



**European Committee  
of the Regions**

**COTER-VI/019**

**120th plenary session, 7-8 December 2016**

## **OPINION**

### **EFSI 2.0**

#### **THE EUROPEAN COMMITTEE OF THE REGIONS**

- acknowledges that EFSI is a major component of the Investment Plan for Europe and therefore welcomes the principle of its proposed extension in terms of both duration and financial capacity;
- considers also that to make EFSI a bigger success, the synergies with the European Cohesion Policy through the European Structural and Investment Funds (ESIF) should be further clarified and enhanced;
- notes the interdependency between the proposal and the mid-term review of the Multiannual Financial Framework (MFF) and the need for financial resources to be made available within the framework of the mid-term review without undermining existing funding programmes such as Horizon 2020 and the Connecting Europe Facility;
- draws attention to the fact that the extension of the EFSI should not be designed, in the long term, to replace existing EU subsidies;
- points out that the EFSI should be seen as an instrument for addressing forms of market failure and forms of government failure;
- takes note of the issues surrounding the definition of additionality and suggests that the definition be clarified and that the notion of high-risk profile of an operation as a criterion for additionality be refined;
- notes that given the high added value for the European Union of cross-border projects, such projects should automatically be considered to provide additionality;
- reiterates its call for investments made by local and regional authorities financed by the EFSI and the EIB to be excluded from European Union Member States' budget deficit and debt calculations;
- calls on the EIB to provide information on EFSI projects at local and regional level in order to involve local and regional authorities closely in establishing and promoting EFSI projects.

Rapporteur-general

Wim VAN DE DONK (NL/EPP), Governor chair of the Council and of the Executive Council of the Province of Noord-Brabant

Reference document

Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub  
COM(2016) 597 final

## Opinion of the European Committee of the Regions – EFSI 2.0

### I. RECOMMENDATIONS FOR AMENDMENTS

#### Amendment 1

COM(2016) 597 final

New citations before Recital 1

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<i>Having regard to an evaluation from the European Commission on the use of the EU guarantee and the functioning of the EFSI guarantee fund as part of the legislative proposal on the extension of EFSI;</i>  <i>Having regard to the European Investment Bank's (EIB) first report on "Evaluation of the functioning of the European Fund for Strategic Investments" released on 6 October 2016;</i>  <i>Having regard to an independent external evaluation on the application of the EFSI Regulation pursuant Article 18(6) of Regulation (EU) 2015/1017;</i>  <i>Having regard to the European Court of Auditors' (ECA) Opinion No 2/2016 on "EFSI: an early proposal to extend and expand" released on 11 November 2016;</i>

<b>Reason</b>
Need for references to evaluation work carried out by European institutions and the independent evaluation of the application of Regulation (EU) 2015/1017. [these new "having regards" must be added after "Having regard to the opinion of the CoR"]

**Amendment 2**  
COM(2016) 597 final  
New Recital after Recital 4

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<i>Articles 18(6) and 18(7) of the EFSI Regulation provide for a proposal to amend the EFSI Regulation to be made by 5 July 2018 and require that such a proposal should be supported by an independent evaluation on whether EFSI "is achieving its objectives and maintaining a scheme for supporting investment is warranted". This independent evaluation of the application of the EFSI Regulation carried out by external experts was released only after the Commission's proposal on the extension of EFSI.</i>

**Amendment 3**  
COM(2016) 597 final  
Recital 8

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
The extended EFSI should address remaining market failures and sub-optimal investment situations and continue to mobilise private sector financing in investments crucial for Europe's future job creation – including for the youth –, growth and competitiveness with strengthened additionality. They include investments in the areas of energy, environment and climate action, social and human capital and related infrastructure, healthcare, research and innovation, cross-border and sustainable transport, as well as the digital transformation. In particular, the contribution of operations supported by the EFSI to achieving the Union's ambitious targets set at the Paris Climate Conference (COP21) should be reinforced. Energy interconnection priority projects and energy efficiency projects should also be increasingly targeted. In addition, EFSI support to <i>motorways</i> should be avoided, unless it is needed to support private investment in transport in cohesion countries or in cross-border transport	The extended EFSI should address remaining market failures and sub-optimal investment situations and continue to mobilise private sector financing in investments crucial for Europe's future job creation – including for the youth –, growth and competitiveness with strengthened additionality. They include investments in the areas of energy, environment and climate action, social and human capital and related infrastructure, healthcare, research and innovation, cross-border and sustainable transport, as well as the digital transformation. In particular, the contribution of operations supported by the EFSI to achieving the Union's ambitious targets set at the Paris Climate Conference (COP21) <i>as well as the implementation measures decided at the COP 22</i> should be reinforced <i>and EFSI funded projects must be disaster resilient</i> . Energy interconnection priority projects and energy efficiency projects should also be increasingly targeted. In addition, EFSI support to <i>carbon-</i>

projects <i>involving at least one cohesion country</i> . For reasons of clarity, although they are already eligible, it should be explicitly laid down that projects in the fields of agriculture, fishery and aquaculture come within the general objectives eligible for EFSI support.	<i>intensive transport projects and fossil energy</i> should be avoided, unless it is needed to support private investment in transport in cohesion countries or in cross-border transport projects. For reasons of clarity, although they are already eligible, it should be explicitly laid down that projects in the fields of agriculture, fishery and aquaculture come within the general objectives eligible for EFSI support.
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Reason
Transport projects are crucial in attracting private investments and should not be limited to cohesion countries only. In addition, the EFSI Regulation should take on board results of the recent Marrakech Climate change conference (COP 22).

**Amendment 4**  
COM(2016) 597 final  
Recital 11

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
<i>In order to reinforce the take-up of the EFSI in less- developed and transition regions</i> , the scope of the general objectives eligible for EFSI support <i>should be enlarged</i> .	<i>The European Investment Bank's (EIB) first report on "Evaluation of the functioning of the European Fund for Strategic Investments" released on 6 October 2016 highlights the need to address the geographical imbalance of EFSI support by measures such as enlarging the scope of the general objectives eligible for EFSI support and enhancing the role of the European Advisory Hub.</i>

**Amendment 5**  
COM(2016) 597 final  
Recital 14

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
<i>In order to partly finance the contribution from the general budget of the Union to the EU guarantee fund for the additional investments to be made, a transfer should be made from the available envelope of the Connecting Europe Facility (CEF), provided for in Regulation (EU) No 1316/2013 of the European Parliament and of the Council[1]. Moreover, EUR 1 145 797 000 of appropriations should be transferred from the CEF financial instruments to the grant</i>	

<p><i>part of the CEF with a view to facilitating blending with the EFSI or to other relevant instruments, in particular those dedicated to energy efficiency.</i></p> <hr/> <p><i>[1] Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010, OJ L 348, 12.2013, p. 129.</i></p>	
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#### **Amendment 6**

COM(2016) 597 final

Recital 15

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
On the basis of the experience acquired with the investments supported by the EFSI, the target amount of the guarantee fund should be brought to <b>35%</b> of the total EU guarantee obligations ensuring an adequate level of protection.	On the basis of the experience acquired with the investments supported by the EFSI, the target amount of the guarantee fund should be brought to <b>33%</b> of the total EU guarantee obligations ensuring an adequate level of protection.

#### **Amendment 7**

COM(2016) 597 final

Article 1

New paragraph after paragraph (1)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<p><i>(2) in Article 5(1) the second subparagraph is replaced by the following:</i></p> <p><i>‘EIB special activities, as defined in Article 16 of the EIB Statute and by the credit risk policy guidelines of the EIB, supported by the EFSI, shall also be considered to provide additionality under the condition that it is publicly documented that they address market failure or sub-optimal investment situations and could not have been carried out without EFSI support in the same period by the EIB, the EIF or under existing Union financial instruments, ’</i></p>

<b>Reason</b>
A higher-risk profile of an operation is not the only criterion for additionality. Moreover, EIB special activities supported by EFSI should be submitted to transparency and documentation requirements.

**Amendment 8**  
COM(2016) 597 final  
Article 1  
Amend paragraph (2)

<b><i>Text proposed by the Commission</i></b>	<b><i>CoR amendment</i></b>
<p>in Article 5(1) the third subparagraph is replaced by the following:</p> <p>'To better address market failures or sub-optimal investment situations, EIB special activities supported by the EFSI shall typically have features such as subordination, participation in risk-sharing instruments, cross-border characteristics, exposure to specific risks or other identifiable aspects as further described in Annex II.</p> <p><b><i>EIB projects carrying a risk lower than the minimum risk under EIB special activities may also be supported by the EFSI if the use of the EU guarantee is required to ensure additionality as defined in the first subparagraph of this paragraph.</i></b></p> <p><b><i>The projects supported by the EFSI that consist of physical infrastructure linking two or more Member States or of the extension of physical infrastructure or services linked to physical infrastructure from one Member State to one or more Member States, shall also be considered to provide additionality.'</i></b></p>	<p>in Article 5(1) the third subparagraph is replaced by the following:</p> <p>'To better address market failures or sub-optimal investment situations <b><i>as well as forms of government failure (e.g. sub-optimal investment situations due to barriers caused by national borders/regulation)</i></b>, EIB special activities supported by the EFSI shall typically have features such as subordination, participation in risk-sharing instruments, cross-border characteristics, exposure to specific risks or other identifiable aspects as further described in Annex II.</p> <p><b><i>Cross-border cooperation projects and projects of interregional cooperation, in particular between functional regions, shall also be considered to provide additionality.'</i></b></p>

<b>Reason</b>
Cross-border cooperation and interregional cooperation projects, through their high added value and regardless of their characteristics, should automatically be considered to provide additionality. In the first year of operation, no cross-border projects were financed by the EFSI. The importance of functional regions is obvious.

**Amendment 9**  
COM(2016) 597 final  
Article 1  
Amend point (4)(d)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
<p>in paragraph 12, the second sentence of the second subparagraph is replaced by the following:</p> <p>'Decisions approving the use of the EU guarantee shall be public and accessible, and include the rationale for the decision, with particular focus on compliance with the additionality criterion. <b><i>The publication shall not contain commercially sensitive information.</i></b> In reaching its decision, the Investment Committee shall be supported by the documentation provided by the EIB.';</p>	<p>in paragraph 12, the second sentence of the second subparagraph is replaced by the following:</p> <p>'Decisions approving the use of the EU guarantee shall be public and accessible, and include the rationale for the decision, with particular focus on compliance with the additionality criterion. <b><i>The scoreboard of indicators, used to assess operations, shall be made public as soon as an operation under the EU guarantee is signed, with the exception of commercially sensitive information.</i></b> In reaching its decision, the Investment Committee shall be supported by the documentation provided by the EIB.';</p>

<b>Reason</b>
The amendment is in line with Recital 18 of the legislative proposal.

**Amendment 10**  
COM(2016) 597 final  
Article 1  
Point (5)(b)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
<p>(b) in paragraph 2, the following subparagraph is added:</p> <p>'The EIB shall target that at least 40% of EFSI financing under the infrastructure and innovation window supports projects with components that contribute to climate action, in line with the COP21 commitments. The Steering Board shall provide detailed guidance to that end.';</p>	<p>(b) in paragraph 2, the following subparagraph is added:</p> <p>'The EIB shall target that at least 40 % of EFSI financing under the infrastructure and innovation window supports projects with components that contribute to climate action, in line with the COP21 commitments <b><i>and all financed infrastructure will also be disaster resilient.</i></b> The Steering Board shall provide detailed guidance to that end.';</p>



**Amendment 11**  
COM(2016) 597 final  
Article 1  
Amend point (8)(a)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
<p>paragraph 5 is replaced by the following:</p> <p>'5. Endowments to the guarantee fund referred to under paragraph 2 shall be used to reach an appropriate level (target amount) to reflect the total EU guarantee obligations. The target amount shall be set at <b>35</b> % of the total EU guarantee obligations.';</p>	<p>paragraph 5 is replaced by the following:</p> <p>'5. Endowments to the guarantee fund referred to under paragraph 2 shall be used to reach an appropriate level (target amount) to reflect the total EU guarantee obligations. The target amount shall be set at <b>33</b> % of the total EU guarantee obligations.';</p>

<b>Reason</b>
<p>The CoR regrets the contradiction between the reinforcement of the CEF-Transport proposed by the Accompanying Document to the Mid-term review of the MFF, and the EUR 500 million decrease in the Connecting Europe Facility budget proposed by the present legislative proposal. This reduction in unused financial resources for financial instruments under the CEF clearly shows that CEF projects are being crowded out by EFSI-financed projects. The CoR expresses its opposition to this reduction and suggests reducing the target amount from 35% to 33% so there would be no need to reduce the CEF envelope by EUR 500 million.</p>

**Amendment 12**  
COM(2016) 597 final  
Article 1  
Amend point (9)(b)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
<p>paragraph 2 is amended as follows:</p> <p>(i) point (c) is replaced by the following:</p> <p>'(c) leveraging local knowledge to facilitate EFSI support across the Union and contributing where possible to the objective of sectorial and geographical diversification of the EFSI referred to in Section 8 of Annex II by supporting the EIB to originate operations;'</p> <p>(ii) point (e) is replaced by the following:</p> <p>'(e) providing pro-active support on the establishment of investment platforms;'</p>	<p>paragraph 2 is amended as follows:</p> <p>(i) point (c) is replaced by the following:</p> <p>'(c) leveraging <b>regional and</b> local knowledge to facilitate EFSI support across the Union and contributing where possible to the objective of sectorial and geographical diversification of the EFSI referred to in Section 8 of Annex II by supporting the EIB to originate operations;'</p> <p>(ii) point (e) is replaced by the following:</p> <p>'(e) providing pro-active support on the establishment of investment platforms;'</p>

(iii) The following point (f) is added:  '(f) providing advice on the combination of other sources of Union funding (such as the European Structural and Investment Funds, Horizon 2020 and the Connecting Europe Facility) with the EFSI.';	(iii) The following point (f) is added:  '(f) providing advice on the combination of other sources of Union funding (such as the European Structural and Investment Funds, Horizon 2020 and the Connecting Europe Facility) with the EFSI <i>in order to allow for maximum integration of and synergies between investments with a view to single programming of cohesion policy intervention.</i> ';
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Reason
The amendment calls for local and regional authorities to be more closely involved with the advisory services of the EIAH. Both regional and local knowledge should be taken into account. Sectorial and geographical diversification should be taken into account by the Steering Board rather than the EIAH as stated in section 8 of Annex II.

**Amendment 13**  
COM(2016) 597 final  
Article 1  
Amend point (9)(c)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
paragraph 5 is replaced by the following: '5. In order to achieve the objective referred to in paragraph 1 and to facilitate the provision of advisory support at local level, the EIAH shall seek to use the expertise of the EIB, the Commission, national promotional banks or institutions, and the managing authorities of the European Structural and Investment Funds.';	paragraph 5 is replaced by the following: '5. In order to achieve the objective referred to in paragraph 1 and to facilitate the provision of advisory support at <b><i>regional and</i></b> local level, the EIAH shall seek to use the expertise of the EIB, the Commission, national promotional banks or institutions, and the managing authorities of the European Structural and Investment Funds.';

Reason
Both regional and local knowledge should be taken into account.

**Amendment 14**  
COM(2016) 597 final  
Article 1  
New paragraph after point (9)(d)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<b><i>(10) in Article 16, paragraph 2 is replaced by the following:</i></b>

	<i>'2. The EIB, in cooperation with the EIF where appropriate, shall submit an annual report to the European Parliament, the Council and the European Committee of the Regions on EIB financing and investment operations covered by this Regulation. The report shall be made public and shall include:'</i>
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<b>Reason</b>
The amendment calls for the CoR to be more closely involved in monitoring the EFSI.

#### **Amendment 15**

COM(2016) 597 final

Article 1

New paragraph after point (9)(d)

<i><b>Text proposed by the Commission</b></i>	<i><b>CoR amendment</b></i>
	<i>in Article 16, add a new paragraph after paragraph 6 as follows:</i>  <i>'7. The EIB shall develop, for reporting purposes, a set of result indicators for each operation, in order to provide a reliable basis for analysing the added value of EU financing. Such a methodology shall be approved by the Steering Board.'</i>

<b>Reason</b>
A set of indicators should be developed so that different sets of instruments can be compared, in the first phase between the ESIF and EFSI.

#### **Amendment 16**

COM(2016) 597 final

Article 1

Amend point (10)(a)

<i><b>Text proposed by the Commission</b></i>	<i><b>CoR amendment</b></i>
(a) paragraph 6 is replaced by the following: '6. By 30 June 2018 and 30 June 2020, the Commission shall submit to the European Parliament <b>and</b> the Council a report containing an independent evaluation of this Regulation.';	(a) paragraph 6 is replaced by the following: '6. By 30 June 2018 and 30 June 2020, the Commission shall submit to the European Parliament, the Council, <b>the European Central Bank, the European Economic and Social Committee, the European Committee of the Regions and the European Investment Bank</b> a report containing an independent evaluation of

	this Regulation.';
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<b>Reason</b>
This amendment ensures that information is sent to the same relevant institutions as the communication on "Towards a second phase of the European Fund for Strategic Investment" of 14.9.2016.

#### **Amendment 17**

COM(2016) 597 final

Article 1

New paragraph after paragraph (14)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<i>(15) Article 16(2)(f) is replaced by the following: 'a description of the projects where the support of other sources of Union funding (such as ESIF, Horizon 2020 and CEF) is combined with EFSI support, and the total amount of the contributions from each source';</i>

<b>Reason</b>
By replacing Article 16(2)(f) in the regulation, the text will be consistent with the amendment proposed by the European Commission to Article 14(2) of the present regulation.

#### **Amendment 18**

COM(2016) 597 final

Article 2

Delete Article 2

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
<p><i>Regulation (EU) No 1316/2013 is amended as follows:</i></p> <p><i>(1) in Article 5, paragraph 1 is replaced by the following:</i></p> <p><i>'1. The financial envelope for the implementation of the CEF for the period 2014 to 2020 is set at EUR 29 992 259 000 in current prices. That amount shall be distributed as follows:</i></p> <p><i>(a) transport sector: EUR 23 895 582 000, of which EUR 11 305 500 000 shall be transferred from the Cohesion Fund to be spent in line with</i></p>	

<p><i>this Regulation exclusively in Member States eligible for funding from the Cohesion Fund;</i></p> <p><i>(b) telecommunications sector: EUR 1 091 602 000;</i></p> <p><i>(c) energy sector: EUR 5 005 075 000.</i></p> <p><i>These amounts are without prejudice to the application of the flexibility mechanism provided for under Council Regulation (EU, Euratom) No 1311/2013(*).</i></p> <p>-----</p> <p><i>(*) Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014-20 (OJ L 347, 20.12.2013, p. 884).’</i></p>	
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<b>Reason</b>
See Amendment 5: there is no need to reduce the CEF envelope.

#### **Amendment 19**

Annex 1 to COM(2016) 597 final  
New point before point (1)(a)

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<p><i>(a) in point (a), the text of the fifth indent is replaced by the following:</i></p> <p><i>'public sector entities (territorial or otherwise, but excluding operations with such entities giving rise to direct Member State risk) and public-sector type entities. A European Grouping of Territorial Cooperation (EGTC), established in accordance with Regulation No 1082/2006 on EGTC*, shall be considered an entity not giving rise to direct Member State risk.</i></p> <p>-----</p> <p><i>* Regulation (EC) No 1082/2006 of the European Parliament and of the Council of 5 July 2006 on a European grouping of territorial cooperation (EGTC), OJ L 210, 31.7.2006, p. 19-24'</i></p>

<b>Reason</b>
The EGTC carries out measures or implements territorial cooperation, with or without EU funding. However, given that the members of an EGTC can be national, regional and local authorities or associations of such authorities, its access to financial instruments provided by the EIB is limited. Therefore, they should not be considered to be linked to direct Member State risk.

#### **Amendment 20**

Annex 1 to COM(2016) 597 final

Amend point (1)(a)

<i><b>Text proposed by the Commission</b></i>	<i><b>CoR amendment</b></i>
in point (b), a second subparagraph is added: 'EFSI support to motorways shall be avoided, unless it is needed to support private investment in transport in cohesion countries or in cross-border transport projects <i><b>involving at least one cohesion country;</b></i> '	in point (b), a second subparagraph is added: 'EFSI support to motorways shall be avoided, unless it is needed to support private investment in transport in cohesion countries or in cross-border transport projects;'

<b>Reason</b>
Cross-border transport projects as such should be considered additional and therefore should not be limited to the involvement of at least one cohesion country.

## **II. POLICY RECOMMENDATIONS**

### THE EUROPEAN COMMITTEE OF THE REGIONS

1. notes that local and regional authorities have a key role to play in identifying, planning and supporting additional investments that will foster innovation, growth and jobs in their territories;
2. acknowledges that EFSI is a major component of the Investment Plan for Europe and therefore welcomes the principle of its proposed extension in terms of both duration and financial capacity. Considers also that to make EFSI a bigger success, the synergies with the European Cohesion Policy through the European Structural and Investment Funds (ESIF) should be further clarified and enhanced. Indeed, EFSI and ESIF should not compete in terms of resources from the EU budget or in terms of the applicable accounting rules for national co-financing;
3. notes that the European Fund for Strategic Investments has been operational for one year and that while it is delivering results in terms of the number and value of approved projects, its geographical distribution has been uneven;
4. welcomes the opportunity to put forward legislative amendments and policy recommendations based on cities' and regions' initial experience of the EFSI and thus following up on the first CoR opinion on the EFSI drawn up by rapporteur-general Claude Gewerc in April 2015;

5. recalls that articles 18(6) and 18(7) of the EFSI Regulation provide for a proposal to amend the EFSI Regulation to be made by 5 July 2018 and require that such a proposal should be supported by an independent evaluation on whether EFSI is achieving its objectives and maintaining a scheme for supporting investment is warranted. This independent evaluation of the application of Regulation (EU) 2015/1017, carried out by external experts, was still ongoing when the Commission released its proposal to extend EFSI and was presented only on 14 November 2016. Moreover, notes that the Commission reflected on all three evaluations in its Communication dated 29 November 2016, where the Commission concurs on the success of the EFSI and the EIAH. However, regrets that the proposal was not accompanied either by an impact assessment as required by the Better regulation agenda (COM(2015) 215, 19.05.2016) or by ex-ante evaluations for financial programmes required by articles 30 and 140 of the Financial regulation;
6. in light of the European Court of Auditors' report on "EFSI: an early proposal to extend and expand", specifically the comments made in points 61 and 62, agrees that the application of State aid rules for projects combining finance from EFSI and structural funds needs to be clarified, and, for the sake of consistency, calls for these to be excluded from State aid as well;
7. notes the interdependency between the proposal and the mid-term review of the Multiannual Financial Framework (MFF) and the need for financial resources to be made available within the framework of the mid-term review without undermining existing funding programmes such as Horizon 2020 and the Connecting Europe Facility; opposes therefore the redeployment of budget means from the Connecting Europe Facility;
8. draws attention to the fact that the extension of the EFSI should not be designed, in the long term, to replace existing EU subsidies;
9. is pleased that a larger share of the EFSI will be geared towards increasing access to financing for SMEs and points out that local small-scale projects can also benefit from the EFSI; in that respect, technical assistance and advice for local authorities is crucial;
10. is pleased that the eligibility criteria for projects dealing with climate action (COP21), agriculture, fishery and aquaculture have been reinforced and made clearer;
11. advises the EIB to refer to the Regulation on the establishment of a common classification of territorial units for statistics (NUTS)<sup>1</sup> when reporting on regions. In addition, the CoR strongly advises that reporting on the KPI and KMI be broken down by beneficiaries and by regions at NUTS II level;
12. welcomes the proposal to increase the transparency of the selection of operations by disclosing non-confidential information on signed operations through the Scoreboard of indicators; would add that this measure should have regard to both the infrastructure and innovation "window" and the SME "window"; calls also for the Investment Committee responsible for project

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<sup>1</sup>

Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS), [OJ L 154, 21.6.2003, p. 1](#).

selection to consult projects with local and regional authorities on projects relevant to their competences;

13. calls for the European Committee of the Regions to be more closely involved in the reporting and monitoring processes, allowing it to express its opinion and evaluation of EFSI operations, EIAH activities and cooperation with local and regional authorities;
14. points out that the EFSI should be seen as an instrument for addressing forms of market failure and forms of government failure (e.g. sub-optimal investment situations due to barriers caused by national borders/regulation); EFSI should not be perceived as an instrument to fund unviable projects;
15. takes note of the issues surrounding the definition of additionality and suggests that the definition be clarified and that the notion of high-risk profile of an operation as a criterion for additionality be refined;
16. takes note of the report issued by the European Court of Auditors stating that the additionality of EFSI projects needs to be safeguarded and therefore points out that the aim of the EFSI should be to support investments that could not have been carried out by the EIB without EFSI support;
17. stresses that EFSI projects need to be additional. Disclosure of information through the Scoreboard of indicators once projects have been signed should help here;
18. notes that given the high added value for the European Union of cross-border projects, such projects should automatically be considered to provide additionality;
19. recognises the relevance of combining the EFSI with other EU funds such as ESIF, Horizon 2020 and CEF and reiterates the importance of strategic coordination in this respect as well as specific support to foster synergies between the various schemes; in this regard, it is important not only that EU departments, particularly managers of the various EC programmes, are aware of this possibility but also that they communicate the importance of taking full advantage of existing synergies and how to do so to the general public, particularly SMEs and local and regional public administrations in the Member States;
20. points out that local and regional authorities need further clarity and guidance on how to combine the EFSI with other EU funds, particularly regarding the application of State aid rules and the ban on double-financing;
21. points out that the use of the EFSI and other EU funds, including ESIF, should be geared towards complementary objectives;
22. reiterates its call for investments made by local and regional authorities financed by the EFSI and the EIB to be excluded from European Union Member States' budget deficit and debt calculations;



23. recognises that National Promotional Banks and Investment Platforms play a key role in the implementation of the EFSI, particularly with regard to cooperation with regional and local authorities;
24. calls on the EIB to provide information on EFSI projects at local and regional level in order to involve local and regional authorities closely in establishing and promoting EFSI projects;
25. at any event, trusts that steps will be taken in the 2014-2020 programming period to maximise synergies and functional integration between EFSI intervention in the area of cohesion policy, in order, inter alia, to strike an appropriate regional balance which favours disadvantaged regions;
26. would like to work with the European Commission and the EIB to further improve communication on the Investment Plan for Europe and therefore welcomes the one-stop-shop approach that was launched during the European Week of Regions and Cities 2016. Although local and regional authorities have a crucial role to play in the successful implementation of the EFSI, awareness needs to be improved;
27. takes note of the proposal to address the geographical and sectorial imbalances of EFSI operations by means of an expanded list of eligible operations and an enhanced role for the European Investment Advisory Hub. Capacity building, pro-active advisory operations and close cooperation with local and regional authorities on promoting and originating projects, are key for ensuring the proportional distribution of EFSI operations; when measuring potential beneficiaries' level of access their specific regional or national realities should be taken into account so as not to boost or consolidate inequalities;
28. stresses that the geographical and sectorial concentration limits set in the EFSI's Strategic Orientation after the initial investment period must remain in place for orientation purposes only, and must in no way be binding for the selection of operations;
29. calls for EFSI investments in infrastructure to be disaster resilient so as to ensure the long term durability of the infrastructure and so as to ensure that it does not put the lives of citizens at risk;
30. notes that the legislative proposal is compatible with the principles of subsidiarity and proportionality.

Brussels, 7 December 2016

The President  
of the European Committee of the Regions

Markku Markkula

The Secretary-General

of the European Committee of the Regions

Jiří Buriánek

### III. PROCEDURE

<b>Title</b>	EFSI 2.0
<b>Reference(s)</b>	COM(2016) 597 final
<b>Legal basis</b>	Article 307 TFEU
<b>Procedural basis</b>	Rule 41 a) of the CoR Rules of Procedure
<b>Date of Council/EP referral/Date of Commission letter</b>	- letter from the Commission: 14.09.2016 - letter from the Council: 26.09.2016
<b>Date of Plenary decision</b>	11 October 2016
<b>Commission responsible</b>	Commission for Territorial Cohesion Policy and EU Budget (COTER)
<b>Rapporteur-general</b>	Wim van de DONK (NL/EPP) Governor chair of the Council and of the Executive Council of the Province of Noord-Brabant
<b>Analysis</b>	21 October 2016
<b>Discussed in commission</b>	General exploratory debate held on 30 November 2016
<b>Date adopted by commission</b>	N/A
<b>Result of the vote in commission (majority, unanimity)</b>	N/A
<b>Date adopted in plenary</b>	7 December 2016
<b>Previous Committee opinions</b>	<ul style="list-style-type: none"><li>• Opinion CdR 0943/2015<sup>2</sup> "Investment Plan and European Fund for Strategic Investments"</li><li>• Opinion CdR 0009/2016 "Mid-term revision of the Multiannual Financial Framework (MFF)"</li><li>• Resolution CdR 5222/2016 "Mid-term Review of the Multiannual Financial Framework"</li></ul>
<b>Date of subsidiarity monitoring consultation</b>	N/A

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<sup>2</sup>

[OJ C 195, 12.6.2015, p. 41–58](#)