

# **EIOPA publishes first set of Questions & Answers on the Application of the Insurance Distribution Directive**

Today, the European Insurance and Occupational Pensions Authority (EIOPA) published the first set of Questions & Answers (Q&As) providing practical guidance on the application of the Insurance Distribution Directive (IDD) and its implementing regulations.

The Q&As for requirements for the Product Oversight and Governance arrangements can be found under this [Link](#).

The Q&As on the additional regulatory requirements for Insurance-based Investment Products can be found under this [Link](#).

These questions were raised by different stakeholders. EIOPA will continue to address and subsequently publish the answers to further questions. For future questions stakeholders are kindly requested to submit them via EIOPA's online tool accessible via the following this [Link](#).

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## **Remarks by Commissioner Moscovici at the College readout: Commission supports normalisation in Greece through activation of post-programme framework**

Dans 40 jours exactement, la Grèce va sortir de son programme d'assistance financière.

J'ai toujours dit que la fin du programme grec devait marquer un changement réel dans le statut de la Grèce au sein de l'Union Européenne et de la zone euro. Un changement dans le sens d'une plus grande autonomie, disons d'une plus grande liberté, dans l'élaboration des politiques économiques. Un changement vers la normalité.

La normalité signifie que la Grèce sera comme tout autre pays de la zone

euro. Elle sera donc, pour la première fois, soumise aux mêmes mesures et procédures de coordination des politiques économiques, ce que nous appelons le Semestre Européen.

Cela signifie, par exemple, que la Commission préparera un avis cet automne sur le projet de budget de la Grèce pour 2019, qu'elle devra nous envoyer en octobre. Exactement comme nous le faisons pour la France, l'Allemagne ou l'Italie.

Tous les pays sortis dans le passé de l'aide financière sont soumis à un suivi des institutions européennes et du FMI. Ce n'est pas une invention, ce n'est pas quelque chose de discrétionnaire, c'est prévu par la législation européenne et ça fait partie des mécanismes ordinaires, là encore, la normalité parce que l'Europe continue d'accompagner ces pays.

Mais c'est vrai que la crise grecque a duré si longtemps, que ses réformes ont été si ambitieuses, si dures et profondes, et que sa dette reste encore aujourd'hui si élevée, et dans ces conditions il est normal que ce suivi post programme, cette surveillance post programme soit un peu plus étroite, du moins à court terme. Je note d'ailleurs que d'après un récent sondage, une majorité de Grecs souhaitent que l'Europe continue de soutenir la Grèce dans ses efforts et cette surveillance renforcée a été définie avec les autorités grecques.

C'est ça le sens de cette "surveillance renforcée" que nous adoptons aujourd'hui et qui entrera en vigueur le 21 août, au lendemain du terme juridique du programme. Ce processus a sa base légale dans le fameux "Two-Pack", paquet législatif adopté en 2013, dont cet élément est mis en œuvre pour la première fois. Il s'agit d'un cadre destiné à soutenir l'achèvement et la mise en œuvre des réformes en cours. Un cadre qui pourra aussi rassurer les créanciers et les investisseurs – ainsi que les citoyens grecs eux-mêmes – sur le fait que la Grèce va continuer à mener des politiques budgétaires responsables.

Je le redis avec force, comme Valdis, la surveillance renforcée n'est pas un quatrième programme, le président Juncker y a insisté de manière très claire ce matin lors de la réunion de la Commission. Prétendre le contraire, c'est une contre-vérité. La surveillance renforcée n'implique aucune nouvelle réforme, aucune nouvelle mesure, aucun nouvel effort, en tout cas aucun effort supplémentaire, alors que pendant le troisième programme, celui qui vient de s'écouler, ce sont plus de 450 réformes qui ont été adoptées, la plupart votées par le parlement grec, et des ajustements budgétaires très importants, hors des normes prévues par le Semestre européen. Et donc si on ne voit pas la différence entre un programme et le post programme, c'est qu'il y a un problème de lunettes.

C'est de surcroît lutter contre son camp. C'est ne pas tenir compte des progrès réalisés par les Grecs depuis 8 ans et validés par tous les Etats de la zone euro, la Commission, la Banque centrale européenne, le Mécanisme européen de Stabilité et le Fonds monétaire international. Il y a un consensus international et européen pour considérer que la Grèce n'a pas besoin d'un nouveau programme, mais bel et bien d'achever les réformes

entamées et de rester dans cette voie.

Je le redis donc très clairement : le programme actuel s'achèvera le 20 août prochain et ce sera le dernier programme d'assistance à la Grèce. Le mécanisme de suivi que nous mettons en place n'est pas un nouveau programme.

Il s'agit d'un cadre pour veiller à ce que la Grèce continue à respecter les engagements pris au cours du programme écoulé. C'est essentiel, car la reprise de la Grèce n'est pas un événement, c'est un processus qui nécessite un suivi dans le long terme.

La surveillance renforcée permettra aussi à l'Eurogroupe de respecter ses propres engagements, puisque – sur la base des rapports de la Commission tous les 6 mois, les Etats membres pourront décider la mise en œuvre des mesures d'allégement de la dette accordées à l'Eurogroupe du 21 juin. Nous parlons ici des revenus générés par l'Eurosystème sur les bonds grecs, soit environ 4Mds d'euros, donc tous les 6 mois nous aurons à décider des déboursements prévus.

Surveillance as Valdis said, will focus on the specific commitments made by Greece in the context of the 22 June Eurogroup agreement. These fall into six categories:

- fiscal and fiscal structural policies
- social welfare
- financial stability
- labour and product markets
- privatisation
- and public administration.

Again, we are talking only about existing reforms already legislated and being implemented.

Under enhanced surveillance, Greece will be monitored through more frequent review missions from the Commission and partner institutions, notably the European Central Bank and the European Stability Mechanism, in close coordination, I expect, also with the International Monetary Fund. This aspect is no different from what takes place in other Member States once they enter into post-programme surveillance.

Importantly, we want to avoid any duplication of processes. That's why we intend that the monitoring and reporting under enhanced surveillance, which will be quarterly, will to a large extent coincide with what takes place under the normal European Semester process. We will do all we can to maximise synergies between the two procedures.

A final thought before we take your questions:

Greece is now able to stand on its own two feet; that does not mean that it must stand alone. Europe will remain engaged and will continue to support Greece, and so will the European Commission.

Today's decision is about just that: no more, no less.

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## Remarks by Vice-President Dombrovskis at the College readout: Commission supports normalisation in Greece through activation of post-programme framework

Good afternoon, ladies and gentlemen.

The College has just concluded its weekly meeting. The main focus of our meeting today was Greece. So Commissioner Moscovici and I will go into the details in a moment.

On other subjects: First Vice-President Timmermans introduced the discussion on the 2019 Commission Work Programme. As we stand now, the Juncker Commission has delivered 100% of what we committed to do under our 10 policy priorities of 2014. And we even went beyond this with 49 new sectoral proposals under the next EU long-term budget, which we rolled-out in June and presented to EU Leaders at the European Council two weeks ago. The focus now is on delivery. There are 290 legislative files pending in the European Parliament and the Council. So we must focus on the implementation of legislation that has been agreed and adopted. Our number one goal here is for the Parliament and the Council to adopt as many pending legislative files as possible before the European elections in May next year. In his State of the Union speech on 12 September, President Juncker will provide an update on where we are on the outstanding legislative files.

We also discussed trade. Commissioner Malmström presented the state of play of the EU-US trade relations and relations with China in light of the upcoming Summit. And as already announced, next week President Juncker will sign an ambitious EU-Japan trade agreement.

I would also like to mention that as part of the External Investment Plan, yesterday the EU gave its green light to a package of financial guarantee programmes worth around €800 million. This will help to leverage an estimated €8-9 billion in public and private investment in Africa and the Neighbourhood. To recall, the Plan is expected to leverage €44 billion of investments through an EU contribution worth €4.1 billion.

And the College also decided the appointment of the new Director-General for DG Budget, Gert-Jan Koopman following Nadia Calviño's departure to the Spanish Government. And we also decided to appoint the third female Deputy Secretary-General, Céline Gauer. This brings the Juncker Commission's share of female senior managers from 11% to 37%, so we are approaching our 40% target.

And now on Greece. As you know, following the agreement in the Eurogroup last month, the Greek programme will be brought to its successful conclusion on 20 August. This is a significant date for Greece and for Europe. And today the European Commission has taken an important step in securing a post-programme cooperation with Greece.

We have decided to launch – in agreement with the Greek government – enhanced surveillance for Greece as of the 21<sup>st</sup> of August. So, one could say that we are entering a “normalisation” period for Greece. Let me explain briefly what enhanced surveillance entails.

After exiting the programme, Greece will become subject to the European fiscal and macroeconomic policy coordination cycle – the European Semester – as all other EU members. And, as you know, all euro area Member States have to submit their draft budget plans to the Commission by 15 October. All EU countries are also screened for possible macroeconomic imbalances. Each spring, in May, they receive country specific recommendations on the fiscal and reform path to follow.

So becoming part of “normality”, is in itself a positive and healthy development for Greece.

At the same time, as stated by the Eurogroup, we should help Greece to ensure policy continuation. In other words, to deliver the reforms that have been agreed and to continue prudent fiscal and macroeconomic policies. After eight years under programmes, Greece needs to capitalise on the progress it has made, and so that the efforts of the Greek people are not in vain.

The “normalisation”, amongst other things, means that Greece will need to finance itself from markets. The substantial disbursement and debt measures agreed by the Eurogroup ensure that Greece can return to markets gradually. But it is important to use this time to build confidence with markets, investors and companies. For this, policy stability and predictability are needed.

At the same time, this is the way to attract more investment and ensure sustainable growth in Greece, which will bring new jobs and lead to better living and social conditions for the Greek people. This approach is important because Greece still faces many significant challenges: decreasing but still high unemployment, very high public debt, very high level of non-performing loans, still relatively weak competitiveness, and a business environment that leaves much room for improvement.

These challenges have been systematically addressed during the programme. Yet, as anywhere else, reforms take time to be fully implemented and bear fruit. Several of the agreed reforms are still work in progress. This includes implementing specific actions in the areas of fiscal policy, financial stability, social welfare, labour and product markets, and public administration.

So given these significant challenges, and the need to ensure the continuity and completion of the reforms agreed under the ESM programme the College has

taken today's decision.

The enhanced surveillance adopted today will allow for closer dialogue with Greece and more frequent reporting on economic, financial and policy developments in the country. Of course, we will align this enhanced surveillance with the European Semester process. And when time comes, the enhanced surveillance will shift into regular post-programme surveillance. As for all former programme countries, it will remain in place until the majority – or 75% – of loans have been repaid.

Finally, we will also continue to provide technical support to Greece in its reform efforts. To give an example, last month, the Commission signed a new support plan for 32 reform projects in Greece. The plan includes: supporting reforms of the judiciary system, further improving tax collection, establishing a Hellenic Development bank to promote investment, and strengthening the capacity of the Greek administration to provide social services.

To conclude, the “enhanced surveillance” does not imply any new conditionality or obligations. Only those reforms that have been agreed under the ESM programme must be implemented.

Thank you. And now I pass the floor to Pierre.

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## European Commission appoints new Head of Representation in Spain

Mr Fonseca Morillo, a Spanish national, will take up office on 1 September 2018 as the new Head of the Commission's Representation in Madrid. Currently he is Deputy Director-General in the Directorate-General for Justice and Consumers. A highly experienced civil servant with over 30 years of working experience in the European Commission, including as acting Director-General and Head of a Commission Representation, Mr Fonseca Morillo brings excellent knowledge of the EU institutions and relevant management and communication skills to his new post.

Mr Fonseca Morillo joined the Commission in 1986 and since then he has occupied several different positions. Having started as an administrator in the Directorate-General for Budgets, he worked later as Assistant to the Director-General of the Forward Studies Unit becoming Adviser to the 1996 Intergovernmental Conference task force and Adviser to the Secretary-General in charge of the Amsterdam Treaty monitoring unit.

He has then served as Deputy and later as Head of Cabinet of Commissioner António Vitorino, following which he served as Director for Civil Justice, Fundamental Rights and Citizens and later as Director of Judicial

Cooperation.

Between 2009 and 2015 he was the Head of the European Commission Representation in Spain, where he developed excellent relations with the national authorities and stakeholders. He successfully led the office to develop an effective communication policy with media and representatives of organised civil society in Spain notably by organising, in the city of Cádiz in September 2012, the first-ever [Citizens' Dialogue](#).

Since 2015 he has been working in the Directorate-General for Justice and Consumers, first as Director and later as Deputy Director-General.

Before joining the European Commission, Mr Fonseca Morillo was a tenured professor of Public International Law. He obtained his PhD in Law at the University of Valladolid in 1984, after having graduated in Political Sciences in the Universidad Complutense de Madrid in 1979 and in Law at the University of Valladolid in 1977.

## **Background**

The Commission has Representations in all EU Member States as well as Regional Offices in Barcelona, Belfast, Bonn, Cardiff, Edinburgh, Marseille, Milan, Munich and Wrocław. The Representations are the Commission's eyes, ears and voice on the ground in all EU Member States. They interact with national authorities and stakeholders and inform the media and the public about EU policies. The Representations report to the Commission's headquarters on significant developments in the Member States. Since the beginning of the Juncker Commission, Heads of Representations are appointed by the President and are his political representatives in the Member State to which they are posted.

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## **Questions and Answers – EU External Investment Plan**

It aims to promote inclusive growth, job creation and sustainable development and in this way tackle some of the root causes of irregular migration.

### **What is the state of play on the External Investment Plan?**

Less than a year after [the EIP's official launch](#), the EU is on the right track towards achieving its commitment to leverage €44 billion of public and private investments in sustainable development, with an input of €4.1 billion from the EU for blending operations (mixing public grants and loans) as well as guarantee operations.

On 10 July, the EU took a milestone decision to mobilise €800 million in

guarantee operations, which is expected to trigger investments of €8-9 billion.

This adds to the €1.6 billion that were mobilised for blending operations (i.e. the mixing of public grants and loans), which will mobilise up to €14.6 billion.

Overall, this will therefore translate into over €22 billion public and private investments. This will support much needed investment in sustainable development and decent job creation particularly in Africa.

Each of the Investment Programmes presented on 10 July is accompanied by substantial technical assistance to support partners in developing good projects. Policy dialogue with partner countries at all levels is ongoing.

### **What is the target of the EIP and how much has already been achieved?**

The Plan's financial arm, the €4.1 billion European Fund for Sustainable Development (EFSD), comprises two parts:

- **Guarantee Fund** (for a total of **€1.5 billion** by 2020): The decision of 10 July 2018 allocated **€800 million** from the Guarantee of the European Fund for Sustainable Development. This is expected to **leverage €8-9 billion** of public and private investments.
- **Blending Facilities** (for a total of **€2.6 billion** by 2020): Since 2017, the EU has made available a total of **€1.6 billion** for interventions mixing EU grants with loans (so-called blending). This will help to **leverage up to €14.6 billion in potential investments**.

Overall, this will translate into over **€22 billion** public and private investments. This will support much needed investment in sustainable development and decent job creation particularly in Africa.

### **What was decided on 10 July concerning the European External Investment Plan?**

On 10 July, the Strategic Board of the European Fund for Sustainable Development (i.e. the financial fund underpinning the EU's External Investment Plan) gave its green light for [twelve EU guarantees worth around €800 million](#). The Board comprises representatives of: EU Member States, the European Parliament (as observer), the European Commission (who chairs the meeting), the European External Action Service and the European Investment Bank. Partner countries and regional stakeholders can also join as observers.

The guarantees lower the risk of investing in projects in countries neighbouring the EU and in Africa. The guarantees will cover operations in several areas: financing for small businesses, including ones involved in agriculture; sustainable cities; sustainable energy and connectivity; and access to the internet and digital services.

The guarantees will help bring in private sector investment because they can:

- attract financing for some of the initial capital ('equity' or 'risk capital') which projects need to get off the ground. This could be for



- example solar parks or other projects related to sustainable development
- serve as a pledge (guarantee) to pay back parts of a loan if a borrower incurs losses and defaults on it.

### What are the next steps?

The agreement on 10 July on first guarantee programmes paves the way for signing the first contracts for guarantee agreements already in the second half of 2018. The European Commission is expected sign the first EIP guarantee agreements with eligible partner financial institutions later this year. These institutions will then use EU guarantees to finance new development projects and attract additional private investments.

Financial institutions should then start to roll out projects in early 2019.

### What sectors are covered by these guarantees?

The EU had [in September 2017 identified five areas of intervention](#), in which the External Investment Plan can have the highest impact for sustainable development. The first four are covered by the guarantee programmes approved on 10 July:

- financing for small businesses, including ones involved in agriculture
- sustainable cities
- sustainable energy and connectivity and
- access to the internet and digital services.

Furthermore, the Commission will review proposals in the field of agri-business in autumn 2018.

### Can you give some examples of the new guarantee programmes:

- **NASIRA Risk-Sharing Facility:** With €75 million EU input and managed by Dutch development bank, this new risk-sharing facility is expected to generate a total investment of €750 million to €1 billion. It will benefit people who currently have difficulty borrowing money at affordable rates, such as:

oPeople who have been forced to flee other parts of their countries (internally displaced people) or to leave their country all together (refugees)

oThose who had fled but have recently returned to rebuild their lives (returnees)

oWomen and young people aged 18-30

- **InclusiFI** will enable over **25,000 small businesses** to access mobile accounts and long-term credit. The objective is to support financial inclusion driven by diasporas, migrants' families and migrants who have recently returned to their country of origin, in Sub-Saharan Africa and EU Neighbourhood. The lead financial institutions are AECID (Spain), COFIDES (Spain) and CDP (Italy).

- **DESCO financing programme:** This initiative will help bringing solar power kits to thousands of homes in Sub-Saharan Africa. With an input of €50 million from the EU and led by the African Development Bank, the guarantee tool will support access to clean electricity to an estimated **3.5 million people** in Sub-Saharan Africa (in particular in the Sahel region). The programme will help offset some of the risks that local banks perceive in financing solar power.
- **A digital transformation platform** and a **broadband investment programme** will support rural access to broadband in the EU's southern and eastern neighbouring countries, with an EU input of €70 million and managed by the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD). This programme is expected to bring **fast broadband to 300 000 to 600 000 homes** in rural areas which will allow people and businesses to take part more fully in the digital economy.
- The initiative **Boosting investment in renewable energy**, receives an EU input €100 million, and will be managed by the Association of European Development Finance Institutions (EDFI) and the European Bank for Reconstruction and Development (EBRD). By supporting investments in renewable energy in Sub-Saharan Africa and EU neighbouring countries, this programme is expected to:

- o Cut carbon emissions by an estimated 2-3 million tonnes per year
- o Create an additional 1.5 – 2 Gigawatts of renewable energy
- o Increase power production from renewable energy sources to 4,500-6000 GWh/year.

### **Can you give some examples of blending operations?**

The EU has been supporting development and growth in partner countries through blending operations (mixing public grants and loans), for example:

- The [Electrification Financing Initiative or ElectriFI](#) helps to support investments in reliable, affordable and sustainable electricity and energy services that serve populations in rural areas in many partner countries. It does so by easing access to seed capital, as well as mid- and long-term capital. Funded by the European Commission, this initiative is managed by the Association of European Development Finance Institutions (EDFI).
- The [SANAD Fund](#) supports businesses, growth and job creation in in the Middle East and North Africa. It provides debt and equity finance to partner financial institutions, who then in turn support micro-, small and medium-sized enterprises. Such small companies account for 60 % of GDP and 70 % of employment in the region and are therefore crucial to a vibrant economy. However, surveys show that only 20 % of them have access to financing. Co-financed by the EU with €28 million and implemented by the development bank Kreditanstalt für Wiederaufbau (KfW), this initiative offers not only access to finance, but also support technical assistance.
- The [Boost Africa initiative](#) is a joint initiative between the African

Development Bank (AfDB) and the European Investment Bank (EIB). It uses a combination of investment tools, technical assistance and entrepreneur training to attract investors and support to micro-, small and medium-sized enterprises at the earliest and riskiest stages of their development. A particular emphasis is put supporting young people and women. The focus is on sectors where innovations can improve quality of people's lives, in particular that of poorer households, providing access to affordable products and services. These sectors include, but are not limited to: ICT, agribusiness, financial services and financial inclusion, health, education, and renewable energy.

- **Women in Business programme**: Female entrepreneurship plays a key role in creating jobs and driving economic growth. However, female-run small and medium-sized enterprises often face reluctance from banks to lend to them as they are perceived as higher-risk customers. EU support through this programme provides partial risk cover to local banks to encourage the development of specific products that target eligible women-led companies as well as advisory services, training and support for women entrepreneurs and their businesses. The EU contribution to this project led by the European Bank for Reconstruction and Development (EBRD) is €4.8 million.

### **How did you estimate the EIP leverage?**

In the EIP context, leveraging is the use of EU grants and guarantees to enable and increase the overall size of investment. Leverage allows going to scale and delivering enhanced development impact.

Based on experience with EU-supported financial instruments since 2007, the EFSD guarantee and blending (i.e. mixing of public grants and loans) are expected to reach an average leverage of around x11. The total EU contribution of €4.1 billion is therefore expected to result in a total investment of €44 billion.

### **How can we monitor the progress of the EIP's implementation?**

The European Commission will closely monitor the progress of the EIP. It will report annually to the European Parliament and the Council on the EIP financing and investment operations. The Commission will communicate the progress to citizens and stakeholders through its [website and dedicated EIP web portal](#).

Reports will also be presented to the public and all relevant stakeholders, including civil society.

### **What are the conditions to qualify for support under the EIP?**

Projects must have a clear sustainable development objective for Africa or the European Neighbourhood. They should contribute to economic and social development, with a focus on sustainability and job creation, particularly for youth and women.

Investment proposals have to provide adequate risk sharing, be economically

and financially viable, socially and environmentally sustainable. They must not distort market competition or crowd out commercial funding and they should address market failures or sub-optimal investment situations. Operations should be additional – i.e. in areas where financing would otherwise not be available, due to high or perceived high risks.

**If I want to take part and submit a project proposal or invest through a guarantee tool, how can I find out more?**

Businesses that want to benefit from the EIP are encouraged to:

- contact one of the financing institutions managing the investment windows to obtain further information (see a list of all guarantee programmes and the respective lead financial institutions [here](#))
- submit investment proposals through the [EIP online web portal that functions as a one-stop-shop](#). The EIP Secretariat will then check them and forward them to the relevant financing institutions.

**For more information**

[Press release – The EU's External Investment Plan: a strong step forward](#)