**Question:**

According to Article 16(6) of the GBER, the urban development aid shall leverage additional investment from private investors at the level of the urban development funds or the urban development projects, so as to achieve an aggregate amount reaching minimum 30 % of the total financing provided to an urban development project.

Considering that and considering the eligible forms of aid specified in art. 16, par. 5 of the GBER we would like to ask the Commission guidance on the following questions:

a)      What are the forms of investments included in the overall investment amount for the purposes of the definition of „total financing“ under art. 2, par.37 of the GBER? Are they the forms of aid stipulated in section 3 and articles 16 and 39 of the GBER which are included in the definition?

b)      How shall be interpreted the provision for aggregate amount of private investments of minimum 30 % of the total financing provided in cases where:

-          the aid granted by the Urban development fund is in the form of loans and

-          the urban development projects may be funded by other sources separate from the loan which are not provided by the Urban development fund and which may include own funds of the entity implementing urban development project, other private funds or grants from public sources and

-          in case of funding from public sources the respective state aid rules for the funding are applied including art. 8 of the GBER for cumulation up to the highest aid intensity or aid amount applicable;

In that respect is the requirement for 30 % private investments applied to the total amount of the sources of funding for the urban development project specified above (incl. own funds, other private funds or grants) or is it applied to the total amount of the loan provided by the financial instrument (Urban development fund)?

Shall the private investors under art. 16, par. 6 of the GBER comply with the definition of „independent private investor“ under Art. 2, par. 72 of the GBER?

**Reply:**

According to Article 16(6) of the GBER, the urban development aid shall leverage additional investment from private investors at the level of the urban development funds or the urban development projects, so as to achieve an aggregate amount reaching minimum 30 % of the total financing provided to an urban development project.

Considering that and considering the eligible forms of aid specified in art. 16, par. 5 of the GBER we would like to ask the Commission guidance on the following questions:

a) What are the forms of investments included in the overall investment amount for the purposes of the definition of „total financing“ under art. 2, par.37 of the GBER? Are they the forms of aid stipulated in section 3 and articles 16 and 39 of the GBER which are included in the definition?

Reply

Regarding the area of urban development aid, the term "total financing" mentioned at Article 2 para. 37 GBER and defined as the "overall investment amount made into an eligible undertaking or project" refers only to those forms of aid that are mentioned at Article 16(5) GBER. The references to Section 3 and Article 39 are not relevant in respect of urban development aid measures, as they relate to risk finance aid measures and energy efficiency projects.

b) How shall be interpreted the provision for aggregate amount of private investments of minimum 30 % of the total financing provided in cases where:

-  the aid granted by the Urban development fund is in the form of loans and

-  the urban development projects may be funded by other sources separate from the loan which are not provided by the Urban development fund and which may include own funds of the entity implementing urban development project, other private funds or grants from public sources and

-  in case of funding from public sources the respective state aid rules for the funding are applied including art. 8 of the GBER for cumulation up to the highest aid intensity or aid amount applicable;

In that respect is the requirement for 30 % private investments applied to the total amount of the sources of funding for the urban development project specified above (incl. own funds, other private funds or grants) or is it applied to the total amount of the loan provided by the financial instrument (Urban development fund)?

Reply

The 30% requirement is applied to the total amount of the loan provided by the financial instrument (ie the urban development fund). This follows from the wording of Article 16(6) GBER: "[…] at the level of the urban development funds or the urban development projects […]". If other measures including aid are added, the applicable cumulation rules have to be respected.

Shall the private investors under art. 16, par. 6 of the GBER comply with the definition of „independent private investor“ under Art. 2, par. 72 of the GBER?

Reply

The private investors referred to in the context of urban development have to be independent (see Article 16(8)(a) GBER). The requirements of Article 2, para. 72 GBER apply.

Disclaimer: This reply does not represent a formal and definite position of the European Commission but is only an informal guidance provided by the services of DG Competition to facilitate the application of the GBER. It is therefore not binding and cannot create legal certainty or legitimate expectations.