



Implementing FIs supported by EAFRD - Key operational issues - new regulation

Alessandro Gargani

European Investment Fund



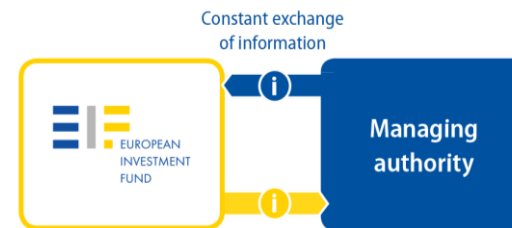
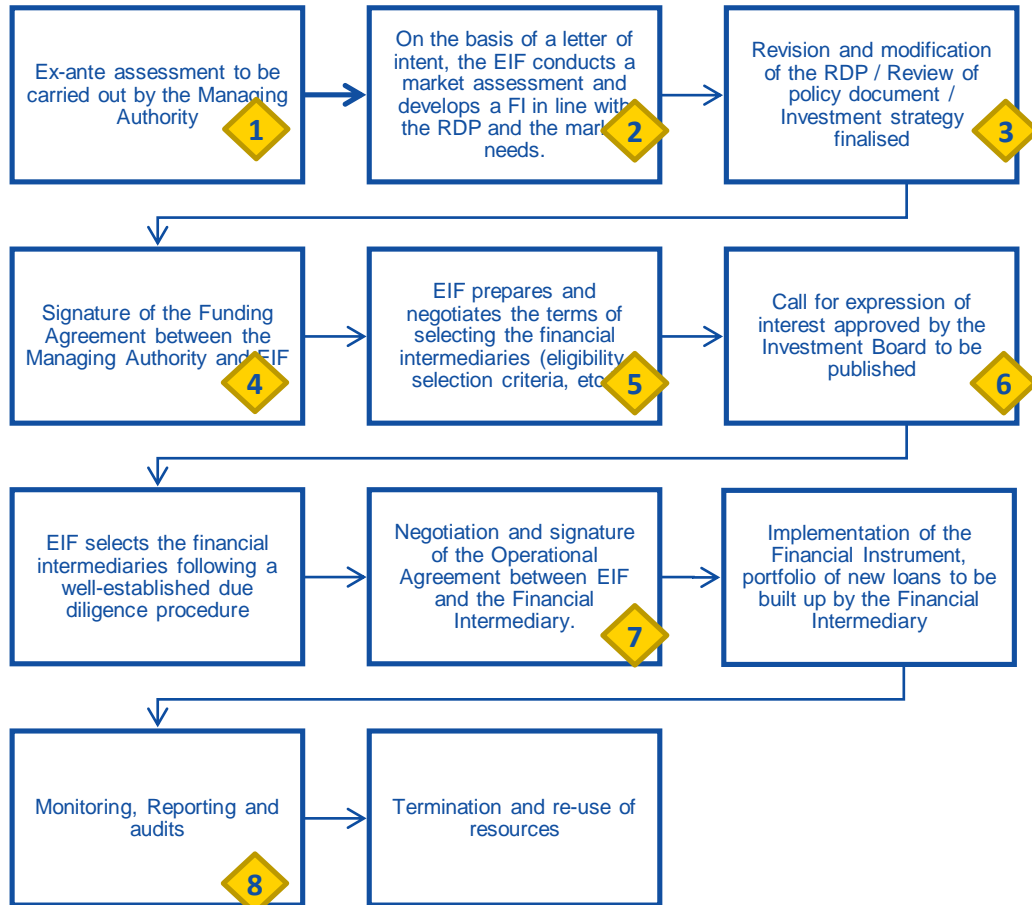
Agenda



- The implementation process
- Eligibility – Reg. UE 2017/2393 «*Omnibus AGRI*»
- Reporting and checks – Reg. EC 2017/1242 «*New delegated act*»
- Mobilization of additional resources – EFSI / «*Omnibus CPR*»



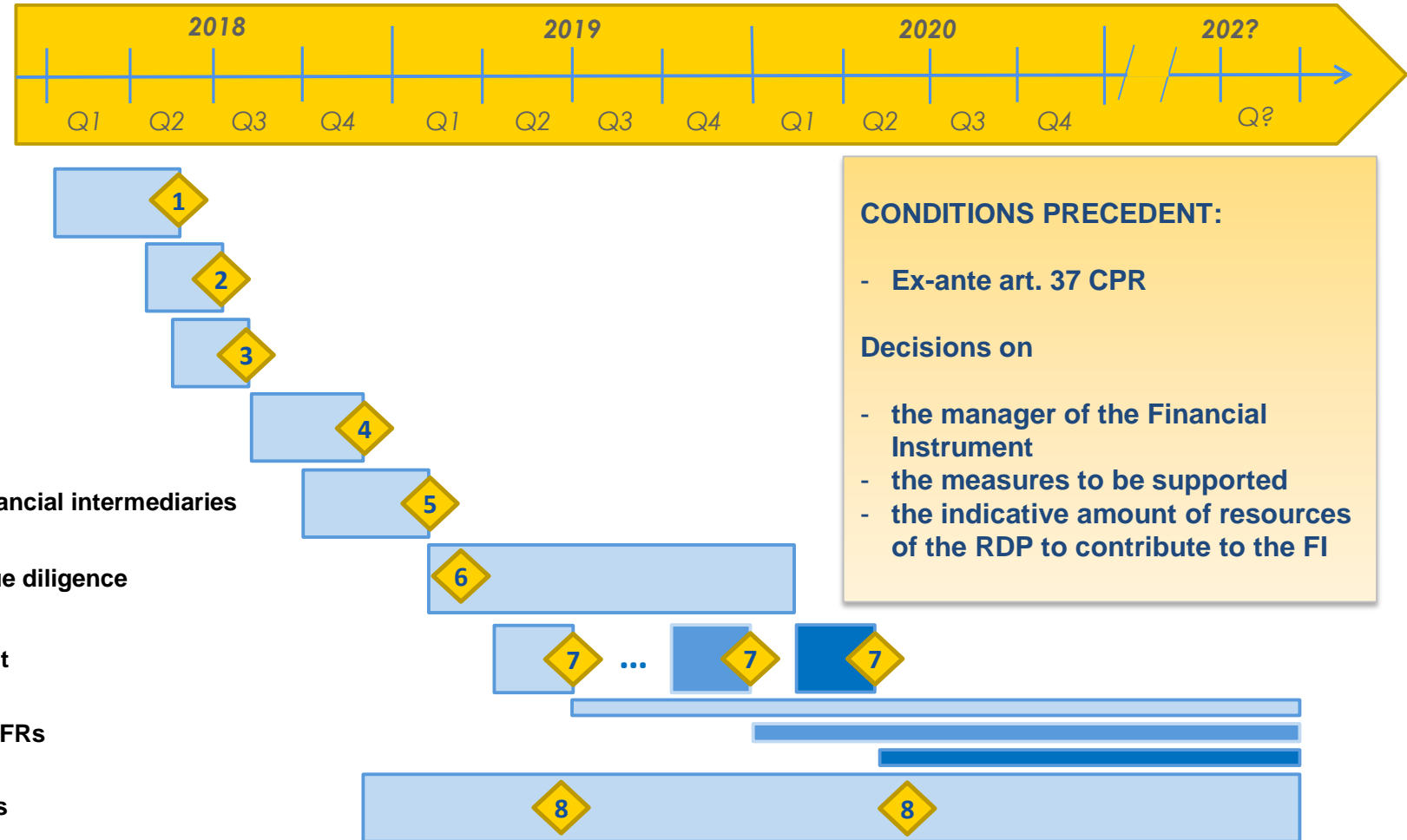
The implementation process 1/2



Deliverables	
1	(Updated) ex ante assessment
2	Proposed investment strategy
3	RDP amendment submitted to the EC
4	Signature of Funding Agreement (with investment strategy)
5	Negotiated terms of selecting the financial intermediaries
6	Call for expression of interest
7	Signature of the Operational Agreement
8	Annual Progress Reports



The implementation process 2/2



Eligibility

Lessons learnt



From the strict and narrow eligibility criteria appropriate for grants to wide criteria to support economically viable operations that could and should access to finance but struggle to do so due to a market gap.

From: different aid intensity for different special targets (geography, age, gender) for specific investments and defined costs

To: farmers or group of farmers (or SMEs in transformation and marketing) for any operation and any cost allowed for in the EAFRD Regulation.



Eligibility

Omnibus AGRI



- Support for investments (art. 17) can be to SMEs also when the input is not an AGRI product “*on condition that the investment contributes to one or more of the EU priorities for rural development*”
- Support for young farmers (art. 19) can be in the form of a financial instrument (Measure 6.1)
- Support for basic services and village renewal (art. 20) can be in the form of a financial instrument with simplified rules
- Simplified rules for cost eligibility for investments (art. 45) and in particular broader support for working capital



Reporting and checks

Lessons learnt



The heavier the burden for the financial intermediaries in terms of monitoring, reporting and checks (to be performed and received), the more unlikely for a financial instrument to mobilize private resources and to actually fill the market gap.

Data to be checked for eligibility and to be tracked for reporting purposes, administrative checks to be performed in situ, on-the-spot checks, cannot be the same for grants and for a financial instrument.



Reporting and checks

Reg EC 2017/1242 & Others



- Contributions to a financial instrument of resources from different Focus Area under the same Measure
- Simplified reporting in the Annual Implementation Report
- Checks to be performed on the supporting documents provided by the manager of the Financial Instrument
- Administrative and on-the-spot checks provisions in Reg EC 807/2014 don't apply to financial instruments, "neither to the contribution to the financial instrument nor to the support to the final recipient". Articles 58 and 59 of Reg EU 1307 and art. 9 of Reg EC 480/2014 apply



Mobilization of additional resources *Lessons learnt*



A financial instrument supported by ESIF should be designed and implemented in order to (i) operate under market conditions, supporting access to the financial market, and (ii) maximize the amount of additional private resources (leverage and multiplier).

The EC supports the effective combination of different resources and in particular the combination of the European Fund for Strategic Investment with the Structural Funds. DG AGRI with the EIB Group has launched the EAFRD/EFSI Initiative.



Mobilization of additional resources “Omnibus Reg.”



- Possibility for the Managing Authorities to “*contribute to financial instruments combining such contribution with EIB financial products under the European Fund for Strategic Investment*” (proposed art. 38(1)c of CPR)
- Proposed art. 39a of CPR: ESI Funds can be used to contribute to EIB Products under EFSI to attract additional private sector investment up to 25% of the total support provided to final recipients (or more up to 40% in the less developed Regions)
- New art. 59(4) of Reg 1305/2014 (Omnibus Agri) already makes reference to the support in 39a

