

Structural Funds and Cohesion Fund: provisions relating to risk sharing instruments for Member States experiencing or threatened with serious difficulties with respect to their financial stability

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The Committee on Regional Development adopted the report by Danuta Maria HÜBNER (EPP, PL) on the proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1083/2006 as regards certain provisions relating to risk-sharing instruments for Member States experiencing or threatened with serious difficulties with respect to their financial stability.

The Committee recommends that the European Parliament's position, at first reading under the ordinary legislative procedure, should be to amend the Commission proposal as follows:

Definition: Members propose to introduce a definition of the “**risk sharing instrument**”, which shall mean a financial instrument (loan, guarantee, as well as other financial facility) which guarantees the total or partial coverage of a defined risk, where appropriate in exchange for an agreed remuneration.

Use of the instrument: risk-sharing instruments should be used for loans and guarantees as well as for other financial facilities in order to finance operations, co-financed by the European Regional Development Fund (ERDF) or the Cohesion Fund (CF), as regards investment costs which cannot be financed as, eligible expenditure pursuant to Article 55 of Regulation (EC) No 1083/2006, or pursuant to the Union rules on State aids.

This instrument may also be used to finance operations, which contribute to the achievement of the objectives of the national strategic reference framework of the requesting Member State and the Community strategic guidelines on cohesion, and bring the greatest added value to the Union strategy for smart, sustainable and inclusive growth (Europe 2020).

Cooperation Agreement with the EIB: the Commission should be able to create in partnership with the EIB risk sharing instruments. As regards the specific crisis management nature of the risk-sharing instrument, envisaged under this Regulation, the specific terms and conditions of each cooperation should be laid down in an individual cooperation agreement, to be concluded between the Commission and the EIB.

The cooperation agreement shall **contain rules in particular on:** the total amount of the Union contribution and a schedule on how it will be made available; the trust account conditions to be set up by the

contracted implementing body; the eligibility criteria for the use of the Union contribution, the details of the exact risk-sharing (including the leverage ratio), to be covered and the guarantees to be provided by the contracted implementing body; the pricing of the risk-sharing instrument; the application and approval procedure of the project proposals, covered by the risk-sharing instrument; the availability duration of the risk-sharing instrument and the reporting requirements.

The exact risk sharing (including the leverage ratio), to be undertaken pursuant to the cooperation agreement by the contracted implementing body, shall as an average, aim at being at least 1.5 times the amount of the Union contribution to the risk-sharing instrument.

Written request: a Member State seeking to benefit from a risk-sharing instrument should clearly specify in its written request to the Commission, why it considers that it meets one of the eligibility conditions of Regulation (EC) No 1083/2006 and it should attach to its request all the information, required under this Regulation in order to prove the specified eligibility condition.

When deciding on the Member State request, the Commission shall ensure that only projects, for which a favourable financing decision is taken either by the EIB or by a national or international public-sector body or body governed by private law with a public-service mission, shall be accepted as eligible for financing through an established risk-sharing instrument.

Financing: the financial allocations to the risk sharing instrument shall be strictly capped and **shall not exceed 10% of the indicative total allocation** for the requesting Member State for the years 2007-2013 regarding ERDF and Cohesion Fund. It is necessary to ensure that the Union financing of the risk-sharing instrument, including management fees and other eligible costs, is **clearly limited** to the above-specified maximum amount of the Union contribution to the risk-sharing instrument and there should be no additional contingent liability for the general budget of the European Union.

Any residual risk inherent in the financed operations under the established risk-sharing instrument therefore be borne either by the EIB or by the national or international public sector body or body governed by private law with a public service mission, together with which the risk-sharing instrument has been established by virtue of a cooperation agreement.

Reuse of reflow or any leftover amount, allocated to the risk-sharing instrument, should be made possible, under this Regulation, for the same Member State, at its request and within the same risk-sharing instrument, provided that it still meets the eligibility conditions.