



Atlantic Arc Commission

The Juncker Plan: Context and opportunities for the Atlantic Arc Commission

(8 June 2015)

The European Fund for Strategic Investments (EFSI)

- I. **Reminder: The Atlantic Arc Commission position on the Juncker Plan:** cf. AAC Final Declaration “Bilbao 2015”: www.arcatlantique.org

Third message: « The Atlantic Arc Commission expects the Juncker Plan to fund large structuring projects in the Atlantic Regions. The Atlantic Arc Commission already has proposals to submit, in particular in the marine leisure, energy efficiency, maritime industries and marine renewable energies sectors. »

Unveiled on 26 November 2014, the Juncker investment plan hopes to generate between 330 and 410 billion euros in the real economy and create 1.3 million jobs over the next three years (2015-2017) to stimulate growth and reduce unemployment whilst encouraging investors to become more involved.

- Ok with the European Commission on the need to stimulate investment and create the right conditions for economic recovery.
- The plan must fund projects with European added value.
- The Juncker Plan must give priority to projects of European strategic importance → Atlantic Strategy Action Plan.
- **The regions have the legitimacy and experience to create the link between public and private sector investors in order to generate growth and create jobs** in their own territories.
- Need to be consistent with S3 Strategies // to establish an effective link between **investment and the high-potential economic sectors within their territories.**
- Cf. existing work : table of Atlantic-level projects identified by the regions (for the Atlantic Action Plan) + the analysis of the Maritime dimension by the S3 in the Atlantic Regions
- In order to voice these messages, the Atlantic Arc Commission has decided to set up a “Juncker Plan” Task Force

II. **Aim of the European Fund for Strategic Investments (EFSI):**

The **European Fund for Strategic Investments (EFSI)** aims to overcome the current market failure.

EFSI will:

- **Address market gaps** by taking on some of the risk, we can help increase promoters’ appetite to invest. The EIB will provide loans and will in turn be covered by the EU budget guarantee.
- **Mobilise private investment** and other relevant public funding. As there is abundant liquidity in the market, sound projects will be able to attract funding from private investors.

III. Focus:

EFSI will focus its financing on sectors of key importance where the EIB Group has proven expertise and capacity to deliver a positive impact on the European economy, including:

- **Strategic infrastructure** including digital, transport and energy in particular energy interconnections and urban development
- **Education, research and innovation**
- **Environmentally sustainable** projects, expansion of renewable energy and resource efficiency
- **Smaller businesses**

IV. Criteria for the Juncker Plan:

In particular, projects must address three key criteria:

1. Economic viability (ability to be profitable),
2. No additionally: the Juncker Plan does not aim at financing projects that would have happened anyway,
3. Coherence with the European Commission main priorities: Research and innovation, energy transition, digital infrastructure, training, etc.)

V. Agreement reached between the Council and the Parliament:

- After eight three-ways meetings, the Council and the Parliament reached a provisional agreement on the European Fund for Strategic Investment (EFSI), the guarantee scheme designed to back the EU investment plan last 28th May 2015.
- The Fund will have a public guarantee of € 21 billion (€16 billion from the EU budget and €5 billion from the EIB). According to the final agreement, Horizon 2020 will chip in with € 2.2 billion, CEF¹ will contribute €2.8 billion and €3 billion will come from the margins of the EU budget. At first, the Council wanted €6 billion to be taken from the EU programmes (H2020 and CEF), but the Parliament managed to reduce that amount to € 5 billion. The additional € 1 billion will be taken from the margins of 2014 EU budget (€543 million) and the 2015 budget (€ 457 million). Juncker said he will try to further reduce the contribution from Horizon 2020 which has been the main bone of contention between the European Parliament and the Council since the beginning of the talks.
- Regarding the selection process, the EIB will be responsible for choosing the projects to be supported by the EFSI. However, the Parliament obtained the right of scrutiny of the investment guidelines to be annexed to the new regulation. MEPs will also have their say in the appointment of the future leaders of the EFSI.
- National co-financing: No Member State will contribute directly to the EFSI, but they can commit finance from their national investment bank to co-finance projects selected for the Juncker Plan. Six member States have done so: Poland (€ 8 billion), Germany (€ 8 billion), Spain (€1.5 billion), France (€8 billion), Italy (€8 billion) and Luxembourg (€80 million). These contributions will be neutral under the stability and growth pact.
- Future: if the fund is successful, it will be possible to extend its life beyond the initially planned three years.

VI. Comments on National list of projects already submitted:

By the end of 2014, Member States sent a « list of projects » to the European Commission. However, this list was sent before the Juncker Plan details were known. This means that the vast majority of these “projects” cannot actually benefit from the Juncker plan. They were used as a “signaling effect” to show that liquidity was needed in the Member States.

VII. Indicative Timetable:

- The Ecofin Council is expected to ratify the agreement on **19 June** and Parliament’s plenary is scheduled to vote on **24 June**.
- EFSI will launch as soon as the legislative process for adoption of the EU Regulation is complete, currently expected by mid-2015 (**end of summer**).
- In the meantime the EIB will move ahead and use existing capital to start operations as soon as possible.
- The Commission expects the plan to start funding the first projects in **early autumn**.

¹ CEF: Connecting Europe Facility