revenues, repayments and recoveries will be assigned to the following expenditure budget line:

02.02.02 Provisioning of the InvestEU Fund + 02.02.03

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

Assigned revenues from InvestEU will firstly be allocated to cover fees

<sup>40</sup> As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 20 % for collection costs.



Brussels, 6.6.2018  
COM(2018) 439 final

ANNEX 1

**ANNEX**

**to the**

**Proposal for a Regulation of the European Parliament and of the Council  
establishing the InvestEU Programme**

{SEC(2018) 293 final} - {SWD(2018) 314 final} - {SWD(2018) 316 final}

## ANNEX I

### Indicative amounts per specific objective

The indicative distribution referred to in Article 4(2) towards financial and investment operations shall be as follows:

- (a) up to EUR 11 500 000 000 for objectives referred to in point (a) of Article 3(2);
- (b) up to EUR 11 250 000 000 for objectives referred to in point (b) of Article 3(2);
- (c) up to EUR 11 250 000 000 for objectives referred to in point (c) of Article 3(2);
- (d) up to EUR 4 000 000 000 for objectives referred to in point (d) of Article 3(2).



Brussels, 6.6.2018  
COM(2018) 439 final

ANNEX 2

**ANNEX**

**to the**

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{SEC(2018) 293 final} - {SWD(2018) 314 final} - {SWD(2018) 316 final}



## **ANNEX II**

### **Eligible areas for financing and investment operations**

The financing and investment operations may fall under one or more of the following areas:

1. Development of the energy sector in accordance with the Energy Union priorities, including security of energy supply, and the commitments taken under the Agenda 2030 and the Paris Agreement, in particular through:
  - (a) expansion of the generation, supply or use of clean and sustainable renewable energy;
  - (b) energy efficiency and energy savings (with a focus on reducing demand through demand-side management and the refurbishment of buildings);
  - (c) development, smartening and modernisation of sustainable energy infrastructure (transmission and distribution level, storage technologies);
  - (d) production and supply of synthetic fuels from renewable/carbon-neutral sources; alternative fuels;
  - (e) carbon-capture and -storage infrastructure.
  
2. Development of sustainable transport infrastructures, and equipment and innovative technologies in accordance with Union transport priorities and the commitments taken under the Paris Agreement, in particular through:
  - (a) projects supporting development of the TEN-T infrastructure, including its urban nodes, maritime and inland ports, multimodal terminals and their connection to the main networks;
  - (b) smart and sustainable urban mobility projects (targeting low-emission urban transport modes, accessibility, air pollution and noise, energy consumption and accidents);
  - (c) supporting the renewal and retrofitting of transport mobile assets with the view of deploying low-emission mobility solutions;
  - (d) railway infrastructure, other rail projects, and maritime ports;
  - (e) alternative fuels infrastructure, including electric charging infrastructure.
  
3. Environment and resources, in particular through:
  - (a) water, including supply and sanitation, and coastal infrastructure and other water-related green infrastructure;
  - (b) waste management infrastructure;
  - (c) projects and enterprises in the fields of environmental resource management and clean technologies;

- (d) enhancement and restoration of eco-systems and their services;
  - (e) sustainable urban, rural and coastal development;
  - (f) climate change actions, including natural hazard disaster risk reduction;
  - (g) projects and enterprises that implement circular economy by integrating resource efficiency aspects in the production and product life-cycle, including the sustainable supply of primary and secondary raw materials;
  - (h) decarbonisation of and substantial reduction of emissions of energy-intensive industries, including large-scale demonstration of innovative low-emission technologies and their deployment.
4. Development of digital connectivity infrastructure, in particular through projects supporting deployment of very high capacity digital networks.
5. Research, development and innovation, in particular through:
- (a) research, including research infrastructure and support to academia, and innovation projects contributing to the objectives of [Horizon Europe];
  - (b) corporate projects;
  - (c) demonstration projects and programmes as well as deployment of related infrastructures, technologies and processes;
  - (d) collaboration projects between academia and industry;
  - (e) knowledge and technology transfer;
  - (f) new effective healthcare products, including pharmaceuticals, medical devices and advanced therapy medicinal products.
6. Development and deployment of digital technologies and services, in particular through:
- (a) artificial intelligence;
  - (b) cybersecurity and network protection infrastructures;
  - (c) internet of things;
  - (d) blockchain and other distributed ledger technologies;
  - (e) advanced digital skills;
  - (f) other advanced digital technologies and services contributing to the digitisation of the Union industry.
7. Financial support to entities employing up to 3 000 employees, with a particular focus on SMEs and small mid-cap companies, in particular through:
- (a) provision of working capital and investment;

- (b) provision of risk financing from seed to expansion stages to ensure technological leadership in innovative and sustainable sectors.
- 8. Cultural and creative sectors; media, audio-visual sector and journalism.
- 9. Tourism.
- 10. Sustainable agriculture, forestry, fishery, aquaculture and other elements of the wider sustainable bioeconomy.
- 11. Social investments, including those supporting the implementation of the European Pillar of Social Rights, in particular through:
  - (a) microfinance, social enterprise finance and social economy;
  - (b) demand for and supply of skills;
  - (c) education, training and related services;
  - (d) social infrastructure, in particular
    - (i) education and training, including early childhood education and care, educational facilities, student housing and digital equipment;
    - (ii) social housing;
    - (iii) health and long-term care, including clinics, hospitals, primary care, home services and community-based care;
  - (e) social innovation, including innovative social solutions and schemes aiming at promoting social impacts and outcomes in the areas referred to in this point;
  - (f) cultural activities with a social goal;
  - (g) integration of vulnerable people, including third country nationals;
  - (h) innovative health solutions, including health services and new care models;
  - (i) inclusion of and accessibility for persons with disabilities.
- 12. Development of the defence industry, thereby enhancing the Union's strategic autonomy, in particular through support for:
  - (a) the Union's defence industry supply chain, in particular through financial support to SMEs and mid-caps;
  - (b) companies participating in disruptive innovation projects in the defence sector and closely related dual-use technologies;
  - (c) the defence sector supply chain when participating in collaborative defence research and development projects, including those supported by the European Defence Fund;

(d) defence research and training infrastructure.

13. Space, in particular through the development of the space sector in line with Space Strategy objectives:

(a) to maximize the benefits for the Union society and economy;

(b) to foster the competitiveness of space systems and technologies, addressing in particular vulnerability of supply chains;

(c) to underpin space entrepreneurship;

(d) to foster Union's autonomy for safe and secure access to space, including dual use aspects.



Brussels, 6.6.2018  
COM(2018) 439 final

ANNEX 3

**ANNEX**

**to the**

**Proposal for a Regulation of the European Parliament and of the Council  
establishing the InvestEU Programme**

{SEC(2018) 293 final} - {SWD(2018) 314 final} - {SWD(2018) 316 final}

## **ANNEX III**

### **Key performance indicators**

#### **1. Volume of InvestEU financing (broken down by policy window)**

- 1.1 Volume of operations signed
- 1.2 Investment mobilised
- 1.3 Amount of private finance mobilised
- 1.4 Leverage and multiplier effect achieved

#### **2. Geographical coverage of InvestEU financing (broken down by policy window)**

- 2.1 Number of countries covered by projects

#### **3. Impact of InvestEU financing**

- 3.1 Number of jobs created or supported
- 3.2 Investment supporting climate objectives
- 3.3 Investment supporting digitalisation

#### **4. Sustainable Infrastructure**

- 4.1 Energy: Additional renewable energy generation capacity installed (MW)
- 4.2 Energy: Number of households with improved energy consumption classification
- 4.3 Digital: Additional households with broadband access of at least 100 Mbps upgradable to Gigabit speed
- 4.4 Transport: Investment mobilised in TEN-T of which: TEN-T core
- 4.5 Environment: Investment contributing to the implementation of plans and programmes required by the Union environmental acquis relating to air quality, water, waste and nature

#### **5. Research, Innovation and Digitisation**

- 5.1 Contribution to the objective of 3% of the Union's GDP invested in research, development and innovation
- 5.2 Number of enterprises supported carrying out research and innovation projects

#### **6. SMEs**

- 6.1 Number of enterprises supported by size (micro, small, medium sized and small mid-caps)
- 6.2 Number of enterprises supported by stage (early, growth/expansion)

#### **7. Social Investment and Skills**

- 7.1 Social infrastructure: Capacity of supported social infrastructure by sector: housing, education, health, other
- 7.2 Microfinance and social enterprise finance: Number of social economy enterprises supported

7.5 Skills: Number of individuals acquiring new skills: formal education and training qualification



Brussels, 6.6.2018  
COM(2018) 439 final

ANNEX 4

**ANNEX**

**to the**

**Proposal for a Regulation of the European Parliament and of the Council  
establishing the InvestEU Programme**

{SEC(2018) 293 final} - {SWD(2018) 314 final} - {SWD(2018) 316 final}



## ANNEX IV

### The InvestEU Programme - Predecessor instruments

#### **A. Equity Instruments:**

- **European Technology Facility (ETF98):** Council Decision No 98/347/EC of 19 May 1998 on measures of financial assistance for innovative and job-creating small and medium-sized enterprises (SMEs) - the growth and employment initiative (OJ L 155, 29.5.1998, p. 43).
- **TTP:** Commission decision adopting a complementary financing decision concerning the financing of actions of the activity "Internal market of goods and sectoral policies" of the Directorate-General Enterprises & Industry for 2007 and adopting the framework decision concerning the financing of the preparatory action "The EU assuming its role in a globalised world" and of four pilot projects "Erasmus young entrepreneurs", "Measures to promote cooperation and partnerships between micro and SMEs", "Technological Transfer" and "European Destinations of excellence" of the Directorate-General Enterprises & Industry for 2007 (C(2007)531).
- **European Technology Facility (ETF01):** Council Decision No 2000/819/EC of 20 December 2000 on a multiannual programme for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs) (2001-2005) (OJ L 333, 29.12.2000, p. 84).
- **GIF:** Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013) (OJ L 310, 9.11.2006, p. 15).
- **Connecting Europe Facility (CEF):** 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) as modified by Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 — the European Fund for Strategic Investments (OJ L 169, 1.7.2015, p. 1).
- **COSME EFG:** Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020) and repealing Decision No 1639/2006/EC (OJ L 347, 20.12.2013, p. 33).

- **InnovFin Equity:**
  - 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);
  - Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in "Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)" and repealing Regulation (EC) No 1906/2006 (OJ L 347, 20.12.2013, p. 81);
  - Council Decision No 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decisions 2006/971/EC, 2006/972/EC, 2006/973/EC, 2006/974/EC and 2006/975/EC (OJ L 347, 20.12.2013, p. 965).
  
- **EaSI Capacity Building Investments Window:** Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation ("EaSI") and amending Decision No 283/2010/EU establishing a European Progress Microfinance Facility for employment and social inclusion (OJ L 347, 20.12.2013, p. 238).

## **B. Guarantee Instruments:**

- **SME Guarantee Facility '98 (SMEG98):** Council Decision No 98/347/EC of 19 May 1998 on measures of financial assistance for innovative and job-creating small and medium-sized enterprises (SMEs) - the growth and employment initiative (OJ L 155, 29.5.1998, p. 43).
  
- **SME Guarantee Facility '01 (SMEG01):** Council Decision No 2000/819/EC of 20 December 2000 on a multiannual programme for enterprise and entrepreneurship, and in particular for small and medium-sized enterprises (SMEs) (2001-2005) (OJ L 333, 29.12.2000, p. 84).
  
- **SME Guarantee Facility '07 (SMEG07):** Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013) (OJ L 310, 9.11.2006, p. 15).
  
- **European Progress Microfinance Facility – Guarantee (EPMF-G):** Decision No 283/2010/EU of the European Parliament and of the Council of 25 March 2010 establishing a European Progress Microfinance Facility for employment and social inclusion (OJ L 87, 7.4.2010, p. 1).

- **RSI:**
  - Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013) Statements by the Commission (OJ L 412, 30.12.2006, p. 1);
  - Council Decision No 2006/971/EC of 19 December 2006 concerning the Specific Programme Cooperation implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013) (OJ L 400, 30.12.2006, p. 86);
  - Council Decision No 2006/974/EC of 19 December 2006 on the Specific Programme: Capacities implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013) (OJ L 400, 30.12.2006, p. 299).
  
- **EaSI-Guarantee:** Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 on a European Union Programme for Employment and Social Innovation ("EaSI") and amending Decision No 283/2010/EU establishing a European Progress Microfinance Facility for employment and social inclusion (OJ L 347, 20.12.2013, p. 238).
  
- **COSME Loan Guarantee Facility (COSME LGF):** Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020) and repealing Decision No 1639/2006/EC (OJ L 347, 20.12.2013, p. 33).
  
- **InnovFin Debt:**
  - Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in "Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)" and repealing Regulation (EC) No 1906/2006 (OJ L 347, 20.12.2013, p. 81);
  - 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);
  - Council Decision No 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and repealing Decisions 2006/971/EC, 2006/972/EC, 2006/973/EC, 2006/974/EC and 2006/975/EC (OJ L 347, 20.12.2013, p. 965).

- **Cultural and Creative Sectors Guarantee Facility (CCS GF):** Regulation (EU) No 1295/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Creative Europe Programme (2014 to 2020) and repealing Decisions No 1718/2006/EC, No 1855/2006/EC and No 1041/2009/EC (OJ L 347, 20.12.2013, p. 221).
- **Student Loan Guarantee Facility (SLGF):** Regulation (EU) No 1288/2013 of the European Parliament and of the Council of 11 December 2013 establishing 'Erasmus+': the Union programme for education, training, youth and sport and repealing Decisions No 1719/2006/EC, No 1720/2006/EC and No 1298/2008/EC (OJ L 347, 20.12.2013, p. 50).
- **Private Finance for Energy Efficiency (PF4EE):** Regulation (EU) No 1293/2013 of the European Parliament and of the Council of 11 December 2013 on the establishment of a Programme for the Environment and Climate Action (LIFE) and repealing Regulation (EC) No 614/2007 (OJ L 347, 20.12.2013, p. 185).

### C. Risk-Sharing Instruments:

- **Risk Sharing Finance Facility (RSFF):** Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013) Statements by the Commission (OJ L 412, 30.12.2006, p. 1).
- **InnovFin:**
  - Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in "Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)" and repealing Regulation (EC) No 1906/2006 (OJ L 347, 20.12.2013, p. 81);
  - 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).
- **Connecting Europe Facility Debt Instrument (CEF DI):** 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).
- **Natural Capital Financing Facility (NCFF):** Regulation (EU) No 1293/2013 of the European Parliament and of the Council of 11 December 2013 on the establishment

of a Programme for the Environment and Climate Action (LIFE) and repealing Regulation (EC) No 614/2007 (OJ L 347, 20.12.2013, p. 185).

#### **D. Dedicated Investment Vehicles:**

- **European Progress Microfinance Facility – Fonds commun de placements – fonds d'investissements spécialisés (EPMF FCP-FIS):** Decision No 283/2010/EU of the European Parliament and of the Council of 25 March 2010 establishing a European Progress Microfinance Facility for employment and social inclusion (OJ L 87, 7.4.2010, p. 1).
  
- **Marguerite:**
  - Regulation (EC) No 680/2007 of the European Parliament and of the Council of 20 June 2007 laying down general rules for the granting of Community financial aid in the field of the trans-European transport and energy networks (OJ L 162, 22.6.2007, p. 1);
  - Commission Decision of 25.2.2010 on European Union participation in the 2020 European Fund for Energy, Climate Change and Infrastructure (the Marguerite Fund) (C(2010)941).
  
- **European Energy Efficiency Fund (EEEF):** Regulation (EU) No 1233/2010 of the European Parliament and of the Council of 15 December 2010 amending Regulation (EC) No 663/2009 establishing a programme to aid economic recovery by granting Community financial assistance to projects in the field of energy (OJ L 346, 30.12.2010, p. 5).

## Com (2018) 439

### Information Note

#### 1. Proposal

*Proposal for a Regulation of the European Parliament and of the Council establishing the InvestEU Programme*

#### 2. Date of Commission document

*06/06/2018*

#### 3. Number of Commission document

*COM (2018)439*

#### 4. Number of Council document:

*2018/0229 (COD)*

#### 5. Dealt with in Brussels by

*TBC*

#### 6. Department with primary responsibility

*Department of Business, Enterprise and Innovation*

#### 7. Other Departments involved

*Eligible areas for financing and investment operations may fall under areas which are the responsibility of the following departments:*

##### ***D/Business, Enterprise and Innovation:***

*Programme: COSME*  
*Financial Instrument: Loan Guarantee Facility*  
*Equity Facility for Growth*

*Programme: Horizon Europe*  
*Financial Instrument: Innovfin Equity*  
*Innovfin SME and Small Mid-Caps R&I Loans Service*  
*InnovFin Loan Services for R& I Facility*

*Programme: Employment and Social Innovation*  
*Financial Instrument: EaSI Microfinance and Social Enterprise Guarantees*

##### ***D/Finance***

*Programme: Investment Plan for Europe*  
*Financial Instrument: European Fund for Strategic Investments.*

##### ***D/Transport, Tourism and Sport***

*Programme: Connecting Europe Facility (CEF)*  
*Financial Instrument: CEF Debt Instrument*  
*CEF Equity Instrument*

#### ***D/Communications, Climate Action and Environment***

*Programme: Environment and Climate Action (LIFE)*  
*Financial Instrument: Private Finance for Energy Efficiency Instrument*  
*Natural Capital Financing Facility (NCFE)*

#### ***D/ Employment Affairs and Social Protection***

*Programme: Employment and Social Innovation*  
*Financial Instrument: EaSI Capacity Building Investments*

#### ***D/Education and Skills***

*Programme: Erasmus +*  
*Financial Instrument: Student Loan Guarantee Facility*

#### ***D/Culture, Heritage and the Gaeltacht***

*Programme: Creative Europe*  
*Financial Instrument: Cultural and creative sectors Guarantee Facility CCSG*

### **8. Background to, Short summary and aim of the proposal**

*Evaluations have underlined that the variety of financial instruments delivered under the current 2014-2020 Multiannual Financial Framework (MFF) period has led to some overlap and complexity. The InvestEU Programme provides for a single EU investment support mechanism for the 2021-2027 MFF. It will integrate and simplify the financial offer under a single budgetary guarantee scheme.*

*The overall objective of the InvestEU Programme is to mobilise public and private investment within the EU, addressing market failures and investment gaps that hamper the achievement of EU goals.*

*The purpose is to supply finance to economic actors with a risk profile that private financiers are not always able or willing to address. It will contribute towards meeting policy objectives whenever the use of repayable investment support is appropriate.*

*It is complementary to grant financing but will exploit synergies between grant and market based financing by facilitating “blending”.*

*The four policy windows of the InvestEU Fund include:*

- (i) Sustainable infrastructure*
- (ii) Research, innovation and digitisation*
- (iii) SMEs*
- (iv) Social investment and skills*

*The Regulation will establish the InvestEU Fund providing for an **EU Guarantee** for financing and investment operations carried out by the implementing partners.*

*It defines two compartments of the EU Guarantee:*

- a) EU Compartment - addresses Union-wide market failures or sub-optimal investment*

*situations in a proportionate manner - supported actions should have a clear European added value;*

- b) Member State Compartment – gives Member States the possibility to contribute a share of their resources of Funds under shared management to the provisioning of the EU guarantee to use the EU Guarantee for financing or investment operations to address specific market failures or sub-optimal investment situations in their own territory, including in vulnerable and remote areas such as the outermost regions of the Union, to deliver objectives of the fund under shared management.*

*The InvestEU Fund (**the EU guarantee**) will be implemented through indirect management. The Commission shall conclude the necessary guarantee agreements with the implementing partners with outreach to final recipients.*

*[Implementing partners means the eligible counterpart such as a financial institution or other intermediary with whom the Commission signs a guarantee agreement. National Promotional Banks/Institutions may be selected as implementing partners]*

*The Regulation also establishes an advisory support mechanism (**Invest EU Advisory Hub**) to support the development of investable projects and access to financing and to provide related capacity building.*

*It also establishes a data base (**InvestEU Portal**) granting visibility to projects for which project promoters seek financing and which provides investors with information about investment opportunities*

## **9. Legal basis of the proposal**

*Article 173 (Industry) and the third paragraph of Article 175 (Economic, Social and Territorial Cohesion) of the Treaty of the Functioning of the European Union (TFEU)*

## **10. Voting Method**

*QMV*

## **11. Role of the EP**

*Co-decision*

## **12. Category of proposal**

*Major significance*

## **13. Implications for Ireland & Ireland's Initial View'**

*Ireland broadly welcomes the proposal initially as one that will simplify, increase flexibility and remove overlaps between instruments.*

*The InvestEU plan allows for National Promotional Institutes (NPIs) to go directly to the Commission for a share of the overarching guarantee fund. This may impact on the resources available to programmes which are delivered by the EIB Group and are easier for small institutions to utilise. The larger member states' NPIs including KfW from Germany, CDC from France, CDP from Italy and BGK from Poland are all exploring the use of the InvestEU guarantee directly.*



*However, the InvestEU proposal states that the EIB Group should remain a privileged implementing partner under the InvestEU Fund's EU Compartment. It further states that the EU guarantee should be allocated to implementing partners, which alone or together with other implementing partners, can cover at least three Member States. It is expected that around 75% of the EU guarantee under the EU compartment would be allocated to implementing partner or partners that can offer financial products under the Invest EU Fund in all Member States.*

*D/BEI will convene a working group of relevant Departments to ensure coordinated examination of more detailed proposals as they emerge from the Commission.*

**14. Impact on the public**

*The Invest EU proposal will impact on companies predominantly.*

**15. Have any consultations with Stakeholders taken place or are there any plans to do so?**

*The Department of Business, Enterprise and Innovation, in consultation with relevant Departments, will organise a public consultation of relevant stakeholders.*

**16. Are there any subsidiarity issues for Ireland?**

*No.*

**17. Anticipated negotiating period**

*Up to two years*

**18. Proposed implementation date**

*01/01/2021*

**19. Consequences for national legislation**

*The Regulation is binding in its entirety and directly applicable to all Member States.*

**20. Method of Transposition into Irish law**

*n/a*

**21. Anticipated Transposition date**

*n/a*

**22. Consequences for the EU budget in Euros annually**

*In accordance with the Communication of the Commission on the Multi-Annual Financial Framework for the period 2021-2027, the budgetary framework foreseen for the InvestEU Programmes is €14,725,000,000, including €525,000,000 for project development assistance and other accompanying measures. The overall provisioning will amount to €15,200,000,000, of which €1,000,000,000 being covered by revenues, repayments and recoveries generated by existing financial instruments and the EFSI.*

*Financial envelope for implementation of the InvestEU Portal and the InvestEU Advisory Hub, as well as the for technical and administrative assistance for the implementation of the InvestEU Programme such as preparatory, monitoring, control, audit and evaluation activities*

including corporate information technology systems shall be €525,000,000

		2021	2022	2023	2024	2025	2026	2027	Post 2027	TOTAL
02.02.01 Invest EU Guarantee	Commitments	pm	pm	pm	pm	pm	pm	pm		pm
	Payments									
02.02.02 Provisioning of the InvestEU	Commitments	1,906,742	1,945,387	1,984,325	2,026,571	2,071,143	2,114,056	2,151,776		14,200,000
	Payments	1,402,505	1,574,122	1,673,829	1,805,244	1,921,368	1,994,694	2,040,875	1,787,362	14,200,000
02.02.03 InvestEU Advisory Hub, InvestEU Portal and accompanying measures	Commitments	72,658	73,658	76,158	76,158	73,658	73,658	73,158		519,106
	Payments	30,058	58,458	74,658	76,658	76,158	73,658	72,658	56,800	519,106
02.01 InvestEU administrative support	Commitments = Payments	842	842	842	842	842	842	842		5,894
<b>TOTAL appropriations for the envelope of the programme</b>	Commitments	1,980,242	2,019,887	2,061,325	2,103,571	2,145,643	2,188,556	2,225,776		14,725,000
	Payments	1,433,405	1,633,422	1,749,329	1,882,744	1,998,368	2,069,194	2,114,375	1,844,162	14,725,000

### 23. Contact name, telephone number and e-mail address of official in Department with primary responsibility

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**Date 02/07/2018**