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A7-0150/ 001-029

AMENDMENTS 001-029

by the Committee on Budgets

Report

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A7-0150/2012

Financial aid in the field of the trans-European transport and energy networks

Proposal for a regulation (COM(2011)0659 – C7-0372/2011 – 2011/0301(COD))

Amendment 1

Proposal for a regulation

Recital 3

Text proposed by the Commission

(3) Over the next decade, unprecedented investment volumes in Europe's transport, energy, information and communication networks will be needed in order to underpin the Europe 2020 flagship actions and develop smart, upgraded and fully interconnected infrastructures to foster the completion of the internal market. Estimated investment needs of the TEN-T network amount to EUR 500 billion. Among energy infrastructure projects of European relevance, approximately EUR 100 billion of investments is at risk of not being delivered due to obstacles related to permit granting, regulation and financing, while another EUR 100 billion will be financed by the sector itself. Investment needs for achieving the Digital Agenda objective of providing fast internet access for all European citizens and businesses range from EUR 181 to EUR 273 billion, of which private sector investment is

Amendment

(3) Over the next decade, unprecedented investment volumes in Europe's transport, energy, information and communication networks will be needed in order to underpin the Europe 2020 flagship actions and develop smart, upgraded and fully interconnected infrastructures to foster the completion of the internal market. Estimated investment needs of the TEN-T network amount to EUR 500 billion. Among energy infrastructure projects of European relevance, approximately EUR 100 billion of investments is at risk of not being delivered due to obstacles related to permit granting, regulation and financing, while another EUR 100 billion will be financed by the sector itself. Investment needs for achieving the Digital Agenda objective of providing fast internet access for all European citizens and businesses range from EUR 181 to EUR 273 billion, of which private sector investment is

expected to amount to between EUR 30 billion and EUR 100 billion.

expected to amount to between EUR 30 billion and EUR 100 billion. ***It should be ensured, however, that EU-funded transport infrastructure takes into account energy-efficiency needs, noise reduction at source, biodiversity and climate-change challenges.***

Amendment 2
Proposal for a regulation
Recital 5

Text proposed by the Commission

(5) Financial instruments can improve the efficiency of budget spending and achieve high multiplier effects in terms of attracting private sector financing and ***achieved*** investment volumes. The expected multiplier effect of the Europe 2020 Project Bond Initiative is 15-20.

Amendment

(5) Financial instruments ***as governed by the Financial Regulation¹*** can ***in some cases*** improve the efficiency of budget spending and achieve high multiplier effects in terms of attracting private sector financing, ***especially in the context of difficult access to credit and the current constraints on public finances. The Commission should, in particular, ensure that the pilot phase for the Europe 2020 Project Bond Initiative offers added value, by achieving higher*** investment volumes. The expected multiplier effect of the Europe 2020 Project Bond Initiative is 15-20.

¹ Council Regulation (EU, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p. 1).

Amendment 3
Proposal for a regulation
Recital 5 a (new)

Text proposed by the Commission

Amendment

(5a) Given the magnitude of investment needs and the objectives defined in the Europe 2020 strategy over the next decade, the Commission should, if the Europe 2020 Project Bond Initiative proves successful, step up the Union's effort toward leveraging and attracting

additional funding.

Amendment 4
Proposal for a regulation
Recital 7

Text proposed by the Commission

(7) The Europe 2020 Project Bond Initiative has a double objective : first to help finance projects of European policy priorities, and second, to facilitate greater private sector involvement in the long-term capital market financing of infrastructure projects. It will redirect some EU budget spending towards growth-enhancing areas, taking into account the Unions budgetary discipline and the ceilings under the current Multiannual Financial Framework.

Amendment

(7) The ***pilot phase for the*** Europe 2020 Project Bond Initiative has a double objective: first, to help finance projects of European policy priorities, and second, to facilitate greater private sector involvement in the long-term capital market financing of infrastructure projects, ***in particular through providing the requisite credit enhancement to attract capital market investors***. It will redirect some EU budget spending towards growth-enhancing areas, ***particularly transport, energy and telecommunications infrastructure***, taking into account the Union's budgetary discipline and the ceilings under the current Multiannual Financial Framework.

Amendment 5
Proposal for a regulation
Recital 8

Text proposed by the Commission

(8) It will be the first financial instrument benefiting infrastructure projects with similar financing needs across several sectors and will as such produce higher benefits in terms of market impact, administrative efficiency and resource utilisation. It will provide a coherent instrument to infrastructure stakeholders such as financiers, public authorities, construction companies and operators.

Amendment

(8) It will be the first financial instrument benefiting infrastructure projects with similar financing needs across several sectors and will as such produce higher benefits in terms of market impact, administrative efficiency and resource utilisation, ***thanks to the possible synergies between the transport, energy and ICT sectors***. It will provide a coherent instrument to infrastructure stakeholders such as financiers, public authorities, construction companies and operators.

Amendment 6
Proposal for a regulation
Recital 9

Text proposed by the Commission

(9) With the Europe 2020 Project Bond Initiative, bonds would be issued by project companies, the Union budget together with financing from a financial partner would be used to improve the credit quality of the bonds in order to attract debt capital market investors such as pension funds **and** insurance companies.

Amendment

(9) With the Europe 2020 Project Bond Initiative, bonds would be issued by project companies, the Union budget together with financing from a financial partner would be used to improve the credit quality of the bonds in order to attract debt capital market investors such as pension funds, insurance companies **and other interested parties**.

Amendment 7

Proposal for a regulation

Recital 10

Text proposed by the Commission

(10) The Union support should mitigate the risk inherent in project bonds to the extent that capital market participants are willing to invest in a larger volume infrastructure project bonds than would be possible without Union support.

Amendment

(10) The Union support **provided by means of this Regulation** should mitigate the risk inherent in project bonds to the extent that capital market participants are willing to invest in a larger volume infrastructure project bonds than would be possible without Union support.

Amendment 8

Proposal for a regulation

Recital 11

Text proposed by the Commission

(11) Europe's economic recovery should not be compromised by **growing** transport **congestion**, missing energy links **and** a slowing down of broadband penetration due to infrastructure projects' difficulties in gaining access to long-term private finance or public funding.

Amendment

(11) Europe's economic recovery should not be compromised by **deteriorating performance on the part of** transport, missing energy links, **outdated energy systems, deficiency in energy supply**, a slowing down of broadband penetration **and incapacitation of telecommunication services** due to infrastructure projects' difficulties in gaining access to long-term private finance or public funding.

Amendment 9

Proposal for a regulation

Recital 12

Text proposed by the Commission

(12) The reassessment of infrastructure investment programmes by Member States in the context of their fiscal austerity and structural reforms will not facilitate the **required** acceleration of the pace of infrastructure investment. In addition, long-term bank lending for infrastructure projects continues to be insufficient and expensive, calling for alternative and competitive sources of debt financing.

Amendment

(12) The reassessment of infrastructure investment programmes by Member States in the context of their fiscal austerity and structural reforms will not facilitate the acceleration of the pace of infrastructure investment ***needed to meet the policy objectives of the Europe 2020 strategy, in particular a shift towards a resource-efficient, low-carbon economy to achieve sustainable growth, as laid down in the Europe 2020 resource efficiency flagship initiative.*** In addition, long-term bank lending for infrastructure projects continues to be insufficient and expensive, calling for alternative and competitive sources of debt financing.

Amendment 10

**Proposal for a regulation
Recital 14**

Text proposed by the Commission

(14) Therefore, a pilot phase for the Europe 2020 Project Bond Initiative should be launched during the current financial framework in order to ***develop debt capital market financing in the area of infrastructure more generally and to extend the range of*** financial instruments ***currently available for transport projects.***

Amendment

(14) Therefore, a pilot phase for the Europe 2020 Project Bond Initiative should be launched during the current financial framework in order to ***ascertain whether, and to what extent, such risk-sharing financial instruments offer additional benefits in the area of infrastructure financing.***

Amendment 11

**Proposal for a regulation
Recital 15**

Text proposed by the Commission

(15) In order to implement the pilot phase of the Europe 2020 Project Bond Initiative, Decision No 1639/2006/EC and Regulation (EC) No 680/2007 should be amended. This pilot phase aims to support infrastructure projects with commercial potential in the transport, energy and ICT

Amendment

(15) In order to implement the pilot phase of the Europe 2020 Project Bond Initiative, Decision No 1639/2006/EC and Regulation (EC) No 680/2007 should be amended. This pilot phase aims to support infrastructure projects with ***a clear European added value and*** commercial

sectors, *while after 2013 the initiative may be extended to other sectors.*

potential in the transport, energy and ICT sectors, *which, despite their commercial potential, do not receive adequate financing from the market.*

Amendment 12

Proposal for a regulation Recital 16

Text proposed by the Commission

(16) In light of the EIB's long-standing expertise and as the major financier of infrastructure projects and given its nature as the EU financial body established by the Treaty, the Commission should involve the EIB in the implementation of this pilot phase. The specific terms and conditions of the co-operation including risk-sharing and remuneration of the EIB, ***should be laid down*** in an agreement between the Commission and the EIB.

Amendment

(16) In light of the EIB's long-standing expertise and as the major financier of infrastructure projects and given its nature as the EU financial body established by the Treaty, the Commission should involve the EIB in the implementation of this pilot phase. ***It is necessary to lay down*** the specific terms and conditions of the co-operation, including risk-sharing and remuneration of the EIB, in an agreement between the Commission and the EIB.

Amendment 13

Proposal for a regulation Recital 17

Text proposed by the Commission

(17) The pilot phase of the Europe 2020 Project Bond Initiative should be launched in preparation ***of*** the proposed Connecting Europe Facility. This pilot phase will help to pave the way for the risk-sharing financial instrument under the Connecting Europe Facility.

Amendment

(17) The pilot phase of the Europe 2020 Project Bond Initiative ***is without prejudice to the decision concerning the Union's Multiannual Financial Framework (MFF) after 2013 and*** should be launched ***no later than 31 July 2012*** in preparation ***for*** the proposed Connecting Europe Facility. This pilot phase, ***should it prove successful, and following appropriate analysis and independent evaluation,*** will help to pave the way for the risk-sharing financial instrument under the Connecting Europe Facility.

Amendment 14

Proposal for a regulation Recital 20

Text proposed by the Commission

(20) Budgetary funds should be requested by the EIB on the basis of a range of projects, which the EIB would deem suitable and likely to be realised. Any such requests should be made prior to 31 December 2013. Due to the complexity of large infrastructure projects, the actual approval might take place at a later date, but no later than 31 December 2014.

Amendment

(20) Budgetary funds should be requested by the EIB on the basis of a range of projects, which the EIB **and the Commission** would deem suitable, **in line with the Union's long term policy objectives** and likely to be realised. Any such requests should be made prior to 31 December 2013. Due to the complexity of large infrastructure projects, the actual approval might take place at a later date, but no later than 31 December 2014.

Amendment 15

Proposal for a regulation
Recital 20 a (new)

Text proposed by the Commission

Amendment

(20a) It is desirable that the Commission should perform an independent, in-depth assessment of the pilot phase of the risk-sharing instrument for project bonds. That assessment must, if appropriate, be accompanied by legislative proposals on innovative financial instruments in the context of the Multiannual Financial Framework for the period 2014-2020.

Amendment 16

Proposal for a regulation
Recital 20 b (new)

Text proposed by the Commission

Amendment

(20b) Since, in the conclusions of the European Council of 1-2 March 2012, a deadline of June 2012 was set for reaching an agreement on the pilot phase of the Europe 2020 Project Bond Initiative, the Commission needs to start implementing that pilot phase without further delay.

Amendment 17
Proposal for a regulation
Article 1 – point -1 (new)
Decision No 1639/2006/EC
Article 8 – paragraphs 5 a and 5 b (new)

Text proposed by the Commission

Amendment

-1. In Article 8, the following paragraphs are added:

"5a. A full-scale independent evaluation of the pilot phase of the risk-sharing instrument for project bonds referred to in paragraphs 2a to 2db of Article 31 shall be undertaken, which shall cover, inter alia, its added value, including the impact on the financial viability of the project, additionality compared to other Union or Member State instruments and any other long-term debt financing, and the multiplier effect achieved. It shall include general observations on market developments, including the creation or correction of distortive effects, if any, and an assessment of the risks involved including project and partner risk. It shall also consider whether a maximum rate of return would be appropriate for private-sector investor funding of public projects, and shall provide a cost comparison with alternative means of project finance including bank loans and equity.

5b. Furthermore, on the basis of that evaluation, the Commission shall carry out an assessment of future steps to be taken in order to enhance the efficiency of Union spending as well as to increase investment volumes towards priority projects. That assessment shall examine, inter alia, how to make the project bond instrument even more attractive to a wider range of long-term investors, including public-sector investors."

Amendment 18
Proposal for a regulation
Article 1 – point 2 – point a
Decision No 1639/2006/EC
Article 31 – paragraph 2 – subparagraph 3

Text proposed by the Commission

Alternatively, the Union may make a financial contribution to the EIB to the provisioning and capital allocation for loans or guarantees to be issued by the EIB on its own resources under the risk-sharing instrument for project bonds referred to in paragraphs 2a to **2d**.

Amendment

Alternatively, the Union may make, **during a pilot phase in 2012 and 2013**, a financial contribution to the EIB to the provisioning and capital allocation for loans or guarantees to be issued by the EIB on its own resources under the risk-sharing instrument for project bonds referred to in paragraphs 2a to **2db**.

Amendment 19

Proposal for a regulation

Article 1 – point 2 – point b – introductory wording

Text proposed by the Commission

(b) The following paragraphs 2a to **2d** are inserted:

Amendment

(b) The following paragraphs 2a to **2db** are inserted:

Amendment 20

Proposal for a regulation

Article 1 – point 2 – point b

Decision No 1639/2006/EC

Article 31 – paragraph 2a

Text proposed by the Commission

2a. Risk-sharing instrument for project bonds means a credit enhancement which fulfils the following criteria:

(a) takes the form of a loan or a guarantee granted by the EIB in favour of financing provided to projects in the field of ICT and broadband;

(b) covers the debt service risk of a project and mitigates the credit-risk of bond holders;

Amendment

2a. Risk-sharing instrument for project bonds means **a joint instrument by the Commission and the EIB providing** a credit enhancement which fulfils the following criteria:

(a) takes the form of a loan or a guarantee granted by the EIB, **with the support of a Union budget contribution**, in favour of financing provided to projects **of common European interest** in the field of ICT and broadband, **complementing financing by Member States or private investors and addressing sub-optimal investment situations when projects do not receive adequate financing from the market**;

(b) covers the debt service risk of a project and mitigates the credit-risk of bond holders;

(c) is used only for projects whose financial viability is based on project revenues.

(c) is used only for projects whose financial viability is based on project revenues.

Amendment 21

Proposal for a regulation

Article 1 – point 2 – point b

Decision No 1639/2006/EC

Article 31 – paragraph 2b

Text proposed by the Commission

2b. The Union exposure to the risk sharing instrument for project bonds, including management fees and other eligible costs, shall ***be strictly limited to*** the amount of the Union contribution to the risk-sharing instrument for project bonds ***and*** there shall be no further liability on the general budget of the Union. The residual risk inherent in all operations shall be borne by the EIB.

Amendment

2b. The Union exposure to the risk sharing instrument for project bonds, including management fees and other eligible costs, shall ***in no case exceed*** the amount of the Union contribution to the risk-sharing instrument for project bonds. There shall be no further liability on the general budget of the Union. The residual risk inherent in all operations shall ***always*** be borne by the EIB.

Amendment 22

Proposal for a regulation

Article 1 – point 2 – point b

Decision No 1639/2006/EC

Article 31 – paragraph 2c

Text proposed by the Commission

2c. The detailed terms and conditions for implementing the risk-sharing instrument for project bonds, including its monitoring and control, shall be laid down in a delegation agreement between the Commission and the EIB.

Amendment

2c. The detailed terms and conditions for implementing the risk-sharing instrument for project bonds, including its monitoring and control, shall be laid down in a delegation agreement between the Commission and the EIB. ***The Commission shall inform the European Parliament and the Council without delay of the basic elements of that agreement.***

Risk assessment by the EIB shall be guaranteed in accordance with the EIB Credit Risk Policy Guidelines, and the EIB's selection criteria in the social, environmental and climate field shall be duly taken into account.

The main terms, conditions and procedures of the risk-sharing instrument

for project bonds are laid down in an Annex to this Decision.

Amendment 23

Proposal for a regulation

Article 1 – point 2 – point b

Decision No 1639/2006/EC

Article 31 – paragraph 2 d a (new) and 2 d b (new)

Text proposed by the Commission

Amendment

2da. In addition to the reporting requirements set out in point 49 of the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management, and without prejudice to any other regulatory reporting requirements, the Commission shall report to the European Parliament and the Council every six months during the pilot phase. Such reporting shall include the provision of information regarding the performance of the risk-sharing instrument for project bonds and recommendations regarding ways of enhancing its effectiveness.

2db. On the basis of the evaluation referred to in Article 8(5a) of this Decision, the Commission shall propose appropriate regulatory changes, including legislative ones, in particular if the predicted market uptake is not satisfactory or in the event that alternative sources of long-term debt financing become sufficiently available.

Amendment 24

Proposal for a regulation

Article 2 – point 1

Regulation (EC) No 680/2007

Article 2 – point 14

Text proposed by the Commission

Amendment

14. 'risk-sharing instrument for project bonds' means a credit enhancement provided to projects of common interest. The risk-sharing instrument for project bonds covers the debt service risk of a

14. 'risk-sharing instrument for project bonds' means a **joint instrument by the Commission and the EIB which provides** a credit enhancement to projects of common interest **with European added**

project and mitigates the credit-risk of bond holders. It is used only for projects whose financial viability is based on project revenues.

value, complementing financing by Member States or private investors and addressing sub-optimal investment situations when projects do not receive adequate financing from the market. The risk-sharing instrument for project bonds covers the debt service risk of a project and mitigates the credit-risk of bond holders. It is used only for projects whose financial viability is based on project revenues.

Amendment 25

Proposal for a regulation

Article 2 – point 1

Regulation (EC) No 680/2007

Article 2 – point 15

Text proposed by the Commission

15. 'Credit enhancement' means the use of an EIB loan or an EIB guarantee to improve the credit quality of the project debt.

Amendment

15. 'Credit enhancement' means the use of an EIB loan or an EIB guarantee, ***supported by a contribution from the Union budget,*** to improve the credit quality of the project debt.

Amendment 26

Proposal for a regulation

Article 2 – point 3 – point a

Regulation (EC) No 680/2007

Article 6 – paragraph 1 – point d – last sentence

Text proposed by the Commission

In 2012 and 2013, an amount of up to EUR 200 million may be redeployed for the risk-sharing instrument for project bonds in the transport sector.

Amendment

In 2012 and 2013, an amount of up to EUR 200 million may be redeployed for the ***pilot phase of the*** risk-sharing instrument for project bonds in the transport sector.

Amendment 27

Proposal for a regulation

Article 2 – point 3 – point b

Regulation (EC) No 680/2007

Article 6 – paragraph 1 – point g

Text proposed by the Commission

(g) a financial contribution to the EIB to the provisioning and capital allocation for loans or guarantees to be issued by the EIB

Amendment

(g) ***during a pilot phase in 2012 and 2013,*** a financial contribution to the EIB to the provisioning and capital allocation for

on its own resources under the risk-sharing instrument for project bonds in the field of TEN-T and TEN-E. The Union exposure to the risk sharing instrument, including management fees and other eligible costs, shall ***be strictly limited to*** the amount of the Union contribution to the risk-sharing instrument for project bonds ***and*** there shall be no further liability on the general budget of the Union. The residual risk inherent in all operations shall be borne by the EIB. The detailed terms and conditions for implementing the risk-sharing instrument for project bonds, including its monitoring and control, shall be laid down in a delegation agreement between the Commission and the EIB. In 2012 and 2013, an amount of up to EUR 210 million, of which up to EUR 200 million for transport projects and up to EUR 10 million for energy projects, may be redeployed for the risk-sharing instrument for project bonds in accordance with the procedure referred to in Article 15(2) from the TEN-T (LGTT) and TEN-E budget lines, respectively. The risk-sharing instrument for project bonds ***may reuse any revenues received within the investment period*** for new loans and guarantees.

loans or guarantees to be issued by the EIB on its own resources under the risk-sharing instrument for project bonds in the field of TEN-T and TEN-E. The Union exposure to the risk sharing instrument, including management fees and other eligible costs, shall ***in no case exceed*** the amount of the Union contribution to the risk-sharing instrument for project bonds, ***nor extend beyond the duration of the bonds***. There shall be no further liability on the general budget of the Union. The residual risk inherent in all operations shall ***always*** be borne by the EIB. The detailed terms and conditions for implementing the risk-sharing instrument for project bonds, including its monitoring and control, shall be laid down in a delegation agreement between the Commission and the EIB. ***The Commission shall inform the European Parliament and the Council without delay of the basic elements of that agreement. Risk assessment by the EIB shall be guaranteed in accordance with the EIB Credit Risk Policy Guidelines, and the EIB's selection criteria in the social, environmental and climate field shall be duly taken into account.***

In 2012 and 2013, an amount of up to EUR 210 million, of which up to EUR 200 million for transport projects and up to EUR 10 million for energy projects, may be redeployed for the risk-sharing instrument for project bonds in accordance with the procedure referred to in Article 15(2) from the TEN-T (LGTT) and TEN-E budget lines, respectively. ***In addition to the reporting requirements set out in point 49 of the Interinstitutional Agreement of 17 May 2006 on budgetary discipline and sound financial management, and without prejudice to any other regulatory reporting requirements, the Commission shall report to the European Parliament and the Council every six months during the pilot phase. Such reporting shall include the provision of information***

regarding the performance of the risk-sharing instrument for project bonds and recommendations regarding ways of enhancing its effectiveness.

On the basis of the evaluation referred to in Article 16(2a) of this Regulation, the Commission shall propose appropriate regulatory changes, including legislative ones, in particular if the predicted market uptake is not satisfactory or in the event that alternative sources of long-term debt financing become sufficiently available.

Interest and other revenue generated by the risk-sharing instrument for project bonds in the form of commission paid by the beneficiaries which is received before 31 December 2013 may be reused for new loans and guarantees. After 1 January 2014, if the risk-sharing instrument for project bonds is not extended into the next financial framework, any remaining funds shall be returned to the revenue side of the general budget of the Union.

Amendment 28
Proposal for a regulation
Article 2 – point 3 a (new)
Regulation (EC) No 680/2007
Article 16 – paragraphs 2 a and 2 b (new)

Text proposed by the Commission

Amendment

(3a) In Article 16, the following paragraphs are added:

"2a. A full-scale independent evaluation of the pilot phase of the risk-sharing instrument for project bonds referred to in point (g) of Article 6(1) shall be undertaken, which shall cover, inter alia, its added value, including the impact on the financial viability of the project, additionality compared to other Union or Member State instruments and any other long-term debt financing, and the multiplier effect achieved. It shall include general observations on market developments including the creation or correction of distortive effects, if any, and

an assessment of the risks involved including project and partner risk. It shall also consider whether a maximum rate of return would be appropriate for private sector investor funding of public projects and shall provide a cost comparison with alternative means of project finance, including bank loans and equity.

2b. Furthermore, on the basis of that evaluation, the Commission shall carry out an assessment of future steps to be taken in order to enhance the efficiency of Union spending as well as to increase investment volumes towards priority projects. That assessment shall examine, inter alia, how to make the project bond instrument even more attractive to a wider range of long-term investors, including public-sector investors."

Amendment 29

Proposal for a regulation

Article 2 – point 3 b (new)

Regulation (EC) No 680/2007

Article 17 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

(3b) In Article 17(1), the following subparagraph is added:

'Before 30 June 2013, the Commission shall submit to the European Parliament and the Council a report containing a list of the projects selected for the financial aid referred to in point (g) of Article 6(1), specifying the contribution, the financing institutions and the investors involved. The Commission shall include in that report a good practice guide and a list of investors potentially interested in innovative financial instruments.'

Justification

Precise information from the pilot Project Bonds phase is needed to identify the changes that might be made to the Connecting Europe Facility. The Commission should inform Parliament which investors are involved and how the selected projects can be improved.