

BRIEFING

Brussels/Frankfurt, 28 July 2015



Climate Alliance

JUNCKER INVESTMENT PLAN AND CLIMATE ALLIANCE'S RESPONSE

Current state of play

On the 28th of May, the round of Trialogue discussions regarding the Juncker Investment Plan and how it should operate came to an end. Climate Alliance had advocated that the Plan should **endorse transparency and the long-term added value for the 2030 climate and energy targets while also recognising the investment potential and local level needs**. Climate Alliance collaborated with Members of European Parliament to earmark funding for energy efficiency (see [news piece from 16 April 2015](#)). Unfortunately, due to unacceptable back-door politics, the dedicated fund for energy efficiency was removed from the proposals to prevent so-called 'market distortions'.

The implementation of the plan was officially launched on 22 July 2015.

What exactly is at stake?

The first aim is to mobilise €315 billion via "unlocking private investments" over the next three years via European Fund for strategic Investments (**EFSI**). EFSI should have a different 'risk-profile' in order to provide additional **risk-bearing capacities** and to target projects delivering, according to the legislative texts, "higher societal and economic values."

Climate Alliance responded with requests to see the **additionality** of the selected projects in line with the EU2030 climate and energy goals applied in its managing bodies, principles and structure. This means that EFSI should contribute to these goals by only selecting projects that support, and definitely not undermine, these long-term policy objectives.

EFSI foresees that an **independent investment committee** of dedicated European Investment Bank staff will manage the pipeline of projects. This had been lacking transparency in its set-up (who gets to decide?), including the selection process and reporting requirements. A compromise has been reached with the European Parliament, so it can have a say on the selection of the head and deputy head managing the EFSI. The so-called '**score board**,' which will define the indicators for projects selected, was also discussed intensely before finally being included in the Trialogue conclusions. This is a step in the right direction, but further clarification on the definition of the investment guidelines and score board criteria is needed. The delegated act establishing this scoreboard was just agreed by the European Commission and is to be adopted by the European Parliament at the end of August. Climate Alliance sent several letters to Vice-Presidents Šefčovič and Katainen and Commissioners Bulc and Cañete urging them to consistently give a higher weight to indicators which contribute to the 2030 and 2050 energy and climate policy frameworks. See the letter to Vice-President Šefčovič [here](#).

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Further clarification is also needed on the 'risk-coverage', as we see that some of the first projects being pre-selected (to show the EIB is ready to make EFSI operational) include an **airport** (expansion of the Dubrovnik airport in Croatia) and a **19th century steel factory** in Italy.

Climate Alliance thinks that such projects should not depend on public guarantees or benefit from the financing instrument, as A) they are commercially viable with **no high risks** in economic terms and B) they do **not provide added value** for the EU long-term objectives of decarbonising and decentralising the energy system.

The second chapter argues that targeted investments should meet the needs of the 'real economy.' It is supposed to bring a fundamental new approach for the identification and preparation of investment projects as well as private and public sector access to financing and information. Part of this strand is the establishment of an **European Investment Advisory Hub (EIAH)** that should start as early as June 2015 and should serve as a one-stop-shop for all questions regarding **technical assistance** for project structuring, the use of innovative financing instruments at EU or national level and the promotion of PPPs. It will be developed by the EIB-group and will build a network of project promoters, investors and managing authorities.

Climate Alliance wants the EIAH to take into account the technical assistance (TA) needs of local authorities and consider the potential of many climate and sustainable energy action plans, wherein different projects are ready to benefit from TA.

Thirdly, the plan should foresee measures to improve the regulatory predictability and remove barriers for investors. This part focuses on the optimisation of the **internal market framework conditions** and the efforts to reduce burdens for **SMEs**, the so-called 'job creators and backbone of Europe's economy.' Nonetheless, the current pipeline is **business-as-usual**: it supports big infrastructure projects of which SMEs are not the beneficiaries and which will not contribute to an energy transition and new economic model serving sustainable growth anchored at the local level.

Earlier this year, Climate Alliance sent a **letter to President Juncker** urging that EFSI support coherent local climate action and foster the achievement of the EU's 2030 climate and energy targets. In order to argue the necessity of technical assistance as well as the different abilities in medium and smaller-sized cities to obtain this assistance and/or to use financial instruments, Climate Alliance replied to the **[EIB's consultation process](#)**.

Furthermore, we take every opportunity to highlight **the immense potential of sustainable job creation, local investments, energy savings in buildings, decentralised renewable energy production and decarbonised transport systems, which can derive from the current [4,500 SEAPs in the framework of the Covenant of Mayors](#)**. Local authorities are the most knowledgeable on tapping into that potential, yet face barriers due to absent access to financing solutions.

Concrete action points

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Climate Alliance organised discussions with CEE Bankwatch and the [Working Group on Financing](#) on the question of how to ensure the social and sustainable economic added value of the EFSI when selecting projects. We also organised events during the **European Sustainable Energy Week**:

- with Cooperatives Europe and REScoops.EU on the potential of citizen participation in RES and EE investments ([18 June, EUSEW](#))
- with the Committee of the Regions in the framework of the Covenant of Mayors on the topic of financing alternatives ([19 June, EUSEW](#))

We ask for the inclusion of **clear selection criteria and reporting procedures** to safeguard the long-term objectives, such as the 2030 targets.

Climate Alliance will continue to focus on these financing initiatives by

- Showing the viability of innovative financing instruments for energy efficiency in the project CITYinvest
- Carrying out in-depth discussions via our [Working Group on Financing](#) how to tackle these challenges
- Investigating how to bridge SEAPs with better access to financing solutions
- Liaising further with the EIB to make sure the voice of the local authorities is present in all its decisions

Further information

- [Letter to President Juncker](#) on the role of cities in the EFSI
- [Letter to Vice-President Šefčovič](#) on the Delegated Act establishing a scoreboard of indicators for the European Fund for Strategic Investments
- [CEE Bankwatch paper](#) on 'Legal Requirements to ensure additionally and added-value of EFSI operations'

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ABOUT CLIMATE ALLIANCE

Founded in 1990 with the aim of uniting European municipalities and the indigenous peoples of the Amazon Basin, Climate Alliance has been working for the benefit of the global climate for the past 25 years. Its member municipalities across Europe have committed to reducing greenhouse gas emissions locally by 10% every 5 years as well as to helping to protect the rainforests in partnership with the indigenous peoples of the Amazon region. Climate Alliance supports its members in their activities by developing CO2 monitoring instruments, organising opportunities for exchange, coordinating European projects with and for member cities and representing their interests at the national, European and international levels. climatealliance.org