



advancing with ESIF financial instruments



The European Maritime and Fisheries Fund

Financial instruments





Financial instruments co-funded by the European Maritime and Fisheries Fund are a sustainable and efficient way to invest in the growth and development of people and businesses in the fisheries and aquaculture sectors and to support the Integrated Maritime Policy. They can support a broad range of development objectives to the benefit of a wide range of recipients with the potential for funds to be reused for further investments.

The European Maritime and Fisheries Fund (EMFF), one of the European Structural and Investment Funds, supports the implementation of the reformed Common Fisheries Policy (CFP) and the EU Integrated Maritime Policy.

The EMFF has an overall budget of over €6 billion for 2014-2020. This support is provided to fisheries (including data collection and control), aquaculture and processing, as well as to the sustainable development of fishery and aquaculture areas and the Integrated Maritime Policy.

The EMFF support can be provided through grants and, increasingly, through financial instruments.

In 2007-13, apart from in a few MS (including Latvia and the Netherlands), financial instruments were not widely used under the then European Fisheries Fund (EFF).



Financial instruments

- are expected to be repaid;
- are revolving, i.e. with funds repaid being used again in the same area;
- are suitable for financially viable projects, i.e. those which are expected to generate enough income or savings to pay back the support received;
- are designed to attract co-investment from other sources, including private investment, to increase the amount of funds available in particular in sectors/areas where there are problems with access to finance;
- can take the form of loans, guarantees, or equity;
- can also support supply-side development, by contributing to development of the market;
- may be used in a complementary way with grants; and
- may be managed by national or regional banks, international organisations such as the European Investment Bank or the European Investment Fund, by financial intermediaries, and (for loans and guarantees only) by managing authorities.

In 2014-2020, recognising the advantages of financial instruments, their use is extended to **all thematic objectives** and is expected to further intensify due to the improved and more flexible implementation options.

Financial instruments can be co-funded by the European Maritime and Fisheries Fund to **support the investment priorities outlined in the EMFF operational programmes** by Member States. Financial instruments funded by the EMFF can potentially support the majority of measures covered by the EMFF, provided that they address **an identified market gap**, i.e. areas of activity where banks are unwilling to lend and/or where the private sector is unwilling to invest.



Financial instruments can thus contribute to the achievement of the following objectives of the EMFF:

- promoting competitive, environmentally sustainable, economically viable and socially responsible fisheries and aquaculture;
- fostering the implementation of the CFP;
- promoting a balanced and inclusive territorial development of fisheries and aquaculture areas;
- fostering the development and implementation of the Union's Integrated Maritime Policy (IMP) in a manner complementary to cohesion policy and to the CFP.

Financial instruments are **available to all kinds of recipients within the fishery and aquaculture sectors undertaking revenue-generating projects**. In the processing sector, support to enterprises that are not SMEs can only be provided by means of financial instruments. Given the relatively small size of the EMFF, an additional possibility is to explore synergies with other FIs already set up through the ERDF, ESF or EAFRD, or to be established in the 2014-2020 period.

A broad range of EMFF-supported financial instruments can be potentially implemented.

- **Loans**, which may be available where none are offered commercially (e.g. from banks), or may be on better terms (e.g. with lower interest rates, longer repayment periods, or fewer collateral requirements). For instance, loans could be available to help fishermen and their families diversify their sources of income by developing activities such as angling tourism or food-related businesses such as restaurants, related to the main fishing activity, start-up support for young fishermen for the acquisition of a first fishing vessel, or investments on board aimed at increasing the energy efficiency of fishing vessels.
- **Microcredits**, which are smaller loans made to people sometimes excluded from access to finance, often provided over a short term and with no or low collateral required, e.g. loans to fishermen to purchase selective fishing gear, to improve the added value or quality of the fish caught, or projects in the framework of community-led local development strategies.



- **Guarantees**, where assurance is given to a lender that their capital will be repaid if a borrower defaults on a loan. This could unlock access to commercial loans for investments which lenders might otherwise consider too risky, such as innovation projects in the processing sector or in aquaculture or linked to the conservation of marine biological resources.
- **Equity**, where capital is invested in return for total or partial ownership of a firm; the equity investor may assume some management control of the firm and may share the firm's profits. Equity can be invested at different stages in the lifecycle of a business, but publicly-backed equity is most used as early-stage capital for seed and start-up funding. The return on the investment depends on the growth and profitability of the business. The return is earned when the investor sells its share of the business ("exits") to another investor or through an initial public offering (IPO). Equity is most likely to be relevant for higher risk and potentially higher growth firms, for example those piloting innovative sustainable technologies in the aquaculture or processing sectors.

Financial instruments can also be offered in combination with grants and other forms of assistance. It is often necessary to improve 'investment readiness' as a pre-requisite for attracting investment funds. Advisory and other support can be grant-aided through the EMFF.

Financial instruments co-funded by the EMFF can contribute to the long-term development and diversification of the sector and investment in it by supporting activities in areas where levels of investment have often been suboptimal and stimulating the development of commercially-viable projects thus opening up new market opportunities. They can also create opportunities for investors and financial intermediaries. Access to financing has typically been costly and difficult for firms in the fisheries and aquaculture sector. In many Member States, the sector is considered by the financial sector as high risk in terms of lending and access to credit. However, some projects can become more attractive investments due to public sector backed financial instruments and related risk-sharing.



For more information

The EMFF: Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and the Council. OJ L149 of 20 May 2014.

For a reference guide for managing authorities on financial instruments in ESIF programmes:

ec.europa.eu/regional_policy/sources/thefunds/fin_inst/pdf/fi_esif_2014_2020.pdf

For information on the ex-ante assessment methodology for financial instruments:

http://ec.europa.eu/regional_policy/en/funding/financial-instruments/

For the 'fi-compass' website, the platform for advisory services on financial instruments under the ESIF:

<http://www.fi-compass.eu/>

For more information on the European Maritime and Fisheries Fund Regulation and the other European Structural and Investment Funds Regulations, including Implementing and Delegated Acts:

http://ec.europa.eu/fisheries/cfp/emff/index_en.htm

For information on the State aid rules for fisheries and aquaculture:

http://ec.europa.eu/fisheries/state_aid/index_en.htm



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