

The Juncker Plan: conditions and requirements to prevent its failure

Franco Bassanini - President, Cassa Depositi e Prestiti Group



The Juncker Plan must not be considered just as a new large facility for European SMEs and infrastructure. It should instead be considered as an anti-cyclical tool to boost investment and growth, and a first step towards a Single European Market for Infrastructure and SMEs financing.

With an aging population, a public debt overhang, and the tough competitive challenge coming from emerging economies, the EU should rely on a system for financing infrastructure and SMEs which weighs as little as possible on public finance. The new model will have to be technically very advanced as well as reliable in order to attract long term investors and private capital around the globe. The Plan represents also an opportunity to stimulate national structural reforms and processes (liberalizations, legislative stability, streamlined and fast administrative procedures, light regulatory burdens, fast and reliable judicial systems, efficient and technically prepared public administration, information platforms, transparency, technical assistance, cutting red tape, etc).

At the present, however, there are still urgent questions to face to kick start the Plan as soon as possible. “Additionality” is a crucial rule, but it is not easy to implement.

In particular, if guarantees will be granted at market price, then “additionality” will become an empty concept, and the Juncker Plan would not be able to address market failures. Moreover, Juncker Guarantees, if needed to face market failures and if granted with competitive procedures, should never be considered as State Aid.

The Platforms should be regional and national as well as sectorial, to reach players and projects operating and existing at different grounds and in specific sectors. In the Platforms, an important role can be played by the National Promotional Banks, together with the EIB. Our shared objective is to make the most effective use of the available funds to mobilize additional public and private investment.

A regulatory framework more favorable to long term investment, with a re-calibration of regulatory and accounting standards (IAS/IFRS, CRD IV and Omnibus), as repeatedly suggested by Eurofi since 2009, is also required. Without it, the EIB and NPBs will be left alone in a market where other potential investors will have no convenience to participate to the game – even if they are eager to do so.

Last but not least, an excessive “bureaucratization” in the process of validation must be avoided. The Plan requires a rapid and effective decision making process, in order to give an anti-cyclical boost to investment. We should then start implementing it already in the second term of 2015 and we should take off the ground most of the projects and/or Platforms in 2016. If procedures are not simplified and decentralized, the entire venture might be at risk of failure.