



The form of the FI/grant package

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

Olivier Dumoulin, Investment platform advisor, EIB

Iva Petkova, Director, Sustainable Cities Fund, Bulgaria

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The form of the FI/grant package

Providing final recipients combined package of FI and grant



- FI and grant support may be provided only to parts of the investments, which have not been completed yet.
- Following the appraisal of proposals from potential final recipients, the body implementing FI approves the combined package including possibly a pre-agreed grant percentage.
- The final loan and grant commitment will be captured in the form of a financial package in the agreements signed with borrowers, which will include both the terms of the loan and the parameters of the grant award.
- The MA and bodies implementing the grant/FI combination should agree the most suitable framework to ensure the combined product is attractive to final recipients, incentivises eligible expenditure and policy objectives' achievement, provides for remedies proportionate to the risks of default and is easy to administer.

Assessing eligible expenditure

Providing the grant



- The trigger of the grant component (either a payment by HF to banks or a non-cash movement converting part of the loan into non repayable support) for this purpose will be governed by the Funding Agreement or any other binding document.
- The body implementing the FI must describe in the agreement with the final recipient the requirements that should be satisfied to enable the release of a capital rebate. Such criteria should be objective, evidence based and easy to manage.
- Once applied, the capital rebate leads to a write-off of the loan in the FI accounts. MAs should discuss with their local market actors with a view to identifying the most practical mechanism that will be easy to be applied by the bodies implementing FIs.
- In case of interest rate subsidy combined with a guarantee FI, banks making the loans may for instance provide quarterly payment requests for the interest paid in the period. A single payment may then be made directly by the body implementing the FI to the banks.

Assessing eligible expenditure

Checking grant triggers



- A capital rebate could be immediately triggered at contract signature if it is based on final recipients' characteristics (e.g. lower income household)
- In case of risk of delivery of more complex investments, the capital rebate may be provided later once the performance of the investment has been checked. It is recommended to keep ex-post verifications as light as possible for standard investments.
- The Green Eligibility Checker developed by the EIB as part of its Green Gateway Advisory platform is one example of a simple to use tool that can be adopted to estimate ex-ante the impact and help verify achievement of trigger criteria.
- In other cases, FIs will rely on public sector agencies and/or private sector consultants to undertake an assessment of whether the investment has achieved the criteria.



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