

## Article – Show us the money for new policy proposals, MEPs tell budget commissioner



During a debate with budget commissioner Johannes Hahn on 22 January, members of the Parliament's negotiating team for the EU's next long-term budget expressed concern that the Commission's budget proposal for how the EU should spend its money the next seven years no longer adds up.

The Commission [published a negotiation position](#) with figures in May 2018. After a new Commission headed by Ursula von der Leyen took over 1 December 2019, new policy priorities were presented, such as [the European Green Deal](#) with a [Just Transition Fund](#) that needs investment financing.

### **Document discrepancy**

Polish EPP member [Jan Olbrycht](#), one of the Parliament's negotiators dealing with the spending side, as well as [José Manuel Fernandes \(EPP Portugal\)](#), one of the negotiators responsible for own resources, pressed the commissioner on the discrepancies.

Fernandes said: "With the European Green Deal and the commitments made by the new Commission, you have to ensure that there is an update, at least a technical update, to revise the figures regarding new actions and new

priorities. As we have always said 'new priorities need new additional money'."

Portuguese S&D member [Margarida Marques](#), who is also a negotiator responsible for the spending side, added that the Commission needs to make clear whether it now has two different documents on the negotiation table.

Without agreeing to change the Commission's long-term budget proposal, Hahn admitted that the €7.5 billion proposed for the Just Transition Fund "comes on top" and should be considered as "fresh money".

German Greens/EFA member [Rasmus Andresen](#), another member of the Parliament's negotiation team, said: "We are going to have to find a way to think of the [long-term budget] and the European Green Deal as a single package and further adaptation is necessary."

### **Policy progress**

Like the Commission, the Parliament has also had its proposal for the [EU's long-term budget](#) ready for a long time. MEPs want a post-2020 investment budget that can deliver on the EU's political commitments and ambitions for the future, for example by ensuring sufficient funding for research and the fight against climate change, as well as ensure the continuity of the EU's main policies, such as the common agriculture policy and support for poorer regions.

The proposal includes a reform of the revenue side so that the EU has more own income resources, such as a new corporate tax scheme (including taxation of large companies in the digital sector), revenues from the Emissions Trading System and a levy on plastics. The aim is to pool resources at EU level to deliver on people's expectations and improve their lives.

French Renew Europe member [Valérie Hayer](#), the negotiator responsible for own resources, asked Hahn whether the Parliament's own resources proposals are making progress in talks with the Council, which still hasn't made its priorities for the long-term budget clear. Hahn confirmed that things were moving on a plastics waste tax and the Emissions Trading System.

According to the latest [Eurobarometer survey](#), nearly 60% of respondents from all EU member states think their country has benefited from EU membership and want the Parliament to play a bigger role. They want the EU to work together on cross-border issues such as climate change and the fight against terrorism.

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## **[Hungary: Modern schools and sports](#)**

## infrastructure for pupils with EUR 150m loan from the EIB



- Hungarian pupils to benefit from eight new schools, 16 classroom extensions, 20 new sport halls, 26 swimming pools and 17 larger gymnasiums;
- European Investment Bank invests EUR 150 million in improving the educational and sports outlooks of young Hungarians;
- EIB loan helps schools improve quality of education, social inclusiveness and educational performance of their pupils as well as their social opportunities and employability;

European Investment Bank and the Ministry of Finance of Hungary signed today in Budapest the EUR 150 million loan for construction and rehabilitation of eight schools, 16 classroom extensions and 20 new sport halls in schools, as well as construction of 26 swimming pools and 17 larger gymnasiums in public schools across the country. To date, the EIB invested EUR 911 million in education sector in Hungary alone.

Overall, the EIB loan will facilitate new capacities in the primary and secondary education and in particular will allow pupils currently schooled in mobile containers to move in to new, modern school buildings; investments



will increase the social opportunities and future employability of children. Access to modern sport infrastructure will also contribute towards better public health in Hungary by allowing young Hungarians to meet the sport education requirements of the national curriculum and engage in popular sports.

The loan will reduce overcrowding in schools, improve teaching equipment and subsequently improve educational performance of young Hungarians, offering effective education regardless of the social background as well as extending equal opportunities for quality education.

On top of increasing the social inclusiveness of public schools, the major provider of education in Hungary, the EIB loan will support them to adapt effectively to local demographic changes, reduce energy consumption and contribute towards a sustainable environment in Hungary and the European Union.

**Lilyana Pavlova**, Vice President of the EIB said: "The EIB continues to support Hungary as it addresses major educational challenges and works to develop a modern educational system capable of providing functional education to the country's youth. Good, quality education is increasingly important for improving the living conditions and economic and social opportunities of youth, which is why the EIB is happy to support this project. Hungary's contribution to world's sports and science is amazing and I sincerely hope this loan will help launch a new generation of Hungary's global sports and science champions"

**Mihály Varga**, Hungarian Minister of Finance said: "I highly appreciate the work of the EIB and its continuous commitment to the priorities of the Hungarian Government to improve the country's educational infrastructure, in particular, the construction and expansion of infrastructure in schools where the existing facilities are outdated and inadequate. This loan will contribute to the construction of 8 new schools in Hungary and by the means of refurbishment and establishment of sports halls and handball halls, improved access to sports facilities will enable daily physical education of pupils."

### **Ongoing Investments in Hungarian education and related sports infrastructure**

This loan is a follow-on of a similar program signed in 2016 worth HUF 15 billion (cca. EUR 48 million); its implementation allowed pupils get access to modern sports facilities throughout the country. Like in the first part, the EIB is expected to co-finance the project with 50% share.

The EIB loan complements the European Structural and Investment Funds efforts of the European Union to improve educational infrastructure in Hungary; half of the projects will be located in regions classified as less developed.

With focus on school infrastructure in a country with strong needs in education investments the Project aims to promote progress towards the UN Sustainable Development Goal (SDG) 4 on education, which calls to ensure inclusive and equitable quality education and promote lifelong learning

opportunities for all.

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## [Press release – Artificial intelligence: EU must ensure a fair and safe use for consumers](#)



Parliament's [Internal Market and Consumer Protection Committee](#) approved on Thursday a resolution addressing several challenges arising from the rapid development of artificial intelligence (AI) and automated decision-making (ADM) technologies.

When consumers interact with an ADM system, they should be “properly informed about how it functions, about how to reach a human with decision-making powers, and about how the system’s decisions can be checked and corrected”, says the committee.

Those systems should only use high-quality and unbiased data sets and “explainable and unbiased algorithms” in order to boost consumer trust and acceptance, states the resolution. Review structures should be set up to remedy possible mistakes in automated decisions. It should also be possible for consumers to seek human review of, and redress for, automated decisions that are final and permanent.

“Humans must always be ultimately responsible for, and able to overrule, decisions” that are taken via ADM processes, especially in relation to the

medical, legal and accounting professions and the banking sector, MEPs underline.

### **Adjust safety and liability rules to the new technologies**

AI-enabled products may evolve and act in ways not envisaged when they were first placed on the market. MEPs urge the Commission to table proposals adapting the EU's safety rules for products (e.g. directives on machinery and toy safety) to ensure that consumers are protected from harm, manufacturers are clear on their obligations and users are informed about how to use those products.

The Product Liability Directive, adopted over 30 years ago, would also need to be updated to adapt concepts such as 'product' 'damage' and 'defect' as well as rules governing the burden of proof, says the committee.

MEPs call for a risk-assessment scheme for AI and ADM and for a common EU approach to help secure the benefits of those processes and mitigate the risks across the EU.

### **Check differentiated pricing and discrimination**

Under EU law, traders must inform consumers when the price of goods or services has been personalised on the basis of ADM, MEPs recall, asking the Commission to closely monitor the implementation of those rules. It must also check how the EU regulation banning unjustified geo-blocking is applied to ensure that ADM is not being used to discriminate against consumers based on their nationality, place of residence or temporary location.

### **Quote**

[Petra De Sutter](#) (Greens/EFA, BE), Chair of the Internal Market and Consumer Protection Committee, said: "Technology in the field of artificial intelligence and automated decision-making is advancing at a remarkable pace. The committee has today welcomed the potential of these advances, while at the same time highlighting three important issues that need to be addressed. We have to make sure that consumer protection and trust is ensured, that the EU's rules on safety and liability for products and services are fit for purpose in the digital age and that the data sets used in automated decision-making systems are of high-quality and are unbiased".

### **Next steps**

The resolution, approved in committee by 39 votes in favour, none against and four abstentions, will be voted on by the full House in a forthcoming plenary session. It will further feed into Parliament's work on this topic.

After the vote in plenary, the resolution will be transmitted to the EU Council (member states) and the Commission, so that they take into account MEPs' views on AI and ADM. The [Commission announced](#) that it is due to present its plans for a European approach to AI on 19 February 2020.

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## France: EIB, with the support of the European Commission, is financing the deployment of 150 000 smart boxes to actively manage electricity demand

- A EUR 20m loan to speed up the home installation of devices helping to reduce electricity consumption
- This strengthens the strategic partnership between Meridiam and Voltalis and speeds up the deployment of smart boxes that actively manage electricity demand from private consumers and SMEs
- This is the first investment in the area of domestic 'demand response' supported by *InnovFin Energy Demonstration Projects* and financed under Horizon 2020 and the NER 300 funding programme

The European Investment Bank has announced the signing of a EUR 20m loan – guaranteed by the European Commission – to a company owned by Meridiam (60%) and Voltalis (40%) to support the large-scale deployment of the demand response technology developed by Voltalis. A smart box, installed free of charge in homes with electric heating, enables consumers to save energy without impacting their comfort. At national and local level, Voltalis aggregates in real time these reductions in consumption in order to offer this flexibility to the wholesale markets.

Thus, instead of matching increasing energy demand through an equivalent increase in production capacity, Voltalis is proposing a smart electricity management, enabling demand to be reduced when prices are high or during peak usage times. Ultimately, providing small consumers with a smart box enables Voltalis to reduce overall power consumption and enhance the security of the power grid.

This new-found ability to manage usage, implemented with the support of the EIB, will help limit the use of polluting means of production while enabling consumers to make energy savings: two key aspects of energy transition that further the objectives of the Green Deal and EU climate action. Active demand management will also facilitate Electrical Vehicles charging, help reduce investment requirements when distribution networks are saturated and facilitate the integration of intermittent renewable energy sources. Ultimately, the company aims to install smart boxes in a third of the electrically heated French homes, and deploy this system throughout Europe.

This financing operation is being carried out thanks to the *InnovFin Energy Demonstration Projects* facility, financed under the EU's framework programme for research and innovation, Horizon 2020, and by NER 300, the innovative low-carbon energy programme.

**Mariya Gabriel, European Commissioner for Innovation, Research, Culture, Education and Youth**, said: *“By backing Voltalis with EU funding, we aim to show that energetic, dynamic and smart management is a viable solution for reducing energy needs without compromising comfort and the economy, whilst at the same time facilitating the integration of renewables within the energy system. This will enable the firm to reduce its carbon emissions, save money and help us attain our climate goals.”*

*“Voltalis is a firm that illustrates very well how successfully combating climate change cannot be achieved without embracing innovative solutions”,* stated **EIB Vice-President Ambroise Fayolle**. *“For the EU and its climate bank, it is vital to help these firms speed up the deployment of these innovations, so enabling consumers to combat global warming and make energy savings at the same time.”*

*“We are proud to have the backing of the EIB and Meridiam, a strategic partner for Voltalis: this truly confirms the unique expertise of Voltalis and the value of actively managing electricity demand as part of the energy transition process. This support will allow to speed up the large-scale deployment of our technology, which will benefit both the power grid and consumers by enabling them to better manage their energy costs”,* said **Voltalis CEO Mathieu Bineau**.

*“Energy transition is one of Meridiam’s three strategic priorities. We are confident that this can only be implemented successfully by exploring innovative solutions to design the infrastructure of the future. Our strategic partnership with Voltalis reflects this conviction. The inclusion of small-scale businesses is one of the conditions for successfully negotiating the environmental transition and we are delighted to work alongside the EIB in supporting the deployment in France of Voltalis’s technology, which will make rapidly evolving power systems more resilient. This ties in with our substantive goal of contributing actively to the European Green Deal”,* stated **Meridiam CEO Thierry Déau**.

**Note to editors:**

#### **About InnovFin Energy Demonstration Projects (EDP)**

[InnovFin Energy Demonstration Projects](#) (InnovFin EDP) is a venture financing instrument designed to support the demonstration of innovative clean energy projects in the fields of renewable energy, energy storage, smart energy systems and carbon capture, use and storage. The aim is to bridge the gap from demonstration to commercialisation and thus contribute to the deployment of the next generation of innovative low-carbon energy technologies. Given the high risk involved, these EIB loans are guaranteed by the European Commission in the event of default. InnovFin EDP is financed by Horizon 2020 and NER 300 funds.

#### **About Voltalis**

Operating at the heart of the energy transition process, Voltalis is Europe’s leading player in the field of flexibility management, specialising in active



management of residential energy consumption. Established in 2006 and certified by the French power grid operator RTE since 2008, Voltalis offers consumers innovative solutions helping them to make energy savings without impacting their day-to-day comfort whilst at the same time actively contributing to the equilibrium of the power grid and to the environmental transition. With its smart boxes already installed in over 100 000 homes, Voltalis has the largest active management capacity in Europe in terms of residential consumption and is now investing in the deployment of an additional 150 000 boxes. [www.voltalis.com](http://www.voltalis.com)

### **About Meridiam**

Meridiam was founded in 2005 by Thierry Déau, with the belief that the alignment of interests between the public and private sectors can provide critical solutions to the collective needs of communities. Meridiam is Benefit Corporation, within the meaning of the french law, specialising in the development, financing, and management of long-term and sustainable public infrastructure projects and assets in three sectors : mobility of people and goods, energy transition and social infrastructure sectors. It currently manages EUR 7bn worth of assets and more than 75 projects. Meridiam is certified ISO 9001: 2015, ISO 26000 Advanced by VigeoEiris and operates on a proprietary methodology in relation to ESG (environmental, social and governance criteria) and impact based on the UN Sustainable Development Goals (UNSDGs). [www.meridiam.com](http://www.meridiam.com)

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## **SME Access to Finance Initiative: European Union to boost support for small and mid-sized businesses in neighbouring countries**



- The programme will enhance access to finance for small and mid-sized businesses (SMEs), especially in underserved sectors of the economy
- Financial intermediaries will be able to take more risk and grant financing on favourable terms
- The project will support around 1,000 SMEs and sustain some 18,000 jobs across target countries

The European Investment Bank (EIB), the EU bank, and the European Commission have joined forces in the **SME Access to Finance Initiative** developed under the European Fund for Sustainable Development (EFSD) in order to support economic growth, innovation and employment in EU neighbouring countries.

This initiative will facilitate access to finance for local SMEs through partial portfolio guarantees. Those guarantees will allow intermediary banks to take on more risk and extend financing on favourable terms, such as lower interest rates and/or reduced collateral requirements.

Furthermore, the initiative will contribute to greater financial inclusion: it will target underserved sectors, like start-ups or businesses run by women or people from disadvantaged communities. The programme is expected to unlock additional financing of some EUR 200 million for small and medium-sized businesses and ultimately to sustain some 18,000 jobs across the target countries.

*“The EU bank is committed to supporting SMEs, as they are the cornerstone of*

*any economy, especially in the EU Neighbourhood,” said **EIB Vice-President Lilyana Pavlova**, and continued: “Moreover, promoting the underserved sectors’ inclusion in business and unleashing their potential is vital in order to realise the full economic potential of any country. Today they need better access to affordable and long-term finance in order to continue to grow, export to the European market and create new jobs across the region. We are proud and pleased to launch this programme jointly with the European Commission in the framework of the External Investment Plan in order to contribute to the creation of high-performing and inclusive business environments in the EU Neighbouring Countries.”*

**European Commissioner for the EU Neighbourhood and Enlargement Policy Olivér Várhelyi**, added: *“We want to ensure an investment boost that will drive forward growth and provide concrete benefits and opportunities to the people, for example when it comes to big infrastructure projects or support for young entrepreneurs. Direct support for investment is a key element, but so are good governance and a conducive business environment that helps to attract investment, both domestic and foreign. This is why the External Investment Plan also supports our partner countries in developing more effective legal frameworks, policies and institutions that promote economic stability, sustainable investment and inclusive growth.”*

#### **Background information:**

##### **About the EFSD:**

**The European Fund for Sustainable Development (EFSD)** is one of the EU financial instruments that promote a proactive development aid policy supporting investments in the EU Neighbourhood and Africa. It is part of the EU External Investment Plan, which by 2020 is expected to generate EUR 44 billion in investments (based on an initial EU contribution of EUR 4.5 billion), helping to create jobs and economic opportunities, addressing the socio-economic causes of migration, and contributing to the achievement of the UN sustainable development goals.