

Instrument for Pre-Accession Assistance (IPA) 2007-2013

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This Staff Working Document (SWD) constitutes an Annex to the report of the Commission to the European Parliament and the Council on financial instruments supported by the general budget according to Article 140(8) of the [Financial Regulation](#) as at 31 December 2013. It provides specific information on individual financial instruments, their progress made in implementation and their environment in which they operate.

Financial instruments are a proven way to achieve EU policy objectives. They use EU funds to support economically viable projects and attract very significant volumes of public and private financing. By injecting money into the real economy, financial instruments contribute to the achievement of the EU policy objectives enshrined in the Europe 2020 Strategy, notably in terms of employment, innovation, climate change and energy sustainability, education and social inclusion.

The report gives detailed information on each financial instrument.

Guarantee Facility under the Western Balkans Enterprise Development and Innovation Facility (WB EDIF)

Access to loan finance remains one of the biggest difficulties for SMEs in the Western Balkans, in spite of SMEs becoming the most efficient segment of their economies' transition and a pillar for growth and employment. In addition, access to bank financing for SMEs in their early stage is almost impossible due to their lack of financial history and access to finance in the energy sector appears rather vulnerable.

The Financial Instrument of the European Union for the Guarantee Facility (GF) contributes to achieving the objectives of enhancing socio-economic growth of the Western Balkans.

Its major objective is the creation of preconditions for the emergence and growth of innovative and high-potential companies. The instrument guarantees new SME loans on a portfolio basis. This will entail improving SME access to lending and potentially lowering the cost of borrowing.

The instrument started in 2013 and will guarantee loans with maturity until 2023. The geographical coverage will be the Western Balkans in line with the Common Implementing Regulation. The Union contribution of almost EUR 22 million committed under the Facility is estimated to support a total investment of more than EUR 110 million.

Other Funds under this EDIF include the Enterprise Expansion Fund (ENEF), the Enterprise Innovation Fund (ENIF), the European Fund for Southeast Europe (EFSE), the Green for Growth Fund (GGF) providing dedicated financing for energy efficiency and renewable energy projects to help the target countries reduce CO2 emissions and energy consumption, the SME Recovery Support Loan for Turkey aiming to mitigate the crisis impact for SMEs and contributes to the development of the Turkish economy and employment sector. The Union contribution amounts to EUR 30 million and has mobilised a total of EUR 150 million in lending.