



EUROPEAN COMMISSION

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Dear President,

The Commission would like to thank the Bundesrat for its Opinion on the Proposal for a Regulation on the European Fund for Strategic Investments (EFSI) and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 {COM(2015) 10 final}.

Before providing a more detailed reply to the issues raised in the Opinion, the Commission notes that many matters have been already addressed in the Commission's recent reply to the Bundesrat's Opinion on the Communication of 26 November 2014 "An Investment Plan for Europe" (COM(2014) 903 final). Notably, this concerns the Commission's view that the success of the initiative depends on a rapid absorption of the resources and a selection of projects compatible with market considerations implying a strict minimum of potentially conflicting policy considerations. The reply also explained the rationale underlying the Commission's proposal to reallocate part of the appropriations for Horizon2020 budget lines to the EFSI guarantee fund. To reiterate, the private co-financing of projects that profit from an EFSI guarantee will ensure that the funds invested in research and innovation are expected to be higher than under the current grant-based approach. Finally, the Commission also underlined its firm intention to ensure high-quality project selection for the purpose of this initiative and it clarified that the inclusion of projects in the proposed European investment pipeline bear no direct link to potential financial support.

The Commission would like to again express its gratitude to the Bundesrat for its interest in the initiative and the support granted to it. Moreover, the Commission took note of the additional issues raised in the Opinion and would like to address them in what follows.

Regarding the envisaged possibility for the EFSI via the European Investment Bank (EIB) to support investment platforms, it must be stressed that the Commission does not intend these platforms to provide a way to circumvent the usual project selection process and eligibility criteria. EFSI support to an investment platform would require a positive decision of the independent investment committee, just as individual projects. The benefit of such structure lies in the economies of scale that the aggregation of several (probably small) projects would provide.

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The Commission takes note of the Bundesrat's concerns regarding the possible expenses of EUR 158 million until 2020 (110 million of which for the European Investment Advisory Hub, EIAH, and 48 million of which for fees of the European Investment Fund, EIF). It would like to stress that the figures indicated for the EIAH represent ceilings not targets. The actual expenses may well be significantly lower. The EIF, as the European institution for small and medium enterprises (SME) support, does not charge its beneficiaries for the administrative expenses it incurs. Therefore, they will be attributed to the EIB, even when the Bank reinforces the EIF on behalf of the EFSI. Where this is the case, the Commission considers it justified that the EIB will be reimbursed by the Union.

With respect to the EFSI's envisaged governance, the Commission would like to emphasise that projects should be selected exclusively by the fully independent experts in the Investment Committee. The Steering Board's role would be limited to determining the guidelines applicable to the EFSI's operations, in line with the requirements of the legislative act.

The Commission takes note of the Bundesrat's objections to the proposed requirement for Member States to create national investment project directories and to the proposed permanence of the initiative. With regard to the latter, the Commission would like to clarify that the proposal does not require any funding beyond the original budgetary envelope.

The points made above are based on the initial proposal presented by the Commission which is currently in the legislative process involving both the European Parliament and the Council in which your government is represented.

The Commission hopes that these clarifications address the issues raised by the Bundesrat and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Jyrki Katainen
Vice-President*