




CPR 1060/2021

Management Costs and Fees

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Novelties in 2021/27

- Rules only in the CPR
- Amount PAID TO FINAL RECIPIENTS (set aside for guarantees)
- Performance based only
- Thresholds based on direct award/competitive tender
- Continuity across programming periods
- Maximum two levels of MCF are eligible



Eligibility period for management costs and fees ends on 31 December 2029

Art 68 (1)



EUR-Lex

Specific eligibility rules for financial instruments

(1) Eligible expenditure of a financial instrument shall be the total amount of programme contribution paid to, or, in the case of guarantees, set aside for guarantee contracts, by the financial instrument within the eligibility period, where that amount corresponds to:

(d) payments of management fees and reimbursements of management costs incurred by the bodies implementing the financial instrument.

Holding Fund or specific Fund



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Flexibility of Article 68 (1)

Managing authorities (MA) and bodies implementing FIs will agree on the **form of remuneration** which is appropriate in a given case: management costs, management fees or a combination of them.

Provisions regarding **the calculation and payment** of management costs incurred or of the management fees of the FIs must be included in the **funding agreement between a MA and a body implementing FI(s)**, in line with **Annex X (1)(h) CPR**

No direct link between the moment of disbursement to the fund manager and the moment when the MCF are paid/declared to the EC

Management costs as comprising direct and indirect costs which are reimbursed against evidence of expenditure

Management fees are referred to as an agreed price for services rendered. Such agreed price may be established via a competitive market process, if the latter is applied when selecting the body implementing FI(s).



Art 68 (4)

Specific eligibility rules for financial instruments



(4) For point (d) of paragraph 1, management fees shall be performance based.

Where bodies implementing a holding fund are selected through a direct award of contract pursuant to Article 59(3), the amount of management costs and fees paid to those bodies that can be declared as eligible expenditure shall be subject to a threshold of up to 5 % of the total amount of programme contributions disbursed to final recipients in loans or set aside for guarantee contracts and up to 7 % of the total amount of programme contributions disbursed to final recipients in equity and quasi-equity investments.

Where bodies implementing a specific fund are selected through a direct award of contract pursuant to Article 59(3), the amount of management costs and fees paid to those bodies that can be declared as eligible expenditure shall be subject to a threshold of up to 7 % of the total amount of programme contributions disbursed to final recipients in loans or set aside for in guarantee contracts and up to 15 % of the total amount of programme contributions disbursed to final recipients in equity or quasi-equity investments.

Where bodies implementing a holding fund or specific funds, or both, are selected through a competitive tender in accordance with the applicable law, the amount of management costs and fees shall be established in the funding agreement and shall reflect the result of the competitive tender.

Article 68 (4) in 5 steps

Simplified rules for MCF
(level 1 regulation art 68)

1

The threshold applies to the **programme contribution paid** to the final recipient or **set aside for guarantee contracts**.

Final amount of eligible MCF calculated no later than in the final accounting year

2

Different **thresholds** in case of **direct award**:

- Holding Fund
- Specific Fund

3

4

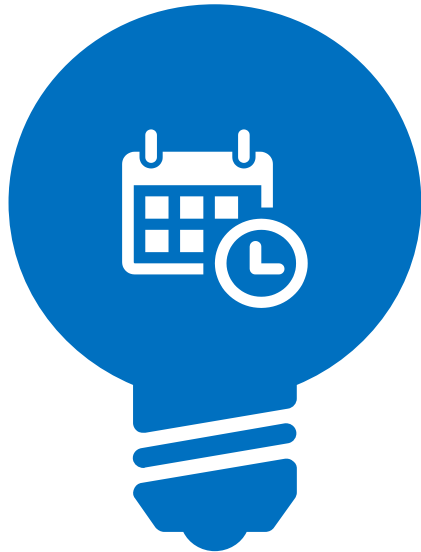
Performance-based with a methodology to be defined by the managing authority in case of direct award and competitive tender

No thresholds in case of **competitive tender**

5

Step 2 Thresholds - direct award

Holding fund



5%

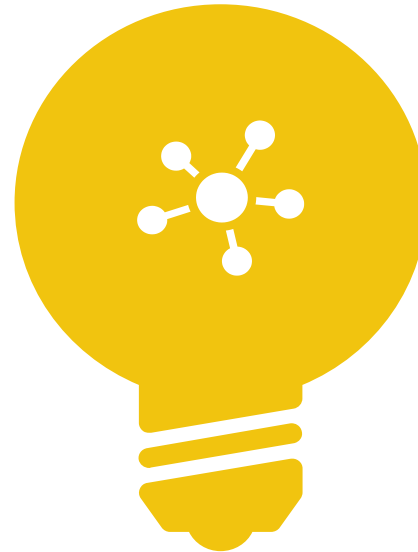
If a loan or a guarantee
in a HF structure



7%

If Equity or Quasi
equity in a HF
structure

Specific fund



7%

Loans and
guarantees



15%

Equity or Quasi
Equity

Step 4 Performance

- based on the **ability to disburse funds** to support FR;
- could be linked to:
 - ✓ the number of eligible SMEs that receive financing;
 - ✓ geographical or sectorial coverage;
 - ✓ ability to raise additional resources;
 - ✓ jobs created;
 - ✓ measurable social and/or environmental impact – always comparing values achieved to those initially agreed in the funding agreement



MCF calculated based on contribution paid to final recipients (or resources set aside for guarantee contracts)

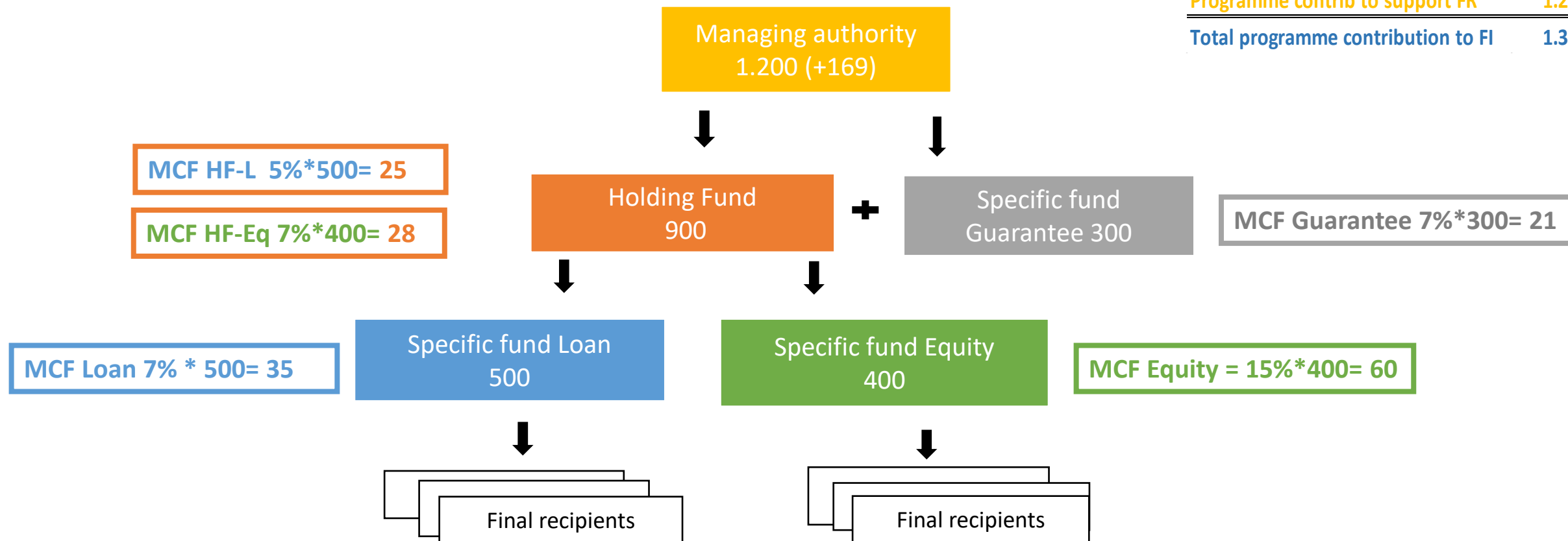
Assumptions

- Direct award both HF and SF
- Total programme contribution to support FR or set aside for guarantee contracts 1.200
- Total programme contribution to FI 1.369
- *Full disbursement to FR or resources set aside for guarantee contracts (100%)*



EXAMPLES

MCF HF Loan	25
MCF HF Equity	28
MCF Guarantee fund	21
MCF Loan fund	35
MCF Equity fund	60
Total MCF paid by MA	169
Programme contrib to support FR	1.200
Total programme contribution to FI	1.369





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