



# MEPs back risk-sharing with private sector to restart stalled cohesion projects

Plenary sessions

**Stalled regional development projects in crisis-hit countries could be kick-started by sharing their investment risks between private and public investors, under plans voted by the MEPs on Thursday. Sharing risks should stimulate recovery, by providing capital and overcoming banks' unwillingness to bear risks alone.**

"With this proposal, we are addressing serious obstacles faced by some Member States, particularly Greece, in raising the private financing needed to implement infrastructure and productive investment projects that would help them to trigger the growth so badly needed to overcome the crisis," said rapporteur and Regional Development Committee chair Danuta Hübner (EPP, PL), ahead of the vote.

"I am convinced that the creation of risk-sharing instruments will provide an effective and quick contribution to maximise the benefits of cohesion policy funding in the countries concerned," she added.

The legislative resolution was passed with 504 votes in favour, 78 against, and 79 abstentions.

## Risk-sharing instruments

Under the proposal, Member States benefitting from EU macroeconomic assistance (currently Ireland, Greece, Portugal and Romania), will be able to ask for part of their EU regional funding allocation to be transferred to the European Commission. The Commission could then conclude a risk-sharing partnership with the European Investment Bank or another financial institution willing to lend to the project sponsors and banks.

The EU's financial contribution to the risk-sharing instrument must not exceed 10% of the total 2007-2013 national allocation from the European Regional Development Fund (ERDF) and the Cohesion Fund (CF).

## Attracting private capital

The regulation aims to encourage private investors to back "strategic" revenue-generating projects. Priority will be given to projects partly funded by ERDF and CF but other projects contributing to the achievement of cohesion policy goals can also be included.

MEPs want the Commission to make sure that only projects for which there is a favourable financing decision by the EIB or other financial institution are eligible for financing through the scheme.

## Kick-start the projects quickly

Parliament's negotiators insisted that the scheme must take effect as soon as possible, so as to help stimulate growth and create jobs. Member States wishing to benefit from it will have until 31 August 2013 to make their written requests to the Commission. They will need to specify the programmes and projects to be covered.

# Press release

Greece has already stated its interest in the scheme, especially for its highway toll concession projects.

## **No impact on overall 2007-2013 allocation**

The new regulation does not change the overall allocation of cohesion funding for 2007-2013 and will not result in any contingent liabilities for the EU budget beyond the financial allocations dedicated to the risk-sharing instrument.

## **Next steps**

The text, already agreed informally by Parliament's negotiators and the Council, is scheduled to be formally adopted by the Council in May. The new regulation will enter into force on the day of its publication in the EU Official Journal.

*Procedure: Ordinary legislative procedure, 1st reading agreement*

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