EASPD

IMPROVING SERVICES
IMPROVING LIVES

EASPD IS THE **EUROPEAN ASSOCIATION OF SERVICE PROVIDERS FOR PERSONS WITH DISABILITIES** REPRESENTING SOCIAL SERVICE PROVIDER ORGANISATIONS ACROSS EUROPE AND ACROSS DISABILITY.

Amendments

Proposed Amendments to European Commission Proposal : European Fund for Strategic Investments 2.0

October 2016

I. EFSI for Social Services

The European Association of Service providers for Persons with Disabilities (EASPD) is a European not-for-profit organisation, representing over 12,000 social service provider organisations across Europe and disability. The main objective of EASPD is to promote equal opportunities for people with disabilities through effective and high-quality service systems.

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The European Commission proposed on 14th September 2016 a Regulation (COM(2016) 597 final) to extend the duration of the European Fund for Strategic Investments (EFSI), as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub.

The European co-legislators – both the European Parliament and the Council- are currently assessing the proposal. In light of this, **EASPD wishes to propose certain improvements to the European Commission's proposal which may help to unlock the EFSI for the social services sector**.

The Social Services sector is defined as "care and support services for older people, people with disabilities and children, as well as services to reach excluded and disadvantaged groups". In other words, it is the sector which aims at protecting and empowering millions of the most vulnerable and disadvantaged people and families in Europe. The sector directly employs over **10 million staff** in Europe, with over **1.7 million new jobs** having been created since 2008; also making it **one of the biggest job creating sectors in Europe**.

With an ageing population, evolving family patterns and changes to how services should be provided, **the sector will continue to grow** over the next few decades; with –**if properly financed and monitored**- millions of new jobs to be created and a more inclusive economy as a result.

There is **significant need for investment in Social Services**. This can be explained by the diminishing public expenditure into the sector, alongside very weak investment from private investors. Given the

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rising demand for services, this has placed significant pressure on social services to provide high quality services for the most disadvantaged and decent jobs for professionals in the sector.

It is clear that EFSI should not be seen as the solution to all problems, especially given the **unique role public investment** brings towards ensuring the continuity and sustainability of high quality social services. EFSI could be a useful tool for social service providers seeking better conditions for private sector investment into certain specific projects aiming to improve or build community-based social infrastructure and projects in the field of innovation and human capital development. In the future, and already on paper today, it may also be possible to use both EFSI and European Structural and Investment Funds to develop innovative projects and help scale them up.

After one year implementation, the EIB claims that social infrastructure accounts for 4% of EFSI expenditure. According to research made by EASPD, this percentage primarily includes investment into hospitals and social housing projects, with **little evidence of sufficient investment into social services.**

To change this**, EASPD has published a study** looking at how the social services sector could access EFSI; as well as a list of current barriers and possible solutions or improvements.

Contributing to the development of high quality social services will help to improve the quality of life for many over **95 million older people, 80 million persons with disabilities and 120 million people living in poverty in Europe**, as well as their families and social networks. This would lead to long-term benefits for the economy and society as a whole.

EASPD recommends the co-legislators to propose improvements to the Commission's proposal to ensure that the EFSI is an effective tool for supporting investment into social services.

EASPD proposals focus on three main areas, all of which are developed further in the proposed amendments below:

- **CAPACITY BUILDING**. Significantly strengthen access to technical assistance from the EIB, in particular at a regional/national level, with sector-specific experts able to support the development of project applications by organisations from sectors with often –but not always- less technical expertise on access to private financing.
- **TARGETING**. Whilst EFSI instruments to not de facto exclude social services, neither do they particularly promote/support investment into the sector with often very rigid criteria more open for more general types of entreprises. Sectoral investment platforms at regional/national level, supported by umbrella networks at European level, can support the development of projects from a broader variety of sectors, with sometimes different needs to more general forms of entreprises
- **EARMARKING**. With over 95 million older people and growing, 80 million persons with disabilities and growing, 120 million people living in poverty, and millions of children and family excluded due to difficulties in accessing childcare, the European Union should be at the forefront of ensuring and improving the quality of life of these people. Ensuring that EFSI contributes significantly to economic and social cohesion in Europe should be a priority. The very limited extent of investment into social infrastructure (healthcare, education, social housing) and social services should therefore also be seen as a key concern. Given the proposal to earmark 40% of EFSI financing for infrastructure and innovation window for projects in line with COP21 commitments, EASPD

proposes to also earmark 20% for projects that actively contribute to tackling poverty and social inclusion and modernising social infrastructure in Europe.

Amendments to the European Commission proposal for EFSI 2.0 can be found in red below, followed by a short justification.

II. Proposed Amendments to Proposal for EFSI 2.0

2016/0276 (COD)

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

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 172 and 173, the third paragraph of Article 175 and Article 182(1) thereof,

Having regard to the proposal from the European Commission,

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

Having regard to the opinion of the European Economic and Social Committee,

Having regard to the opinion of the Committee of the Regions,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) Since the Investment Plan for Europe was presented in November 2014[1], the conditions for an uptake in investment have improved and confidence in Europe's economy and growth are returning. The Union is now in its fourth year of moderate recovery, with Gross Domestic Product growing at 2% in 2015. The comprehensive efforts initiated with the Investment Plan are already delivering concrete results, despite the fact that macroeconomic effects of larger investment projects cannot be immediate. Investment is expected to pick up gradually throughout 2016 and 2017 although it remains below historical levels.

[1] COM(2014) 903 final.

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(2) That positive momentum should be maintained and efforts need to be continued to bring investment back to its long-term sustainable trend. The mechanisms of the Investment Plan work and should be reinforced to continue the mobilisation of private investments in sectors important to Europe's future and where market failures or sub-optimal investment situations remain.

(3) On 1 June 2016 the Commission issued a Communication entitled 'Europe investing again – Taking stock of the Investment Plan for Europe and next steps' outlining the achievements of the Investment Plan so far and the envisaged next steps, including the extension of the European Fund for Strategic Investments (EFSI) beyond its initial three-year period, the scaling-up of the Small and Medium-sized Enterprises (SME) Window within the existing framework and the enhancement of the European Investment Advisory Hub (EIAH).

(4) The EFSI, implemented and co-sponsored by the EIB Group, is firmly on track to deliver the objective of mobilising at least EUR 315 billion in additional investments in the real economy by mid-2018. The market absorption has been particularly quick under the SME Window where the EFSI is delivering well beyond expectations. In July 2016 the SME Window was thus scaled-up by EUR 500 million within the existing parameters of Regulation (EU) No 2015/1017. A larger share of financing to be geared towards SMEs given the exceptional market demand for SME financing under the EFSI: 40% of the increased risk bearing capacity of the EFSI should be geared towards increasing access to financing for SMEs.

(5) On 28 June 2016, the European Council concluded that "The Investment Plan for Europe, in particular the European Fund for Strategic Investments (EFSI), has already delivered concrete results and is a major step to help mobilise private investment while making smart use of scarce budgetary resources. The Commission intends to soon put forward proposals on the future of the EFSI, which should be examined as a matter of urgency by the European Parliament and the Council."

(6) The EFSI was established for an initial period of three years and with the aim of mobilising at least EUR 315 billion in investments. Given its success, the Commission is committed to the doubling of the EFSI, both in terms of duration and financial capacity. The legal extension covers the period of the current Multiannual Financial Framework and should provide a total of at least half a trillion euro investments by 2020. In order to enhance the firepower of the EFSI even further and reach the aim of doubling the investment target, Member States should also contribute as a matter of priority.

(7) For the period after 2020, the Commission intends to put forward the necessary proposals to ensure that strategic investment will continue at a sustainable level.

(8) 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 motorways should be avoided, unless it is needed to support

private investment in transport in cohesion countries or in cross-border transport projects involving at least one cohesion country. 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. Given the very high rates of poverty and social exclusion in Europe, the operations supported by the EFSI to tackling this issue should be re-inforced. Although the EFSI has already contributed to job creation and economic recovery in Europe, given the significant need for investment into social infrastructure, projects in the fields of social services, healthcare services, education and social housing come within the general objectives eligible for EFSI support.

EASPD JUSTIFICATION 1: Since the onset of the economic crisis, poverty and social exclusion has grown in Europe to over 120 million people; leading to higher demand for social services. Furthermore, demand has also increased due to an ageing population requiring quality care services, changing family patterns requiring increased provision of childcare services and the transition to community-based services. These trends are expected to continue over the next few decades. A failure to provide people in Europe with high quality social services would lead to further poverty and social exclusion, inequalities, and unemployment; with a consequent impact on the European economy and quality of life.

Investing into social services will help to strengthen the backbone of society, supporting each person to have a decent quality of life. Yet only too often are Social Services unable to gain access to loans from private investors due to a perceived high risk as highlighted in EASPD's study. The EFSI could support investment into projects such as building quality community-based housing infrastructure, training of staff, building accessible and inclusive schools built on universal design principles, integrated services infrastructure in the community, testing innovative developments and many others.

Investing in social investment and human capital development should be a priority to support economic recovery and tackle poverty and social exclusion in Europe.

(9) Additionality, a key feature of the EFSI, should be strengthened in the selection of projects. In particular, operations should only be eligible for EFSI support if they address clearly identified market failures or sub-optimal investment situations. Operations in infrastructure under the Infrastructure and Innovation Window linking two or more Member States, including e-infrastructure, should be considered additional given their inherent difficulty and their high added value for the Union.

(10) Due to their potential to increase the efficiency of the EFSI intervention, blending operations combining non-reimbursable forms of support and/or financial instruments from the Union budget, such as those available under the Connecting Europe Facility, and financing from EIB Group, including EIB financing under the EFSI, as well as other investors should be encouraged. Blending aims to enhance the value added of Union spending by attracting additional resources from private investors and to ensure the actions supported become economically and financially viable.

(11) In order to reinforce the take-up of the EFSI in less-developed and transition regions, the scope of the general objectives eligible for EFSI support should be enlarged.

(12) For the full investment period, the Union should provide a Union guarantee (the 'EU guarantee') which should not, at any time, exceed EUR 26 000 000 000 in order to enable the EFSI to support investments, of which a maximum of EUR 16 000 000 000 should be available prior to 6 July 2018.

(13) It is expected that when the EU guarantee is combined with the EUR 7 500 000 000 to be provided by the EIB, the EFSI support should generate EUR 100 000 000 000 additional investment by the EIB and EIF. The amount of EUR 100 000 000 000 supported by the EFSI is expected to generate at least EUR 500 000 000 000 of additional investment in the real economy by the end of 2020.

(14) 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[2]. Moreover, EUR 1 145 797 000 of appropriations should be transferred from the CEF financial instruments to the grant 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.

(15) 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 35 % of the total EU guarantee obligations ensuring an adequate level of protection.

(16) In line with the exceptional market demand for SME financing under the EFSI which is expected to continue, the EFSI SME Window should be enhanced. Particular attention should be paid to social enterprises and social services, including through the development and deployment of new instruments adequate for the sectors' needs and specificities.

EASPD JUSTIFICATION 2. The European Investment Bank has an understanding of social entreprises which differs to the European Union understanding and would consequently lead to the exclusion of social services; one of the biggest job creating sectors in Europe. Additionally, although there are often strong similarities between Social Entreprises and Social Services (even an overlap in some countries), legal frameworks and financial needs differ. Mechanisms developed by the EIB to support social entreprises –mostly based on equity funding- would not be adequate nor beneficial to the majority of social services; where a loans-based system geared to the sectors needs would be far more effective in taking advantage of the sector's significant growth potential and its impact on the social inclusion of millions in Europe. It is also important to note that a loans-based system would only be effective for specific projects in social services and that public funding should continue to remain the biggest source of funding to ensure both sustainability and continuity of the public service provided; through a well-trained and paid workforce.

[2] 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.

(17) The EIB and the EIF should ensure that the final beneficiaries, including SMEs, are informed of the existence of EFSI support, so as to enhance the visibility of the EU guarantee granted under Regulation (EU) 2015/1017.

(18) With a view to enhancing the transparency of EFSI operations, the Investment Committee should explain in its decisions, which are made public and accessible, the reasons why it deems that an operation should be granted the EU guarantee, with particular focus on compliance with the additionality criterion. The scoreboard of indicators should be made public once an operation under the EU guarantee is signed.

(19) The operations supported by the EFSI should adhere to the Union's principles of tax good governance and its social acquis.

EASPD JUSTIFICATION 3: The EU Social Acquis are an important part of what makes up the social market economy in Europe and must be taken into account in all European legislation, in particular when it comes to the financing of projects. The European Commission launched on 3rd March 2016 a Staffing Working Document on the EU social acquis.

(20) In addition, it is appropriate to make certain technical clarifications in relation to the contents of the agreement on the management of the EFSI and on granting of the EU guarantee and on the instruments covered by it, including coverage for currency exchange rate risk in certain situations. The agreement with the EIB on the management of the EFSI and on the granting of the EU guarantee should be adapted in line with this Regulation.

(21) The European Investment Advisory Hub (EIAH) should be enhanced and its activities should focus on needs not covered adequately under current arrangements. It should pay particular attention to supporting the preparation of projects involving two or more Member States and projects that contribute to achieving the objectives of COP21 and the Europe 2020 strategy, including tackling poverty and social exclusion. Notwithstanding its objective to build upon existing advisory services of the EIB and the Commission, so to act as a single technical advisory hub for project financing within the Union, the EIAH should also contribute actively to the objective of sectorial and geographical diversification of the EFSI and support the EIB where needed in originating projects. It should also actively contribute to the establishment of investment platforms, including sectorial ones, and provide advice on the combination of other sources of Union funding with the EFSI.

EASPD JUSTIFICATION 4: This reiterates what is said in previous amendments on the importance of EFSI contributing more to tackling poverty and social exclusion in Europe.

The EASPD Study on Unlocking the EFSI for social services clearly demonstrated that the language gap between the EFSI mechanism and the needs and specificities of the social services was one of the biggest barriers. Developing sector specific investment platforms at national/regional level, involving relevant stakeholders, could help to unlock the EFSI for sectors which have had little take-up since now.

(22) Regulation (EU) No 1316/2013 and Regulation (EU) No 2015/1017 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EU) No 2015/1017 is amended as follows:

(1) Article 4(2) is amended as follows:

(a) in point (a), point (ii) is replaced by the following:

'(ii) the amount, of no less than EUR 7 500 000 000 in guarantees or cash, and the terms of the financial contribution which is to be provided by the EIB through the EFSI;';

(b) in point (c), point (i) is replaced by the following:

'(i) in accordance with Article 11, detailed rules on the provision of the EU guarantee, including its arrangements on coverage, its defined coverage of portfolios of specific types of instruments and the respective events triggering possible calls on the EU guarantee;';

(2) in Article 5(1) the third subparagraph is replaced by the following:

'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.

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.

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.';

(3) In Article 6(1), the introductory words are replaced by the following:

'The EFSI Agreement shall provide that the EFSI is to support projects which address market failures or sub-optimal investment situations and which:';

(4) Article 7 is amended as follows:

(a) Paragraph 8 is amended as follows:

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The Composition of the Investment Committee shall be gender-balanced. The Steering Board shall strive to select experts having experience in investment in one or more of the following fields

(i) point (e) is replaced by the following:

'(e) climate action, environmental protection and management;';

(ii) The following point (l) is added:

'(l) agriculture, fishery and aquaculture.';

(iii) point (k) is replaced by the following:

'(k) social infrastructures, social services and the social and solidarity economy'

EASPD JUSTIFICATION 5: As explained above, based on EIB available documents, research shows that current investment in social infrastructure made through EFSI has been low and primarily on Hospitals, Universities and Social Housing projects. There is little evidence of investment in social services despite the important investment needs. This dimension should therefore be re-enforced and highlighted in the text.

(b) in paragraph 10, the second sentence is replaced by the following:

'Each member of the Investment Committee shall communicate without delay to the Steering Board, the Managing Director and the Deputy Managing Director all information needed to check on an ongoing basis the absence of any conflict of interest.';

(c) in paragraph 11, the following sentence is added:

'The Managing Director shall be responsible for informing the Steering Board of any such breach that comes to his knowledge and propose appropriate action.';

(d) in paragraph 12, the second sentence of the second subparagraph is replaced by the following:

'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. The publication shall not contain commercially sensitive information. In reaching its decision, the Investment Committee shall be supported by the documentation provided by the EIB.';

(5) Article 9 is amended as follows:

(iii) point (g)(v) is replaced by the following:

(v) quality social infrastructures, social services and social and solidarity economy

EASPD JUSTIFICATION 6: Same as above in Justification 5.

(a) in paragraph 2 the following points (h) and (i) are added:

'(h) agriculture, fishery and aquaculture;

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(i) for less-developed regions and transition regions as listed respectively in Annex I and Annex II of Commission Implementing Decision 2014/99/EU[3], other industry and services eligible for EIB support.';

(b) in paragraph 2, the following subparagraph is added:

'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 EIB shall target that at least 20% of all EFSI financing supports projects contributing directly to tackling poverty and social exclusion. The Steering Board shall provide detailed guidance to that end.';

EASPD JUSTIFICATION 7: Earmarking 20% of all EFSI projects for social inclusion-related projects is extremely reasonable given the important social and demographic challenges we have and will continue to encounter in the next few decades. Investing to modernise Europe's social infrastructure will bring benefits which are key for economic performance, social inclusion, productivity and human development:

- Increased Employment rates, including for disadvantaged groups
- Better quality of life for all
- Improvements in social and human capital, increasing productivity
- Developing care and support services crucial for social inclusion

Modernising and improving social services, schools, hospitals, healthcare services, social housing, affordable housing are all important investments which since the onset of the crisis have not been sufficiently met by both public and private investment.

Whilst EFSI is based on demand-led project applications, there has clearly been a lack of desirable emphasis within the mechanism for social investments; many reasons for which can be found in EASPD's study. A lack of earmarking for certain themes has clearly not worked out, as is recognised by the European Commission's proposal to earmark 40% of EFSI's Infrastructure Window for COP21 projects demonstrates. Ensuring more focus on social investment within EFSI through specific earmarking would help to deliver long-lasting outcomes and added value in public services, local communities and the empowerment of individuals.

There are several examples of such a focus available on a global scale:

- Plan Melbourne, Australia
- New Zealand Social Infrastructure Fund
- Expanding the Geographic Reach of Community Investment, USA

[3] Commission Implementing Decision No 2014/99/EU of 18 February 2014 setting out the list of regions eligible for funding from the European Regional Development Fund and the European Social Fund and of Member States eligible for funding from the Cohesion Fund for the period 2014-2020, OJ L 50, 20.2.2014, p. 22.

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(c) paragraph 3 is replaced by the following:

'3. The investment period during which the EU guarantee may be granted for supporting financing and investment operations covered by this Regulation shall last until:

(a) 31 December 2020, for EIB operations for which a contract between the EIB and the beneficiary or financial intermediary has been signed by 31 December 2022;

(b) 31 December 2020, for EIF operations for which a contract between the EIF and the financial intermediary has been signed by 31 December 2022.';

(d) paragraph 4 is deleted.;

(6) in Article 10(2), point (a) is replaced by the following:

'(a) EIB loans, guarantees, counter-guarantees, capital market instruments, any other form of funding or credit enhancement instrument, including subordinated debt, equity or quasi-equity participations, including in favour of national promotional banks or institutions, investment platforms or funds;';

(7) Article 11 is amended as follows:

(a) paragraph 1 is replaced by the following:

'1. The EU guarantee shall not, at any time, exceed EUR 26 000 000 000, of which a part may be allocated for EIB funding or guarantees to the EIF in accordance with paragraph 3. Aggregate net payments from the general budget of the Union under the EU guarantee shall not exceed EUR 26 000 000 000 and not exceed EUR 16 000 000 000 prior to 6 July 2018.';

(b) paragraph 3 is replaced by the following:

'3. Where the EIB provides funding or guarantees to the EIF in order to conduct EIB financing and investment operations, the EU guarantee shall provide for a full guarantee on such funding or guarantees provided that an amount of at least EUR 4 000 000 000 of funding or guarantees is provided by the EIB without coverage by the EU guarantee, up to an initial limit of EUR 6 500 000 000. Without prejudice to paragraph 1, that limit may where appropriate be adjusted by the Steering Board.

(c) in paragraph 6, points (a) and (b) are replaced by the following:

'(a) for debt instruments referred to in Article 10(2)(a), the principal and all interest and amounts due to the EIB but not received by it in accordance with the terms of the financing operations until the event of default; losses arising from fluctuations of currencies other than the euro in markets where possibilities for long-term hedging are limited; for subordinated debt a deferral, reduction or required exit shall be considered to be an event of default;

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(b) for equity or quasi-equity investments referred to in Article 10(2)(a), the amounts invested and their associated funding cost and losses arising from fluctuations of currencies other than the euro;';

(8) Article 12 is amended as follows:

(a) paragraph 5 is replaced by the following:

'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 35 % of the total EU guarantee obligations.';

(b) paragraph 7 is replaced by the following:

'7. From 1 July 2018, if as a result of calls on the EU guarantee, the level of the guarantee fund falls below 50 % of the target amount, or it may fall below that level within a year according to a risk assessment by the Commission, the Commission shall submit a report on exceptional measures that may be required.';

(c) paragraphs 8, 9 and 10 are replaced by the following:

'8. After a call on the EU guarantee, endowments to the guarantee fund provided for in points (b) and (d) of paragraph 2 above the target amount shall be used within the limits of the investment period provided for in Article 9 to restore the EU guarantee up to its full amount.

9. Endowments to the guarantee fund provided for in point (c) of paragraph (2) shall be used to restore the EU guarantee up to its full amount.

10. In the event that the EU guarantee is fully restored up to an amount of EUR 26 000 000 000, any amount in the guarantee fund in excess of the target amount shall be paid to the general budget of the Union as internal assigned revenue in accordance with Article 21(4) of Regulation (EU, Euratom) No 966/2012 for any budget lines which may have been used as a source of redeployment to the guarantee fund.';

(9) Article 14 is amended as follows:

(a) Paragraph 1 is amended as follows:

(i) in the first subparagraph, the second and third sentence is replaced by the following:

'Such support shall include providing targeted support on the use of technical assistance for project structuring, on the use of innovative financial instruments and on the use of public-private partnerships, taking into account the specificities and needs of Member States with less-developed financial markets and different sectors.

The EIAH shall be able to provide technical assistance in the areas listed in Article 9(2), in particular energy efficiency, TEN-T~~and~~, urban mobility and social infrastructure.

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(ii) in the second subparagraph, the following sentence is added:

'It shall also support the preparation of climate action and circular economy projects or components thereof, in particular in the context of COP21, in the development of projects tackling poverty and social exclusion, the preparation of projects in the digital sector, as well as the preparation of projects referred to in the fifth subparagraph of Article 5(1).';

(b) paragraph 2 is amended as follows:

(i) point (c) is replaced by the following:

'(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;';

(ii) point (e) is replaced by the following:

'(e) providing pro-active support on the establishment of investment platforms, including sectoral investment platforms;';

(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.';

(c) paragraph 4 should add the following sentence:

'4. EIAH services provided to sectors with less take-up in EFSI than planned should also be free of charge.

(d) 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.';

(e) in paragraph 6, the second sentence is replaced by the following:

'Cooperation between, on the one hand, the EIAH and, on the other hand, a national promotional bank or institution, an international financing institution or an institution or a managing authority, including those acting as a national advisor, having expertise relevant for the purposes of the EIAH, may take the form of a contractual partnership.';

(f) Paragraph 7 is replaced by the following:

'The Union shall contribute to a maximum of EUR ~~20~~ 50 000 000 per annum towards covering the costs of EIAH operations until 31 December 2020 for the services provided by the EIAH under paragraph 2 which are in addition to those

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already available under UNION programmes, insofar as these costs are not covered by the remaining amount from fees referred to in paragraph 4

EASPD JUSTIFICATION 8: As demonstrated in EASPD's study: one of the biggest challenges to social investment through the EFSI is cases where the technical knowledge to apply for such financing is not available. Developing technical assistance for sector's with often less experience in such mechanisms is a must if the EFSI is to be used for social investment. This should be made available with national or regional contact points, rather than centralised in the EIB, to be better aware of national or regional contexts or challenges and, possibly, sector specifics. Additionally, sector specific investment platforms should be created at national level to ensure that the language and focused used is relevant for sector's with particular specificities, including for instance social services.

Increasing the budget available for the EIAH significantly would be a clear sign that the EFSI intends to reach all sectors, including those currently most excluded from the EFSI.

(10) Article 16 is amended as follows:

a. Paragraph 2.(c) is replaced by the following:

(b) an assessment of the extent to which operations covered by this Regulation contribute to the achievement of the general objectives set out in Article 9(2) including an assessment of the level of EFSI investments in the areas of research, development and innovation and transport (including TEN-T and urban mobility), telecommunications, energy infrastructure, energy efficiency and social infrastructure, social services and social and solidarity economy.

EASPD JUSTIFICATION 9: See justification 5

(11) Article 18 is amended as follows:

(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 and the Council a report containing an independent evaluation of the application of this Regulation.';

(b) paragraphs 7 and 8 are deleted.;

(12) in Article 19, the following paragraph is added:

'The EIB and EIF shall inform or shall and oblige financial intermediaries to inform the final beneficiaries, including SMEs, of the existence of EFSI support.';

This position paper has been produced with the financial support of the European Union Programme for Employment and Social Innovation "EaSI" (2014-2020). The information contained in this publication does not necessarily reflect the official position of the European Commission.

(13) Article 22(1) is replaced by the following:

'1. In their financing and investment operations covered by this Regulation, the EIB, the EIF and all financial intermediaries shall not support any activities carried out for illegal purposes, including money laundering, terrorist financing, organised crime, tax fraud and tax evasion, corruption, and fraud affecting the financial interests of the Union.

In particular the EIB and the EIF shall not participate in any financing or investment operation through a vehicle located in a jurisdiction that does not co-operate with the Union in relation to the application of the internationally agreed tax standards on transparency and exchange of information.

In their financing and investment operations covered by this Regulation, the EIB and the EIF shall not make use of or engage in tax avoidance structures, in particular aggressive tax planning schemes, or practices not complying with EU tax good governance principles, as set out in the Union legislation, including Commission recommendations and communications.

The Commission shall provide detailed guidance, where needed.';

(14) in Article 23(2), the first and second sentences of the first subparagraph are replaced by the following

'The power to adopt delegated acts referred to in Article 7(13) and (14) shall be conferred on the Commission for a period of five years from 4 July 2015. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period.';

(15) Annex II is amended as set out in the Annex to this Regulation.

Article 2

Regulation (EU) No 1316/2013 is amended as follows:

(1) in Article 5, paragraph 1 is replaced by the following:

‘1. The financial envelope for the implementation of the CEF for the period 2014 to 2020 is set at EUR 29 992 259 000 in current prices. That amount shall be distributed as follows:

(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 this Regulation exclusively in Member States eligible for funding from the Cohesion Fund;

(b) telecommunications sector: EUR 1 091 602 000;

(c) energy sector: EUR 5 005 075 000.

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

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(*) 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).'.

Article 3

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

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

Done at Brussels,

For the European Parliament
The President

For the Council
The President

III. Relevant Information

- EASPD Study: Unlocking EFSI for Social Services (2015)
- EASPD Briefing: State of Play of EFSI and Social Services (July 2016)
- EASPD Press Release: Time for the EU Investment Plan to do more for social services (September 2016) & New Europe Article (October 2016)
- European Commission: Social Investment Package (2013)

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