

## **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
- European Investment Plan

#### 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 (Reg. 1303/2013) covers **all five ESI Funds**: ESF, ERDF, Cohesion Fund, EAFRD and EMFF
- Expansion to all thematic objectives & priorities foreseen by FSI Funds OPs

#### More implementation options for managing authorities

- ➤ Contribution to national, regional, transnational or cross-border 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 ring-fenced FIs under direct management





## FIs (2014-2020): MFF Overview

#### **EU-level Instruments**

(Financial Regulation)

#### Horizon 2020

Equity and Risk Sharing Instruments (EUR 2.8 bn, including at least EUR 710m for RSI II)

Growth, Jobs and Social Cohesion

Research.

Development

& Innovation

#### COSME

Competitiveness & SME Equity & guarantees (EUR 1.4 bn, incl. EUR 700m for SME guarantees)

#### **EASI**

Social Change & Innovation

#### **Creative Europe**

Guarantee Facility (EUR 121m)

#### **Erasmus for all**

Guarantee Facility (EUR 517m)

#### Connecting Europe Facility (CEF)

Total budget cap EUR 2.9bn
Risk sharing (e.g. project bonds) and equity instruments
(Project Bonds Initiative – EUR 460m)

#### Life +

Risk sharing and guarantees and equity (Deep Green, Natural Capital and RSI II) (EUR 350m)

#### Regional/National Instruments

(Common Provision Regulation)

Instruments under European Structural and Investment Funds

- EU level instruments (central management)
- National/Regional instruments (shared management)
  - ☐ Off-the shelf FIs
  - ☐ Tailor made FIs

Infrastructure Energy Digital Agenda

> Employment, Social Affairs and Inclusion



## 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 cofinancing 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)

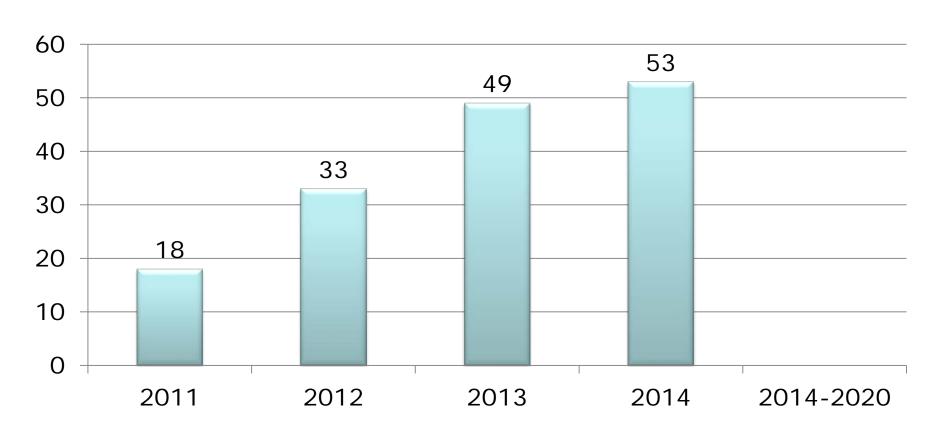
#### Annual reporting by MAs

- ➤ 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





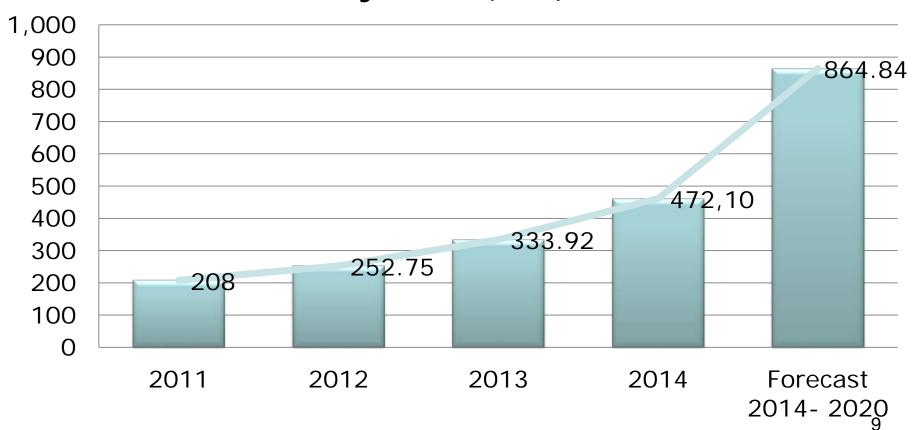
## N° of ESF FEIs by 2014







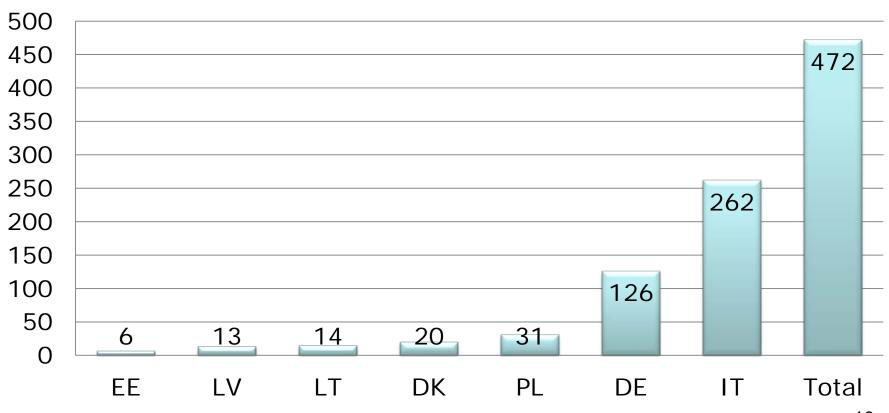
## Cumulative ESF OPs amounts paid to FEIs by 2014 (€ m)







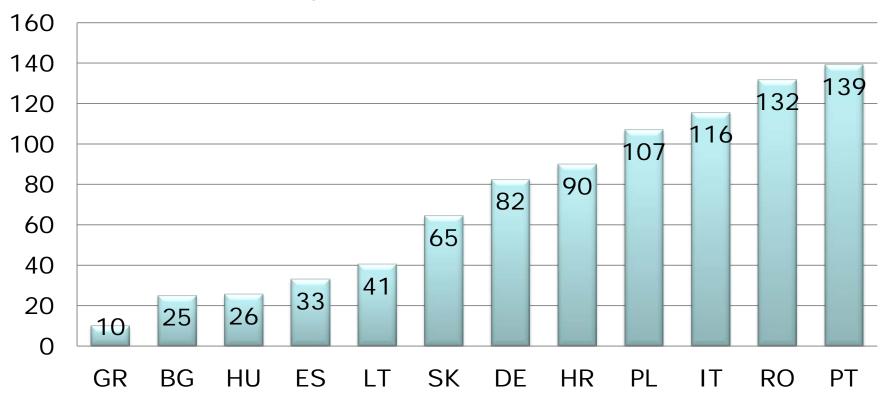
## ESF amounts paid to FEIs by country in 2014 (€ m)







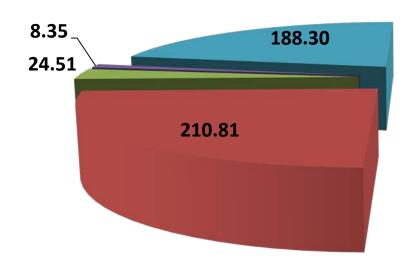
## 2014-20 Planned ESF OPs allocations to FIs by Member State (€ m)

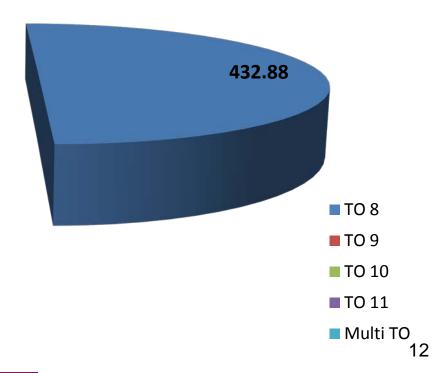






## 2014-2020 Breakdown of planned ESF Ops allocations to FIs by thematic objective

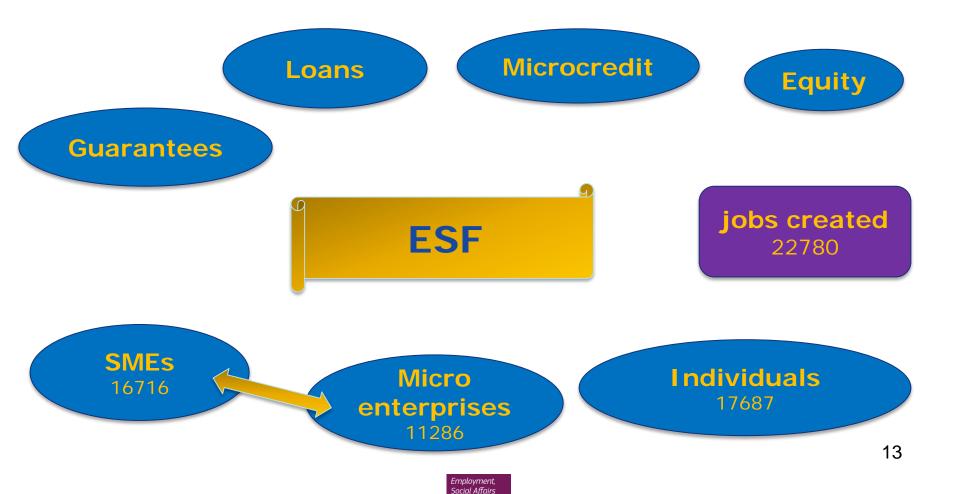








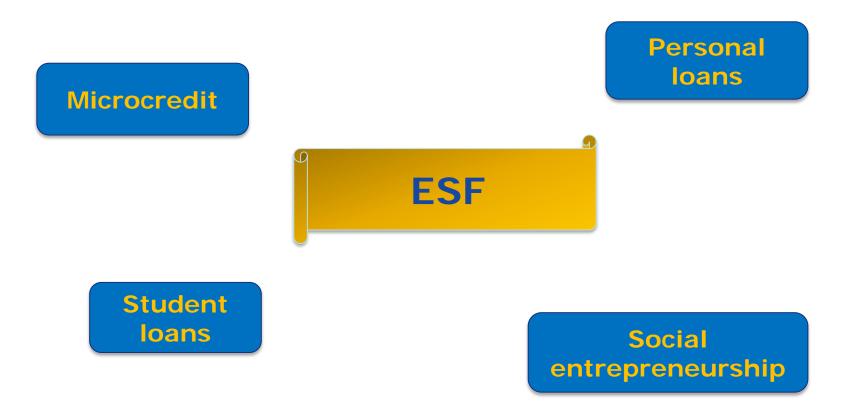
### Use ESF FEIs 2007-2013



and Inclusion



### Potential use ESF FIs 2014-2020



### **Questions & Answers**

Thank you for your attention!

