Regulation amending Regulations (EU) No 1092/2010, (EU) No 1093/2010, (EU) No 1094/2010, (EU) No 1095/2010 and (EU) 2021/523 as regards certain reporting requirements in the fields of financial services and investment support

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Brussels, 29 January 2024

As Implementing Partners as well as financial intermediaries of the InvestEU Programme, ELTI members welcome the proposal for a "Regulation amending Regulations (EU) No 1092/2010, (EU) No 1093/2010, (EU) No 1094/2010, (EU) No 1095/2010 and (EU) 2021/523 as regards certain reporting requirements in the fields of financial services and investment support".
More specifically, ELTI welcomes the proposal to amend Article 28(4) of the InvestEU regulation on Monitoring and Reporting by changing the frequency of reporting on the financing and investment operations from biannual to annual.
ELTI members, however, emphasise that this reduction in frequency will contribute only to a limited extent to the reduction of the administrative burdens generated by the InvestEU Programme. In fact, most of the InvestEU reporting requirements are set out in Delegated Acts, Guarantee Agreements and other guidance documents, which cannot be effectively amended by this legislative proposal.

Against this background, you can find three additional amendments proposed by ELTI members, which could further reduce the administrative burden stemming from the InvestEU reporting requirements, while ensuring that the Programme is properly implemented, its resources are entirely used and its objectives are fully achieved.

Amendment #1 modifying Article 8 of the InvestEU Regulation – Policy Windows

<table>
<tr><td colspan="2" align="center">Article 5 – paragraph -1 (new)
Regulation (EU) No 2021/523
Article 8 – paragraph 6 – introductory part</td></tr>
<tr><td align="center">Present text</td><td align="center">ELTI Amendment</td></tr>
<tr><td>The Commission shall develop sustainability guidance that, in accordance with Union environmental and social objectives and standards, taking appropriate account of the principle of ‘do no significant harm’ allows for:</td><td>-1. In Article 8(6), the introductory part is replaced by the following:

The Commission shall develop sustainability guidance that, in accordance with Union environmental and social objectives and standards, taking appropriate account of the principle of ‘do no significant harm’, and considering differences between various types of infrastructure projects, allows for:</td></tr>
<tr><td colspan="2"> Justification The InvestEU Regulation requires Implementing Partners (IPs) to carry out the sustainability analysis of their financing/investment operations under the Programme, in line with the provisions of the “Technical guidance on sustainability proofing for the InvestEU Fund” (the guidance). Where the requirements are most specific (i.e., for infrastructure projects) the guidance refers generally to “infrastructure” without taking into consideration the different types of infrastructure projects that can be financed by IPs, which range from the most environmentally impactful (i.e., transport, energy, water, telecom, etc.) to others, like social and affordable housing that have a much lower impact on the environment.
Such lack of distinction obliges IPs to carry out the same type of analysis without considering the differences between types of infrastructure and the policy objectives they contribute to achieve, thus increasing the cost associated to financing infrastructure projects, which already offer limited return (i.e., discourage private participation) and suffer from a persistent market failure.
Against this background, the proposed amendment aims to introduce a distinction between different types of infrastructure projects.</td></tr>
</table>

Amendment #2 modifying Article 13 of the InvestEU Regulation – EU Guarantee

<table>
<tr><td colspan="2" align="center">Article 5 – paragraph -1 a (new)
Regulation (EU) No 2021/523
Article 13 – paragraph 7 – subparagraph 2</td></tr>
<tr><th>Present text</th><th>ELTI Amendment</th></tr>
<tr><td>Contracts between the implementing partner and the final recipient or the financial intermediary or other entity referred to in point (a) of Article 16(1) under the EU guarantee referred to in the first subparagraph of Article 4(2) shall be signed at the latest one year after the approval of the relevant financing or investment operation by the implementing partner. In other cases, contracts between the implementing partner and the final recipient or the financial intermediary or other entity referred to in point (a) of Article 16(1) shall be signed by 31 December 2028.</td><td>-1a. In Article 13(7), subparagraph 2, is replaced by the following:

Contracts between the implementing partner and the final recipient or the financial intermediary or other entity referred to in point (a) of Article 16(1) under the EU guarantee referred to in the first subparagraph of Article 4(2) shall be signed by 31 August 2026. In other cases, contracts between the implementing partner and the final recipient or the financial intermediary or other entity referred to in point (a) of Article 16(1) shall be signed by 31 December 2028.</td></tr>
<tr><td colspan="2"> Justification Part of the InvestEU Guarantee is funded by NextGenerationEU (NGEU) budget and is bounded to a deadline for commitments by the end of 2023, as set out in Article 3(6) of Regulation (EU) 2020/2094. The InvestEU Regulation, Article 13(7) sets a time limit to sign these operations within one year after approval, meaning by end of 2024. The signature deadline related to the part of InvestEU that is funded by the NGEU has resulted in forced frontloading of the implementation of the Programme, causes operational challenges for Implementing Partners (IPs) and increases the costs to comply with reporting requirements stemming from the InvestEU Regulation as well as from Guarantee Agreements, Delegated Acts and additional guidance (e.g., sustainability proofing). This is especially the case for IPs who signed their Guarantee Agreements later than anticipated due to the lengthy negotiations with the European Commission. An extension of the deadline to sign operations funded by the NGEU budget is therefore essential to ensure an orderly implementation of policies and procedures to finalise the contracting of already approved transactions, contain costs to comply with reporting requirements, and, ultimately, ensure full use of NGEU resources. In addition, an extension to 31 August 2026 would allow to align this deadline with time limit to complete investments and reforms under the RRF Programme. The extension would preserve the legislators' original intention of extraordinary support under NGEU, while allowing a more prudent and successful implementation by all IPs under InvestEU, also taking into consideration the late signing of Guarantee Agreements by the different IPs.</td></tr>
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Amendment #3 modifying Article 17 of the InvestEU Regulation – Guarantee agreements

<table>
<tr><td colspan="2" align="center">Article 5 – paragraph -1 b (new)
Regulation (EU) No 2021/523
Article 17 – paragraph 2 – point (h)</td></tr>
<tr><th>Present text</th><th>ELTI Amendment</th></tr>
<tr><td>(h) financial and operational reporting and monitoring of the financing and investment operations under the EU guarantee;</td><td>1b. In Article 17(2), point h is replaced by the following:

(h) financial and operational reporting and monitoring of the financing and investment operations under the EU guarantee, ensuring that reporting requirements are proportionate and allow to achieve InvestEU objectives, while minimising costs for all stakeholders and final beneficiaries, in line with the Union's objective of reducing administrative burden;</td></tr>
<tr><td colspan="2"> Justification The reporting requirements spelled out in the Guarantee Agreement should comply with the principle of proportionality, thus ensuring that EU legislation fulfils its intended purpose, without imposing excessive burden to all parties subject to it, including Implementing Partners, Financial Intermediaries, and Final Recipients. Moreover, reporting requirements should be designed in line with the Commission's approach of a regulatory system that ensures that objectives are achieved at minimum cost, as set out in the Commission's Communication on 'Long-term competitiveness of the EU: looking beyond 2030'.</td></tr>
</table>

The European Association of Long-Term Investors – ELTI

ELTI members represent an European-wide network of National Promotional Banks and Institutions who offer financial solutions tailored to the specific needs of their respective country and economy. Multilateral financial institutions complement the activities at national level with specific cross-boarder solutions or investments with an European impact. Following the specific public mission of each member the business model of each institution differs from country to country including different products and approaches. This is the same for multilateral ELTI members. Most of the members offer various debt-products but not all members have a mandate for investment in equity.

The 31 members of the European Long-Term Investors Association (ELTI) a.i.s.b.l. are major long-term investors and represent a combined balance sheet of EUR 2,7 trillion. The Association promotes and attracts quality long- term investment in the real economy, including:

- strengthening cooperation, including at an operational level, between European financial institutions as well as with other Institutions of the European Union (EU) acting as long-term financiers;
- informing the EU and its Institutions on the role and potential of the Members as institutions and agencies for long-term financing;
- strengthening the access of the Members to information on matters related to the EU;
- exchanging information and experiences among Members and with national and international organisations sharing the Association's interest in the promotion of long-term investment;
- developing the concept of long-term investment within the economic and financial sector and promoting academic research on long-term investments;
- representing, promoting and defending the shared interests of its Members in the field of Long-Term Investment in full transparency.

The Full Members of ELTI are generally national official financial institutions dedicated to the promotion of public policies at national and EU level[1]. The European Investment Bank (EIB) as the status of a permanent observer. ELTI also includes Associate Members notably multilateral financial institutions, regional financial institutions and non-banking institutions[2].

[1] Oesterreichische Kontrollbank (OeKB) Austria, Federal Holding and Investment Company (SFPI) Belgium, Bulgarian Development Bank (BDB) Bulgaria, Croatian Bank for Reconstruction and Development (HBOR) Croatia, National Development Bank-CZ (NRB) Czech Republic, Caisse des Dépôts et Consignations (CDC) France, La Banque publique d'Investissement (bpifrance) France, KfW Bankengruppe (KfW) Germany, Hellenic Development Bank (HDB) Greece, Hungarian Development Bank (MFB) Hungary, Strategic Banking Corporation of Ireland (SBCI) Ireland, Cassa Depositi e Prestiti (CDP) Italy, Latvian Development Finance Institution (ALTUM) Latvia, INVEGA Lithuania, Société Nationale de Credit et d'Investissement (SNCI) Luxembourg, Malta Development Bank (MDB), Malta, Invest-NL The Netherlands, Bank Gospodarstwa Krajowego (BGK) Poland, Banco Português de Fomento (BPF) Portugal, Slovak Investment Holding (SIH) Slovakia, Slovenska Izvozna in Razvojna Banka (SID) Slovenia, Instituto de Credito Oficial (ICO) Spain

[2] Nordic Investment Bank (NIB), Council of Europe Development Bank (CEB), Long-Term Infrastructure Investors Association (LTIIA), Participatiemaatschappij Vlaanderen NV (PMV) Belgium, NRW.Bank Germany, Consignment Deposits and Loans Fund (CDLF) Greece, Investment and Development Fund of Montenegro (IRF) – Montenegro, Turkiye Sinai Kalkinma Bankasi (TSKB) Turkey