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Financial instruments in the CPR 2021-2027

Moderator: **Bruno Robino**, Head of fi-compass, European Investment Bank

Anna Maria Fontana, Director, Ministry for Enterprises and Made in Italy, Managing Authority, Italy

Inga Beiliūnienė, Deputy CEO, Business Development Director, INVEGA, Lithuania

Dijana Bezjak, Head of Service for Financial Instruments, Ministry of Regional Development and EU Funds, Croatia

Oana-Andreea Dordain, Deputy Head of Financial Instruments and International Financial Institutions Relations Unit, DG REGIO, European Commission

Ieva Zalité, Policy Officer, DG REGIO, European Commission

Sara Dagostini, Policy Officer, DG REGIO, European Commission

Radka Konstantinova-Encheva, Policy Officer, DG REGIO, European Commission

Theodosios Sampaniotis, Policy Officer, DG REGIO, European Commission

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CPR session

Oana-Andreea Dordain, Deputy Head of Unit, DG REGIO, European Commission
Ieva Zalité, Policy officer, DG REGIO, European Commission
Sara Dagostini, Policy officer, DG REGIO, European Commission
Radka Konstantinova-Encheva, Policy officer, DG REGIO, European Commission
Theodosios Sampaniotis, Policy officer, DG REGIO, European Commission

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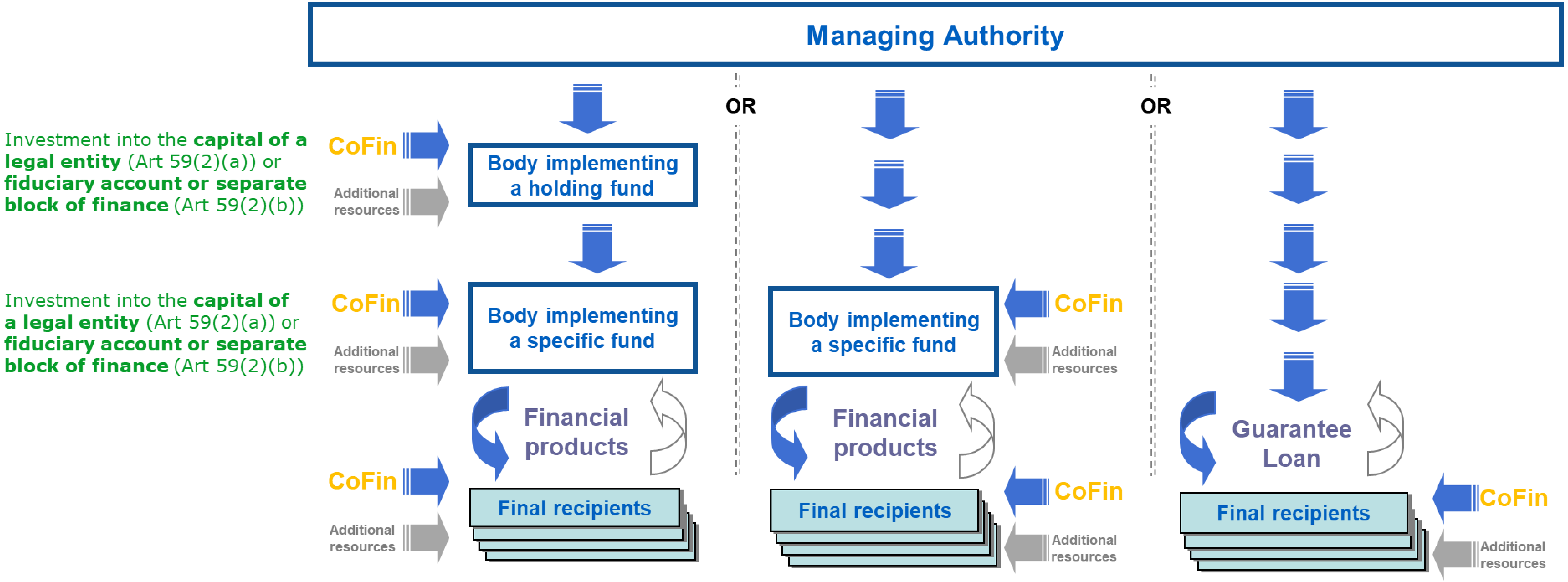
Ex ante assessment (Article 58)

Managerial Tool to accelerate set up of FI

Simplified as:

- Market analysis moved at programme level (form of support);
- Based on an existing or updated ex ante assessment;
- Methodology is decided by Managing Authority.

Implementation options and funding agreement or strategy document (Article 59)



The terms and conditions of programme contributions to financial instruments are to be set out in the **funding agreements** or **strategy document** => **elements** set out in Annex X

Eligibility (Articles 58, 68)

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- Investments in **tangible** and **intangible assets** and support for **working capital**

  => **investments** should be **financially viable**

- **No re-financing** => support provided only for the elements of the investments which are not physically completed or fully implemented at the date of the investment decision

- Support must reach final recipients **within the eligibility period + MCF**

- **Continuation across consecutive programming periods**

  => resolves issue of escrow accounts in case of equity instruments and interest rate and guarantee fee subsidies

  => rules of the programming period from which the resources are used - no derogation to eligibility rules

  => public procurement should be respected

Eligibility guarantees (Articles 2(24), 68(1)(b)&68(3))

Eligible expenditure for guarantees = **programme contribution set aside for guarantee contracts** = $\dfrac{\textbf{underlying disbursed new e.g. loans}}{\textbf{multiplier ratio}}$

- Covers expected and unexpected losses from the new loans, equity or quasi-equity investments
- Outstanding or having already come to maturity guarantee contracts
- Multiplier ratio based on a prudent ex-ante risk assessment
- Eligible expenditure reduced proportionally if the multiplier not achieved
- Possibility to review the multiplier ratio, but no retroactive effect

Combination (Articles 58 (4) to (7))

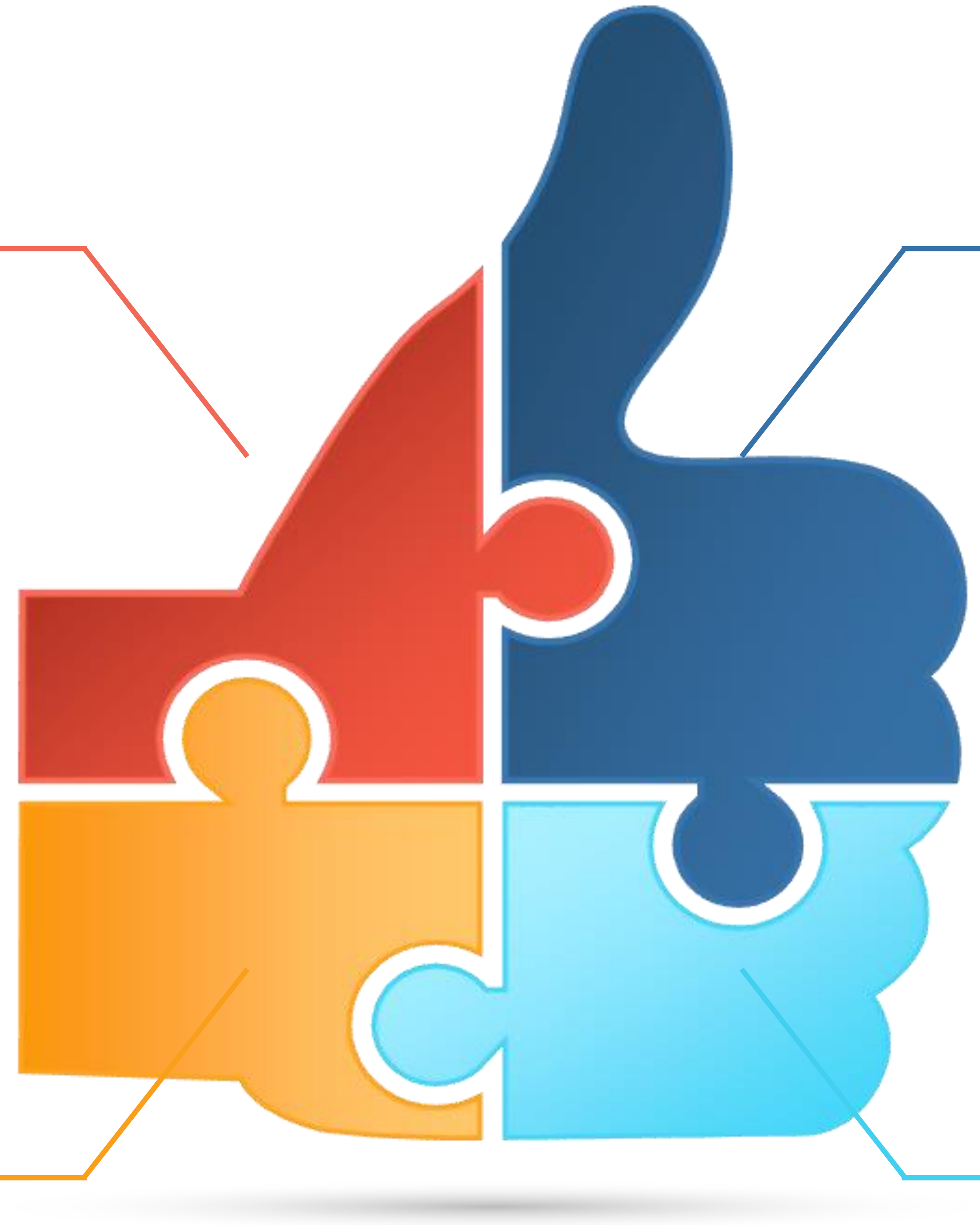
New possibilities:

Make direct payment to the final recipients

New type of grants, not only subsidies of:
- interest rate,
- guarantee fee,
- technical support

but also:
- capital rebates
- capital grants

Combination in one operation



Reporting FI (Article 42.3) and Visibility FI (Article 50)

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- All integrated in the CPR, Table 12 of Annex VII – specific FI information twice a year
- Fewer reporting requirements
- No more requirements to report information about the set-up of FI
- Publicity is responsibility of Beneficiaries and Bodies implementing the FI
- Art.50(2) applicable to final recipients (Beneficiaries should ensure by means of the contractual terms that final recipients comply with them)

Management Costs and Fees (Article 68)

- ➢ Flexibility and simplification;
- ➢ Management fees are performance based;
- ➢ Two dimensions:
  - *MAs and Financial Intermediaries: flexibility to define and agree on the criteria;*
  - *Commission: simple rule based on amount paid to final recipients.*
- ➢ Calculation based on thresholds in case of direct award, based on results of the tender, in case of competitive selection.

Interest and other gains (Article 60) - Resources returned (Article 62)

- **Interest and other gains generated -** *provisions and principles the same as in 2014-2020*

  Concerns only gains that are attributable to the Funds support.

  To be used:
  - *in the same FI, under the same objective or objectives (including MCF)*
  - *in other FI or other forms of support, until the end of eligibility period, in case of winding up of the financial instrument.*
  - *If not used in line with these provisions will need to be deducted from the accounts submitted for the final accounting year.*

- **Clearer rules on re-use of resources returned**

  Enables smooth transition between programming periods
  - *Resources paid back to FI (incl. release from guarantees) before end of eligibility period: re-used in the same or other FI*
    - ✓ *for further investments in final recipients,*
    - ✓ *for MCF associated to such further investments,*
    - ✓ *to cover losses resulting from negative interest*
  - *Resources paid back for at least 8 years after end of eligibility period:*

    re-used in accordance with policy objectives of the programme, either within the same or other FIs or in other forms of support.

Payments (Article 92)

- Streamlined rules Article 91 and specific information for FI in payment applications (Appendix 1 of Annex XXIII)
- Link payments to FIs with disbursements to final recipients,

- Liquidity ensured through the 1st payment claim (expenditure or MCF)
- Up to 30% advance, to be cleared no longer than the final accounting year
- Immediate reimbursement of the eligible expenditure

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Audit of FIs (Article 81)

- No more tranches – one advance and eligible expenditure
- Risk based approach
- No changes for International Financial Institutions

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Thank you

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events@fi-compass.eu | www.fi-compass.eu