



## Lessons learnt from the use of financial instruments in Cohesion Policy and using the opportunities of combination with grants under shared management Funds – Panel discussion

**Desmond Gardner**, Financial Instruments Advisor,  
European Investment Bank

**Lukas Papaioannou**, ESF+ intermediate body, Federal Ministry  
for Economic Affairs and Climate Action, Germany

**Theodosios Sampaniotis**, Policy Analyst, DG REGIO,  
European Commission

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## Experiences in implementing the ESF Mikromezzaninfonds in Germany

**Lukas Papaioannou**, ESF+ intermediate body, Federal Ministry for Economic Affairs and Climate Action, Germany

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# Mikromezzaninfonds Deutschland (MMF)

- MMF I established in 2013
  - **Investment period 2013 -2015**
  - **74, 5 M € in mezzanine capital to 1.787 enterprises**
- MMF II established in 2016
  - **Investment period 2016 – 2023 (plus one year without ESF)**
  - **79 M € Euro mezzanine capital to 1.832 enterprises (31.03.2024)**
- MMF III planned for 2025

# General Goals Mikromezzaninfonds (MMF)

- Strengthening the supply of mezzanine capital for SME
- Small-volume mezzanine financing (Microfinancing)
- → Especially: small enterprises and micro-enterprises
- market deficiency in the area of microfinance
- Why Mezzanine-Capital (quasi equity, hybrid capital)?
  - **lower equity ratio of smaller enterprises**
  - **facilitating access to loans**

# Structure Mikromezzaninfonds (MMF)

Funding provided by the European Social Fund (ESF) and the German European Recovery Programme Special Fund (national funding)



**Intermediate body:** Federal Ministry for economic affairs and climate action



Nbank (public bank) implements the MMF and acts for MMF



Regional distributors check the requirements / approve the financing vis`-à the final recipients



Thank you!





# Financial instruments delivering Cohesion Policy objectives

**Theodosios Sampaniotis**, Policy Analyst, DG REGIO,  
European Commission

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# Financial Instruments (FIs) in Cohesion are 20 years old

For over 20 years, FIs have been used to deliver Cohesion Policy priorities related to SME support, investments in a low-carbon economy, research, innovation and territorial development.



**EU Cohesion Policy  
2021-2027**

**Common  
Provisions  
Regulation**

During the **1994-99**, the estimated amount allocated from Structural Funds to **equity**, loan and guarantee was EUR 0.57 billion rising in **2000-2006** to EUR 1.2 billion

During the **2007-2013** period there was a profound cultural shift towards the use of FIs in cohesion policy with a total of EUR 15.2 billion of programme resources paid to final recipients

During **2014-2020**, ERDF and Cohesion Fund allocations for FIs add up to EUR 25.1 billion, while EUR 16 billion have been paid to final recipients at the end of 2022



# What are the benefits of FIs?

## LEVERAGE

FIs can attract additional resources, both public and private, e.g. private financial intermediaries provide % of the loan to an SME.

## REVOLVING

FIs have the capacity to generate additional flows of money with the objective of further investment – either through repayments or interest and other gains generated.

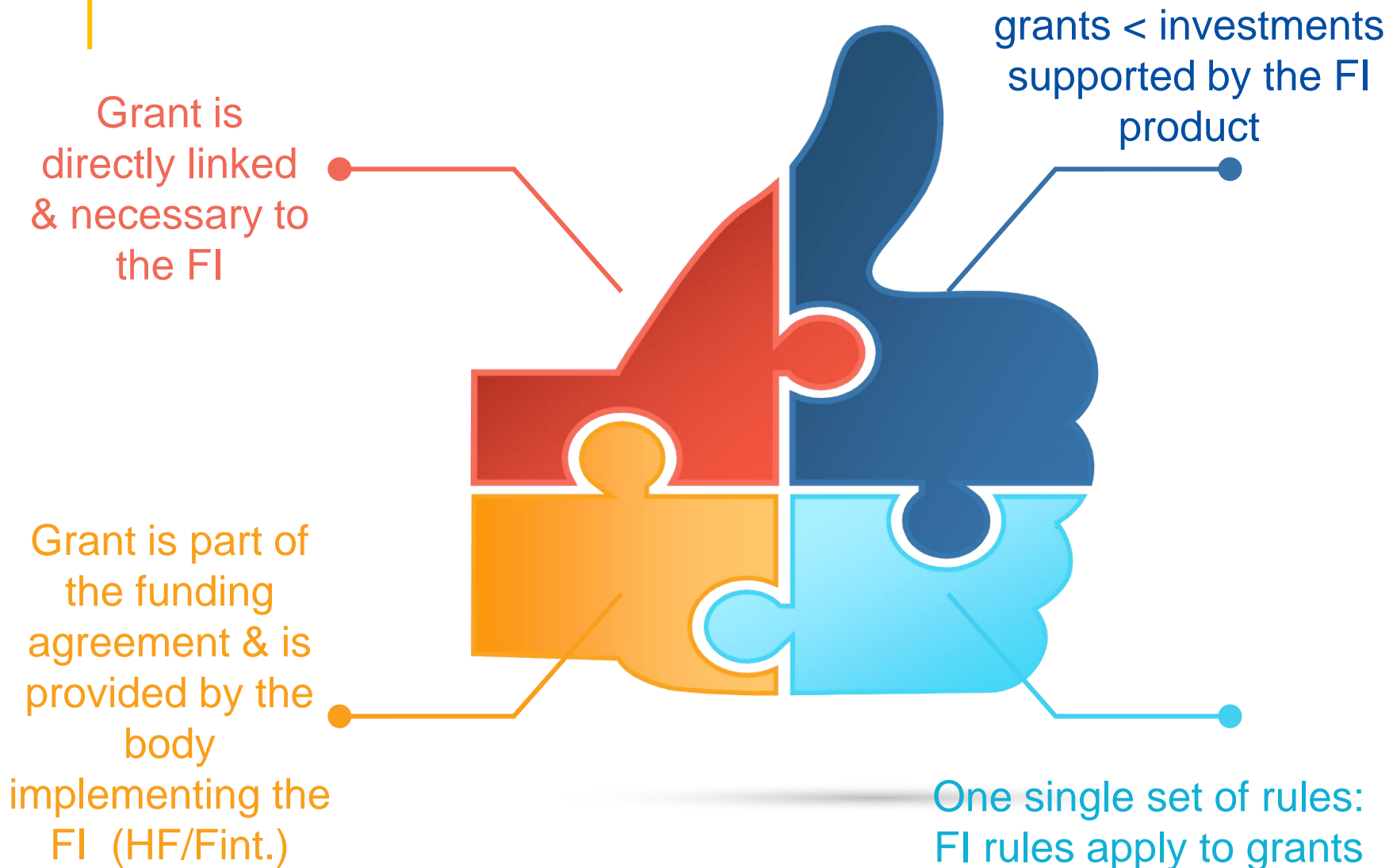
## REPAYABLE NATURE

- Better quality projects;
- Greater financial discipline

## DIVERSIFICATION

- Move away from grants;
- Public-private funding

# Combination in one operation



**New possibilities for combination in 1 operation**  
 Make **direct payment to the final recipients** (and not only to the benefit of the final recipients as in the 2014-2020 period).

New type of grants, not only subsidies of:

- **interest rate,**
  - **guarantee fee,**
  - **technical support**
- but also:
- **capital grants**
  - **performance-based grants**



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