Basic information

2012/2027(INI) INI - Own-initiative procedure	Procedure completed
Innovative financial instruments in the context of the next multiannual financial framework **Subject** 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 2.50.08 Financial services, financial reporting and auditing 8.70.01 Financing of the budget, own resources 8.70.03 Budgetary control and discharge, implementation of the budget	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
BUDG Budgets	GARDIAZABAL RUBIAL Eider (S&D)	28/02/2012
	Shadow rapporteur JENSEN Anne E. (ALDE)	

Committee for opinion	Rapporteur for opinion	Appointed
CONT Budgetary Control	IVANOVA Iliana (PPE)	29/02/2012
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
ITRE Industry, Research and Energy	CANCIAN Antonio (PPE)	26/01/2012
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
TRAN Transport and Tourism	The committee decided not to give an opinion.	
REGI Regional Development	KLEVA KEKUŠ Mojca (S&D)	26/01/2012

European Commission

Commission DG	Commissioner

Budget	LEWANDOWSKI Janusz

Key events

Date	Event	Reference	Summary
19/10/2011	Non-legislative basic document published	COM(2011)0662	Summary
15/03/2012	Committee referral announced in Parliament		
06/09/2012	Vote in committee		
14/09/2012	Committee report tabled for plenary	A7-0270/2012	Summary
25/10/2012	Debate in Parliament		
26/10/2012	Decision by Parliament	T7-0404/2012	Summary
26/10/2012	Results of vote in Parliament		
26/10/2012	End of procedure in Parliament		

Technical information

Procedure reference	2012/2027(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	BUDG/7/08736

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	CONT	PE486.170	30/05/2012	
Committee opinion	ITRE	PE487.786	20/06/2012	
Committee opinion	REGI	PE489.366	25/06/2012	
Committee draft report		PE492.680	26/06/2012	
Amendments tabled in committee		PE494.572	19/07/2012	
Committee report tabled for plenary, single reading		A7-0270/2012	14/09/2012	Summary
Text adopted by Parliament, single reading		T7-0404/2012	26/10/2012	Summary

European Commission

Document type	Reference	Date	Summary
Commission document (COM)	COM(2011)0500	29/06/2011	Summary
Commission document (COM)	COM(2011)0662	19/10/2011	Summary
Commission document (COM)	COM(2011)0676	19/10/2011	Summary

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	BG_PARLIAMENT	COM(2011)0500	10/10/2011	
Contribution	DE_BUNDESRAT	COM(2011)0500	18/10/2011	
Contribution	CZ_SENATE	COM(2011)0500	20/10/2011	
Contribution	RO_CHAMBER	COM(2011)0500	12/01/2012	
Contribution	EL_PARLIAMENT	COM(2011)0500	23/01/2012	
Contribution	SE_PARLIAMENT	COM(2011)0500	23/01/2012	
Contribution	PT_PARLIAMENT	COM(2011)0500	10/02/2012	
Contribution	RO_CHAMBER	COM(2011)0676	15/03/2012	
Contribution	IT_CHAMBER	COM(2011)0500	19/04/2012	
Contribution	IT_SENATE	COM(2011)0500	15/04/2013	

Innovative financial instruments in the context of the next multiannual financial framework

2012/2027(INI) - 19/10/2011 - Non-legislative basic document

PURPOSE: to define a framework for the next generation of innovative financial instruments with a view to meeting effectively the objectives set by the Europe 2020 strategy.

BACKGROUND: the Commission and its financing partners have undertaken considerable work on innovative financial instruments since the launch of the Europe 2020 strategy and the preparation for the next multiannual financial framework (MFF), in particular in the context of discussions on the future of specific financial instruments such as the **Competitiveness and Innovation Framework Programme** (CIP) or **Risk Sharing Finance Facility** (RSFF). Discussion has also begun with Council and Parliament in the context of the revision of the Financial Regulation. Strong focus has been put on the importance and **relevance of financial instruments** for the attainment of EU policy objectives.

The term "**innovative financial instrument**" covers a broad range of cases where financial support from the budget is provided **in other forms than pure grants**, including cases where EU grants are blended with loans from financial institutions. The intention behind an increased use of innovative financial instruments is however not to replace grant funding with financial instruments, as grants will still be necessary in a range of areas, but to **complement the grant funding** by supporting projects pursuing EU policy objectives through other forms of intervention.

- Some of the effects of the economic and financial crisis are likely to spill over into the first years of the next MFF and impact the functioning of financial markets in the years to come. There will be a need to mitigate the prevailing risk aversion to ensure access to capital for growth generating activity such as infrastructure, SMEs and innovation throughout the MFF period (2014-2020), and innovative financial instruments can play an important role in this respect.
- Innovative financial instruments combined with appropriate regulatory measures can also contribute to the development and consolidation of financial (capital and equity) markets as well as higher EU financial market integration, opening up alternative sources of finance for the growth generating sectors.

The **Europe 2020 Strategy** envisages an increased mobilisation of innovative financial instruments as part of a consistent funding strategy pulling together EU and national public and private funding. In its proposal for amendment of the Financial Regulation in the context of the triennial review, the Commission included a new Title dedicated to the budgetary management of financial instruments.

In the Commission's communication on the next MFF and the Budget Review, it is noted that innovative financial instruments could provide an important new financing stream for strategic investments, supporting long-term, sustainable investment at a time of fiscal constraint.

CONTENT: this Communication presents the Commission's view on **the design and management of innovative financial instruments** which should play an increasingly more important role in the EU budget spending of the 2014-2020 MFF. The Communication takes stock of the analysis work on a new framework for innovative financial instruments which has been carried out by the Commission's throughout the phase of preparation of the next MFF. It looks at the design and management of innovative financial instruments across policy sectors and sets out the next steps in achieving the Commission's ambition of a more streamlined, comprehensive and highly efficient and effective toolbox of innovative financial instruments to support the Europe 2020 Strategy objectives.

1) Lessons learnt from experience acquired between 2007 and 2013: for some of the currently existing innovative financial instruments (mainly those under the CIP), assessments in the form of audits, interim and *ex post* evaluations and studies have been carried out. A key conclusion at this juncture is that, due to the individual manner in which the existing innovative financial instruments have been developed, some instruments overlap in terms of areas and beneficiaries targeted and their design and management models vary, which could create confusion among stakeholders and beneficiaries.

In the design of the new generation of financial instruments for the 2014-2020 MFF, if instruments are to be rolled out at larger scale, focus should be on exploiting the experience with the existing financial instruments in order to **establish appropriate rules, guidance and standardisation for the design and management of innovative financial instruments in accordance with market requirements and best practices**, to avoid overlaps and simplify implementation modalities.

This – together with an appropriate cross-policy grouping of the innovative financial instruments proposed at EU level and enhanced consistency with such instruments implemented at national, regional, transnational or cross border level under structural funds programmes – will ensure an optimisation of their **impact and EU value added** in the next MFF.

2) Scope and sectors concerned: financial instruments are particularly suited to addressing sub-optimal investment situations in a broad range of policy areas, e.g. for business activities or infrastructures that are capable of being financially viable (in terms, for example, of revenue generating capacity), but do not (yet) attract sufficient funding from market sources. They are in particular relevant:

- **to foster the capacity of the private sector to deliver growth,** job creation, social inclusion and/or innovation, notably through support to start-ups, SMEs, microenterprises, social enterprises, investment in human capital, research institutions, business/science parks, knowledge /technology transfer, or investment in intellectual property rights.
- **to build infrastructures** with an earmarked revenue stream, making use of adequate funding structures, such as PPPs, to reinforce EU competitiveness and sustainability in areas such as transport, environment, energy and digital infrastructures.
- **to support mechanisms that mobilise private investments** to deliver public goods, such as climate and environment protection.

3) Innovative financial instruments for the 2014-2020 MFF: the innovative financial instruments dealt with in the Communication include instruments which **provide equity/risk capital**, or **debt instruments** (such as loans or guarantees to intermediaries that provide financing to a large number of final recipients who have difficulties in accessing finance, or risk sharing with financial institutions in order to increase the volume of finance and hence the impact resulting from the EU budget intervention).

The communication on the MFF presents **several of the Commission's sector-specific proposals** for innovative financial instruments in the next MFF:

- to support **investments in research and innovation** (RDI) under Horizon 2020, two financial instruments are planned: a debt instrument providing loans to single beneficiaries for investment in RDI, guarantees to financial intermediaries making loans to beneficiaries and an equity instrument;
- to support **competitiveness and SMEs**, two financial instruments are proposed: an equity facility for growth-phase investment and a loan facility providing direct or other risk sharing arrangements with financial intermediaries to cover loans for SMEs and provide cross-border lending or multi-country lending with a high leverage effect;
- to promote self-employment, micro-enterprises and social enterprises, the European Union Programme for Social Change and Innovation proposed by the Commission includes a Microfinance and Social Entrepreneurship axis which builds upon and continues the existing Progress Microfinance Facility;
- financial instruments under the Connecting Europe Facility for **infrastructure** are likely to include: a risk-sharing instrument covering loans and bonds (incl. the Europe 2020 Project Bond Initiative) and an equity instrument;
- in the area of **education and culture,** guarantee facilities are developed to contribute to the EU2020 objectives: a student loan guarantee facility to enable master level students to undertake studies in another country and a guarantee facility to incentivise financial intermediaries to extend loans to SMEs in the cultural and creative sectors;

- lastly, an increasing share of **support under the structural funds** will be delivered by means of financial instruments, in particular support to enterprises and other projects or investment activities that generate revenues, notably in the areas of climate change, environment, innovation, ICT and infrastructure.

4) Common rules for streamlining and rationalising instruments: the envisaged new framework for streamlining and rationalising the design and management of the new generation of financial instruments is based on what has been dubbed the **EU equity and debt platforms**. The platforms are a **set of common rules** and guidance for equity and debt instruments (including guarantees and risk sharing) for internal policies, ensuring a consistent approach to such instruments where they are supported by the EU budget. The common rules and guidance also aim to streamline relations with financing partners, in particular the international financial institutions and provide transparency vis-à-vis the markets on how the EU intervenes by means of equity and debt instruments, ensuring **higher visibility** of the EU's intervention. The EU equity and debt platforms would form part of a coherent body of horizontally applicable principles, rules and guidance.

As far as the **Structural Funds** are concerned, the highest possible consistency should be achieved between the instruments in shared and direct management and overlaps be avoided, in order to prevent that several instruments target the same beneficiary groups at EU and national/regional level while offering different terms. It should be made attractive to Member States to contribute to EU level instruments with their structural funds. A **3-options approach has been proposed** within the framework of the Structural Funds Regulations:

Member States continue creating tailor-made instruments under shared management principles, aligned with some common rules inspired by the EU equity and debt platforms under development for the EU instruments;

creation of "off-the-shelf instruments" under shared management principles which would facilitate the set-up of instruments for Member States as well as ensure compatibility with the EU-level instruments;

Member States would be encouraged to invest part of their structural funds in compartments of EU level instruments "ring-fenced" for investments in regions and policy areas covered by operational programmes from which structural funds resources are contributed (“joint instruments”).

The MFF Communication proposed further use of innovative financing in all **external policy instruments** (where appropriate through regional investment facilities) so as to mobilise additional funding – including from the private sector – in support of EU priorities and cover the investment needs of partner countries.

The use of innovative financial instruments in external policies should be supported under the EU platform for external cooperation and development combining the respective strengths of the Commission, Member States and European bilateral and multilateral financial institutions (notably the EIB) active in the external development and cooperation field. The platform will contribute to fostering EU coherence, effectiveness, efficiency and visibility in external financing, while taking account of the specificities of the EU's external partners.

The Commission will continue its **discussions with Council and Parliament** in the coming months, both on the general framework to be created by the Financial Regulation and the Delegated Act replacing its Implementing Rules, and on the specific legislative proposals for the next MFF which will be successively adopted by the Commission in 4th Quarter 2011.

Innovative financial instruments in the context of the next multiannual financial framework

2012/2027(INI) - 19/10/2011 - Document attached to the procedure

In this communication, the Commission proposes a series of measures in favour of integrated European infrastructures to stimulate growth.

1) Common challenges: in the past decade, infrastructure spending in Europe has been, on average, on a declining path. The economic and financial crisis has, however, brought renewed interest in the need for infrastructure investment. To be fully operational, **the single market needs modern and high-performance infrastructure interconnecting Europe, particularly in the areas of transport, energy and telecommunications**. Yet, while regulatory integration advances within the EU and markets become more integrated, **physical, cross-border interconnection is lagging**. Missing links exist, notably in the newer Member States, creating dividing lines between the centre and peripheries of the European Union and hampering the further development of intra-community exchanges and growth.

Overall investment needs for networks of European importance amount to about EUR 1 trillion for the period up to 2020 in the three sectors mentioned above: about EUR 500 billion in transport, EUR 200 billion in energy and EUR 270 billion for fast broadband infrastructures.

In the coming ten years, the EU must find a way to rise to this investment challenge. While the market, through appropriate investment and pricing mechanisms, is expected to play a major role in delivering the required infrastructures, **without public intervention**, some of the necessary investments would not take place or will be delayed far beyond 2020.

This is why the Commission is proposing the establishment of an integrated multisectoral Connecting Europe Facility (CEF), complemented by specific guidelines for the transport, energy and telecommunication sectors, aims at setting up the right conditions to boost infrastructure development, leverage funding from private sources at a time in which public budgets are severely constrained, and help revitalise the interest of long term specialised investors for investing in Europe, thus contributing to growth and job creation.

2) Connecting Europe Facility (CEF) – a common infrastructure funding instrument: the aim of the CEF is to **streamline and facilitate EU support to infrastructures** by optimising the portfolio of instruments available, standardising the operational rules for using them, and capitalise on possible synergies across the three sectors. This coordinated approach will not only ensure the largest possible **EU added value**, but will also simplify procedures and reduce collective costs.

To this end, the CEF proposal develops a **common financing framework for all sectors**, including co-ordinated annual work programmes, a common Committee, flexibility between sectoral budgets, increased performance indicators and conditionalities and the shared use of infrastructure specific financial instruments.

CEF funds will be centrally managed, either directly by Commission staff with the support, as needed, of an executive agency or through a partnership between the Commission and one or more financial institutions. Solutions for the operational management of the various instruments under the CEF will be proposed within the appropriate legal framework, building on the experience gained with the TEN-T Executive Agency and the existing cooperation with the European Investment Bank.

The Facility will be coordinated with the other interventions coming from the EU budget such as "Horizon 2020" and the Cohesion and Structural Funds.

The Connecting Europe Facility will have a budget of **EUR 50 billion for the period 2014-2020**, allocated as follows:

- ***Energy:*** EUR 9.1 billion.
- ***Transport:*** EUR 21.7 billion.
- ***Telecommunications/Digital:*** EUR 9.2 billion.
- ***Amounts earmarked in Cohesion Fund for transport infrastructures***: EUR 10 billion.

3) Financial instrument within the CEF: the toolbox of instruments should set the base for a long-term stable investment framework and act as a catalyst with a view to **attracting private capital.** The Connecting Europe Facility seeks to fill this by two types of main instruments:

- **Equity participations** in equity funds which provide risk capital to actions contributing to projects of common interest;
- **Loans and/or guarantees** to projects of common interest facilitated by risk-sharing instruments, including enhancement mechanisms for long-term bank lending and for project bonds issued by project companies.

The long-term planning, construction and operational time horizon of infrastructure projects also needs a long-term preparation to implement financial instruments. This is why, simultaneously to the Connecting Europe Facility proposal, the Commission is proposing to launch a pilot phase of the Europe 2020 Project Bond Initiative already under the current financial framework.

Innovative financial instruments in the context of the next multiannual financial framework

2012/2027(INI) - 29/06/2011 - Document attached to the procedure

This Communication, entitled "**A Budget for Europe 2020**" contains the Commission's proposals concerning the **Multiannual Financial Framework (MFF) for the period 2014-2020**.

The Commission's ambition for the next EU budget is to spend differently, with more emphasis on results and performance, concentrating on delivering the Europe 2020 agenda through stronger conditionality in cohesion policy and greening of direct payments to farmers.

The next budget should be modernised by reallocating resources to priority areas such as pan-European infrastructure, research and innovation, education and culture, securing the EU's external borders and external relations policy priorities such as the EU's neighbourhood. It addresses cross-cutting policy priorities, such as environmental protection and the fight against climate change, as an integral part of all the main instruments and interventions.

The overall amount proposed for the 2014-2020 period is EUR 1 025 000 million in commitment appropriations, broken down as follows:

- ***Smart and inclusive growth*** (including social, economic and territorial cohesion): EUR 490 908 million;
- ***Sustainable growth***: natural resources (including market-related expenditure and direct payments): EUR 982 927 million;
- ***Security and citizenship***: EUR 18 535 million;
- ***Global Europe***: EUR 70 000 million;
- ***Administration***: EUR 62 629 million.

In the design of the next MFF, the Commission has implemented **the principles** it outlined in the 2010 budget review:

- focus on delivering key policy priorities;
- focus on EU added value;
- focus on impacts and results;
- delivering mutual benefits across the European Union.

The programmes and instruments included in this MFF proposal have been redesigned to ensure that their outputs and impacts push forward the key policy priorities of the EU. Major hallmarks of the next set of financial programmes and instruments will be a focus on results, increased use of conditionality and the simplification of delivery:

1) Results will be clearly related to the implementation of the Europe 2020 strategy and the achievement of its targets. This means concentrating programmes on a limited number of high profile priorities and actions that achieve a critical mass. Fragmentation and uncoordinated interventions must be avoided. Where possible, existing programmes will be merged (for example in areas such as home affairs, education and culture) and/or redesigned (such as research and cohesion) to ensure integrated programming and a single set of implementation, reporting and control mechanisms.

2) Simplification: current funding rules have evolved not only in response to the need for accountability on how public money is spent but also to take account of previous problems. The result is a diversity and complexity that is difficult to implement and control. This complexity imposes a heavy administrative burden on beneficiaries as well as on the Commission and Member States, which can have the unintended effect of discouraging participation and delaying implementation. Work is currently under way to simplify both the general rules (Financial Regulation) and the sector specific rules.

3) Conditionality: in order to sharpen the focus on results rather than on inputs, conditionality will be introduced into programmes and instruments. This is particularly relevant in the large spending blocs of cohesion policy and agriculture, where Member States and beneficiaries will be required to demonstrate that the funding received is being used to further the achievement of EU policy priorities. More generally the Commission will ensure coherence between the overall economic policy of the EU and the EU budget, in particular to avoid situations where the effectiveness of EU funding is undermined by unsound macro-fiscal policies.

4) Leveraging investment: by working with the private sector on **innovative financial instruments** it is possible to magnify the impact of the EU budget, enabling a greater number of strategic investments to be made, thus enhancing the EU's growth potential. Experience in working most notably with the European Investment Bank (EIB) group, national and international public financial institutions has been positive and will be taken forward in the next MFF. Guarantees and risk sharing arrangements can allow the financial sector to provide more equity and lend more money to innovative companies, or to infrastructure projects. In this way, such financial instruments can also contribute to the overall development of post-crisis financial markets.

Innovative financial instruments in the context of the next multiannual financial framework

2012/2027(INI) - 14/09/2012 - Committee report tabled for plenary, single reading

The Committee on Budgets adopted a report by Eider GARDIAZÁBAL RUBIAL (S&D, ES) on innovative financial instruments in the context of the next Multiannual Financial Framework in response to the Commission's communication entitled "A framework for the next generation of innovative financial instruments – the EU equity and debt platforms".

The committee responsible points out that the innovative financial instruments (IFIs) developed thus far have been used to carry out an **extremely wide variety of interventions**, ranging from the taking of stakes in equity/venture capital funds to the provision of guarantees/counter-guarantees to financial intermediaries (in particular banks), via the creation jointly with financial institutions of risk-sharing instruments in order to stimulate investment, innovation and research.

The report emphasises that the **experience gained thus far with IFIs is satisfactory in overall terms**, even if their multiplier effect varies substantially depending on the area of intervention. Members reiterate that the increased use of IFIs should not turn into a **strategy to reduce the size of the Union budget but should serve to optimise its use** and welcome the fact that the Commission acknowledges that the intention behind an increased use of innovative financial instruments is not to replace grant funding with financial instruments.

It is estimated that approximately **1.3 % of the EU budget** is currently devoted to IFIs, the Union having created, within the 2007-2013 MFF, 14 such instruments in the field of internal policies (EUR 3 billion, or 3.4 % of the available budget and approximately EUR 5.9 billion for regional and cohesion policy) as well as 11 in the field of external policies (EUR 1.2 billion, or 2.2 %, under budget heading 4, without taking into account those IFIs created in connection with the European Development Fund).

In a context where project promoters are facing a credit squeeze and are finding it more difficult to borrow money on the capital markets, Members are convinced that **the continued development of IFIs at national and Union level** could become a contributing factor if the Union is to ensure a coordinated return to smart , sustainable and inclusive growth.

Members formulate a **series of recommendations in respect of innovative financial instruments:**

- IFIs must **address one or more specific policy objectives of the Union**, in particular those outlined by the EU 2020 Strategy, operate in a non-discriminatory fashion, have a clear end date, respect the principles of sound financial management and be complementary to traditional instruments such as grants;
- **ex ante assessments** are necessary for identifying situations of market failure or sub-optimal investment conditions, investment needs, potential private sector involvement, possibilities for economies of scale and questions of critical mass, and in verifying that the instrument does not distort competition within the internal market and does not violate the rules on State aid. The Commission is urged to propose objective criteria in this regard;
- given that the increase in the number of IFIs is posing many challenges in the areas of regulation, governance and the monitoring of their effectiveness, **the legal framework should be as simple, clear and transparent as possible**, so as not to increase the administrative burden on intermediaries and recipients and make IFIs attractive to public and private investors;
- the **capacity for flexibility and adaptability to local circumstances**, should be as high as possible; Members propose, therefore, that it should be possible for the budgetary authority to adjust the annual amount allocated to each instrument if this is likely to facilitate the achievement of the purposes for which it was created;
- the innovative nature of IFIs requires the establishment of a **framework for the coordination of public financial institutions** that will be delegated the power of budgetary implementation of the IFIs, and which would involve representatives of the Commission, the Council and Parliament.

The report requests as a matter of urgency that the project bonds initiative be implemented and that an accurate evaluation be carried out of the appropriateness of a new, separate initiative for the issuing of European bonds for infrastructure, with the direct participation of EU capital in infrastructure projects in the common interest, with strong European added value, through the public issuing of project bonds on the part of the Union.

Members believe that the European Union would send a powerful signal to public and private investors, as well as to financial markets, **by participating directly, alone or with Member States**, **in the capitalisation of infrastructure projects** (characterised by long-term return on investment). This EU participation in an investment capacity should ensure consistency with the Union's long-term policy objectives and would represent a guarantee of realisation of the project, serving as a strong catalyst and an equally strong lever.

Lastly, the Commission is called on to submit, as quickly as possible, proposals to **facilitate the release of savings, an underused resource at present**, to support medium- and long-term projects which generate sustainable growth in the Union.

Innovative financial instruments in the context of the next multiannual financial framework

2012/2027(INI) - 26/10/2012 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution on innovative financial instruments (IFIs) in the context of the next Multiannual Financial Framework in response to the Commission's communication entitled "A framework for the next generation of innovative financial instruments – the EU equity and debt platforms".

Financial instruments to date: according to the resolution, it is estimated that **approximately 1.3 % of the EU budget is currently devoted to IFIs**, the Union having created, within the 2007-2013 MFF, 14 such instruments in the field of internal policies (EUR 3 billion, or 3.4 % of the available budget and approximately EUR 5.9 billion for regional and cohesion policy) as well as 11 in the field of external policies (EUR 1.2 billion, or 2.2 %, under budget heading 4, without taking into account those IFIs created in connection with the European Development Fund).

The IFIs developed thus far have been used to carry out an **extremely wide variety of interventions**, ranging from the taking of stakes in equity/venture capital funds to the provision of guarantees/counter-guarantees to financial intermediaries (in particular banks), via the creation jointly with financial institutions of risk-sharing instruments in order to stimulate investment, innovation and research.

Parliament emphasises that the **experience gained thus far with IFIs is satisfactory in overall terms**, even if their multiplier effect varies substantially depending on the area of intervention. It reiterates that the increased use of IFIs should not turn into **a strategy to reduce the size of the Union budget but should serve to optimise its use** and welcome the fact that the Commission acknowledges that the intention behind an increased use of innovative financial instruments is not to replace grant funding with financial instruments.

Designing new financial instruments: the resolution emphasises that, according to Commission estimates, implementing the **EU 2020 Strategy and its seven headline initiatives** would require investment throughout the Union totalling **EUR 1600 billion between now and 2020**. These investments meet objectives ranging from the implementation of major infrastructure projects to the provision of support for smaller-scale projects that offer significant potential for growth at local and regional level, including measures to foster social cohesion.

In a context where project promoters are facing a credit squeeze and are finding it more difficult to borrow money on the capital markets, Members are convinced that **the continued development of IFIs at national and Union level** could become a contributing factor if the Union is to ensure a coordinated return to smart , sustainable and inclusive growth.

Parliament formulates a series of **recommendations** in respect of innovative financial instruments:

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Parliament requests as a matter of urgency that the project bonds initiative be implemented and that an accurate evaluation be carried out of the appropriateness of **a new, separate initiative** for the issuing of European bonds for infrastructure, with the direct participation of EU capital in infrastructure projects in the common interest, with strong European added value, through the public issuing of project bonds on the part of the Union.

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participation in an investment capacity should ensure consistency with the Union's long-term policy objectives and would represent a guarantee of realisation of the project, serving as a strong catalyst and an equally strong lever.

Lastly, the Commission is called on to submit, as quickly as possible, proposals to **facilitate the release of savings**, an underused resource at present, to support medium- and long-term projects which generate sustainable growth in the Union.