



# Seminar

## Financial Instruments for delivery of the ESF

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# FEIs in Cohesion Policy

## Design & Implementation Challenges

- Delays in delivering funds to final recipients: FEIs represent a new approach to Cohesion Policy support, requiring new skills, partnerships and capacities
- Limited availability of reporting & monitoring data
- Over allocation of resources to financial instruments
- Shortcomings in the financial or market gap assessment: rationale for FEIs setting out?
- Potential for achieving better leverage effects
- Legal and administrative framework not detailed enough from the outset (COCOF Guidance, audit methodology)



# FIs (2014-2020): Introduction

## Background:

Increased importance of FIs in implementing EU budget resources

## Legislative framework 2014-2020

- provide a clear set of rules, based on existing experience, guidance
- facilitate wider and more flexible use (e.g. capture synergies with grants, wider thematic scope, more implementation options)
- ensure better targeting, budgeting and monitoring of FIs
- achieve compatibility with financial instruments at EU level



# FIs (2014-2020): Key Novelties I

## Wider scope:

- CPR covers **all five ESI Funds**: ESF, ERDF, Cohesion Fund, EAFRD and EMFF
- Expansion to **all thematic objectives & priorities** foreseen by ESI Funds OPs

## More implementation options for managing authorities:

- Contribution to national or regional FIs under shared management
  - Tailor-made instruments (already existing or newly created)
  - Standardised "off-the-shelf" instruments for quick roll-out
- Contribution to EU level FIs under central management (ring-fencing)

# FIs (2014-2020): Overview

	EU-level Instruments (Financial Regulation)	Regional/National Instruments (Common Provision Regulation)
Research, Development & Innovation	<b>Horizon 2020</b> Equity and Risk Sharing Instruments <i>(EUR 2.8 bn, including at least EUR 710m for RSI II)</i>	
Growth, Jobs and Social Cohesion	<b>COSME</b> Competitiveness & SME Equity & guarantees (EUR 1.4 bn, incl. EUR 700m for SME guarantees)	<b>Creative Europe</b> Guarantee Facility (EUR 121m)
	<b>EASI</b> Social Change & Innovation	<b>Erasmus for all</b> Guarantee Facility (EUR 517m)
Infrastructure Energy Digital Agenda	<b>Connecting Europe Facility (CEF)</b> Total budget cap EUR 2.9bn Risk sharing (e.g. project bonds) and equity instruments (Project Bonds Initiative – EUR 460m)	
	<b>Life +</b> Risk sharing and guarantees and equity (Deep Green, Natural Capital and RSI II) (EUR 350m)	
		<b>Instruments under European Structural and Investment Funds</b> <ul style="list-style-type: none"> <li>➤ EU level instruments (central management)</li> <li>➤ National/Regional instruments (shared management)               <ul style="list-style-type: none"> <li>❑ Off-the shelf FIs</li> <li>❑ Tailor made FIs</li> </ul> </li> </ul>



# FIs (2014-2020): Key Novelties II

- **Ex-ante assessment to be carried out** before launch of FIs operations under the ESI Funds
- **Better combination of FIs & other forms of support:**
  - In Financial Instruments: Grant component may cover financing (e.g. state aid compliant subsidy element) or technical assistance for the benefit of the final recipient
  - At the level of final recipients: Combination is now possible also with assistance from other programmes supported by the EU budget
- **MAs may undertake implementation tasks directly** for FIs consisting solely of loans and guarantees
- **Incentives regarding EU co-financing rates:**
  - *EU-level instruments:* Up to 100% of the paid support may come from ERDF, ESF and CF; separate priority axis to be foreseen
  - *Instruments implemented at national/regional level:* ERDF, ESF, CF co-financing rate to increase by 10% if an entire priority axis is implemented through financial instruments

# FIs (2014-2020): Key Novelties III

## ➤ **Phased contributions to FIs**

- MAs shall pay programme contributions in at least 4 tranches
- Subsequent payments from MAs to FIs to be made on the basis of FIs investment rate in relation to programme contributions received

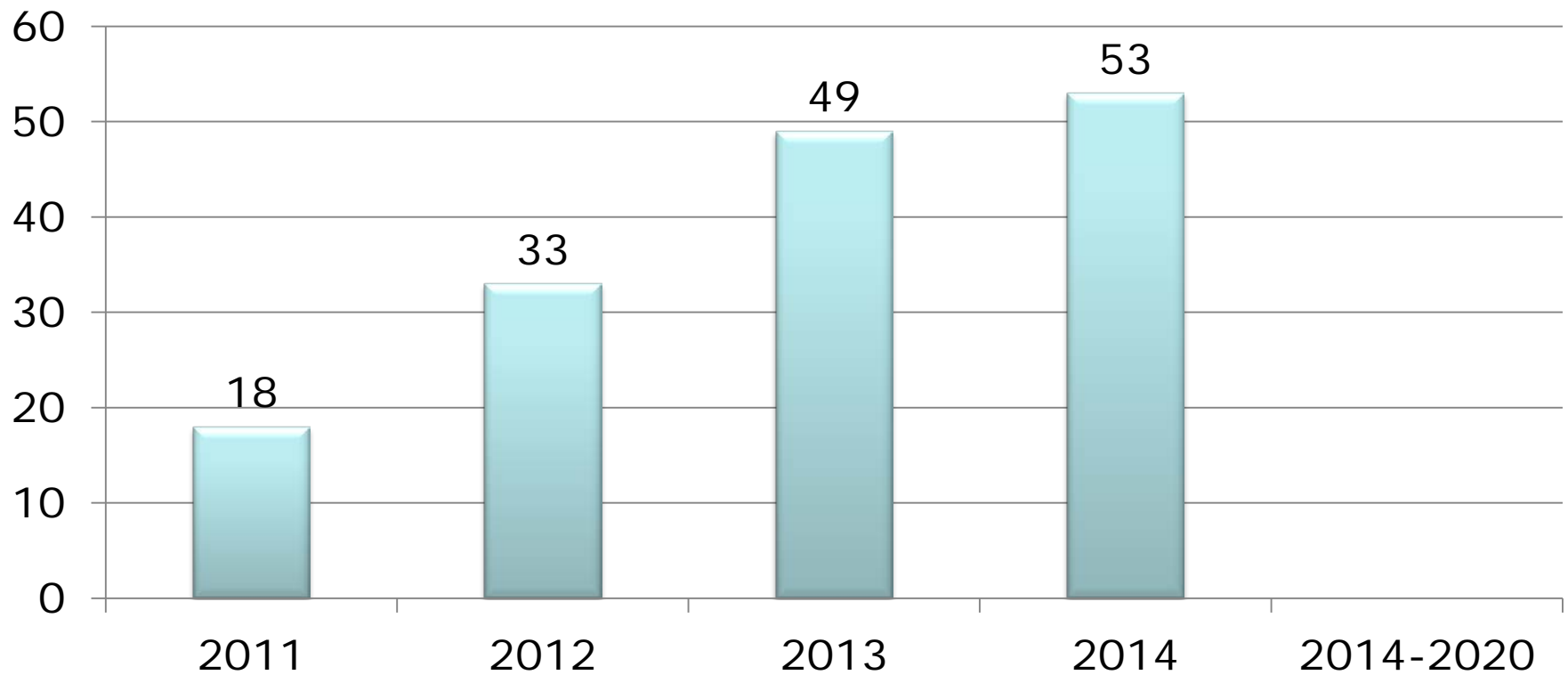
## ➤ **More detailed rules concerning**

- eligible expenditure at closure,
- the (re-)use of interest/other gains and ESIF resources returned during the programming period,
- the use of interest/other gains and ESIF resources returned after closure (legacy)

## ➤ **Annual reporting by MAs**

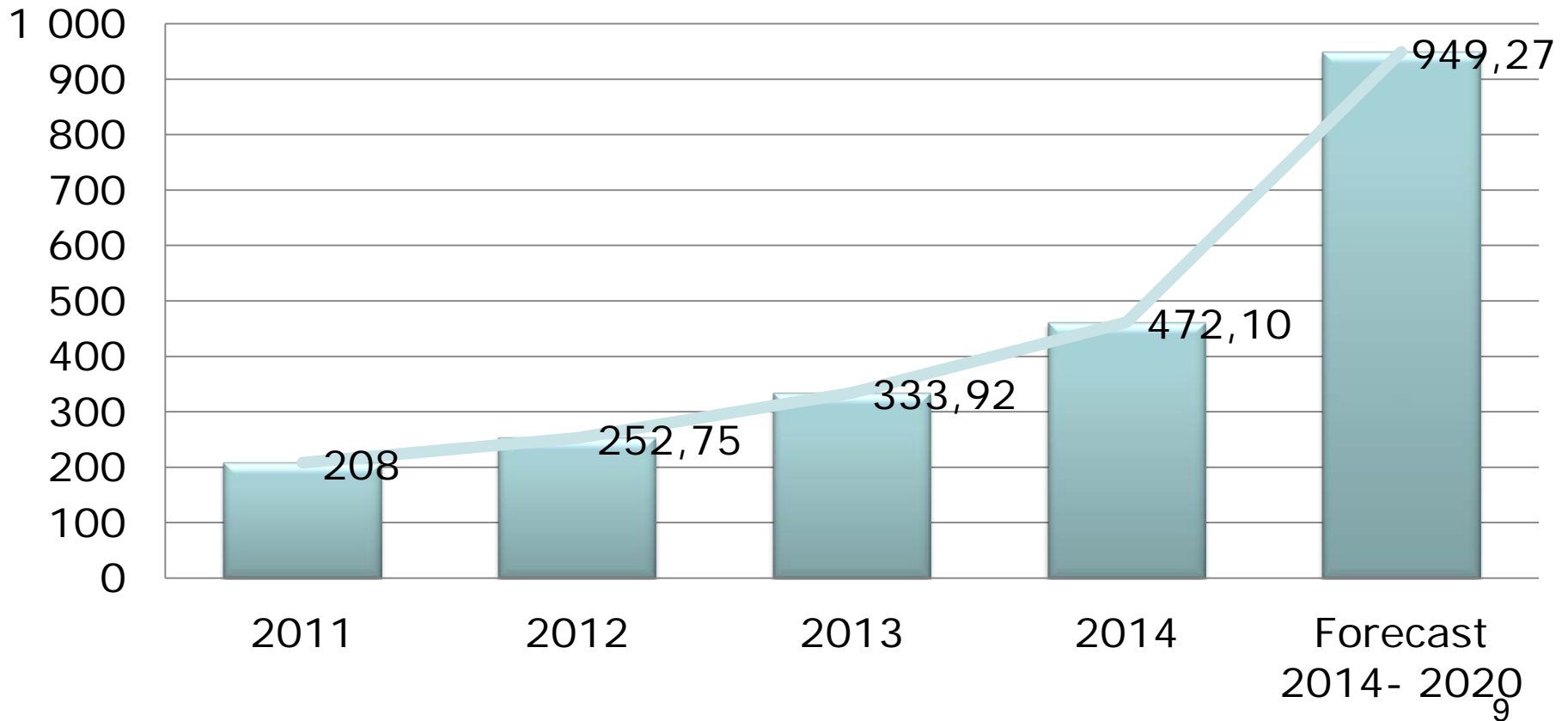
- MAs to report to COM on FIs operations annually (annex to the annual implementation report); reporting items should be aligned with requirements of the Financial Regulation
- COM to publish annual summary report on the basis of data received

## N° of ESF FEIs by 2014

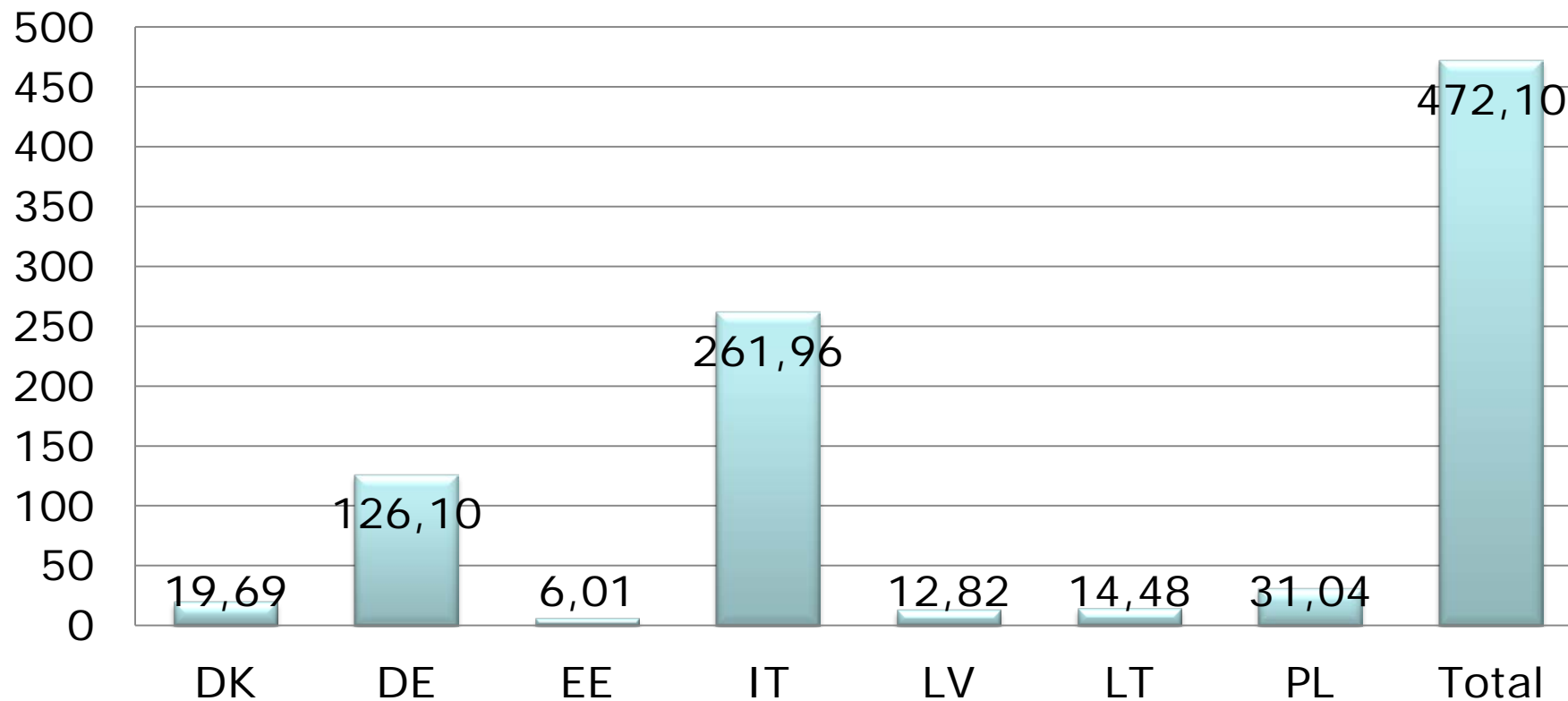




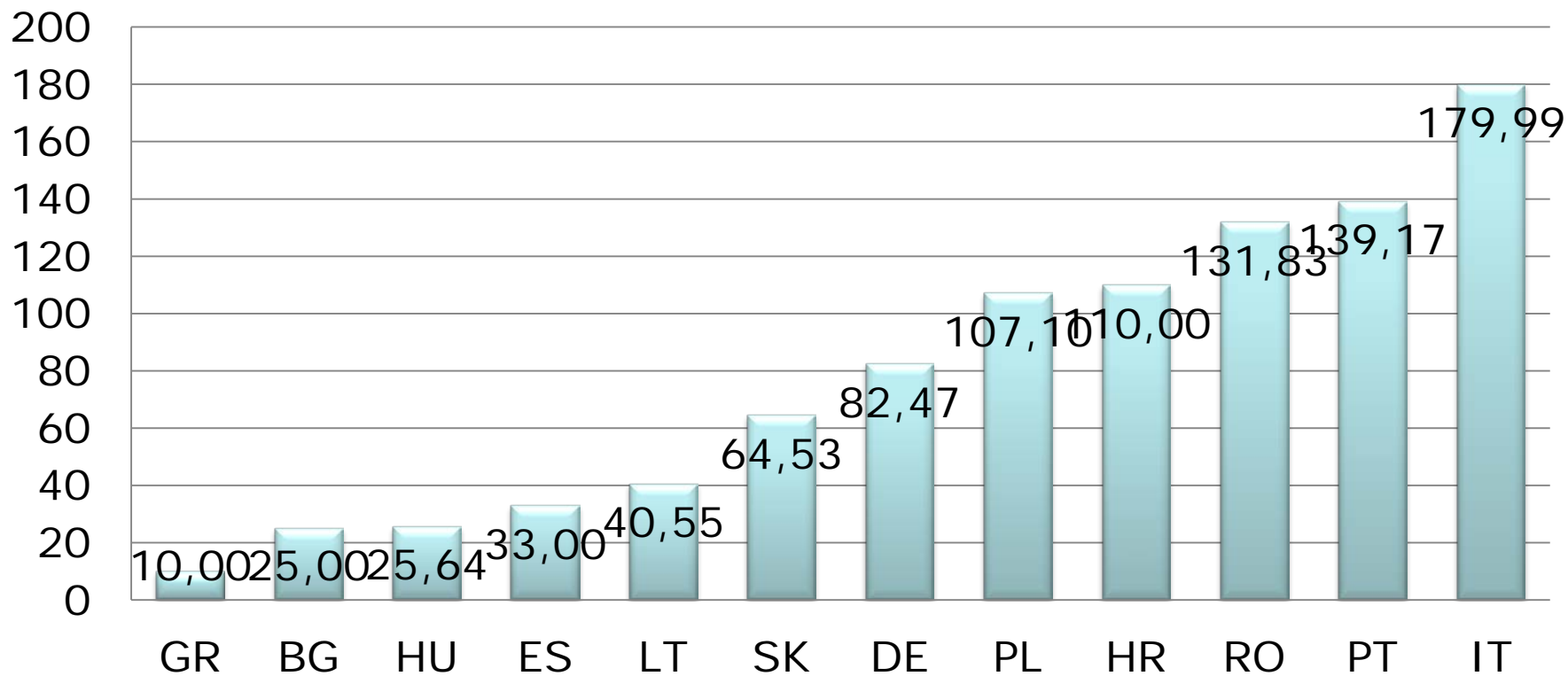
## Cumulative ESF OPs amounts paid to FEIs by 2014 (€ m)



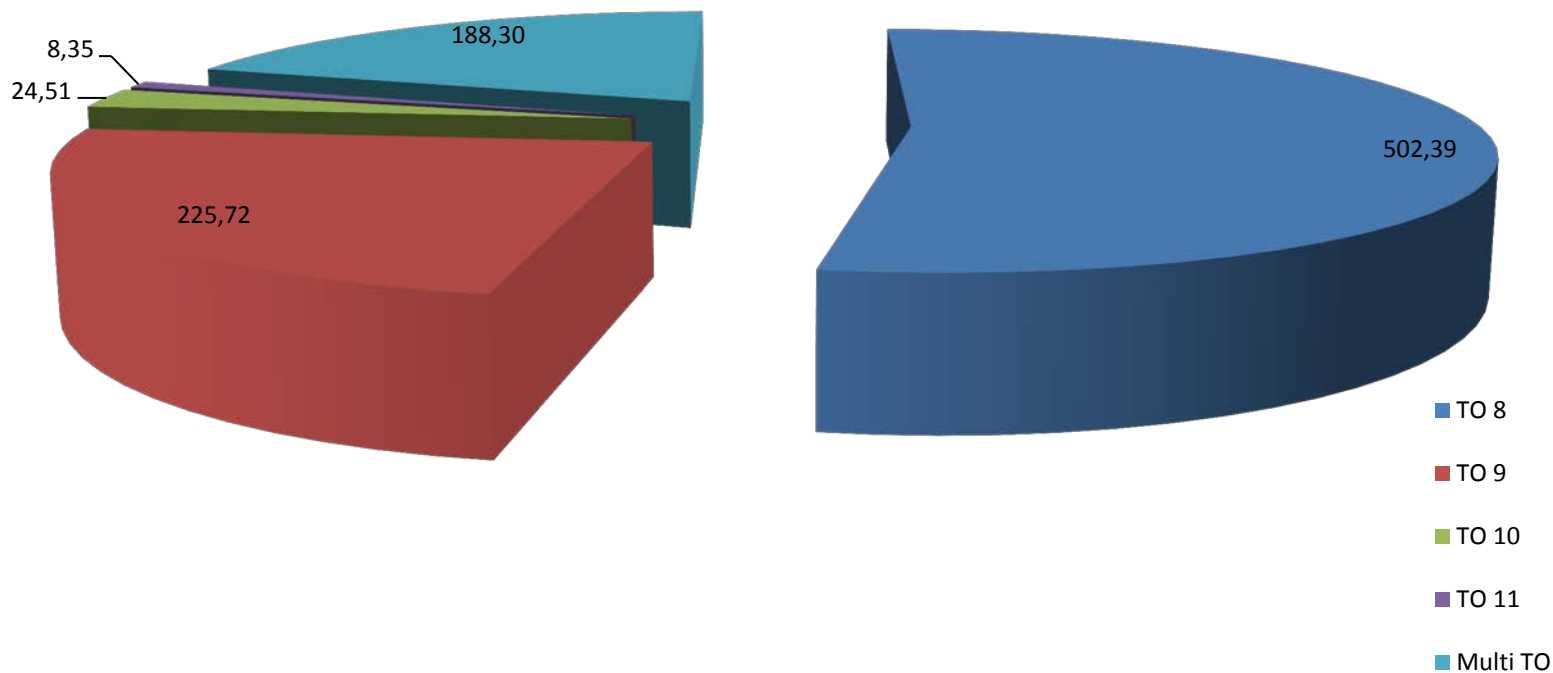
## ESF amounts paid to FEIs by country in 2014 (€ m)



## 2014-20 Planned ESF OPs allocations to FIs by Member State



## 2014-20 ESF Ops allocations to FIs by TOs



## Use ESF FIs

- Microcredit
- Social entrepreneurship
- Personal loans
- Student loans

# Questions & Answers

**Thank you for your attention!**