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The Director-General

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Mr Jan Willem van der Kaaij  
Inspector General  
European Investment Bank  
98-100 Boulevard Konrad Adenauer  
2950 Luxembourg

Dear Mr van der Kaaij

Please find attached DG Regional Policy's comments on the revised version of the report by the evaluation unit of EIB concerning JEREMIE

Yours sincerely

Dirk Ahner

Cc: Mr Nicholas Martyn, Deputy Director-General, DG Regional Policy  
Mr Matthias Kollatz-Ahnen, Vice-President, EIB  
Mr Richard Pelly, Chief Executive, EIF  
Mr Hubert Cottogni, Head of RBD, EIF  
Ms Ivory Yong – Proetzel, Head of Division Operations and Evaluation, EIB



**Synthesis report by the EIB Evaluation Unit on  
'Ex Post Evaluation of JEREMIE "Evaluation Phase" as it relates to the EIF'**

**Comments by DG Regional Policy**

Financial engineering instruments for enterprises are not new for Structural Funds interventions. They were successfully implemented in previous programming periods, even though not all Member States used these instruments. The objective for the 2007-2013 programming period was to promote a more systematic and larger use of financial engineering instruments. The novelty introduced was the strengthened role of holding fund structures and the possibility to award management and advisory tasks to the EIF.

The principles of the JEREMIE initiative were agreed in 2005 and subsequently in a Memorandum of Understanding signed by the Commission and the EIF in 2006. The parties agreed to split the initiative into two phases – evaluation and implementation.

The Commission considers that the objectives of the evaluation phase and the evaluation studies were clear from the beginning. The overall purpose was to provide assistance to national and regional authorities so that they could make an informed decision on the use of financial engineering instruments financed by Cohesion Policy.

The evaluation studies were financed under respective contribution agreements signed between the Commission and the EIF. The activities carried out under the contribution agreements (e.g. estimated requests for studies, requests for additional support, prolongation of the evaluation phase) were regularly reviewed and agreed by the JEREMIE Steering Committee as the evaluation was progressing. The report does not properly take into account these facts and identifies objectives, which are different than those agreed by the parties.

In the Commission's view, financial instruments with or without holding funds, can be considered positive outcomes. This view is consistent with the provisions of the Structural Funds regulation. The report does not follow that view in all parts as sometimes only holding fund structures are considered a successful outcome.

The report criticises the fact that the JEREMIE initiative was launched without a dedicated ex-ante assessment. It is standard practice in the Commission to carry out an ex ante assessment for legal acts and operational programmes. JEREMIE is of a different nature. It is a partnership arrangement to promote the use of financial instruments for SME support between the Commission and the EIF. As such it is guided by a common understanding of the objectives as summarized in the Memorandum of Understanding.

As far as the Commission is concerned, there was a sound basis for the choice of the EIF as its partner in the JEREMIE initiative, including in its evaluation phase. The report confirms that the choice of the EIF was logical and that there is a clear match between the areas of expertise of the EIF and those targeted by JEREMIE.

The Commission would like to underline that, as the EIF is an EU institution with a special mission and expertise regarding development of financial instruments for enterprises, the Commission relied extensively on the EIF's expertise to identify the needs of Member States and regions regarding SME financing.

As far as the implementation phase is concerned, financial engineering instruments within Structural Funds followed all relevant assessment steps required by the regulations. Both the EIB and the EIF were duly consulted in the preparation process of the Structural Funds regulations for the programming period 2007-2013 on relevant matters.

The report makes several comments with respect to the timeliness of the evaluation phase. Already when signing the MoU the parties agreed to monitor the progress of evaluation and adjust the timeframe if necessary. This was indeed the case and evaluation studies were handled in a flexible way with a view to respond to needs articulated by Member States. This refers to requests for new evaluation studies coming in late as well as to additional assessments which complemented some of the studies. The Commission considers that the evaluation studies contributed in time to inform managing authorities when deciding on the launch of financial instruments.

The Commission notes that the data on the implementation of financial engineering instruments, including holding funds, provided in the report is inaccurate in some parts and does not reflect the actual situation. There are more financial engineering instruments in place than mentioned in the report. The Commission is currently running a mapping exercise based on the voluntary reporting from Member States which should provide more accurate information about the state of implementation of financial engineering instruments.

The Commission also notes that the report at certain points does not correctly reflect the Commission's role, competences and procedures. For instance, as concerns the provision of guidance and interpretations of the regulations, the role of Structural Funds Coordination Committee, responsibilities of the Commission and Member States under shared management etc.

As a final remark, the Commission had intended from the early stage of launching of the JEREMIE initiative to carry out a comprehensive evaluation at a time when the implementation of the financial engineering instruments for enterprises would be at a more advanced stage to form a basis for robust conclusions about the performance of the initiative. We will initiate this study in the near future and we will keep our partners informed of developments.