

MFF post-2020: What can NPBI bring to the table for territorial development?

Eulalia Rubio

Senior Research Fellow, Jacques Delors Institute



Outline

- NPBIs' past experience in implementing FI under shared management
- NPBIs' expectations on their role in the post-2020 MFF
- Some thoughts on InvestEU Fund proposal, particularly MS' compartment



MAKING BETTER USE OF PUBLIC FUNDING

THE ROLE OF NATIONAL PROMOTIONAL BANKS AND INSTITUTIONS IN THE NEXT EU BUDGET

■ EULALIA RUBIO
with the collaboration of Fleurilys Virel
and Benedetta Pavesi

INVESTEUFUND: A REBRANDED JUNCKER FUND?



■ EULALIA RUBIO
Senior research fellow,
Jacques Delors Institute

■ FLEURILYS VIREL
Research assistant,
Jacques Delors Institute

Almost four years ago, EU leaders endorsed the idea of the then recently appointed president of the Commission Jean-Claude Juncker to launch an "Investment Plan for Europe". The main element of this Plan was the creation of a new type of instrument, the "European Fund for Strategic Investments" (EFSI), popularly known as the "Juncker Fund".

In June 2018, the Commission released its proposal of a "InvestEU Fund", the EU's investment instrument which will replace the "Juncker Fund" after 2020. According to the Commission, the new Fund builds on the experience of the EFSI but how similar is it to it? Is it just a rebranding operation or are we in front of a different instrument?

This paper describes the main features of the InvestEU Fund, analyses what it changes with respect to the "Juncker fund" (EFSI) and provides a first assessment of the Commission's legislative proposal. Overall, we find that:

- There is a move from a system composed of 15 EU Financial Instruments and one EU guarantee (EFSI) to a single EU investment support scheme (InvestEU Fund). This is positive, as it will allow for more flexibility and will eliminate duplicities between EU instru-

ments identified in EFSI evaluations.

- Various aspects of the InvestEU Fund (a lower investment target, more policy steering) reflect the willingness to shift from a focus on quantity (mobilizing a major volume of private investment) to quality (crowding in private investment in specific sectors suffering from persistent market gaps). This is a coherent move given the improvement of investment conditions in Europe.

- The implementation of InvestEU Fund will not be exclusively entrusted to the EIB group (as it is the case for the Juncker Fund) but offered to a plurality of eligible implementing partners. While this is a transformational decision, it may entail little changes in practice given the strict conditions and limits imposed to new actors and the fact that the European Investment Bank (EIB) remains the "privileged partner".
- Whereas the "Juncker Fund" is organized in two windows, InvestEU Fund has four thematic "policy windows" (sustainable infrastructure research; innovation and digitisation; SMEs



NPBIs' SURVEY

QUESTIONS ON PAST EXPERIENCE IN THE IMPLEMENTATION OF THE EU BUDGET & VIEWS ON THE POST-2020 MFF

conducted between December 2017 and February 2018



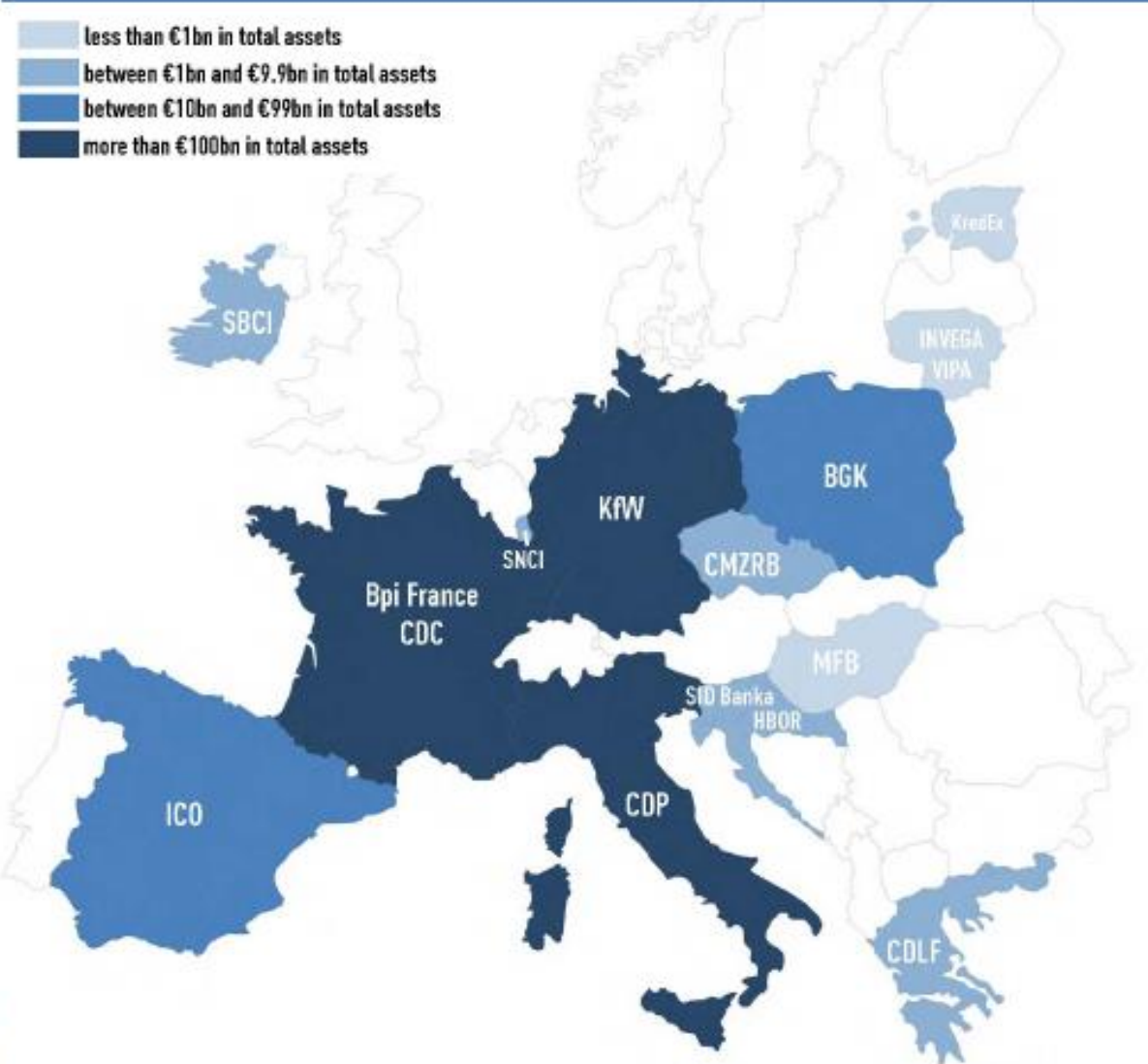
16 NPBIs



38 QUESTIONS

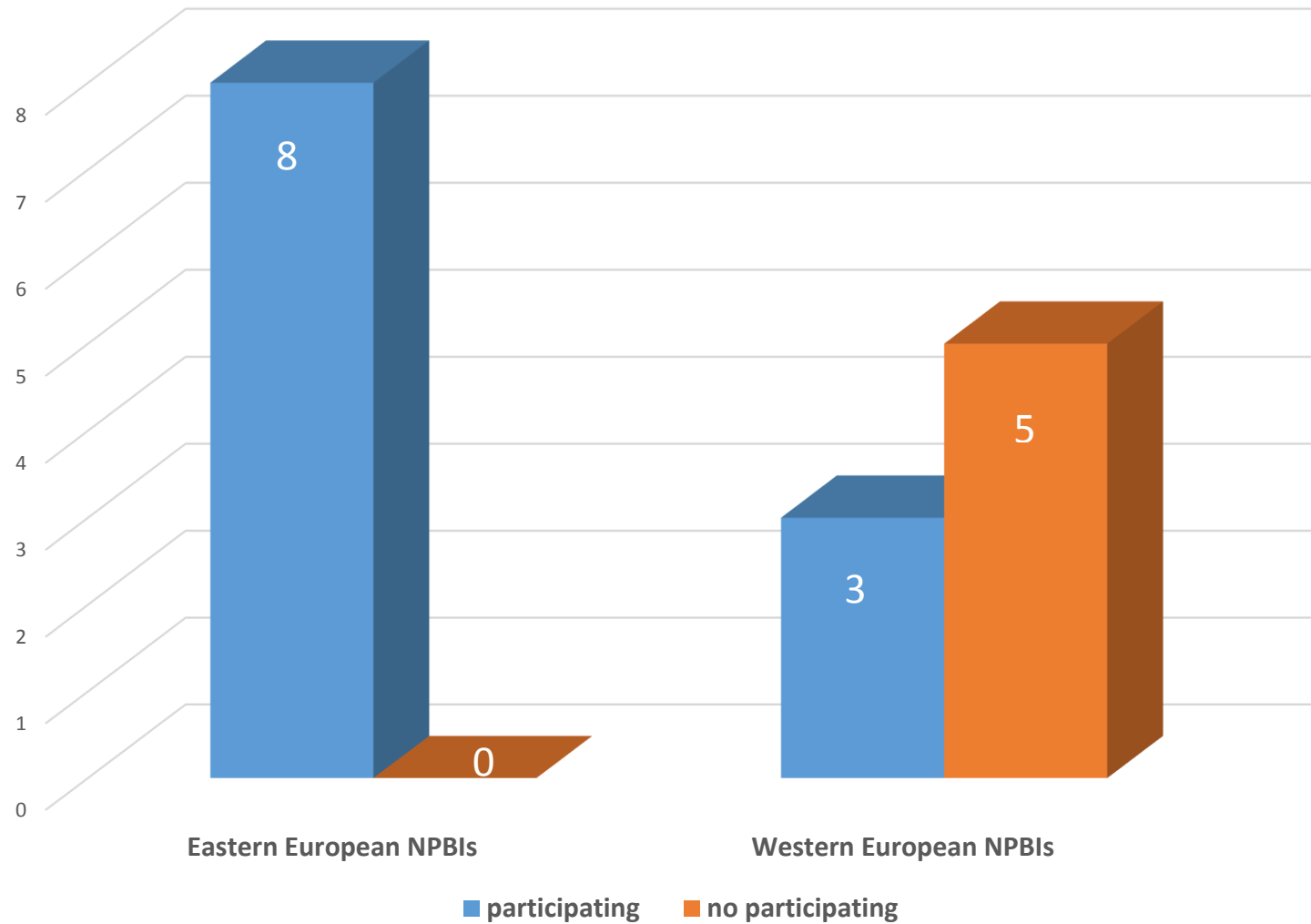
14 MEMBER STATES

BALANCED REPRESENTATION IN TERMS
OF SIZE & GEOGRAPHIC LOCATION



Results of the survey

11 out of 16 NPBIs have participated in the implementation of FIs under shared management



Small NPBIs particularly active



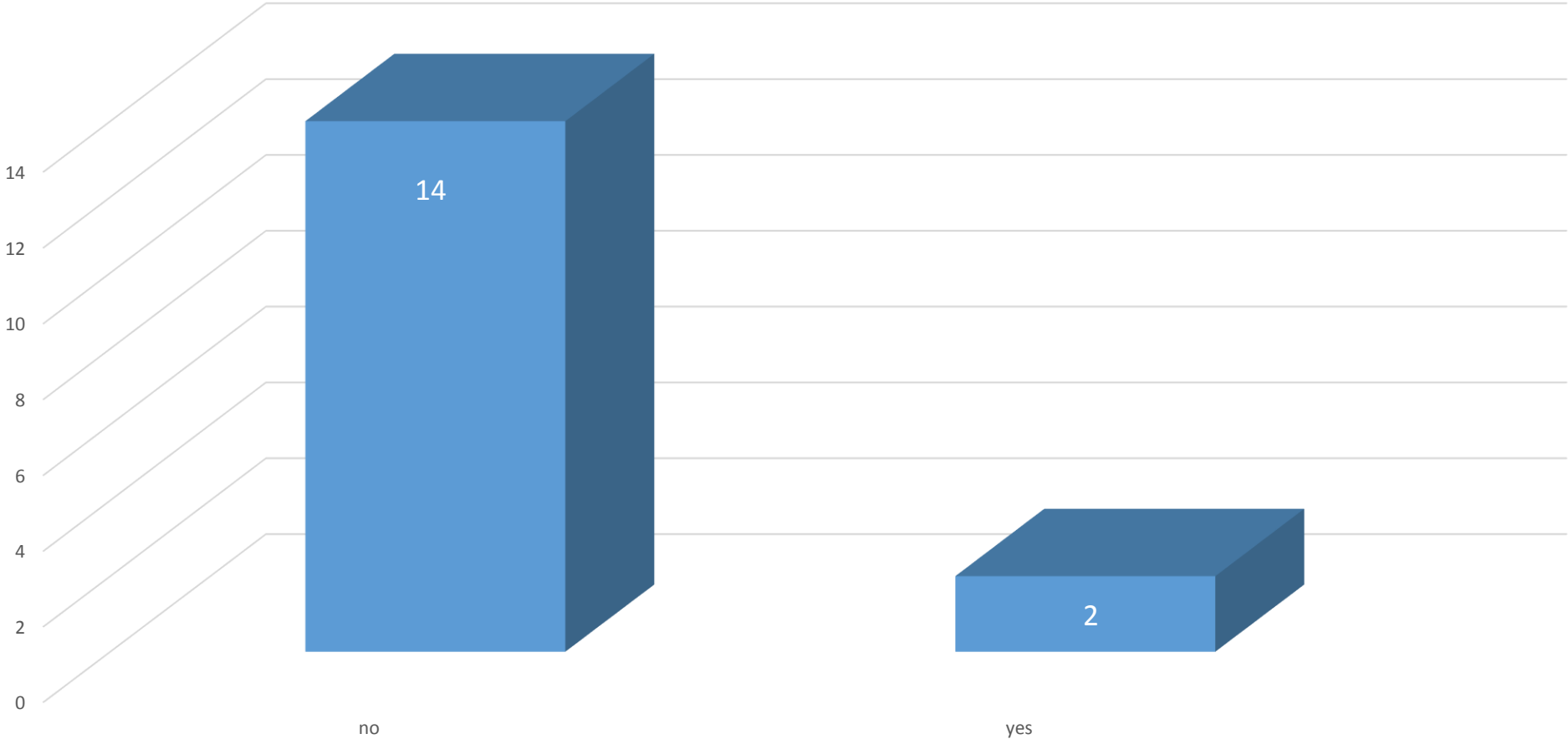
A close relationship with ESI Managing Authorities

- All 11NPBIs implementing FIs under shared management have been **directly appointed to perform this task by ESI managing authority** (not the winners of an open call for tender)
- 9 out of 11NPBIs are involved in the **preparation of Partnership Agreements/Operational Programmes** (either as member of committee or working group or through bilateral exchanges with national or regional authorities)

Overall satisfaction, but complains about complex regulations

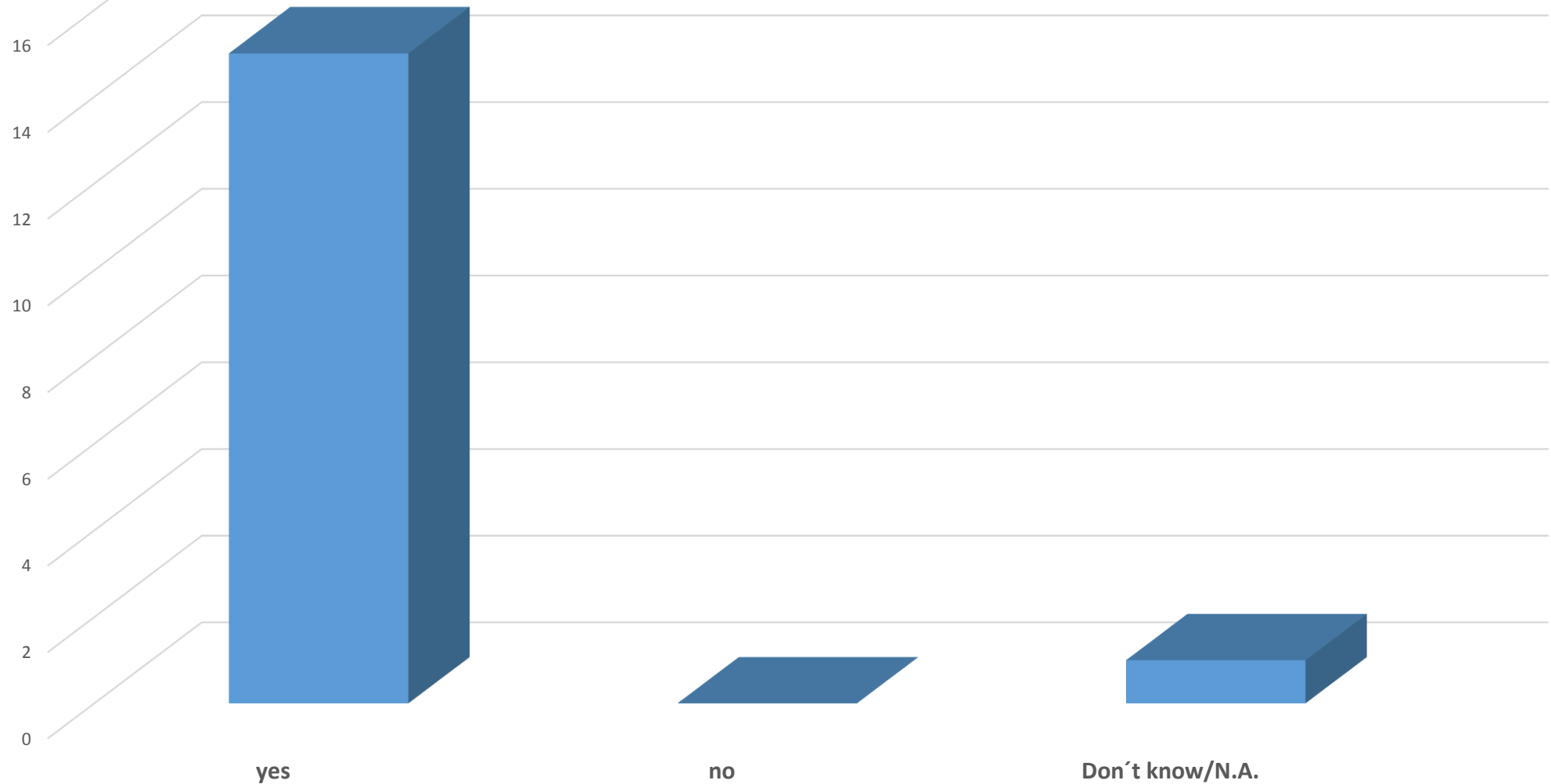
- 7 out of 11 NPBIs are « **very satisfied** » with their experience implementing Fis under shared management...
- .. but **practically all complain about complex regulations, extensive administrative burden** (particularly as regards to reporting and audit obligations) and **lack of legal certainty** concerning the application of public procurement and state aid rules

Low participation in operations combining EFSI and ESI funds

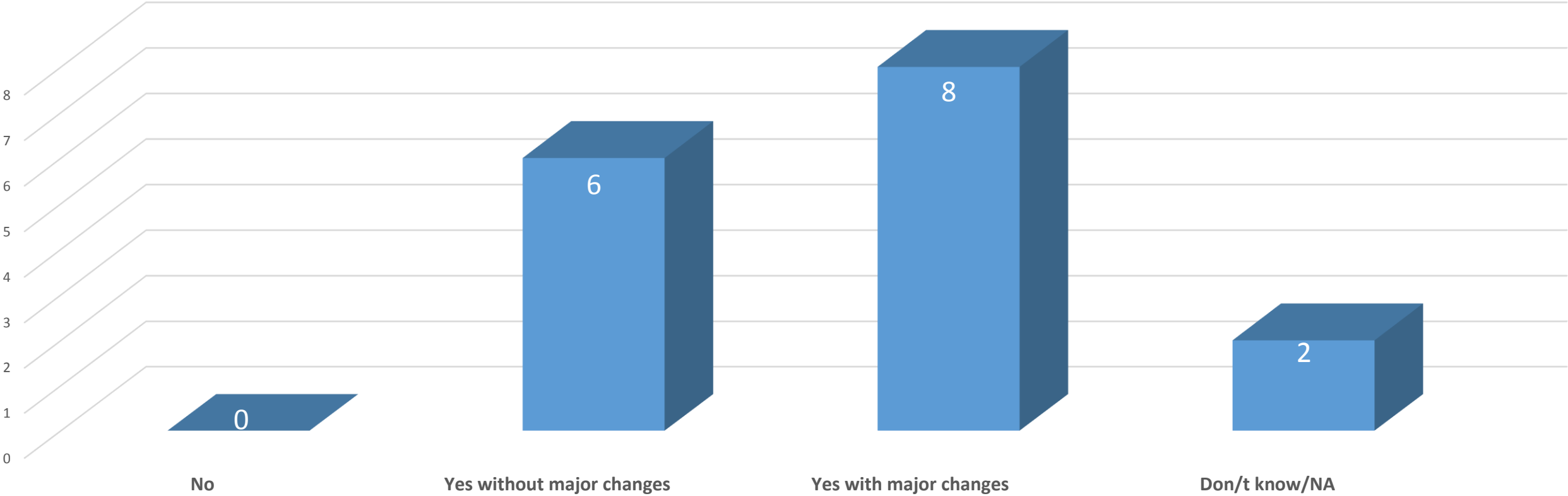


Regulatory obstacles and mixed opinions as regards to its benefits

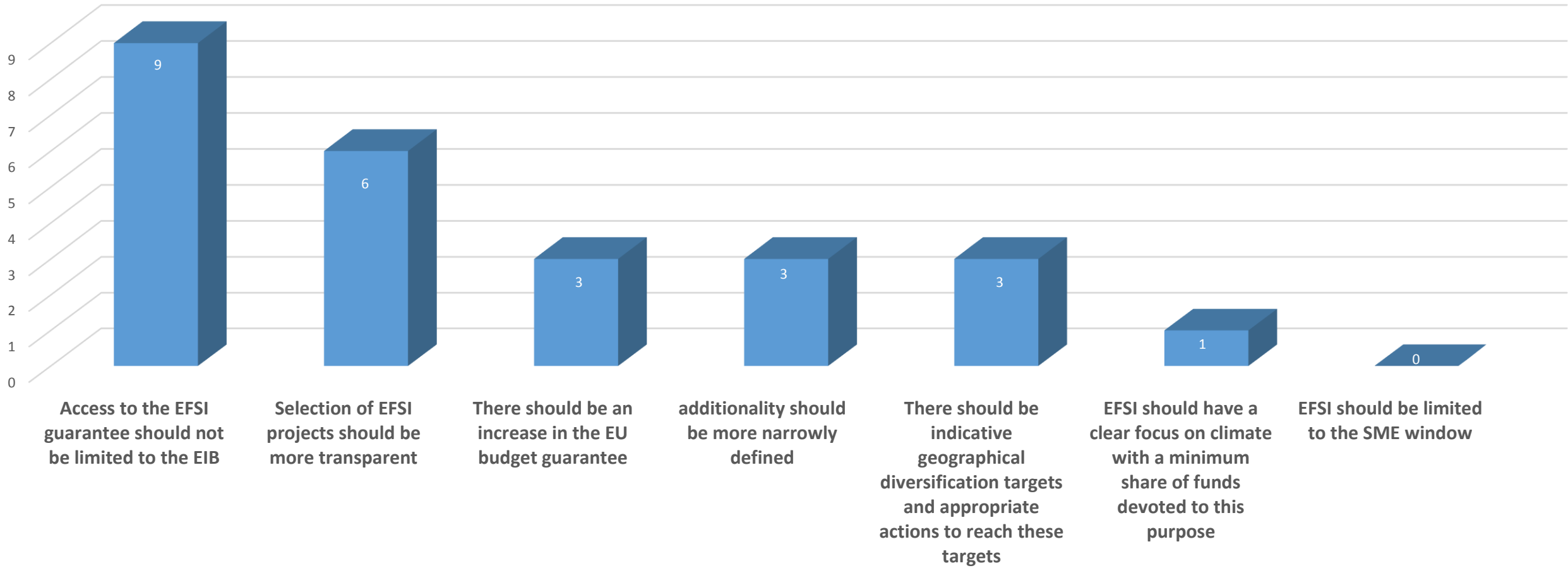
Do you think NPBIs should play a greater role in next MFF?



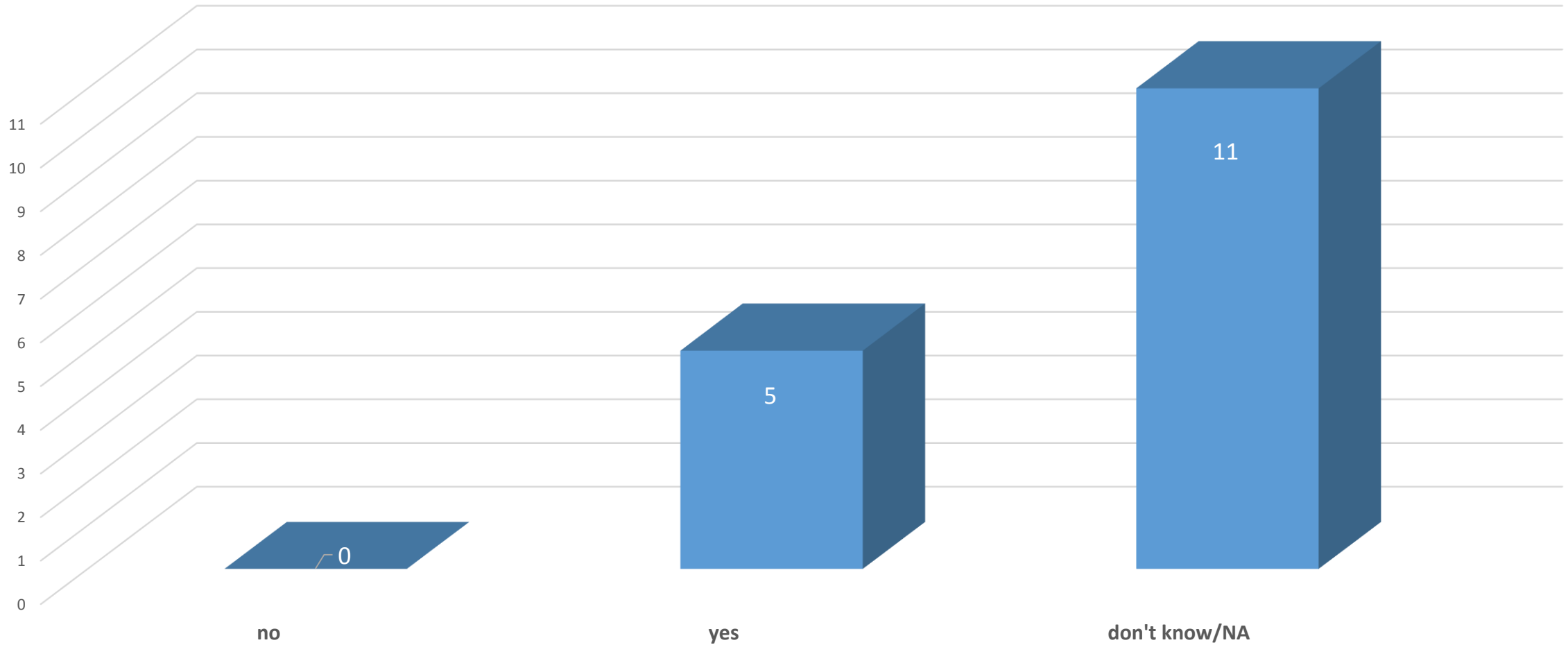
Should EFSI be maintained after 2020?



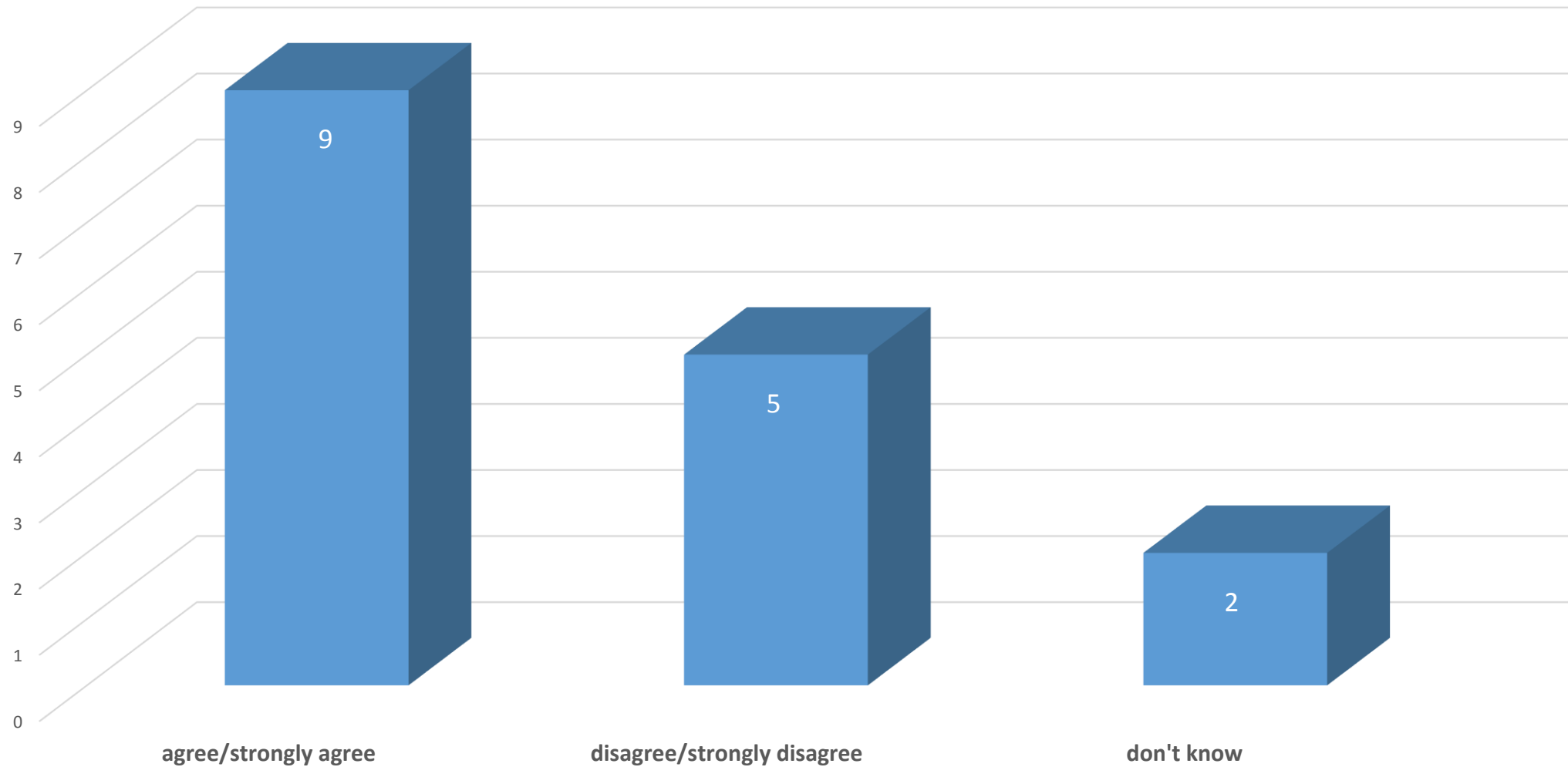
If EFSI is maintained with reforms, which type of reforms are needed?



Would you be interested in having direct access to EU funding instruments?



Do you agree/disagree on merging all existing Financial Instruments into a single EU financial instrument?



Invest EU Fund: the Member States' compartment

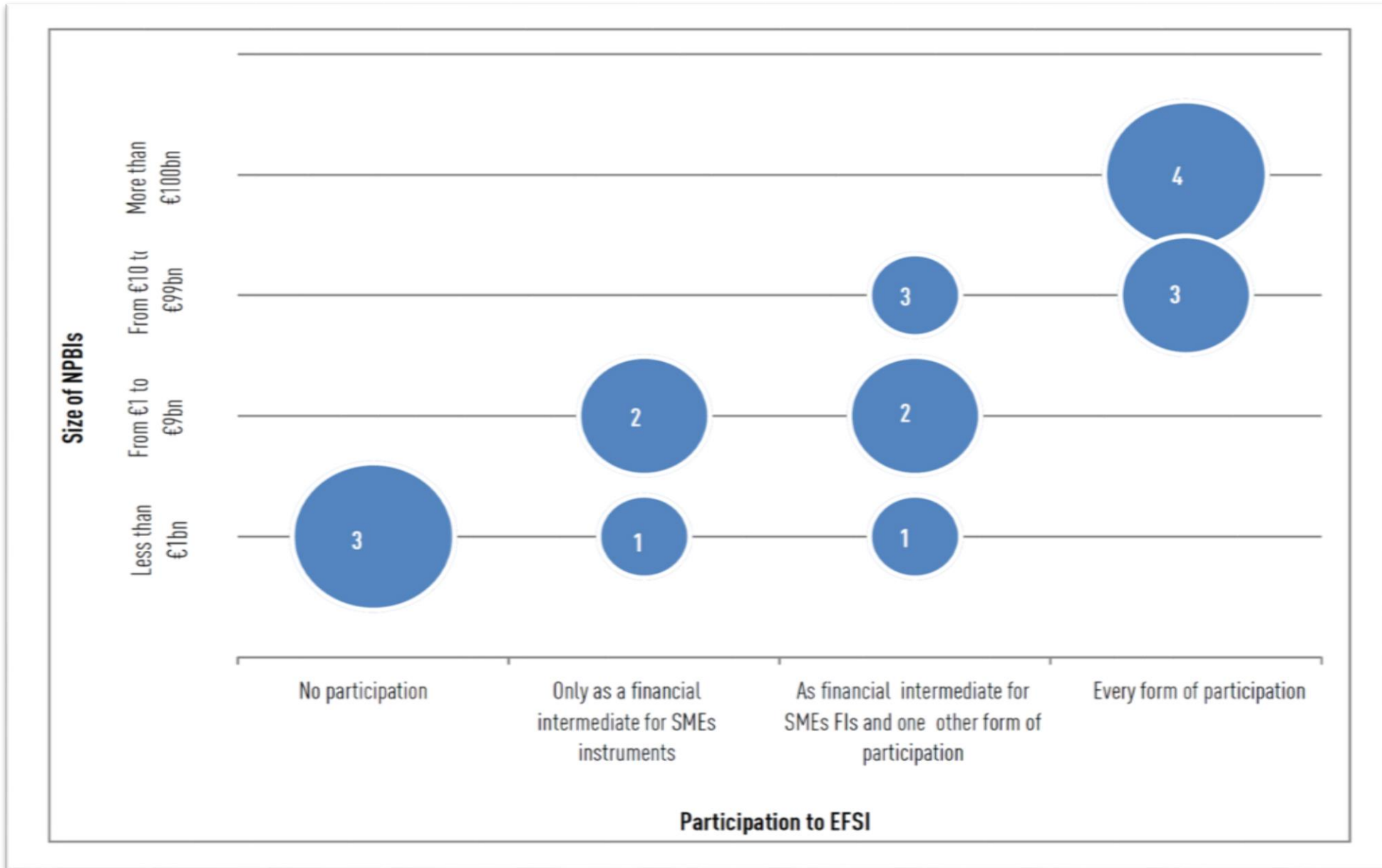
- **More incentives** to transfer part of national ESI envelope to EU-level instruments (no national co-financing, simplification of State Aid rules)
- ESI authorities will have **more say on how to use the transferred resources**
 - Based on a specific agreement with COM defining size, provisioning, contingent liability...
 - Possibility to appoint their own NPBIs to implement FIs covered by the EU guarantee

Thank you!

Eulalia Rubio
rubio@delorsinstitute.eu



Have you been involved in the implementation of EFSI?



- less than €1bn in total assets
- between €1bn and €9.9bn in total assets
- between €10bn and €99bn in total assets
- more than €100bn in total assets

NPBIs in Europe

