[ESMA updates its Questions and Answers on the Securitisation Regulation]

The majority of the new Q&As in this document provide clarification on different aspects of the templates contained in the draft technical standards on disclosure which are published on the [website of the European Commission]. In particular, the document clarifies how several specific fields in the templates should be completed, including questions which are specific to fields in the ABCP template. The document also contains clarifications addressed to securitisation repositories.

The purpose of this document is to promote common, uniform and consistent supervisory approaches and practices in the day-to-day application of the Securitisation Regulation and to help regulated entities comply with their obligations.

ESMA will continue to develop this Q&A on the Securitisation Regulation in the coming months and will review and update them where required.

[Commission proposes a public loan facility to support green investments together with the EIB]

Today, the European Commission presents its proposal for a public sector loan facility under the Just Transition Mechanism. The facility will be implemented with the involvement of the European Investment Bank and will encourage investments that support the transition towards a climate-neutral economy by public sector authorities to the benefit of coal- and carbon-intensive regions. The facility will include €1.5 billion in grants from the EU budget and up to €10 billion in loans from the European Investment Bank's own sources. The facility will mobilise up to between €25 and €30 billion of investments for helping territories and regions most affected by the transition to a climate-neutral economy, prioritising those that have less capacity to deal with the costs of the transition.

The facility will be accessible to all Member States, initially based on national envelopes, through calls for proposals that meet the following criteria:

- projects benefit territories identified in an approved territorial just transition plan;
- projects receive an EIB loan under the facility; and

- projects do not generate sufficient market revenue streams.

Projects must also comply with the lending policy of the EIB. Investment areas will include energy and transport infrastructure, district heating networks, public transport, energy efficiency measures and social infrastructure, and other projects that can directly benefit the communities in the affected regions and reduce the socio-economic costs of the transition towards a climate-neutral Europe by 2050.

The territorial just transition plans are currently being prepared by the Member States and will be approved by the European Commission. They will provide the framework for support from the three pillars of the Just Transition Mechanism: a Just Transition Fund which will provide grants, a special scheme under InvestEU to crowd in private investment, and the public sector loan facility now being proposed. The Commission is providing technical support for the development of their territorial just transition plans to all 18 Member States that requested it.

Next steps

Today's proposal will be negotiated with the European Parliament and the Council in view of its rapid adoption. The first calls for projects are expected to be launched after the adoption and entry into force of the public loan facility, and the approval of the territorial just transition plans. Ahead of the first call, an administrative agreement will need to be signed with the European Investment Bank in order to set out the implementation arrangements of the facility.

The Vice-President of the European Investment Bank and Members of the College said:

Vice-President of the European Investment Bank, Lilyana **Pavlova**, said: "While confronting the great socio-economic challenge posed by Covid-19, we should not forget the long-term fundamental threat of climate change. As the EU climate bank, the European Investment Bank pledged to dedicate at least 50% of its lending to climate action and environmental sustainability by 2025 and to align all its financing with the goals of the Paris Agreement by the end of the year. The proposed Just Transition Mechanism, which the EIB plans to support with its financing, will be key to ensuring that transforming our economies to carbon neutrality will happen with shared benefits and no disproportionate costs among regions. It is the reflection of European solidarity and in line with the aims of Cohesion Policy to help each region achieve its full potential, to bring about a convergence of living standards and prosperity across the European Union."

Executive Vice-President for an Economy that Works for People, Valdis **Dombrovskis**, said: "Today we are making good on our promise to provide financial support to less advantaged regions to help them to transition to a more climate-neutral economy. This loan facility will focus on boosting public investments that can contribute to the green transition in parts of Europe that are more carbon-intensive and grappling with greater socio-economic challenges – investments that would otherwise not happen. I call on

Member States and the European Parliament to endorse this proposal, as well as the Just Transition Fund, as part of our efforts to ensure we make the European economy greener and more resilient."

Commissioner for Cohesion and Reforms, Elisa **Ferreira**, said: "While we are focused on steering us through the crisis provoked by the coronavirus pandemic, we must not forget the damage that climate change is inflicting on our planet. As President von der Leyen also said, there is no vaccine against climate change. But we need to make sure the transition towards a climate-neutral economy happens in a fair way. Today's proposal is an essential tool in ensuring this fairness, complementing the efforts of Cohesion policy in supporting regions and citizens most vulnerable to adjustments towards a climate-neutral Union."

Background information

The public sector loan facility is the third pillar of the Just Transition Mechanism (JTM) and part of the European Green Deal effort to create a climate-neutral economy in Europe by 2050. The Mechanism will promote social fairness in the transition towards a climate-neutral economy in the most vulnerable coal – and carbon-intensive regions. The Mechanism consists of three pillars of financing: the Just Transition Fund, for which a proposal was tabled on 14 January 2020 and for which an increased budget is proposed in the context of the revised proposal for the next long-term EU budget, a dedicated just transition scheme under InvestEU, and the public sector loan facility adopted today by the Commission. The three pillars are expected to mobilise at least €150 billion of investments in the EU economy over the period 2021 – 2027.

For more information

Spain: EIB provides ICF with loan of up EUR 250 million to help small businesses cope with COVID-19 crisis

The European Investment Bank (EIB) is providing the Institut Catalá de Finances (ICF) with a loan of up to EUR 250 million to support SMEs, the companies most vulnerable to the COVID-19 shock. The two institutions have signed the first EUR 150 million instalment of this financing agreement under an accelerated approval procedure put in place by the EIB in this emergency to ensure that the funds reach Spanish firms as quickly as possible. This is one of the first operations mounted under the EIB's EUR 5 billion programme to safeguard European businesses in the face of the coronavirus crisis.

The EIB funds made available to the ICF will help to alleviate the liquidity needs of small and medium-sized Catalan businesses and will be deployed without delay by the Catalan public financial institution through a range of financing solutions that it has been putting place since the beginning of the pandemic.

After Madrid, Catalonia is the Spanish region hit second hardest by the coronavirus health emergency. The pandemic is having a negative economic impact on 90% of Catalan SMEs, three quarters of which are suffering from liquidity problems, according to a report by the region's small business support agency PIMEC. This EIB and ICF funding will help to preserve Catalonia's productive fabric at this time of crisis.

EIB Vice-President Emma Navarro, who is responsible for the EU bank's activity in Spain, said: *"We are pleased to sign this new agreement with the ICF, strengthening our support for Spanish SMEs in these difficult times. Small businesses are the backbone of the European and Spanish economy, and are therefore in the front line of the EIB's response to the coronavirus crisis. We shall continue working to help them address the liquidity needs caused by the pandemic in order to safeguard jobs and launch the economic recovery as quickly as possible."*

ICF's CEO, Josep-Ramon Sanromà, said that *"these funds will enable us to continue financing the liquidity needs of Catalonia's business fabric while at the same time safeguarding jobs. That is our role as a public financial institution: supporting companies and providing them with financing solutions matching their needs. With this aim in mind, we have already set in motion a variety of solutions that will together make available more than EUR 1 billion worth of funding for the self-employed, SMEs and other companies."*

The EIB's response to the COVID-19 crisis

The ElB Group is playing a key role in combating the COVID-19 crisis head-on, supporting European efforts to stop the spread of the pandemic, find a cure for the disease and develop a vaccine. Accordingly, the EU bank is giving priority to all investments relating to the health sector and R&D programmes focused on this goal. The EIB's portfolio of projects supporting critical health facilities and R&D investment in the health sector in the EU currently amounts to some EUR 5 billion. In addition, the EIB and the World Health Organization recently signed an agreement to boost cooperation between the two institutions, working together to strengthen public health systems in countries most vulnerable to the pandemic.

To tackle the economic impact of the pandemic in Europe, and following the Eurogroup's recommendation of 9 April, on 16 April the Bank's Board of Directors endorsed the creation of a EUR 25 billion pan-European COVID-19 guarantee fund. It is estimated that this fund will enable the EIB Group to leverage up to EUR 200 billion of additional financing largely targeting SMEs.

At the same time, the EIB Group is refocusing its activity to meet the financing needs caused by the COVID-19 crisis and provide immediate help to European firms. In March it announced a set of emergency measures with this aim. In this first response package, the European Investment Fund, the EIB Group subsidiary specialising in supporting small businesses, is providing dedicated EU-backed guarantees to financial intermediaries that will help to mobilise up to EUR 8 billion worth of finance. For its part, the EIB is adapting the existing joint financial instruments with the European Commission to deliver up to EUR 20 billion of additional finance for European SMEs and mid-caps.

In addition, the EIB has adopted extraordinary measures to speed up its procedures and relax its internal policies with the aim, amongst other things, of deploying its support as quickly as possible and financing costs that it would not finance in normal circumstances, such as the current expenditure of European firms. The agreement with ICF is an example of this strategy.

Find out more about the proposed EIB and EIF support

About the ICF:

The ICF is Catalonia's public financial institution. Its principal mission is to promote the funding of Catalonia's business fabric with a view to fostering the growth, capacity for innovation and sustainability of the Catalan economy. In this connection, it actively pursues the achievement of the Sustainable Development Goals in line with the United Nations' Agenda 2030.

The ICF acts as a complement to the private financial sector, providing a wide range of financing solutions centred on loans, guarantees and venture capital investments. Since 2014, it has been a member of the European Association of Public Banks (EAPB), which brings together a large part of the banks and public financial entities operating in Europe.

Press release – MEPs: Focus on crisis response when coordinating economic and budgetary policies

Economic and Monetary Affairs Committee (ECON) MEPs stressed that in order to become a proper recovery tool, the Commission's Country-Specific Recommendations (CSR) have to be implemented in the member states and must take into account a post-crisis reality.

Executive Vice-President Dombrovskis pointed to the resilience facility, the new recovery instrument designed to improve the implementation of the CSR. Commissioner Gentiloni explained that each country, together with the Commission, will have to prepare a tailor-made recovery and resilience plan, in which the member states' post-crisis priorities should be ensured.

Fiscal policy in times of crisis

Other ECON MEPs were concerned about the general escape clause, which allows the excessive deficit procedure against a member state to be put on hold in times of a severe economic downturn. MEPs wanted to know when the procedure will kick in again and how to keep the right balance between debt sustainability and much-needed investments.

Mr Dombrovskis stressed that the Stability and Growth Pact has been put on hold until the economy is growing again; then the rules start to reapply. Commissioner Gentiloni called for the Council and the Parliament to come to an agreement quickly, so that funds can reach recipients on the ground and the economy can rebound.

Finally, MEPs asked about the connection between the rule of law and access to EU funds. Executive Vice-President Dombrovskis reminded MEPs that rule of law is a condition to access EU funding.

Social dimension of the recovery

Commissioner for Jobs and Social Rights Nicolas Schmit said that the latest unemployment forecast for the EU in 2020 stands at 9 % and one out of four workers is currently on a short-time work schedule. Several Members from the Employment and Social Affairs Committee (EMPL) voiced their deep concern that the unemployment level for Europe’s youth is nearly twice as high as that of all job seekers.

Commissioner Schmit underlined that fighting youth unemployment remains a priority and that the Commission will reinforce the youth guarantee to improve the prospects for young people.

The risk of creating a digital divide when demand for highly-qualified workers will increase, especially in the context of the digital and green transition, was another point of concern for MEPs, who noted that the measures in the context of the green deal could lead to job losses and exacerbate poverty and inequality.

According to Mr Dombrovksis, the green deal will actually have a positive effect on the economy and will create new jobs, with digital skills featuring prominently on the upcoming reinforced skills agenda.

Instruments for upwards social convergence

MEPs also underlined that the crisis has exposed the shortcomings of our current social model and that the European Semester has to be at the service of recovery and a transformation that is social, economically fair and green. Commissioner Schmit highlighted that the social dimension is anchored in the European Semester by means of the social scoreboard and that the Commission tackles problems related to precarious work with initiatives such as fair and predictable working conditions, proposals for an EU minimum wage, working conditions of platform workers, and a child guarantee.

A recording of the debate is available by clicking here.

Background

The European Semester is the annual cycle for coordinating the economic and budgetary policies of the EU member states. Within the framework of the semester, the European Commission analyses the national budgets of EU countries and then issues recommendations, which the member states must take into account when drawing up their national budgets for the coming year.

In the context of the pandemic, the European Commission has adapted its recommendations: In the short-term, EU countries must focus fully on limiting the socio-economic consequences of the crisis, by safeguarding employment and businesses and through additional investments in public health. In the medium-term, the focus should be on investing in sustainable and inclusive growth that facilitates the green transition and the digital transformation.

Due to the deep uncertainty brought about by the extraordinary macroeconomic and fiscal impact of the pandemic, the Commission decided that it will not start excessive deficit procedures against member states.

Committee on Economic and Monetary Affairs on twitter

Committee on Employment and Social Affairs on twitter

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Press release – EP negotiators: recovery plan crucial, but do not trade long-term for short-term

The six members of the MFF/OR negotiating team commented on the Commission's proposals for a revised Multiannual Financial Framework (MFF) and recovery plan presented on Wednesday in an extraordinary plenary session:

"We will carefully assess the package of proposals presented by the European Commission today. We positively acknowledge the reinforcement of the current MFF in 2020 and the significant borrowing which are much needed.

Today's Commission proposals are an important step. We therefore regret that the Commission has reduced its original MFF proposal, thus moving further away from Parliament and closer to the European Council President's February 2020 proposal. Once the recovery phase is behind us, this could leave us with a weakened budget that prevents the EU from investing in its common future – such as climate and digital transformation -, leaving it more vulnerable to further crises.

Parliament shares the view that the recovery plan will be channelled through the MFF and must be embedded in a reformed system of own resources. But it would be self-defeating to trade the long-term against the short-term: the recovery strategy should not be financed at the expense of the core MFF and its wider objectives, which the COVID-19 outbreak has made more relevant than ever. Furthermore, any new budgetary tool must ensure Parliament’s participation and the community method to boost democratic oversight, transparency and accountability.

We express, however, our concerns about future debt and the way it will be repaid in the future.

Parliament agrees with the general approach that the long-term repayment of the borrowing should be re-financed by new, genuine own resources in order to use European, rather than ever more national means to finance our needs and thus to avoid a new dividing line between net contributors and net recipients. We regret, however, that the Commission is only putting forward a menu of possible revenue sources rather than submitting concrete legislative initiatives for a basket of new own resources as requested by Parliament, which would also have immediate economic and policy benefits as of 2021. Parliament recalls its consent is conditional on the introduction of a basket of new own resources without further delay.

Parliament must give its consent to any new MFF, and stands ready to do so if the final agreement will include its main priorities and will genuinely provide for Parliament’s participation. We call on the Council to work constructively with Parliament on improving the Commission’s proposals.

Failing an agreement before the end of the year, 2020 ceilings would be automatically extended. That is why Parliament has formally requested that the Commission present an MFF contingency plan in order to eliminate any risk of discontinuity or disorderly extension. A contingency plan based on 2020 ceilings could indeed provide a better basis for the European Union’s recovery than a late and inadequate MFF.

Since November 2018, we have repeatedly expressed our readiness to engage with the Council on the MFF and the Own Resources, to no avail. Given how urgent this is, it is high time to start these negotiations without further delay.”

The EP’s negotiating team for the next long-term EU budget and Own Resources reform

Johan Van Overtveldt (ECR, BE), Chair of the Committee on Budgets

Jan Olbrycht (EPP, PL), MFF co-rapporteur

Margarida Marques (S&D, PT), MFF co-rapporteur

José Manuel Fernandes (EPP, PT), Own Resources co-rapporteur

Valérie Hayer (RENEW, FR), Own Resources co-rapporteur

Rasmus Andresen (Greens/EFA, DE)

Follow them on Twitter:
https://twitter.com/EP_Budgets/lists/mff-negotiation-team