



Financial Instruments 2014-2020 under European Structural and Investment Funds (ESIF)

Financial instruments under the EMFF

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www.fi-compass.eu





Dutch Ministry of Economic Affairs



Financial instruments under the EMFF

Conference "Financial instruments under the ESIF"

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FI under EFF

Cause of starting Revolving Fund:

- Less financing SME's since 2009
- EC stimulates use FI's
- Dutch policy is: less grants, more FI's
- Pilot / experience for FI in EMFF

Direct cause:

- Threat of decommitting budget in 2013:
€ 3,5 Milion





FI under EFF

How to start a Revolving Fund?

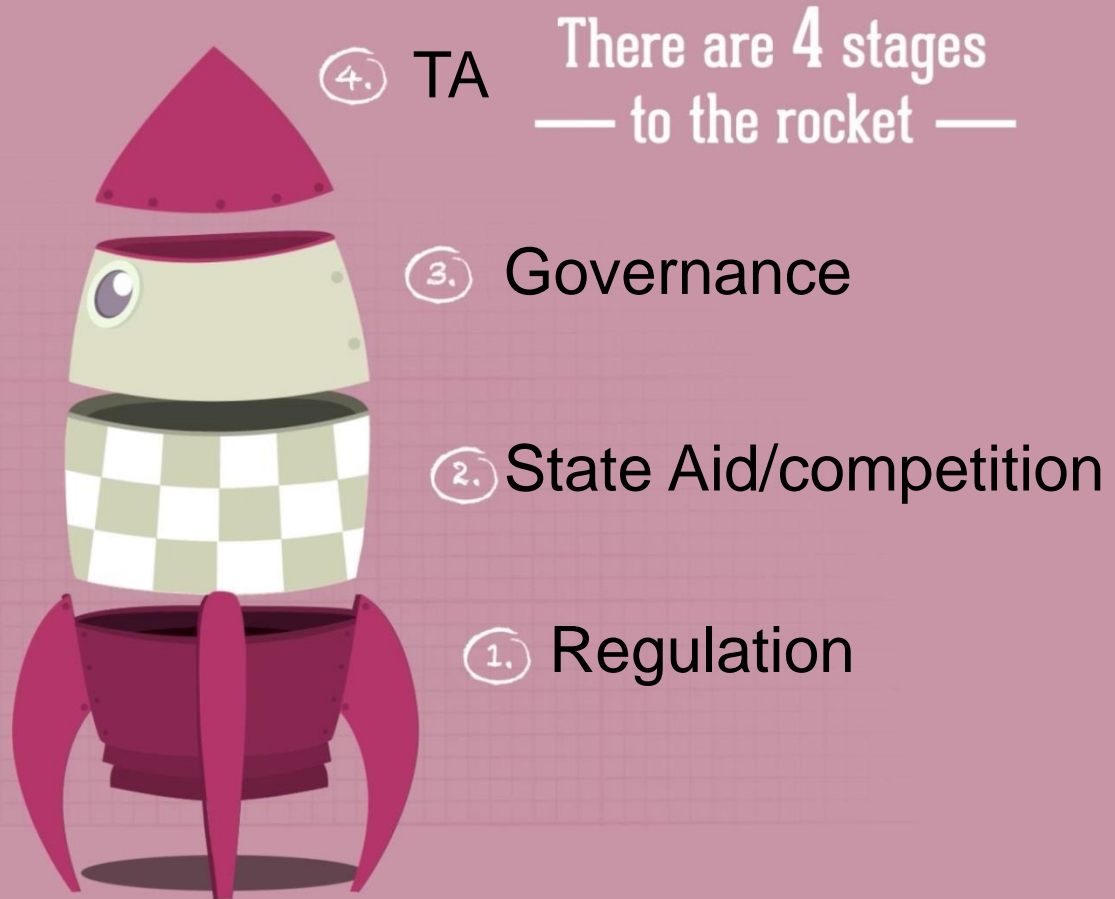
- Start thinking: April 2013; Deadline payment: December 2013
- Only 2 years left for:
 - building a structure
 - public procurement Fund Manager
 - paying the loans
- We had to start as a Rocket!





FI under EFF

Approach





FI under EFF

1. Regulation

- Articles 34 – 37 Implementation Regulation EFF
 - External financial institution / holding fund
 - Business Plan
 - Funding Agreement between MA and HF
 - MA shall minimise any distortion of competition.

Our requirement: a rejection from the bank for funding.

- We used an existing Holding Fund in The Hague from ERDF (JESSICA). That saved a lot of time!

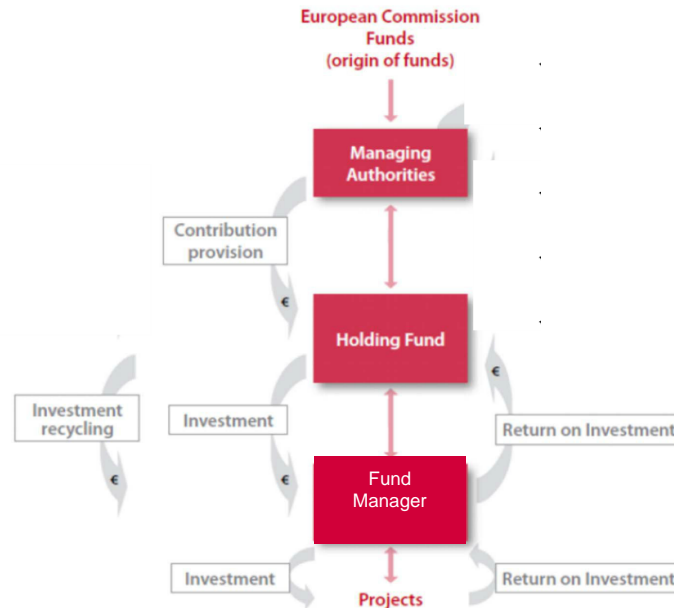




FI under EFF

3. Governance

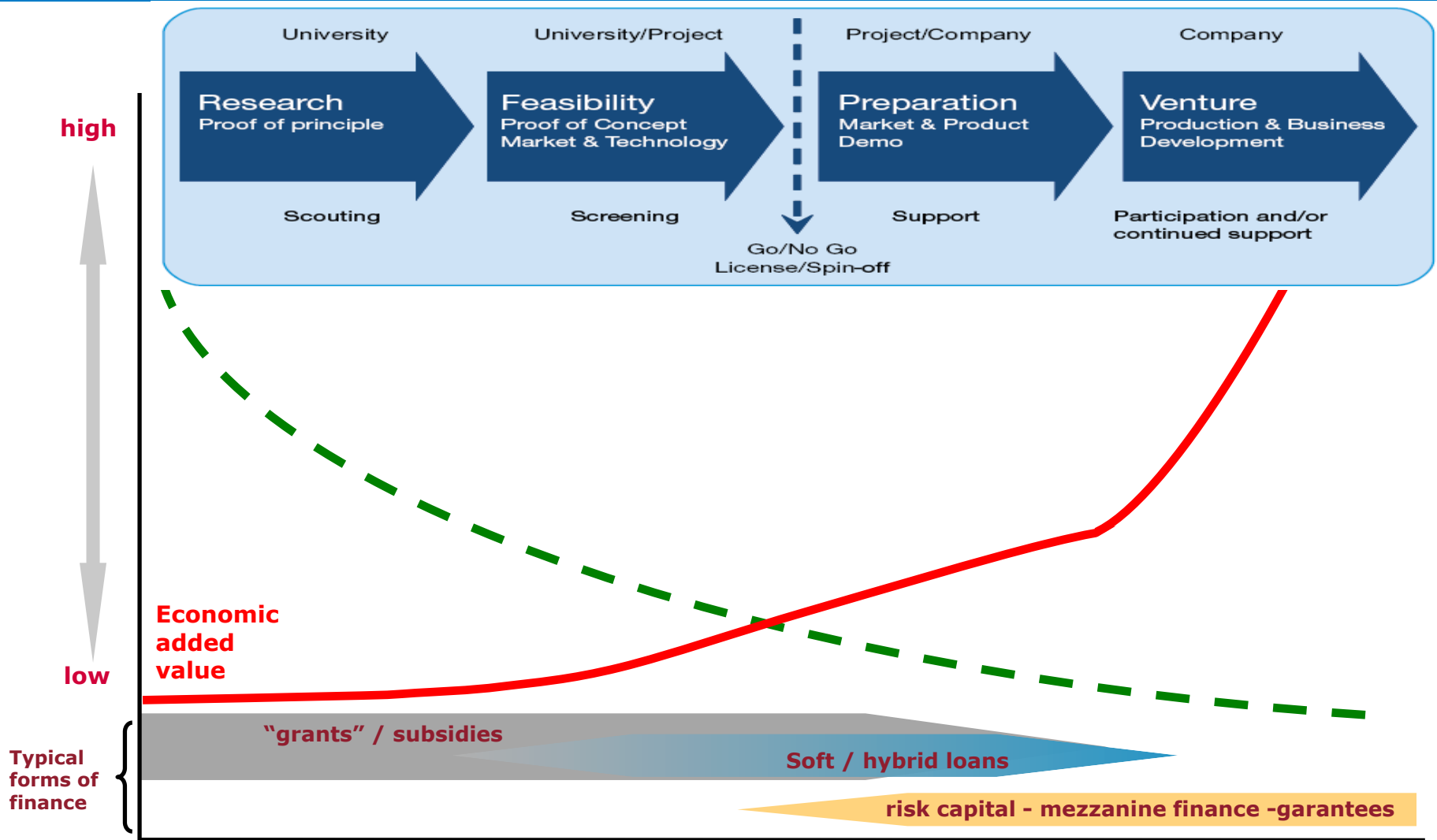
Financing Philosophy





FI under EMFF

- Before starting FI in EMFF: evaluation of EFF revolving fund
- We will explore if we can use 'Repayable assistance' (art 66 CPR)
- We will use again the knowledge and experience of ERDF
- We will not only use a revolving fund for investments, but as well for innovations





Lessons learned 1

- **MA should have professional skills for FI's.**

Financial engineering is new for government. Avoid mistakes.

- **Minimise disturbance of the market.**

Only in case of a real market or system failure, public intervention is acceptable.

- **Be aware of double financing issues.**

The same eligible expenditure item may not receive an investment from a FI instrument and a grant.



Lessons learned 2

- **Investments for added value can better be financed by FI than by grants.**

FI can lead to more effective and less suboptimal projects.

- **The intervention must be market oriented.**

The market selects and is the lead investor. Follow the 'market economy investor principles'.

- **Keep fund and operations at a distance from the political arena.**

Political interventions leads often to suboptimal choices for the fund.



Thank you for your attention

