Financing of infrastructure projects: Competitiveness and Innovation Framework Programme (2007-2013) and trans-European transport and energy networks

2011/0301(COD) - 05/07/2012 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 579 votes to 32, with 9 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Decision No 1639/2006/EC establishing a Competitiveness and Innovation Framework Programme (2007-2013) and Regulation (EC) No 680/2007 laying down general rules for the granting of Community financial aid in the field of the trans-European transport and energy networks.

Parliament reached its position in first reading under the ordinary legislative procedure. The amendments adopted in plenary are the result of a compromise negotiated between Parliament and the Council. They amend the Commissions proposal as follows:

Pilot phase for the Europe 2020 Project Bond Initiative: this pilot phase shall be launched with the aim of helping to finance priority projects with a clear EU added value, as well as to facilitate greater private sector involvement in the long-term capital market financing of economically viable projects in the field of transport, energy and ICT infrastructure.

The instrument will benefit projects with similar financing needs and, thanks to synergies between the sectors, should produce greater benefits in terms of market impact, administrative efficiency and resource utilisation. It should provide infrastructure stakeholders such as financiers, public authorities, infrastructure managers, construction companies and operators with a coherent instrument and will be driven by market demand.

During the pilot phase for the Europe 2020 Project Bond Initiative, the Union budget is to be used along with financing from the EIB in the form of a joint risk-sharing instrument for project bonds issued by project companies. That instrument seeks to mitigate the debt-service risk of a project and the credit risk of bondholders to such an extent that capital market participants, such as pension funds, insurance companies and other interested parties, are willing to invest in a larger volume of infrastructure project bonds than would be possible without Union support .

Involvement of the EIB: the Commission shall involve the EIB in the implementation of the pilot phase. The main terms, conditions and procedures of the risk-sharing instrument for project bonds are laid down in a new annex to the Regulation.

The detailed terms and conditions for implementing the risk-sharing instrument for project bonds, including risk sharing, remuneration, monitoring and control, shall be laid down in a cooperation agreement between the Commission and the EIB. That cooperation agreement shall be approved by the Commission and the EIB according to their respective procedures.

Implementation: the pilot phase of the Initiative should be implemented without undue delay in order to ascertain whether, and to what extent, such risk-sharing financial instruments offer added value in the area of infrastructure financing and for the development of debt capital market financing of infrastructure projects. Application for support, and selection and implementation of all projects should be subject to Union law, in particular with regard to state aid, and should seek to avoid creating or adding to market distortions.

Independent evaluation: in addition to the reporting requirements under point 49 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management, the Commission should, with the support of the EIB, report every six months during the pilot phase to the European Parliament and the Council after the signature of the cooperation agreement and submit an interim report to the European Parliament and the Council in the second half of 2013. An independent full-scale evaluation should be carried out in 2015.

Drawing upon that independent full-scale evaluation, the Commission should assess the relevance of the Europe 2020 Project Bond Initiative as well as its effectiveness in increasing the volume of investments in priority projects and enhancing the efficiency of Union spending.