Basic information

2004/0219(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
European Neighbourhood and Partnership Instrument 2007-2013 Repealing Regulation (EC) No 1488/96 1995/0127(CNS) **Subject** 4.70.05 Regional cooperation, cross-border cooperation 6.30.02 Financial and technical cooperation and assistance 6.40.05 Relations with the Mediterranean and southern European countries 6.40.15 European neighbourhood policy	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
AFET Foreign Affairs	SZYMAŃSKI Konrad (UEN)	02/12/2004

Committee for opinion	Rapporteur for opinion	Appointed
REGI Regional Development (Associated committee)	VAN NISTELROOIJ Lambert (PPE-DE)	14/03/2005
DEVE Development	ZANI Mauro (PSE)	02/12/2004
INTA International Trade	SAÏFI Tokia (PPE-DE)	25/10/2004
BUDG Budgets	SURJÁN László (PPE-DE)	31/01/2005
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	SCHROEDTER Elisabeth (Verts/ALE)	16/12/2004
ENVI Environment, Public Health and Food Safety	PRODI Vittorio (ALDE)	30/11/2004
ITRE Industry, Research and Energy	TARAND Andres (PSE)	27/01/2005

	CULT Culture and Education	GUARDANS CAMBÓ Ignasi (ALDE)	25/11/2004
	LIBE Civil Liberties, Justice and Home Affairs	KUDRYCKA Barbara (PPE-DE)	25/11/2004

Council of the European Union

Council configuration	Meetings	Date
General Affairs	2755	2006-10-17

European Commission

Commission DG	Commissioner
External Relations	FERRERO-WALDNER Benita

Key events

Date	Event	Reference	Summary
29/09/2004	Legislative proposal published	COM(2004)0628	Summary
14/12/2004	Committee referral announced in Parliament, 1st reading		
13/01/2005	Referral to associated committees announced in Parliament		
25/04/2006	Vote in committee, 1st reading		
04/05/2006	Committee report tabled for plenary, 1st reading	A6-0164/2006	
17/05/2006	Debate in Parliament		
06/07/2006	Decision by Parliament, 1st reading	T6-0306/2006	Summary
06/07/2006	Results of vote in Parliament		
17/10/2006	Act adopted by Council after Parliament's 1st reading		
24/10/2006	Final act signed		
24/10/2006	End of procedure in Parliament		
09/11/2006	Final act published in Official Journal		

Technical information

Procedure reference	2004/0219(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Repealing Regulation (EC) No 1488/96 1995/0127(CNS)
Legal basis	EC Treaty (after Amsterdam) EC 181A-p2

	EC Treaty (after Amsterdam) EC 179
Stage reached in procedure	Procedure completed
Committee dossier	AFET/6/24199

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee opinion	CULT	PE353.612	21/04/2005	
Committee opinion	EMPL	PE353.609	25/05/2005	
Committee opinion	ITRE	PE355.631	21/06/2005	
Committee opinion	LIBE	PE355.591	05/07/2005	
Committee opinion	DEVE	PE359.933	14/07/2005	
Committee opinion	ENVI	PE355.380	19/07/2005	
Committee opinion	INTA	PE353.306	02/09/2005	
Amendments tabled in committee		PE362.419	02/09/2005	
Committee opinion	REGI	PE360.160	28/09/2005	
Committee opinion	BUDG	PE355.358	25/10/2005	
Amendments tabled in committee		PE371.953	30/03/2006	
Committee report tabled for plenary, 1st reading/single reading		A6-0164/2006	04/05/2006	
Text adopted by Parliament, 1st reading/single reading		T6-0306/2006	06/07/2006	Summary

Council of the EU

Document type	Reference	Date	Summary
Draft final act	03633/1/2006	24/10/2006	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2004)0628	29/09/2004	Summary
Supplementary legislative basic document	COM(2004)0628/2	24/05/2006	Summary
Document attached to the procedure	COM(2006)0239	24/05/2006	Summary
Commission response to text adopted in plenary	SP(2006)3801	28/08/2006	
Follow-up document	COM(2014)0686	30/10/2014	Summary

Follow-up document	SWD(2014)0335	30/10/2014	Summary

Additional information		
Source	Document	Date
European Commission	EUR-Lex	

Final act	
Regulation 2006/1638 OJ L 310 09.11.2006, p. 0001-0014	Summary

European Neighbourhood and Partnership Instrument 2007-2013

2004/0219(COD) - 06/07/2006 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a resolution drafted by Konrad **SZYMAŃSKI** (UEN, PL) and made several amendments to the Commission's proposal. The main ones are as follows:

1) The use of the management procedure is applicable when defining the implementing rules which will govern the implementation of crossborder cooperation and when adopting strategy papers, action programmes and special measures not provided for in strategy papers whose value exceeds the threshold of EUR 10 million.

2) Parliament amended certain areas of cooperation and inserted new areas of cooperation where Community assistance will be used to support measures:

- promoting the rule of law and good governance, including strengthening the effectiveness of public administration and the impartiality and effectiveness of the judiciary, and supporting the fight against corruption and fraud;

- pursuing regional and local development efforts, in both rural and urban areas, in order to reduce imbalances and improve regional and local development capacity;

- health policies must include not only measures to combat the major communicable diseases and non-communicable diseases and disorders but also access to services and education for good health, including reproductive and infant health for girls and women ;

- supporting cooperation aimed at protecting historical and cultural heritage and promoting its development potential, including through tourism;

- promoting regional and sub-regional cooperation and integration, including where appropriate with countries not eligible for assistance under this Regulation ;

3) Where no agreements between the EU and partner countries exist, assistance may be provided when it proves useful to pursue EU policy objectives, and shall be programmed on the basis of such objectives.

4) Co-financing requirements may be waived in duly justified cases and when this is necessary to support the development of civil society and non-state actors for measures aimed at promoting human rights and fundamental freedoms and supporting democratisation.

5) Community assistance under the Regulation shall be implemented through :

- country, multi-country and crossborder strategy papers and multi-annual indicative programmes and

- joint operational programmes for crossborder cooperation, annual action programmes and special measures.

6) The Commission shall determine the allocation of funds to the cross-border cooperation programmes, taking into account objective criteria, such as the population of the eligible areas and other factors affecting the intensity of cooperation, including the specific characteristics of the border areas and the capacity for managing and absorbing assistance.

7) Joint operational programmes shall be established by the Member States and partner countries concerned at the appropriate territorial level, in accordance with their institutional system and taking into account the principle of partnership. They shall normally cover a period of 7 years running from 1 January 2007 to 31 December 2013.

8) Parliament clarified the conditions where a joint operational programme cannot be established owing to problems arising in relations between participating countries or between the EU and a partner country.

9) The management and control system of a joint operational programme shall provide for proper separation of the management, certification and audit functions

10) In order to allow the joint operational programmes to adequately prepare for implementation, following the adoption of the joint operational programme and before the signature of the financing agreement, the Commission may allow the joint managing authority to use part of the programme budget to start financing programme activities such as the incurring of operational costs of the managing authority, technical assistance and other preparatory actions.

11) Parliament broadened the categories of persons eligible for participation in the award of procurement or grant contracts financed under the Regulation.

12) The financial envelope for implementation of this Regulation over the period 2007-2013 is EUR 11 181 million broken down as follows:

- a minimum of 95 percent of the financial envelope will be allocated to the country and multi-country;

- up to 5 percent of the financial envelope will be allocated to the crossborder cooperation programmes.

13) The Commission shall submit by 31 December 2010 (rather than 2011) a report evaluating the implementation of the Regulation in the first three years with, if appropriate, a legislative proposal introducing the necessary modifications to the Instrument, including to the financial breakdown.

European Neighbourhood and Partnership Instrument 2007-2013

2004/0219(COD) - 24/05/2006 - Supplementary legislative basic document

On 29 September 2004, the Commission published a proposal for a European Parliament and Council Regulation aiming to establish a European Neighbourhood and Partnership Instrument (ENPI) for 2007-2013. The aim of this regulation is to provide financial assistance to a large number of neighbouring countries which do not currently have an accession perspective.

The financial envelope provided for the programme was set at EUR 14.929 million (of which EUR 14.332 million for operational expenditure, EUR 371 million for technical and administrative assistance and EUR 226 million for support expenditure).

Following the signing of the Interinstitutional Agreement (IIA) on 17 May 2006 concerning the 2007-2013 financial framework, the Commission adopted new proposals relating to the new financial instruments in the area of external relations which include adjusted amounts for each programme proposed : **for a more detailed account of the amounts, please refer to the financial statement**.

Concerning the financial resources, the new breakdown of expenditure for the ENPI is as follows : EUR 11.967 million of which 11.498 million for operational expenditure and EUR 291 million for administrative expenditure and EUR 178 for support expenditure.

European Neighbourhood and Partnership Instrument 2007-2013

2004/0219(COD) - 24/05/2006

Package of legislative proposals following the Interinstitutional Agreement on

budgetary discipline and sound financial management

The conclusion on 17 May 2006 by the Commission, the Council and the European Parliament of the agreement on the 2007-2013 financial framework (Interinstitutional Agreement on budgetary discipline and sound financial management – please refer to procedure ACI/2004/2099) marks a real success for Europe, providing a stable financial framework for the political priorities of the enlarged Union for the next seven years. It is now up to the institutions and Member States to ensure that the financial resources available are used and implemented as well as possible. Action at European level must contribute true added value to that taken at national, regional or local level and must have an optimum impact on each European player. The Commission is ready to play a full role in all these areas.

The agreement marks a decisive step forward towards the ultimate objective of providing the Union with operational programmes by the beginning of 2007. Work must now be continued on each legislative act. To this end, the Commission intends to continue to provide momentum and act as a facilitator, as it has been doing since the start of the negotiations.

As part of the negotiations on the 2007-2013 financial framework, in October 2005 the European Parliament, the Council and the Commission adopted a joint declaration in which they undertook to continue work on the legislative proposals currently being discussed and then, once the interinstitutional agreement had been adopted and on the basis of amended proposals by the Commission, to reach agreement on each of these proposals. Thus, in accordance with Article 250(2) of the EC Treaty and in order to facilitate this phase for each legislative act, the Commission has adopted a total of 30 proposals, 26 of which are amended and 4 new.

The **proposals amended as a result of the IIA** are as follows:

Programmes concerning the external policy of the Union and development cooperation:

- **COD/2004/0219** (**European Neighbourhood and Partnership Instrument**)
- **COD/2004/0220** (**development co-operation and economic co-operation instrument**)

Solidarity and Management of Migration Flows Programme(JHA):

- **COD/2005/0046(European Refugee Fund**)
- **COD/2005/0047** (**External borders fund, 2007-2013**)
- **COD/2005/0049** (**European Return Fund**)

Fundamental Rights and JusticeProgramme (JHA):

- **COD/2005/0037/A(DAPHNE**)
- **COD/2005/0037/B** (**drugs prevention and information**)

RDT Framework Programme and specific programmes :

- **COD/2005/0043** (**RDT Framework Programme**)
- **CNS/2005/0044(Nuclear Research Programme**)
- **CNS/2005/0184** (**Joint Research Centre - JRC**)
- **CNS/2005/0185** (**Transnational cooperation specific programme**)
- **CNS/2005/0186** (**Specific programme Ideas, frontier research**)
- **CNS/2005/0187(Specific programme supporting researchers)**
- **CNS/2005/0188** (**RDTCapacities specific programme**)
- **CNS/2005/0189** (**specific programme direct actions by the Joint Research Centre JRC**)
- **CNS/2005/0190** (**fusion energy, nuclear fission and radiation protection specific programme)**

Employment and social cohesion Programme:COD/2004/0158

- Programmes in the fields of youth and education:
  - **COD/2004/0152** (**Youth**)
  - **COD/2004/0153** (**Education – lifelong learning**)
- Consumer Protection and Public Health Framework programme:
  - **COD/2005/0042/A** (**Public health**)
  - **COD/2005/0042/B** (**Consumers**)
- Programme in the fields of energy, environment and transport :
  - **COD/2004/0218** (**LIFE+)**
  - **COD/2004/0154** (**TransEuropean networks in the areas of energy and transport**)
  - **CNS/2004/0221** (**Decommissioning of the Bohunice nuclear plant**)
- GALILEO (**radio-navigation by satellite**): **COD/2004/0156**

In terms of **new proposals**, the Commission has already submitted three in the area of agriculture and rural development policy and fisheries and aquaculture policy:

- **CNS/2006/0081** (**fisheries and aquaculture**)
- **CNS/2006/0082** (**rural development**)
- **CNS/2006/0083** (**common agricultural policy**).

Certain legislative acts do not form part of this package of measures, in particular those on which political agreement has been reached since 17 May. For these measures, the Commission has played a full part in helping to bring about agreement between the arms of the legislative authority. The same applies to the acts for which conclusion of the interinstitutional agreement does not modify the Commission's original proposal. For all the others, which are included in the package presented, the changes proposed by the Commission take account of the content of the interinstitutional agreement adopted, either in a simplified form, where the financial resources allocated to each programme must be adapted, or in a more detailed form where the structure or even the content of the act must be revised. It should also be noted that four of the amended proposals contain amendments already voted on by the European Parliament at first reading and that one proposal has been divided into two amended proposals in response to a request by the Council and the European Parliament, although Parliament has not yet proceeded to a first reading of this proposal.

Based on these amended proposals, the Commission calls on the European Parliament and the Council to continue their discussions of these proposals and conclude them as soon as possible in order to ensure that all the legal instruments are available in time for the effective launch of the programmes in January 2007.

European Neighbourhood and Partnership Instrument 2007-2013

2004/0219(COD) - 24/10/2006 - Final act

PURPOSE: the establishment of a "European Neighbourhood and Partnership Instrument" (ENPI): 2007-2013.

LEGISLATIVE ACT: Regulation (EC) No 1638/2006 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument.

BACKGROUND: EU Heads of State have frequently asserted that the expansion of the EU should not create new dividing lines in Europe and that expansion should be a tool to promote stability and prosperity within and beyond the new borders of the EU. Current EU neighbour partnership relations take place under the framework of Cooperation Agreements with eastern European countries, the southern Caucuses and the Mediterranean. These provide a regional framework for co-operation, which is complemented by a network of Association Agreements.

This Regulation has been adopted within the context of a revised approach towards the EU's external assistance programmes to third countries and the adoption of the new financial perspectives, 2007 -2013. The purpose of the new framework is to make the Community's assistance more effective and streamlined. In a bid to boost efficiency a plethora of existing legislative acts have been repealed and replaced with more concise, focused legislation. The other recently approved Instruments are:

- An Instrument for Pre-Accession
- The European Neighbourhood and Partnership Instrument
- An Instrument for development co-operation
- An Instrument for Stability
- An Instrument for the promotion of democracy and human rights world-wide
- An Instrument for co-operation with industrialised and other high income countries and territories

CONTENT: this Regulation establishes a "European Neighbourhood and Partnership Instrument", the purpose of which is to provide Community financial assistance for developing an area of prosperity and good neighbourliness. The countries benefiting from the partnership are listed in Annex to this Regulation and include countries from eastern Europe, the southern Caucuses and the Mediterranean. Community assistance will be used to promote cross-border and trans-regional co-operation. The Regulation specifies that the EU is founded on the values of liberty, democracy, respect for human rights and fundamental freedoms and the rule of law. The EU, therefore, and through this partnership instrument, will seek to promote these values in the partner countries. For the sake of improved efficiency and cohesion once this Regulation enters into force a series of financial instruments relating to the EU's neighbourhood policy will be repealed, including TACIS and MEDA. To realise its stated objectives, the ENPI has been awarded a EUR 11 181 000 000 budget to cover the period 2007-2013.

In summary, the main provisions of the Regulation are as follows:

Scope: The assistance provided will be used to help implement existing partnership and co-operation agreements. It will also be used to encourage partner counties' efforts to promote good governance and social development. Assistance could be used *inter alia*, for the following purposes: promoting political dialogue and reform; promoting standards; strengthening national institutions bodies responsible for implementing agreed policies; promoting the rule of law and good governance etc.

Policy framework: Existing partnership and cooperation agreements, the association agreements and future agreements with partner countries will continue to provide an overall policy framework for the purposes of the ENPI. Thus, jointly agreed action plans will form the reference point for setting Community assistance priorities. In cases where no agreement exists between the EU and a partner country then Community assistance may be provided.

Complementarily, partnership and co-financing: Community assistance under the ENPI should, as a general rule, complement corresponding national, regional or local policies; it should be established in partnership with the Commission and beneficiaries and it should be co-financed by the beneficiary countries through public funds. Co-financing may be waived in justified cases.

Coherence, comparability and coordination: Projects funded by the ENPI must be consistent with EU policies and they must cohere to other Community assistance programmes. The Member States and the Commission will be responsible for co-ordinating their respective assistance programmes in order to increase the effective distribution of funds.

Types of programmes: Community assistance will be implemented through: country, multi-country and cross-border programmes.

Programming and allocation of funds: For country or multi-country programmes, strategy papers will be adopted that reflect the policy framework of the ENPI. The Commission will be responsible for determining the allocations for each programme taking into account the specific characteristics and needs of the country or region concerned.

Cross-border co-operation: The cross-border cooperation programme may cover: all territorial units corresponding to NUTS level 3 or equivalent along the land borders between the Member States and partner countries; all territorial units corresponding to NUTS level 3 or equivalent along sea crossings of significant importance; and all coastal territorial units corresponding to NUTS level 2 or equivalent facing a sea basin common to Member States and partner countries. Cross-border programmes will be carried out via multi-annual programmes and joint operational programmes.

Adoption of special measures: In the event of unforeseen and duly justified circumstances, the Commission may adopt special measures not provided for in the strategy papers or multi-annual indicative programmes. For example, special measures may be used to fund the transition from emergency aid to long-term development.

Eligibility: The Regulation lists all those who are eligible for funding under the ENPI. They include, for example, partner countries, regions and their institutions; decentralised bodies; joint bodes set up by the partner countries; international organisation, EU agencies; NGO's; natural persons and local citizens' groups.

Types of measures: The measures funded may include, for example, financing investment-related activities, contributions to the EIB or other financial intermediaries; debt relief programmes in exception cases; insurance against non-commercial risks, micro projects and food security measures.

Final Provisions: The Commission will prepare annual reports on the ENPI and it will submit a review of the programme by the 31 December 2010.

ENTRY INTO FORCE: 29 November 2006.

APPLY: 1 January 2007 – 31 December 2013.

REPEALED: Regulation (EEC) No 1762/92; Regulation (EC) No 1734/94 and Regulation (EC) No 1488/96.

European Neighbourhood and Partnership Instrument 2007-2013

2004/0219(COD) - 29/09/2004 - Legislative proposal

PURPOSE: to lay down general provisions establishing a European Neighbourhood and Partnership Instrument (ENPI).

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

CONTENT: in the context of the new financial perspective 2007-2013 (**INI/2004/2209**), the Commission is proposing a new Community instrument which will replace existing geographical and thematic programmes covering the countries which do not currently have an accession perspective.

This instrument is in line with the new architecture of the financial instruments implementing external aid. It will be complementary to the Pre-Accession (**CNS/2004/0222**), the Instrument for Stability (**COD/2004/0223**), the Economic and Development Cooperation (**COD/2004/0220**) and humanitarian aid instruments.

In order to assist neighbouring partner countries in achieving their objectives, and to promote cooperation between them and Member States, it is desirable to establish a single policy-driven instrument which will replace a number of existing instruments, ensuring coherence and simplifying assistance programming and management. The proposed instrument will also support crossborder cooperation between partner countries and the Member States bringing substantial efficiency gains operating through a single management mechanism and with a single set of procedures.

Objectives and partner countries: the aim is to develop an area of prosperity and close cooperation involving the European Union and the neighbouring countries. Community assistance shall be used for the benefit of partner countries. Assistance may be used for the common benefit of Member States and partner countries, for the purpose of promoting crossborder and trans-regional cooperation. The draft Regulation covers the following countries: MEDA (Algeria, Egypt, Israel, Palestinian Authority of the West Bank and Gaza Strip, Jordan, Lebanon, Libya, Morocco, Syria and Tunisia), TACIS (Russian Federation, Belarus, Moldova and the Ukraine) and the Caucasus (Armenia, Azerbaijan and Georgia).

A non–exhaustive list is presented which includes objectives specific to the European Neighbourhood Policy alongside other, more conventional, development objectives. This reflects the reality of neighbouring countries, many of which are developing countries. The choice of objectives to be pursued in a given country will be made when establishing country strategies and multiannual programmes.

Policy framework and conditions for assistance: the partnership and cooperation agreements, the association agreements and other existing or future agreements which establish a relationship with partner countries shall provide an overall policy framework for the programming of assistance under this draft Regulation. In the absence of agreements and/or ENP action plans (for instance Belarus and Libya), assistance may still be provided, in particular for crossborder cooperation and whenever relevant to pursue EU policy objectives set out in the relevant Commission communications.

To be eligible for assistance, the partner countries should respect the fundamental values of the Union. In extreme cases where countries do not respect these values, the Union can resort to total or partial suspension of assistance.

Characteristics of assistance: the assistance shall be characterised by 3 general principles for the implementation of this Regulation, namely that assistance shall complement national measures to promote synergy and enhance impact; assistance shall be established in partnership between the Commission and the beneficiaries, and programming of assistance should be carried out involving, as

appropriate, central, regional and local authorities, civil society, economic and social partners; assistance shall be cofinanced in order to promote ownership and maximise its leverage effect.

These principles are also applied in the context of the EU cohesion policy and reflect the dual nature of the instrument (external policy and economic and social cohesion) when it comes to financing crossborder and transregional cooperation between partner countries and Member States.

Programming and allocation of funds: the proposal describes the type of programmes through which assistance will be provided under this Regulation:

- Country and multicountry programmes which cover the assistance provided under this instrument to

a single country (national programme) or a group of countries. They normally include multiple priorities;

- Thematic programmes which are normally used to address in a visible and recognizable way global challenges of particular importance or, when this is considered appropriate, the external projection of internal policies. These will, in most of the cases, address all the partner countries;

- Crossborder cooperation programmes which will cover the eligible border regions of the EU Member States.

It will also be possible to associate Member States in thematic and/or multicountry programmes through transregional cooperation. On that basis, a single financial instrument, the ENPI, will be able to finance joint projects involving beneficiaries from partner countries and Member States. Strategy papers containing multiannual indicative programmes will establish the priorities for assistance and determine multiannual financial allocations to programmes. They will be adopted by the Commission after the opinion of the committee under a management procedure.

Implementation measures: the proposal provides for the Commission's financing decisions to take the form of annual action programmes for countries or regions. This reflects the new principles introduced in the latest Commission regulations. As decisions taken by the Commission in line with the multiannual programming documents approved by the Member States, these action programmes have not been made subject to the committee procedure. Provision is made for the adoption, in the event of unforeseen needs or circumstances, of special measures not provided for in the strategy papers or multiannual indicative programmes. This provision increases the Community's capacity to respond and introduces the flexibility necessary for the effective implementation of the Community's external assistance, especially in emergencies. Specific provisions are made to establish joint programmes bringing together eligible regions of Member States and partner countries. These programmes should normally be bilateral across land borders or sea crossings of significant importance and multilateral for maritime regions. A safeguard clause is included which allows, in exceptional circumstances, Member States' border regions to receive assistance even if a joint programme cannot be established.

Programmes may be implemented under direct centralised management by the Commission from Headquarters and/or thought the devolved Delegations using both statutory and temporary staff. They may also be implemented under decentralised management by the beneficiary country and under joint management with international organisations. The Regulation also leaves open the possibility for programme implementation under indirect centralised management arrangements by national public sector bodies or bodies governed by private law with a public service mission or by an executive agency for programme implementation. Cross-border co-operation programmes will be normally implemented through shared management by a managing authority located in Member States.

Evaluation: the Commission is bound to regularly evaluate the results of geographical and thematic policies and programmes and of sectoral policies and the effectiveness of programming. An annual report on implementation shall be sent to the Council and the European Parliament in this context.

The Commission shall submit by 31 December 2011 any proposals concerning the future of this Regulation and any amendments that may be necessary. From its entry into force a series of financial instruments applicable to neighbourhood policy shall be repealed (including Tacis and Meda).

For further information concerning the financial implications of this measure, please refer to the financial statement.

European Neighbourhood and Partnership Instrument 2007-2013

2004/0219(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.

Neighbourhood Investment Facility (NIF)

The NIF overarching objective is to mobilise additional investments to support the establishment of an area of prosperity and good neighbourliness involving the EU and neighbouring countries. In complementarity with other EU-funded programmes, the NIF can foster a sustainable, inclusive growth and a favourable investment climate in our partner countries.

The EU launched the NIF in 2007. Eight Commission Decisions were adopted for this instrument during the period 2007-2013 for a total envelope of EUR 745 million.

The NIF has, since the beginning of 2011, included a Climate Change Window (CCW) helping partner countries tackle climate change through mitigation and/or adaptation measures. The NIF CCW is managed in a streamlined way and has in general the same rules and the same financing and implementation modalities as the NIF.

An endowment with EUR 17.3 million was adopted by the Commission in 2011 to be shared with the Latin America Investment Facility (LAIF). Finally, this endowment was integrally used for two projects under the Latin America Investment Facility (LAIF).

In general terms, the NIF has proven to be an effective instrument within the European Neighbourhood Policy in particular by leveraging significant financial resources through financial instruments.

Facility for Euro-Mediterranean Investment Partnership (FEMIP)

In the framework of the European Neighbourhood and Partnership Instrument (ENPI for 2007-2013), the objective of the support to FEMIP is to provide capital to the private sector of Mediterranean partner countries pari passu with other commercial investors in the region.

Support to FEMIP covers the nine Southern Mediterranean States. The recipients of the Risk Capital Facility are the private sector in general and SMEs as well as financial intermediaries. The recipients of technical assistance are private enterprises, public institutions and the financial intermediaries.

FEMIP is established for the duration of the Financial Framework 2007-2013. The total financial envelope for 2007-2013 is EUR 224 million. The final date for signatures under the 2013 envelope is 31 December 2014.

With EUR 27 million allocated in technical assistance, the Support to FEMIP supported FEMIP investment activities in several southern Mediterranean countries, assisting promoters during different stages of the project cycle and encouraging the modernisation and opening-up of the partner countries' economies. Several sectors have benefited so far from the Technical assistance with significant contribution to the transport and water distribution sector.

As far as risk capital operations are concerned, the Support to FEMIP has played a strong catalytic role for other borrowers and investors. The Support to FEMIP helped to foster private sector activity in various sectors and assisted SMEs operating in any of the eligible sectors: agribusiness sector, financial sector, ICT sector and in particular the industry and the healthcare sectors, these latter currently being the most highly represented sectors.

The Support to FEMIP has generated employment opportunities. Since 1998, it is estimated that thanks to the risk capital investments, aggregated direct jobs of companies supported have increased by more than 1.2 times over the EIB holding period. This is equivalent to an average growth annual rate of circa 5% over the EIB holding period. It is further estimated that a notable share of the portfolio companies (more than 68%) have witnessed an increase of their employment figures over the EIB holding period.

European Neighbourhood and Partnership Instrument 2007-2013

2004/0219(COD) - 30/10/2014

This report from the Commission concerns financial instruments supported by the general budget according to Article 140(8) of the Financial Regulation as at 31 December 2013.

The report focuses on all centrally-managed Financial Instruments for internal and external Union policies supported by the general budget according to Article 140(8) of the Financial Regulation as of 31 December 2013.

To recall, financial instruments, including loans or guarantees with greater risk capacity, represent a smart way to finance the real economy, and boost growth and employment. They can achieve financial leverage (multiplying scarce budgetary resources by attracting private and public funds to support EU policy objectives), policy leverage (incentivising entrusted entities and financial intermediaries to pursue EU policy objectives through alignment of interest), and institutional leverage (benefiting from the expertise of the actors involved in the implementation chain).

This report is the **first to be prepared under the new requirements of the Financial Regulation**. It is intended to **provide an informative overview of how the taxpayer's money has been used** and of the progress made in the implementation of the Financial Instruments as of 31 December 2013.

The report is complemented by a Commission Staff Working Document which provides specific information on individual financial instruments, their progress made in implementation and their environment in which they operate.

The report highlights that **important outcomes have been achieved through the use of Financial Instruments in the years 2007-2013**, and they will play an even more significant role in the 2014-2020 Multi-annual Financial Framework (MFF). The budgetary authorities have expressed their **political commitment and increased the necessary resources**. Furthermore, the Financial Regulation has been extended with a dedicated chapter, setting up the appropriate regulatory framework for Financial Instruments' design, management and reporting.

The main conclusions of the report are:

(1) **The implementation of the 2007-2013** centrally-managed financial instruments has been instrumental in helping to **alleviate financial market failures and leverage the positive effects of EU-wide actions**. For example, in the 2007-2013 period, the main EU-level financial instruments dedicated to SME

support (CIP-GIF, CIP-SMEG 07 and RSI) and micro-SME support (EPMF) with an overall contribution (EU commitments) of more than EUR 1.6 billion, mobilised lending of nearly EUR 17.9 billion and also supported equity investments of about EUR 2.8 billion, thus enhancing access to finance for more than 336 000 SMEs.

(2) **The achieved leverage** is equal to 5 for Equity Instruments, and ranges from 4.8 to 31 for Guarantee instruments, from 10 to 259 for Risk-sharing instruments, from 1.54 to 158 for Dedicated Investment Vehicles, from 5 to 7 for Financial Instruments in the Enlargement Countries, from 5 to 27.6 for Financial Instruments in Neighbourhood Countries and Countries covered by the Development Cooperation Instrument.

With the experience gained in the course of implementation during the 2007-2013 period, and in the context of programme evaluations and audits, several lessons have been learned on how to further improve the design and management of financial instruments:

- best practices have been capitalised on the design and the management of the new generation of financial instruments;
- further, Financial Instruments will now cover **all main types of final recipients over the full funding cycle** and will include offer of both pro- and counter-cyclical instruments to respond flexibly to market needs, based on demand-driven implementation;
- effectiveness and efficiency have been enhanced through fewer instruments with larger volumes, ensuring critical mass in full consistency with State aid rules;
- alignment of interest with entrusted entities and financial intermediaries will be further achieved through fees and incentives, and risk sharing.

Since 2013 is the last year of commitment for the 2007-2013 programming period for a number of instruments, a final evaluation assessing the extent to which objectives have been achieved has not been finalised. More qualitative and in-depth feedback on the attainment of objectives will be available within one year and will be duly reported upon.