

# Financing instrument for development cooperation 2007-2013

2004/0220(COD) - 30/10/2014

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.

## **Investment Facility for Central Asia (IFCA) and Asian Investment Facility (AIF)**

Based on the first results from the NIF (Neighbourhood Investment Facility), the Commission proposed to set up investment facilities targeting countries under the **Development Cooperation Instrument (DCI)** Regulation, initially in Central Asia, Asia, and Latin America.

**Two facilities were set up for Asia:** the Investment Facility for Central Asia (IFCA) in 2010 and the Asian Investment Facility (AIF) in 2011.

These two facilities have been modelled on the NIF and have the same types of objectives and scope as those defined in the NIF General Framework.

The IFCA's main purpose is to promote additional investments and key infrastructures with a priority focus in the first implementation period on energy and environment.

The AIF's main purpose is to promote additional investments and key infrastructure with a priority focus on climate change and 'green' investments in the areas of environment and energy as well as in SME's and social infrastructure.

The IFCA and the AIF were established for the duration of the Financial Instrument, i.e., until 31 December 2013 and may be extended further following decisions on the next Multiannual Financial Framework. The initial budgetary breakdown was EUR 50 million between the two.

By the end of 2013, the EU decided to allocate an additional budget of EUR 30 million to the AIF, of which EUR 15 million from the Multi-Annual Indicative Programme 2011-2013 for Pakistan, and EUR 15 million from the Multi-Annual Indicative Programme 2011-2013.

Commission approval was given by the end of 2013 on a EUR 20.56 million of reinforcement, which will serve to cover eventual approvals of the IFCA Board, and the associated estimated fees.

Multilateral finance institutions such as the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD) are eligible for both Facilities.

In general terms the IFCA and the AIF have proven to be **effective instruments**, in particular by leveraging significant financial resources through the Union contributions under both Facilities.

### **The Latin American Investment Facility (LAIF)**

The LAIF was officially launched by the Commission and the Spanish Presidency of the European Union in 2010.

The LAIF's main purpose is to promote additional investments and infrastructures in the transport, energy, and environment sectors and to support social sector such as health and education, and private sector development in the Latin American countries.

LAIF was established until 31 December 2013 and the budget envelope amounts to EUR 196.65 million. The Facility may be extended further following decisions on the new Multiannual Financial Framework (2014-2020).

In general terms, the Latin American Investment Facility (LAIF) has proven to be an effective instrument within the European External Policy.

### **The Global Energy Efficiency and Renewable Energy Fund (GEEREF)**

This Fund aims to promote energy efficiency and renewable energy in developing countries and economies in transition. The Union contribution was raised to EUR 101 million (Union budget + EDF).