

Financing of infrastructure projects: Competitiveness and Innovation Framework Programme (2007-2013) and trans-European transport and energy networks

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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.