



Reporting on financial instruments (FI) in the annual implementation report for the programming period 2014-2020

**Online learning on financial instruments
June 2017**

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European Commission, DG REGIO B3**



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Content

1. Overview of reporting on FI for 2014-2020 period
2. Overview and structure of the annotated template for reporting
3. Main points where questions are raised most frequently
4. Lessons learnt from the reporting exercise 2016
5. FAQ on FI reporting 2014-2020 and lessons learnt



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Section 1

OVERVIEW OF REQUIREMENTS OF REPORTING ON FINANCIAL INSTRUMENTS UNDER 2014-2020 PROGRAMMES

Overview of FI reporting 2014-2020 (1/2)

➤ Regulatory requirements:

- Article 46 of the CPR;
- Model for reporting on financial instruments (FI) - Implementing Regulation (EU) No 821/2014, Annex I

➤ **Uniform reporting** across all ESI Funds

➤ **Deadline** for finalising summaries*: AIR reporting deadline (31 May/30 June) + 6 months

** Summaries of the data on the progress made in financing and implementing the FI for the programming period 2014-2020 with the situation as at 31 December 2015 is available on Inforegio website:*

http://ec.europa.eu/regional_policy/sources/thefunds/fin_inst/pdf/summary_data_fi_1420_2015.pdf



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Overview of FI reporting 2014-2020 (2/2)

Comprehensive reporting as compared to 2007-2013:

- Reporting by programme and priority axis or measure
- Inclusion of reporting on financial instruments that are implemented directly according to Article 38 (4) (c)
- Additional information:
 - information on gains generated by financial instruments;
 - resources paid back to financial instruments from investments;
 - value of equity investments; reinvestment;
 - additional financing mobilised; and
- **Obligatory** in **2017**, 2019 and for final report only
 - leverage;
 - contribution of financial instruments to output indicators.



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When to report on FIs and how? (1/2)

- Reporting on FI is not a stand-alone exercise;
- The information and data about the progress of FI are submitted together with the annual implementation report – therefore the deadlines of the AIR apply (31 May/30 June);
- The Fund specific rules and implementing acts adopted by the Commission indicate sections for reporting on financial instruments in the content and structure of the annual and final reports when reporting to the Commission;
- For example, for ERDF, ESF and CF this is section 8 in the annual report which should be filled out in a structured way in the SFC2014 the main function of which is the electronic exchange of information system concerning shared Fund management between Member States and the European Commission.



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When to report on FIs and how? (2/2)

- Once the ex-ante assessment has been finalised and a decision in favour of financial instruments was made Section on financial instruments is to be filled out. In the absence of the information, AIR is considered inadmissible;
- If the programme does not contain FI, Section on financial instruments does not need to be filled out;
- If MA has submitted a separate document as annex on FI:
 - This is not sufficient. Legal reason: requirement to report according to model in implementing act No. 821/2014;
 - Legal and practical reason: Structured data in SFC will be used to prepare annual summaries of data. Difficult to extract information from text documents in 20+ languages.



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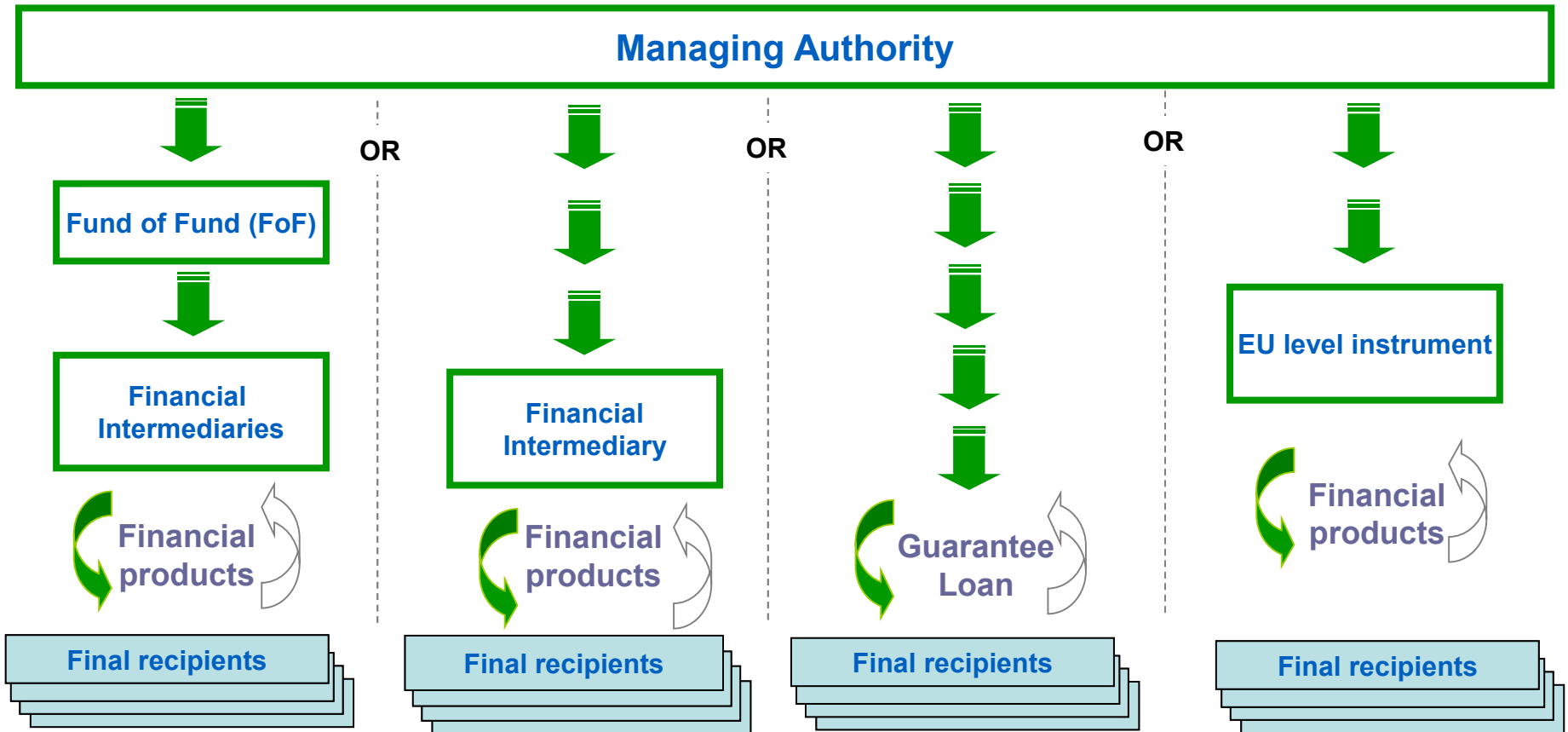
Section 2

OVERVIEW AND STRUCTURE OF THE ANNOTATED TEMPLATE FOR REPORTING



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Reporting structure (1/2)





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Reporting structure (2/2)

Data are entered on 3 levels in SFC2014*:

- Fund of Funds
- Specific funds (under fund of funds or not)
- Product

Search 2014LT16MAOP001 - 2015.2 x

5 Information on implementation of YEI
▼ 6 Issues affecting performance
6.a Issues and measures taken
6.b Assessment of whether progress
7 Citizen's summary
▼ 8 Report on financial instruments
▼ FI (FoF): 04 - Daugiabučių namų mod
Thematic objectives
▼ FI (SF/FoF): Šiaulių bankas
Indicators
▼ Products
Loan: Loans Šiaulių bankas
▼ FI (FoF): 04 - „Energijos efektyvumo f
Thematic objectives
▼ FI (FoF): 07 - „Verslumo skatinimo for
Thematic objectives
► FI (SF): 04 - „Daugiabučių namų mod
▼ 9-13 Actions taken to fulfil EACs

8. REPORT ON THE IMPLEMENTATION OF FINANCIAL INSTRUMENTS
List of financial instruments

5. NAME OF THE FINANCIAL INSTRUMENT	8. TYPE OF THE FINANCIAL INSTRUMENT
Daugiabučių namų modernizavimas Jessica II	Fund of funds
Šiaulių bankas	Fund of funds specific fund
„Energijos efektyvumo fondas“	Fund of funds
„Verslumo skatinimo fondas 2014–2020, finansuojamas iš Europos socialinio fondo“	Fund of funds
„Daugiabučių namų modernizavimo fondas“	Specific fund

* For assistance in completing the Annual Implementation Report please refer to the associated quick guides <https://ec.europa.eu/sfc/en/2014/support-ms/IRSF/quickguide>



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Overview of the annotated template for reporting



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Overview of the annotated template for reporting

The sections in the reporting model and annotated template mirror the provisions of Article 46 CPR:

Section I: Programme, priority/measure and ESI Fund – Article 46(2)(a) CPR;

Section II: Description of FI and implementation arrangements - Article 46(2)(b) CPR;

Section III: Identification of the body implementing the FI - Article 46(2)(c) CPR;

Section IV: Amount of programme contributions committed and paid, management cost and fees - Article 46(2)(d) and (e) CPR;

Section V: Support committed and provided to final recipients - Article 46(2)(e) CPR;

Section VI: Performance of FI, progress in set-up - Article 46(2)(f) CPR;

Section VII: Gains generated by FI, revolving amounts, value of equity participations - Article 46(2)(g) and (i) CPR;

Section VIII: Additional resources attracted, leverage* - Article 46(2)(h) CPR;

Section IX: Contribution of the FI to the achievement of indicators*- Article 46(2)(j) CPR.

** Obligatory in 2017,2019 and for final report only*



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Implementation options

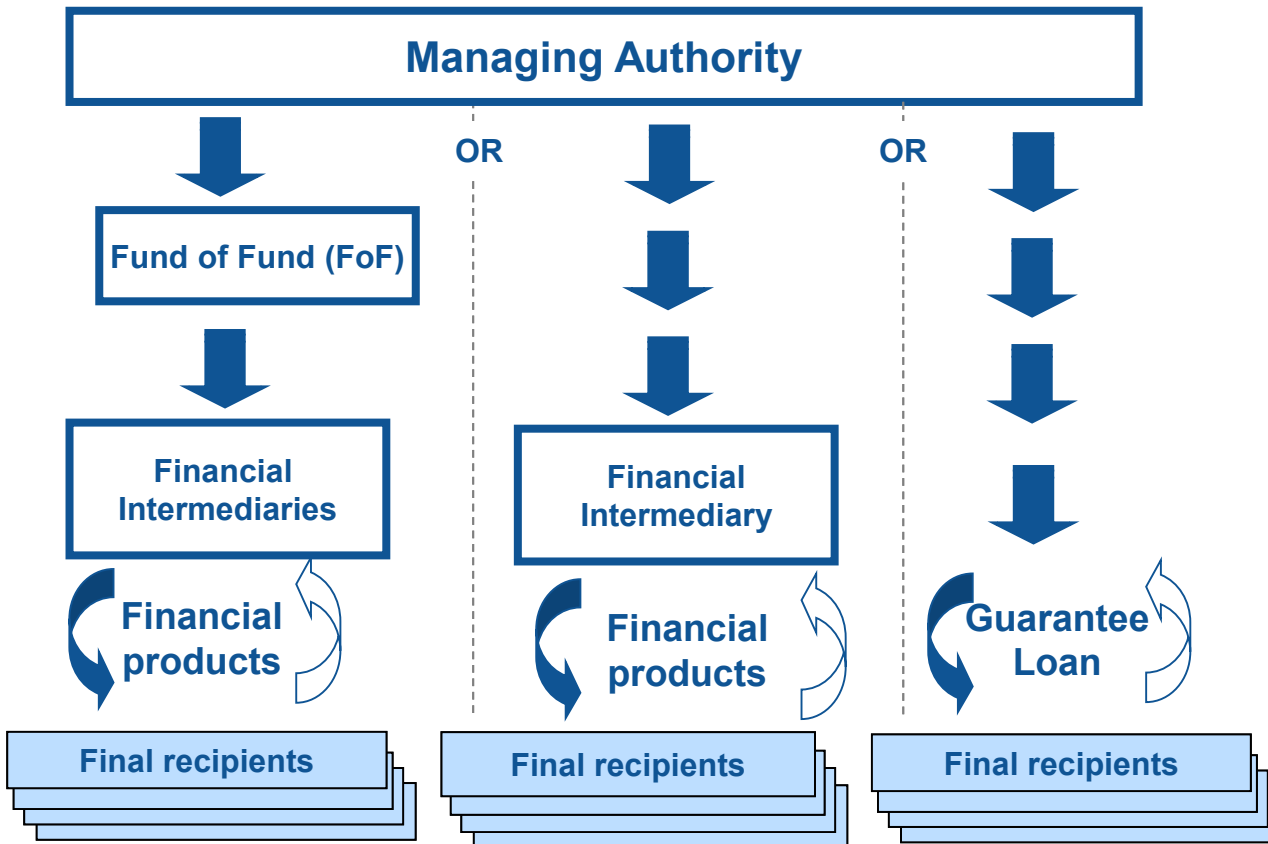
Level of reporting:

Section I

*Section II, III, IV,
VI, VII*

*Section II, III, IV,
VI, VII, IX*

*Section V, VI, VIII
no reporting on the
level of individual final
recipients*





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Adjustments to the template vis-à-vis the reporting model in the Implementing Regulation (1)

A few **minor changes** compared to the reporting model in the Implementing Regulation (EU) No 821/2014 made:

- **Addressing unclear fields (e.g. value of equity investments);**
- **Simplifications (e.g. removing double entries);**
- **Additional information needed to fulfil reporting requirements (amounts per TO, commitments per ESI Fund).**

Section I – general information on priority axis level

- **3.1 Commitments by Thematic Objective – *additional field marked as optional;***
- **30 Date of completion of ex-ante assessment – *moved to section I;***
- **31 and 31.1 Selection of bodies implementing FI – *moved to section I.***



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Adjustments to the template vis-à-vis the reporting model in the Implementing Regulation (2)

Section IV – contributions to FI and management costs and fees

- ***14.1 Breakdown of commitments by ESI Fund – otherwise difficult to report by ESI Fund – additional fields marked as optional.***

Section VI – Performance of financial instruments

- ***31.2 number of funding agreements already signed – information can be obtained from field 13 (date of FA).***



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Adjustments to the template vis-à-vis the reporting model in the Implementing Regulation (3)

Section VII – Interest & gains, reflows, value of equity

- **40 Value of investments and participations**

The book value of equity investments and participations should be reported. Changes of value on a year by year basis can be calculated with reporting tools.

Section VIII – Leverage and additional investment

- **39.2 achieved leverage – to be calculated by SFC on base of data provided;**
- **39.3 Investment mobilised through ESIF financial instruments - additional field to capture total volume of projects enabled through FIs.**



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Section 3

MAIN POINTS WHERE QUESTIONS ARE RAISED MOST FREQUENTLY



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Section 3.1

THEMATIC OBJECTIVES; SELECTION FIELDS 3 AND 3.1; FIELD 31.1



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Fields 3 and 3.1

- To be reported at the level of:
 - the fund of funds only (if implementation through FoF);
 - the specific fund (if without FoF);
 - If managing authority implements FI directly.
- 3.1 Amount of ESI Funds committed in funding agreements from the individual thematic objectives chosen in field 3 (optional)
 - Important for all priority axes;
 - Particularly important in case of multi-thematic objective FI;
 - In cases where one priority axis contributes to several thematic objectives the model according to Annex I of the Commission Implementing Regulation 821/2014 does not provide sufficient quantitative information;
 - The sum of all thematic objectives under 3.1 should be the same as in 14.1.



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Field 31.1

- 31.1 Has selection or designation process already been launched – 'YES'/'NO'
 - Only the selection of funds of fund manager or financial intermediary by managing authority should be indicated and not the selection of financial intermediary by fund of funds. This is in line with definition of 'beneficiary' in Article 2 CPR;
 - If selection process has been completed and funding agreement is signed, it is still essential to indicate whether the selection or designation process has been launched;
 - Demonstrates logical sequence of events in setting up financial instruments;
 - Avoids ambiguity in presented data;
 - For example, mistakes identified in the reporting exercise of 2016:
 - For some MSs there was no reporting concerning the selection procedure, although it is known that the selection procedure has started;
 - while in other cases the selection procedure and the body implementing the FI are reported but no selection has started.



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Section 3.2

REPORTING ON PRODUCTS FIELDS 9, 9.1, 9.2, 22.1, 40



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Reporting on products – fields 9, 9.1, 9.2 and 22.1

- Information about the type of products, meaning, the selection of one or a mix of products provided by the financial instrument should be reported in **Section II Description of FI and implementation arrangements - fields 9, 9.1, 9.2;**
- Details about product implementation should be reported in **Section V Support committed and provided to final recipients** by broader categories of – **loan, equity, guarantee or other support combined within a FI** – being selected in **field 22.1.**



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Reporting on products – fields 9, 9.1, 9.2 and 22.1

- Field 9 should provide more details about the type of products provided by FI for information purposes

Selection of at least one from the following list:

- loans (with the exception of micro-loans);
- micro-loans (< EUR 25,000 and provided to micro-enterprises) according to SEC/2011/1134 final;
- guarantees;
- equity;
- quasi-equity;
- other financial products;
- other support combined with a financial instrument.



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Reporting on products – fields 9, 9.1, 9.2 and 22.1

- If from the list 'other financial products' are chosen, **field 9.1** becomes available in the form of a text where a description of this other financial product should be provided;
- Neither the CPR nor the Financial Regulation defines 'other financial products'. "Financial products" supported by ESIF have to be compliant with the CPR, including title IV, and to be reported according to Article 46 CPR;
- **Field 9.2** is only to be used if financial instruments are combined with other forms of support **in a single operation**;
- The field becomes active only if the option 'other support combined within a financial instrument' is selected in line 9;
- By "grant" we refer to **technical support, interest rate subsidies** and **guarantee fee subsidies** as it is the only grant, which can be part of the financial instrument operation and can be reported here.



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Reporting on products – fields 9, 9.1, 9.2 and 22.1

- Under Section V information should be reported for the 4 main categories:
 - **Loan;**
 - **Equity;**
 - **Guarantee;**
 - **Other support combined within the financial instrument.**
- The categories under 9 and 22.1 can be clearly associated to each other:
 - **Loans and micro-loans under 9** should be reported as **Loan , i.e. a) in 22.1);**
 - **Guarantees under 9** should be reported as **b) in 22.1;**
 - **Equity** and **quasi-equity instruments** should be reported as **Equity, i.e. c) in 22.1;**
 - **Other support combined within the financial instrument** should be reported as **d) in 22.1.**
- **NB! Other financial products should be reported under either Loan, Guarantee or Equity.**



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Value of equity investments - field 40

- Value of equity investments in the meaning of Article 46(2)(i) (and not Article 46(2)(h)), i.e. the value of shares acquired in the equity fund;
- Relevant for the **equity funds**;
- This change of value should be reflected in the accounting of the equity fund, with the reporting depending on the accounting method;
- Information provided by the equity fund manager;
- "Article 46(2)(i) the value of equity investments, with respect to previous year" – changes of value on a year by year basis will be calculated with reporting tools;
- Field 40 "value of investments and participations in equity" is mentioned under Article 46 (2) (i) CPR and therefore it is to be reported every year.



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Section 3.3

MANAGEMENT COSTS AND FEES FIELDS 17, 17.1, 17.2



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Management costs and fees

- Differentiation between:
 - Bodies (A) that were selected in compliance with Article 13(6) CDR* or implement equity in compliance with Article 13(5) CDR, i.e. to which **the thresholds of Article 13 CDR do not apply;**
 - Bodies (B) that were neither selected in compliance with Article 13(6) CDR nor implement equity in compliance with Article 13(5) CDR, i.e. **to which the thresholds of Article 13 CDR do apply;**
- Article 13(6) CDR: "selected through a competitive tender (...) [that] proved the need for higher MCF";
- Article 13(5) CDR: "majority of the capital (...) provided by private investors or public investors operating under the market economy principle, (...) *pari passu* (...) MCF shall conform to market terms and not exceed those payable by the private investors".

* Commission Delegated Regulation (EU) No 480/2014



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Management costs and fees for bodies (A)

- 17 Total amount of management costs and fees paid out of programme contributions (in EUR)
- The total of MCF effectively paid to the body implementing the financial instrument until the cut-off date;
- $$17 = 17.1 + 17.2$$
- 17.1 (out of which) base remuneration (in EUR)
- The share of the MCF effectively paid (field 17) that are not performance-based according to Article 12 CDR, i.e. the difference between the amount indicated in field 17 and the amount indicated in field 17.2. Since performance-based remuneration is obligatory and the base remuneration is not, **this difference may equal 0**
- $$17.1 = 17 - 17.2$$
- 17.2 out of which performance-based remuneration (in EUR)
- The share of the MCF effectively paid (field 17) that are performance-based according to Article 12 CDR. Since performance-based remuneration is obligatory and the base remuneration is not, **in a given year this value may be 0 but not at the end of the eligibility period**



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Management costs and fees for (B) bodies

17 Total amount of management costs and fees paid out of programme contributions (in EUR)

The total of MCF effectively paid to the body implementing the financial instrument until the cut-off date;

This total may be less, more or equal the sum of fields 17.1 and 17.2 : ALL RESULTS, EVEN AT CLOSURE, ARE LEGITIMATE (e.g. if $17 > 17.1 + 17.2$ at closure, MA pays more than receives back as eligible expenditure)

17.1 (out of which) base remuneration (in EUR)

The amount of base MCF calculated in accordance with Article 13(1)(a) and 13(2)(a) as applicable

17.2 (out of which) performance-based remuneration (in EUR)

The amount of performance-based MCF calculated in accordance with Article 13(1)(b) and 13(2)(b) as applicable.



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Management costs and fees

- The approach for bodies (B) reflects the regulatory requirements and allows the MA ongoing monitoring of whether the effectively paid MCF are above eligible MCF (according to Article 13(1) and (2) thresholds; please note that the caps of Article 13(3) apply in addition);
- The approach for bodies (B) requires that an appropriate tool to calculate the above thresholds, i.e. capturing all the relevant financial movements (amounts and dates), is available from the beginning;
- For ALL bodies, the verification of the compliance with Article 12 CDR (performance-based MCF) to be undertaken on the basis of the Funding Agreement, and more specifically the conditions defining the remuneration.



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Section 3.4

LEVERAGE AND ADDITIONAL RESOURCES MOBILISED

FIELDS 38.3, 38.3.1, 38.3.2; 39.1, 39.2, 39.3



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Fields 38.3, 38.3.1, 38.3.2

- 38.3 Total amount of other contributions, outside the ESI Funds mobilised at the level of final recipients (in EUR)
 - The amounts of other contributions **outside the ESI Funds** are the amounts other than ESI Funds invested directly in final recipients;
 - Information used for calculation of achieved leverage;
 - Field 38.3 should be relevant only for loan and equity. For guarantee instruments the amounts reported in field 38.3 and its subfields should be zero. Total value of loans actually paid to final recipients in relation to the guarantee contracts signed is already reported in field 26 and should not be reported here.
- 38.3.1, 38.3.2 - The amount which constitutes amount of other public/private contributions outside ESI Funds at the level of final recipients
 - These amounts should include national public/private co-financing of the operational programme invested directly into final recipients for loans and equity only;
 - Non-programme public/private resources associated and combined with ESI Fund loans and equity, which were invested directly into final recipients, such as co-investment or other loans mobilised by the financial instrument at the level of final recipients.



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39.1 – Expected leverage – reporting based on the expected leverage in the funding agreements

$$\text{Expected leverage effect} = \frac{\text{Total expected amount of finance to eligible final recipients (A)}}{\text{ESI Funds amount committed to the FI (B)}}$$

(A) I. The sum of:

- (1) the expected ESI Funds contribution to the financial instrument*;
- (2) the expected national co-financing (public or private)*;
- (3) the expected contribution by other investors;

II. minus Management costs and fees expected to be paid for managing the financial instrument (as these amounts do not reach the final recipients).

(B) The total amount of ESI Funds which the ex-ante assessment considers necessary for the FI

The total ESI Funds contribution to the FI as indicated in the funding agreement or the strategy document.

*Including the expected amount of other forms of support (including technical support, interest rate subsidies, and guarantee fee subsidies) combined in a single financial instrument operation (pursuant to Article 37(7) CPR), if any.



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39.2 Progress in achieving the expected leverage

Total amount of finance which reached eligible final recipients as of the end of a reported year (A)

Achieved leverage effect =

Eligible ESI Funds support which effectively contributed to the total amount of finance indicated in the numerator (B)

(A) I. The sum of:

- (1) the ESI Funds contribution which reached the final recipients (**26** Total value of loans actually paid to final recipients in relation to the guarantee contracts signed + **25.1_E** + **25.1_L**);
- (2) the national co-financing (public and/or private) which reached the final recipients;
- (3) the contribution by other investors which reached the final recipients;
- (4) interest and other gains generated from treasury management (Article 43 CPR) and invested in final recipients **(for the final implementation report only)**.

} **38.3**

(B) The portion of ESI Funds support paid into the FI which effectively contributed to the total amount of finance reaching the final recipients as of the end of a reporting year (**25.1_G** + **25.1_E** + **25.1_L**), and management costs and fees.

$$\underbrace{(25.1_G + ((25_G/15_{FoF}) * 17_{FoF} * (14.1_{FoF}/14_{FoF}))}_{\text{(ESIF share of MCF for managing the guarantee instrument (in the FoF structure))}} + \underbrace{((25_G/15_{FoF/SF}) * 17_{FoF/SF} * (14.1_{FoF/SF}/14_{FoF/SF}))}_{\text{(ESIF share of MCF for managing the guarantee instrument (in the FoF/SF structure))}} +$$

(ESIF share of MCF for managing the guarantee instrument (in the FoF structure)

$$+ 25.1_E + \underbrace{((25_E/15_{FoF}) * 17_{FoF} * (14.1_{FoF}/14_{FoF}))}_{\text{(ESIF share of MCF for managing the equity instrument (in the FoF structure))}} + \underbrace{((25_E/15_{FoF/SF}) * 17_{FoF/SF} * (14.1_{FoF/SF}/14_{FoF/SF}))}_{\text{(ESIF share of MCF for managing the equity instrument (in the FoF/SF structure))}} +$$

(ESIF share of MCF for managing the equity instrument (in the FoF structure)

$$+ 25.1_L + \underbrace{((25_L/15_{FoF}) * 17_{FoF} * (14.1_{FoF}/14_{FoF}))}_{\text{(ESIF share of MCF for managing the loan instrument (in the FoF structure))}} + \underbrace{((25_L/15_{FoF/SF}) * 17_{FoF/SF} * (14.1_{FoF/SF}/14_{FoF/SF}))}_{\text{(ESIF share of MCF for managing the loan instrument (in the FoF/SF structure))}}$$

(ESIF share of MCF for managing the loan instrument (in the FoF structure)



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Progress in achieving the expected leverage

39.2 – Achieved leverage – calculated automatically as follows:

In the fund of funds structure (FoF/SF):

$$\begin{aligned} \text{Achieved leverage} &= \frac{(26_{\text{Total value of loans actually paid to final recipients in relation to the guarantee contracts signed}} + 25.1_E + 25.1_L + 38.3)}{\text{(Total fund)}} \\ &= \frac{(25.1_G + ((25_G/15_{\text{FoF}}) * 17_{\text{FoF}} * (14.1_{\text{FoF}}/14_{\text{FoF}})) + ((25_G/15_{\text{FoF/SF}}) * 17_{\text{FoF/SF}} * (14.1_{\text{FoF/SF}}/14_{\text{FoF/SF}})) + \\ &+ 25.1_E + ((25_E/15_{\text{FoF}}) * 17_{\text{FoF}} * (14.1_{\text{FoF}}/14_{\text{FoF}})) + ((25_E/15_{\text{FoF/SF}}) * 17_{\text{FoF/SF}} * (14.1_{\text{FoF/SF}}/14_{\text{FoF/SF}})) + \\ &+ 25.1_L + ((25_L/15_{\text{FoF}}) * 17_{\text{FoF}} * (14.1_{\text{FoF}}/14_{\text{FoF}})) + ((25_L/15_{\text{FoF/SF}}) * 17_{\text{FoF/SF}} * (14.1_{\text{FoF/SF}}/14_{\text{FoF/SF}}))}{\text{(Total fund)}} \end{aligned}$$



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Progress in achieving the expected leverage

If in the single layer structure with financial intermediary (SF):

$$\begin{aligned} \text{Achieved leverage} &= \frac{(26_{\text{Total value of loans actually paid to final recipients in relation to the guarantee contracts signed}} + 25.1_E + 25.1_L + 38.3)}{\text{(Total fund)}} \\ &= \frac{(25.1_G + ((25_G/15_{SF}) * 17_{SF} * (14.1_{SF}/14_{SF})) + \\ &\quad + 25.1_E + ((25_E/15_{SF}) * 17_{SF} * (14.1_{SF}/14_{SF})) + \\ &\quad + 25.1_L + ((25_L/15_{SF}) * 17_{SF} * (14.1_{SF}/14_{SF})))}{\text{(Total fund)}} \end{aligned}$$

If Managing authority implements FI directly (Article 38(4)(c)):

$$\begin{aligned} \text{Achieved leverage} &= \frac{(26_{\text{Total value of loans actually paid to final recipients in relation to the guarantee contracts signed}} + 25.1_L + 38.3)}{\text{(Total fund)}} \\ &= \frac{(25.1_G + 25.1_L)}{\text{(Total fund)}} \end{aligned}$$



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39.3 Investment mobilised through investments made by ESIF financial instruments for loan/guarantee/equity and quasi-equity investment, by product (optional)

- The Financial Regulation provides a definition of leverage of the financial instrument which does not capture the total amount of investment mobilised through ESIF financial instruments but rather the financing provided;
- Field 39.3 is envisaged to capture the overall impact of the investment, meaning the total amount of the project in addition to the financing provided by the financial instrument;
- may include own contributions of the project promoter or other means of financing raised outside the financial instrument. The amount may also include other support, for example, national grant or a grant from ESI Funds.



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Section 3.5

CONTRIBUTION OF THE FI TO THE ACHIEVEMENT OF OUTPUT INDICATORS FIELDS 41, 41.1, 41.2



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Contribution of the FI to the achievement of output indicators

- Reporting obligations for the contribution of the FI to the achievement of output indicators exist under:
 - a) Annual implementation report under Article 50 CPR where indicator values should be reported in Table 3A (ERDF, CF) by Investment priority **for all forms of finance but without distinction of the specific form of finance** (including values linked to **FIs**);
 - b) Specific reporting on FI under Article 46 CPR.

Implementation report (Article 50 CPR)

(Model for the annual and final implementation report for the Investment for growth and jobs goal Annex V of Commission Implementing Regulation (EU) 2015/207),
including common and programme specific output indicators:

- i. Table 3A (ERDF, CF) by investment priority, **all forms support** (Article 66), but without distinction of the form of finance;
- ii. Table 3B (ERDF) – certain common output indicators for ERDF support under investment for growth and jobs goal relating to productive investment - Number of enterprises supported by the Operational Programme should be broken down by the form of finance net of multiple support.

Section 8 of Implementation report – specific report on financial instruments (Article 46); fields:
41 – Output indicator to which FI contributes;
41.1 – Target value of the output indicator defined in the Funding Agreement (FA)
41.2 – Value achieved by the financial instrument in relation to the target value (fixed in the FA) of the output indicator



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Contribution of the FI to the achievement of output indicators

- The value of output indicators reported in **field 41.1** is the target value for the FI defined **in the funding agreement**;
- In **field 41.2** the value achieved by the FI in relation to the target value of output indicator defined in the funding agreement and reported in field 41.1;
- Field 41.2 should cover the achieved values for the FI where support for investments was completed and the financial intermediary has evidence that indicators agreed in the business plan have been achieved. For example,
 - If support to 100 enterprises is completed, 100 is reported (CO01/CO03);
 - If investment by the FI has created, for example, 10 jobs these will be reported (CO08) when financial intermediary has evidence that the underlying investment is completed and has created the number of jobs in question.



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Section 4

LESSONS LEARNT FROM THE REPORTING EXERCISE 2016



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Lessons learnt from last year's reporting exercise 1(3)

- Data reported (for example, amounts committed in the funding agreement) although ex-ante assessment has not been completed;
- For some MSs there is no reporting concerning the selection procedure, although it is known that the selection procedure has started, while in other cases the selection procedure and the body implementing the FI are reported but no selection has started;
- No legal status reported;
- Type of financial intermediary should be provided;
- FI is reported as EU-level instrument when it is not;
- In the case of the SME Initiative, FI should be reported as EU-level instruments;



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Lessons learnt from last year's reporting exercise 2(3)

- Equity and quasi-equity are reported incorrectly under 'other products';
- Each different product offered under FoF is reported as a separate FoF, which leads to multiple counting of FoF;
- Inconsistency in reporting information about the products at the level of the fund and at the level of the product;
- Where MSs choose as type of product 'other products', the description of that 'other product' should be provided;
- Number of contracts signed is lower than the number of investments made;



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Lessons learnt from last year's reporting exercise 3(3)

- In several OPs the following inconsistencies have been identified:
 - Amounts committed in the funding agreement, but no funding agreement signed;
 - Disbursements made to final recipients but no funding agreement signed;
 - Payments to final recipients, but no payments made to financial instruments; and
 - The number of final recipients supported is provided, but not the amounts of disbursed to final recipients;
- Inconsistencies in the number of contracts signed, investments made and final recipients supported/invested in;
- In cases where commitments by thematic objectives exceed the commitments according to the funding agreement, the amounts reported cover all forms of support, including grants.



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Section 5

FREQUENTLY ASKED QUESTIONS



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FAQ on FI reporting 2014-2020 (1/12)

1. The financial instrument is not yet operational, should the MA fill out the FI section?

Once the ex-ante assessment has been finalised and a decision in favour of financial instruments was made Section 8* of the annual implementation report (AIR) is to be filled out. In the absence of the information, AIR is considered inadmissible.

If OP does not contain FI, Section 8 of AIR does not need to be filled out.

2. MA has submitted a separate document as annex on FI.

This is not sufficient. Legal reason: requirement to report according to model in implementing act No. 821/2014.

Legal and practical reason: Structured data in SFC will be used to prepare annual summaries of data. Difficult to extract information from text documents in 20+ languages.

* Section 8 is relevant for ERDF, ESF and CF.



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FAQ on FI reporting 2014-2020 (2/12)

3. Is there a need to report on the SME Initiative in the AIR?

- Article 46 (CPR) applies to the ESIF part of the SMEI
- Article 39(10) (CPR) refers in addition to two further reporting requirements for ESIF part of SMEI:
 - (a) the total amount of ERDF and EAFRD support paid to the financial instrument in relation to uncapped guarantees or securitisation transactions, by programme and priority or measure;
 - (b) progress in creating the new debt finance in accordance with Article 37(4), for eligible SMEs.
- SMEI as guarantee instrument is to be reported as a single layer specific fund, like any other guarantee instrument.



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FAQ on FI reporting 2014-2020 (3/12)

4. How to report on multi-TO FIs?

If within one priority axis several TO contribute to the same FI in field 3.1 the amounts of ESIF committed in funding agreement per TO should be entered. No further breakdown of amounts is required. The sum of the amounts for all TOs under 3.1 should be the same as the amount in field 14.1.

5. How to report on multi-OP FIs?

Information is provided per OP. If the FI receives contributions from multiple OPs this is to be mentioned in field 4.

Only in the summary report this will then be presented as a single multi-OP instrument.

It is important to ensure that the static information on the instrument (name, fund manager, implementation option, ...) are the same across the different OP entries.



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FAQ on FI reporting 2014-2020 (4/12)

6. How to report on multi-priority axes FIs?

If the FI (including Fund of Funds) receives contribution from more than one priority axis, information should be reported **for each priority axis separately**. It is important to ensure that the static information on the instrument (name, fund manager, implementation option, ...) are the same across the different priority axes entries.

When the Commission reports on the financial instruments in the summary report the different contributions to the FI or Fund of Funds will be merged.

7. How to report on multi-fund FIs?

Multi-fund FIs are to be reported like any other instrument. But it is important that the MS differentiates the different funds in the fields where this is required.



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FAQ on FI reporting 2014-2020 (5/12)

8. The MA cannot enter the achieved leverage /reported leverage is extremely high

In order to have a uniform reporting on leverage it is calculated by SFC (i.e. MA should enter the actual figures).

If leverage is extremely high, it may be that not all amounts for the calculation have been provided.

9. In case of SF guarantees should the value of the guaranteed loan be included in section 39.3?

No. Total value of loans which were guaranteed with the programme resources and were actually disbursed to final recipients should be reported in field 26.



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FAQ on FI reporting 2014-2020 (6/12)

10. Output indicators – what target amounts should be entered?

The value of output indicators reported in field 41.1 is the target value for the FI defined in the funding agreement.

11. How to report on financial instruments combined with grants?

If grants are combined with financial instruments in one operation, both should be reported. The financial instrument and the grant are to be reported as two different financial products.

If grants are combined with financial instruments in two operations, only the FI is to be reported according to article 46.



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FAQ on FI reporting 2014-2020 (7/12)

12. What is the difference between financial instrument and financial product?

A FI may consist of more than one product, e.g., a loan and an equity product for the same final recipients or a loan combined with interest rate subsidies.

If a single funding agreement between the managing authority and a financial intermediary is signed, this can be considered one financial instrument, with two different financial products.

MA creates on the level of product new entries per product provided by the FI.



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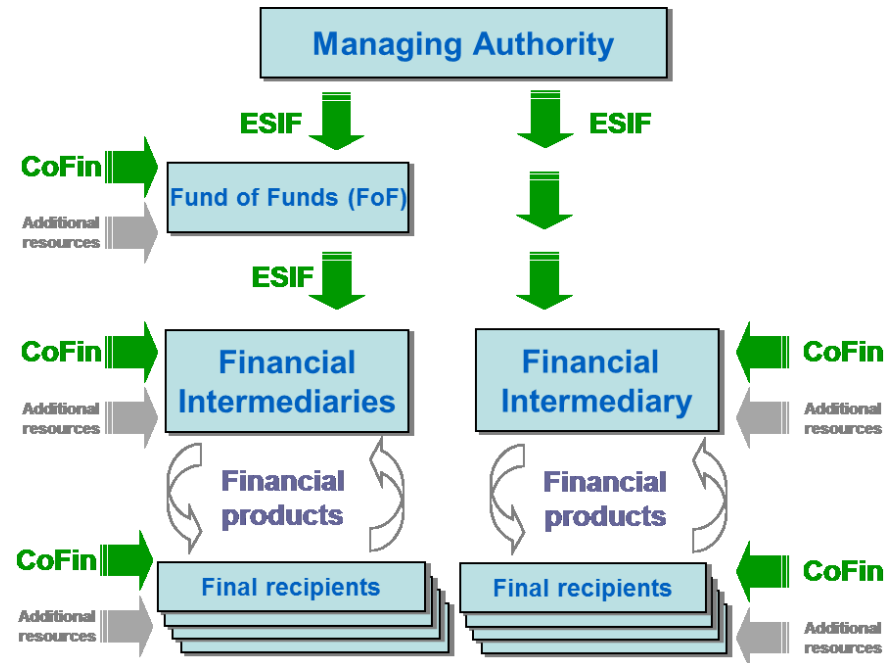
FAQ on FI reporting 2014-2020 (8/12)

13. Can the co-financing rate vary between the levels of commitment to FI, payment to FI and payment to final recipients

Yes, the co-financing rate can differ on different levels.

The co-financing rate of the commitment can be higher than the co-financing rate of payments to FI because of the rules on tranching (see GN on Article 41 CPR Requests for payments EGESIF_15-0006-01).

The co-financing rate of payments to the FI can differ also from the co-financing rate of payments to final recipients.





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FAQ on FI reporting 2014-2020 (9/12)

14. Why is it required to report on commitments and on payments to final recipients?

- To track progress of implementation, especially for equity and urban development /infrastructure instruments.
- A commitment is made once a contract is signed between the financial intermediary and final recipients.
- Payments to final recipients should reflect the actual payments by the financial instrument, if payment is made in instalments this should be reflected in the reporting.
- Number of investments made and number of final recipients supported are to be reported once the first instalment is paid to final recipients.



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FAQ on FI reporting 2014-2020 (10/12)

15. Can support to final recipients be reported even if no payment claims have been made yet?

- The FI reporting in section 8 should reflect the actual state of implementation as of 31 December of the previous year.
- Even in case of delays due to the designation process, the actual progress of FI should still be reported.
- The managing authority received an advance when the OPs were adopted and it has programme resources at its disposal to kick-start the programme implementation, including through FIs. FI may have been set up and investments made using the advanced OP resources.



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FAQ on FI reporting 2014-2020 (11/12)

16. In case the loan is disbursed in several tranches should we report the whole guarantee blocked or only the portion of the guarantee related to the loan amount already paid to the final recipient? (Fields 25.1.1 through 25.1.5)

For guarantees the amounts to be reported in field 25 correspond to the part of the programme contributions blocked (committed) in guarantee contracts signed, but only for loans which were disbursed to final recipients (irrespective of whether the guarantee was called or not). If the guaranteed loan is disbursed in tranches, then the proportion of the guarantee linked to the loan disbursed should be reported.



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FAQ on FI reporting 2014-2020 (11/12)

17. It is explained under section 38.2 that "The amounts of other contributions are the amounts of programme and non-programmes resources paid to financial instrument." Please name the criteria that defines "non-programme resources" at the level of financial instrument as well as final recipients so that these values can't be taken into account as "national co-financing"?

Non-programme resources are those national public/private resources which do not count as national co-financing. Non-programme resources may be paid to the financial instrument or to the final recipients directly.



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Available support to managing authorities

2014-2020

- **Annotated template for reporting and respective Questions and Answers (Q&A)**
 - was circulated to the Member States via the expert group of ESI Funds and;
 - is published on the fi-compass website at the following link:
<https://www.fi-compass.eu/event/2943/fi-compass-online-learning-format-managing-authorities-reporting-template-esif-financial>
- **Guidance note**

Guidance note on reporting and leverage follows a different agreement procedure among the Commission services and we will inform members of the expert group on ESI Funds once it becomes available.



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Thank you for your attention!