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## Welcome address

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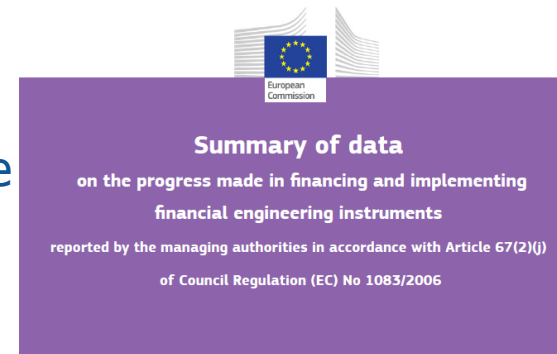
# **Financial Engineering Instruments in the 2007-2013 programming period: Taking a look back**

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**Stefan APPEL – DG REGIO Unit B3**

## Financial Engineering Instruments in 2007-2013 - A success story

- 2007-2013 period saw a significantly stronger use of FEIs. Lessons learned have informed the actions taken in 2014-2020.
- Recent final summary of data on FEIs in 2007-2013, which provides a comprehensive overview of the implementation of FEIs in 2007-2013 at closure.
- Roadmap: Presentation of key messages of the summary of data, examples of FEIs implemented in 2007-2013 and transition from 2007-2013 to the current programming period.



Programming period 2007-2013  
Situation as at 31 March 2017 (at closure)

## Key messages (1) - Strategic objectives...

- Some 1,000 FEIs were set up in 25 Member States, receiving support from almost 200 Operational Programmes.
- Total value of Operational Programme contributions paid to FEIs amounted to EUR 16.3 bn. EUR 15.2 bn were reported as disbursed to final recipients at closure, representing an absorption rate of roughly 93%.
- Lion's share of cohesion policy support was devoted to FEIs for enterprises (EUR 14.1 bn); limited amounts went into urban development (EUR 1.6 bn) and energy efficiency/renewables (EUR 0.7 bn)

## Key messages (2) - ...leading to concrete results at on the ground

- Loans: 155,000 final recipients (predominantly micro-enterprises or individuals).
- Guarantees and other risk-bearing products: 146,000 recipients (less capital outlays needed to reach many recipients).
- Equity and quasi-equity: 4,500 recipients (large-scale operations as compared to loans & guarantees).
- All in all, 220,000 SMEs, out of which over 50% micro-enterprises, as well as almost 90,000 individuals, ultimately creating 170,000 jobs.
- Leverage in some cases reached a ratio of up to 20 times.
- EUR 8.5 bn of resources returned for subsequent reinvestment.

## First Loss Portfolio Guarantee in Malta - *marketing for impact*

- SMEs in Malta represent 99.8% of the business population. However, access to finance is often hampered by onerous collateral requirements and high debt pricing by commercial banks.
- FLPG was set up with EUR 12 m OP resources and intended to improve access to finance for SMEs through credit risk protection to foster the development of strategic sectors. The Bank of Valletta (BoV) was selected as financial intermediary due to its capacity to distribute the product by means of a local marketing campaign.
- The steep learning curve initially experienced by BoV has been translated into additional initiatives for SMEs, which leverage the capacity developed through the implementation of FLPG.



## Renovation Loan Programme in Estonia - *addressing a need comprehensively*

- Around 75% of the population lives in apartment buildings, out of which a third are more than 50 years old, often of low quality and achieving low energy efficiency. At the same time, it is estimated that 40% of total energy consumption in buildings is devoted to heating.
- An advantageous renovation loan of up to 85% of the renovation cost that could be combined with a grant of up to 50% of the energy audit and a rebate-type grant conditional on the energy efficiency level attained.
- 619 apartment blocks comprising 22,000 apartments throughout Estonia benefited from the scheme, which was endowed with EUR 67 m OP resources, reaching energy efficiency improvements of over 40%.



## Lessons learned from 2007-2013 have fed into the 2014-2020 period

- FEIs implemented in 2007-2013 have proven to be a resource-efficient and sustainable way of deploying cohesion policy resources.
- The framework for 2014-2020 encourages further expansion and strengthening the use of financial instruments as a complement of traditional grant-based support.
  - More programming possibilities;
  - Mandatory ex ante assessment;
  - New implementation options;
  - Additional financial incentives; and
  - Reporting (covered in next slide).
- Last but not least, fi-Compass by EC in partnership with EIB.



## Reporting on FIs in 2014-2020 – FI set-up and implementation process well underway

- 2014-2020 framework requires MAs to attach a specific report of FIs to AIRs. European Commission will continue to provide summaries of data collected to be able to draw conclusions on performance of FIs.
- Second summary of data (2017 exercise) of the 2014-2020 programming period encompassing data as of end of 2016 will be published shortly.
- Set-up and implementation process of FIs is well underway, with significantly further
  - ex ante assessments completed;
  - funding agreements signed;
  - payments made from managing authorities to financial instruments;
  - ...and from financial instruments to final recipients.