

European Neighbourhood and Partnership Instrument: general provisions

2008/0095(COD) - 21/05/2008 - Legislative proposal

PURPOSE: to amend Regulation (EC) No 1638/2006 on the European Neighbourhood and Partnership Instrument (see [COD/2004/0219](#)) in order to clarify some technical provisions of the basic regulation.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

CONTENT: the purpose of amending Regulation (EC) No 1638/2006 is twofold:

(1) to clarify the existing provisions on Community funds managed by financial intermediaries for loan financing, equity investments, guarantee funds or investment funds: the current text is ambiguous about the possibility of continuing to re-invest such funds (e.g. through a revolving fund mechanism). Re-using resources is common practice in operations involving risk capital and loan financing. Funds reflowing from old loans and investments can thus be re-invested. In this way they bring further benefit to the target beneficiaries and enhance the impact of the assistance. Clarity on this issue is also important and urgent, as similar operations may take place in the context of the Neighbourhood Investment Facility, which is about to become operational;

(2) to allow EIB to re-invest, within the Facility for Euro Mediterranean Investment and Partnership (FEMIP) **the funds reflowing from past operations** (reflows) financed under MEDA and the earlier financial protocols with Algeria, Cyprus, Egypt, Greece, Jordan, Lebanon, Malta, Morocco, Syria, Tunisia and Turkey . The reflows include the capital repayment and the benefits on the investment (including interests, dividends, the profits/losses on the sales of participations, and the penalties applied by the Bank). The re-investment will take place within the framework of this Regulation. At present, as the earlier Regulations did not explicitly provide for the possibility of re-investing the funds, the “reflows” are returned to the Community budget shortly after the beneficiary has reimbursed the EIB. With the proposed amendment, the EIB can be allowed to re-invest such funds in the context of FEMIP until the Commission decides to close the operation.