



Financial intermediaries and ESIF financial instruments – working with managing authorities on loan and guarantee instruments

Brussels, 25 - 26 June 2018



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Get-to-know and networking

At «Europe» open space (17:30 – 18:30)



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Welcome

Rachel Lancry Beaumont, Deputy Head of Unit,
Policy Directorate, DG for Regional and Urban
Policy, European Commission



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Robert Pernetta, Financial Instrument Advisor, European Investment Bank

Moderation: **Frank Lee**, *fi-compass* team

Progress with ESIF financial instruments 2014-2020

Key messages of the ex-ante assessment stock-taking study



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Scope of study



- Collecting ex-ante assessments
 - 132 ex-ante assessments for 131 OPs
- Extracting quantitative and qualitative information on selected elements
- Providing recommendations on ex-ante assessments
- *The SME Initiative was excluded from the study*



Funding gaps

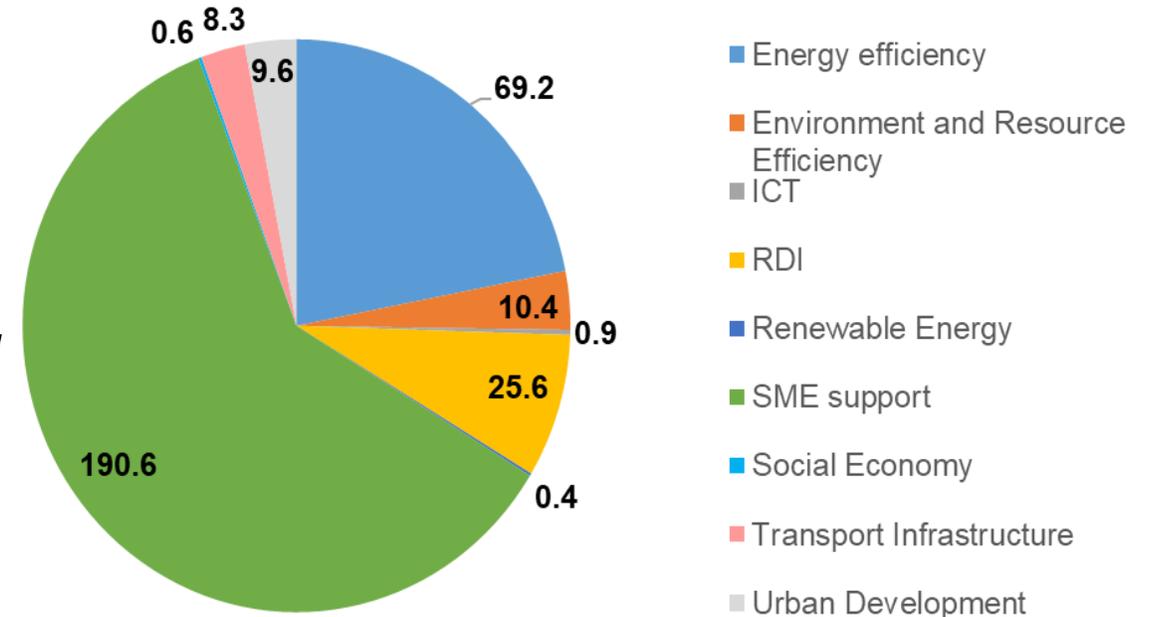


- Sum of funding gaps EUR 420-515 billion for 7 years period
- Main sectors SME support and energy efficiency
- 2/3 of funding gaps were quantified

Challenges:

- *Funding gaps without reference period*
- *Wide ranges between minimum and maximum amounts*
- *Significant differences in volumes between similar territories*

Funding gap by sector in billion EUR – minimum amounts

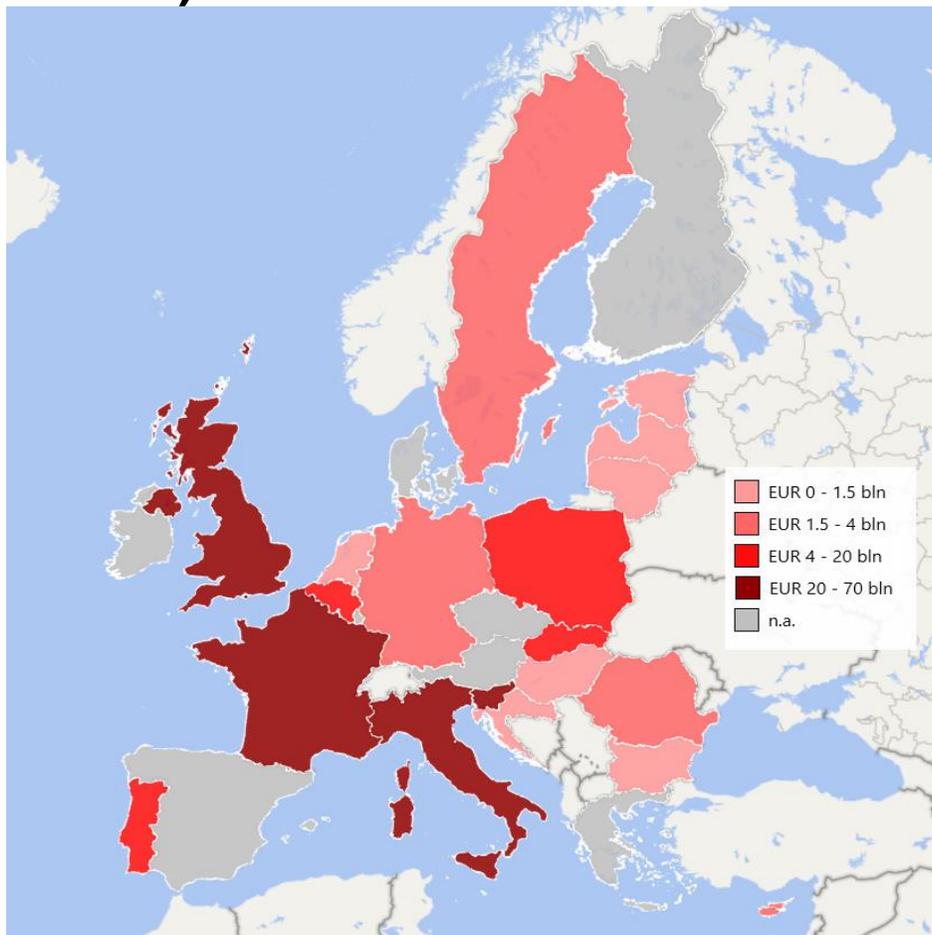


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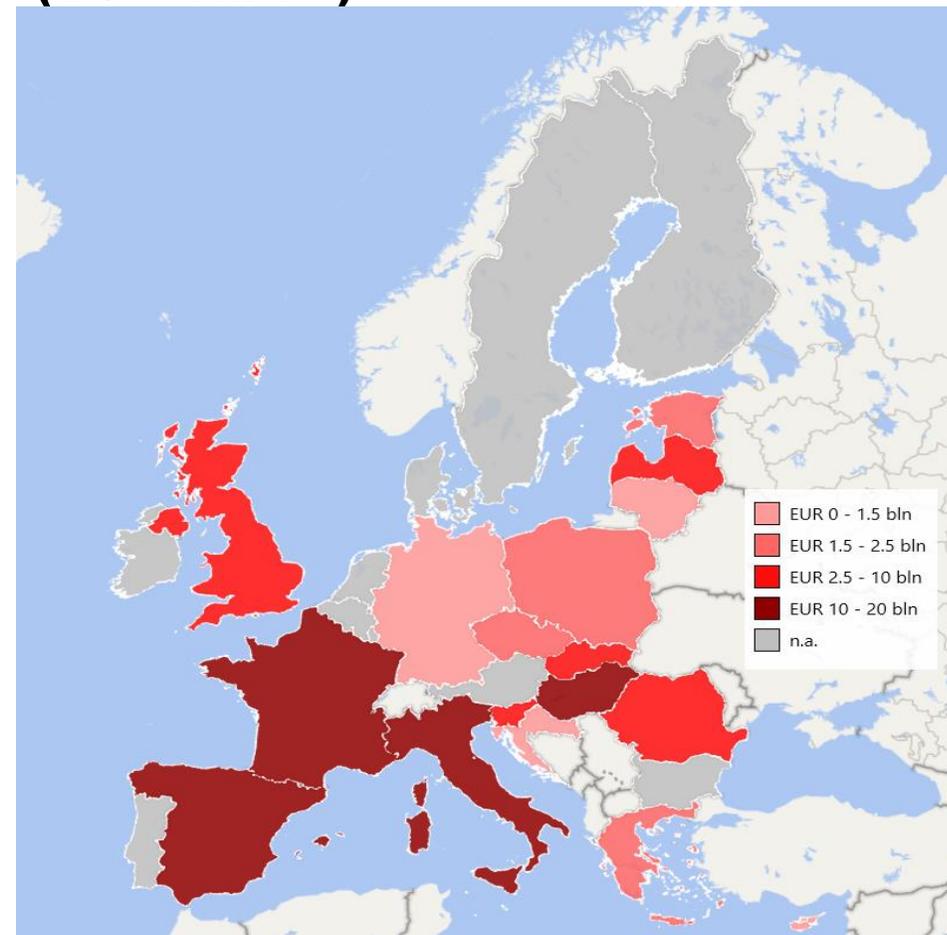


Funding gaps by Member States

Funding gap for SME support (EUR billion)



Funding gap for energy efficiency (EUR billion)



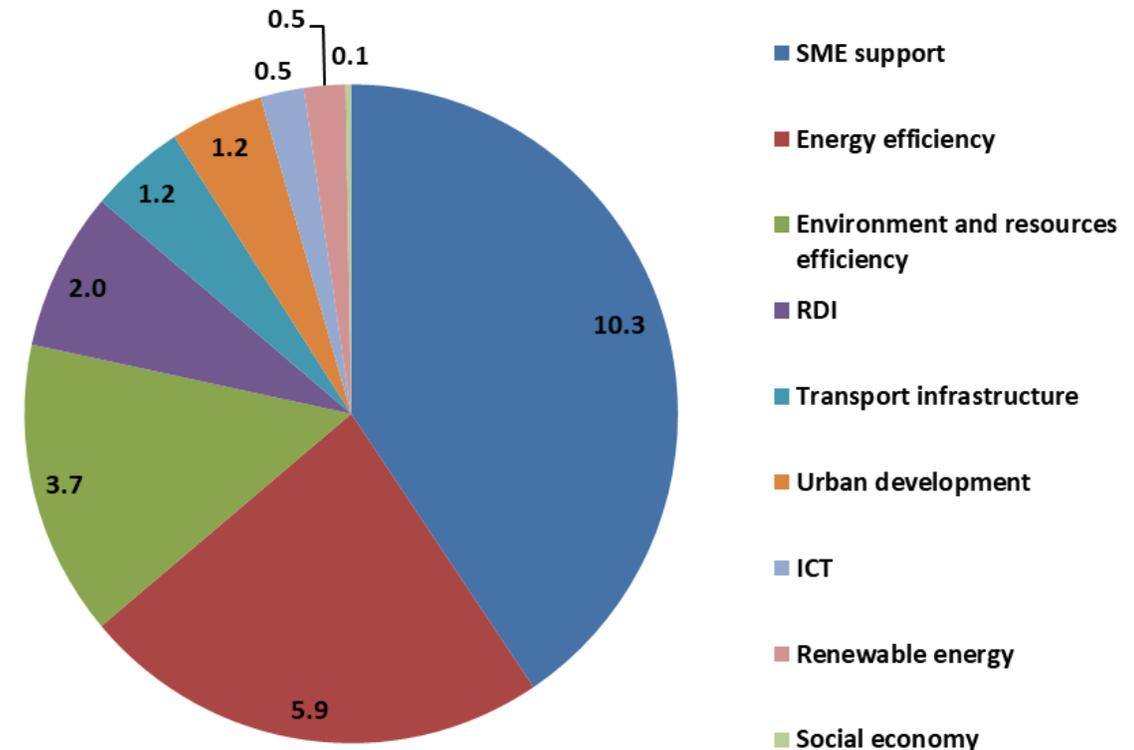
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Proposed allocations



- Allocations of OP resources to FI proposed by ex-ante assessments EUR 26.7 billion
- Main sectors SME support and energy efficiency
- Almost 2/3 of allocations are to debt instruments (loan > guarantees)
- 17% to equity (mainly SME support)
- 20% to instruments combining FI with other forms of support
- ***Allocations represent only 5% of gaps identified***

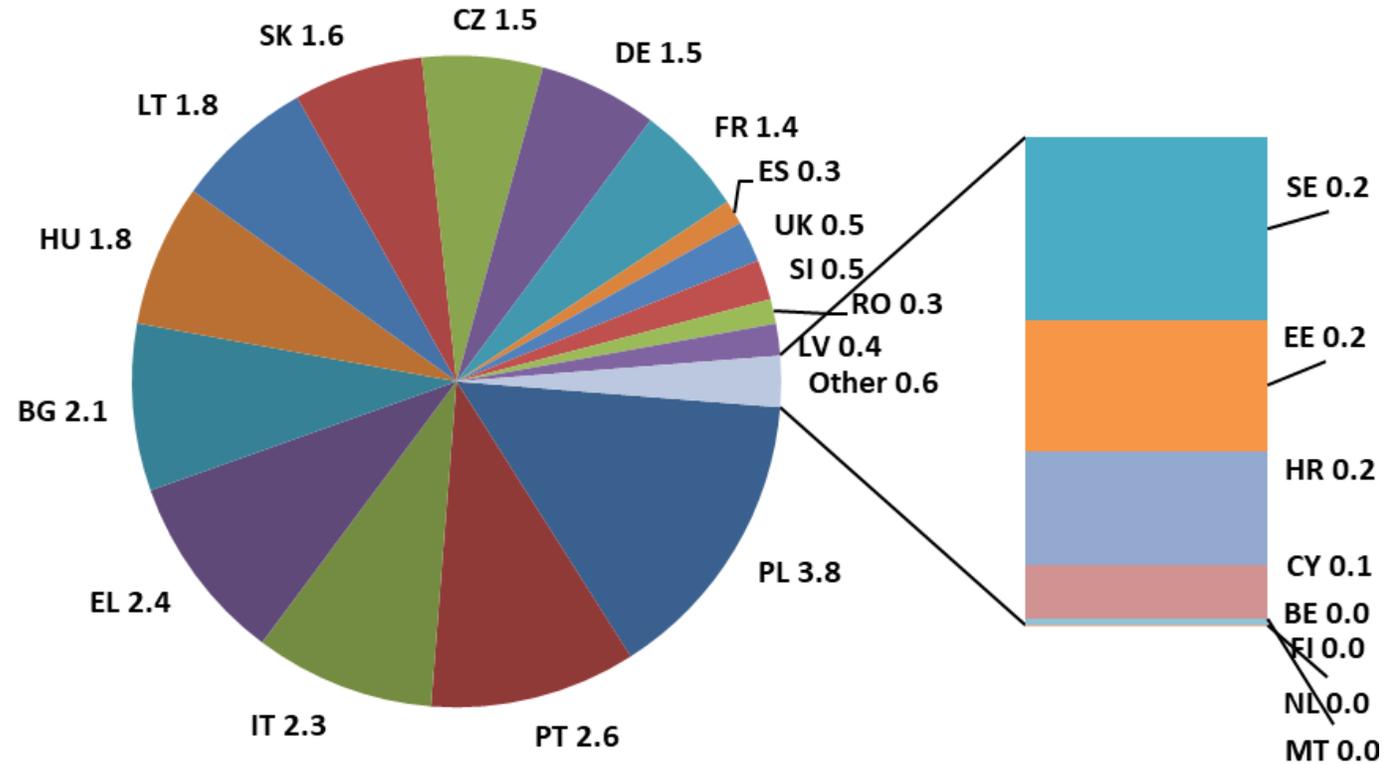
Proposed allocations by sector in billion EUR



Allocations by Member State



- In absolute terms largest allocations are in Cohesion countries and Italy
- Proposed allocation are around 10% of OP resources
- As a share of OP contributions the leading countries are BG,LT, SE, EL, PT and FR
- *Allocations from ex-ante assessments are double the amount reported to EC by end of 2016 (Annual Summary of Data)*



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Market failures



- Market failures identified are very much context (sector, geography) dependent
- Main types market failures:
 - Information asymmetry
 - Unstable markets
 - Externalities
 - Split incentives
 - a large number of market failures identified do not fit into the categories above

Market failures are often described in very generic terms



Barriers to implementation



- CPR (combination of support),
- State aid (majority of instruments follow therefore *de-minimis and GBER*),
- Selection of FoF managers and financial intermediaries
- National regulation adds further complexity
- Insufficient capacity on the side of managing authority
- Competition with grants

Barriers are described broad terms, MAs would need specific barriers and solutions for decision making



Conclusions



- Ex-ante assessments are an essential tool for MA to make informed decisions
- Majority of ex-ante assessments were undertaken too late in the process
- Some ex-ante assessments seem to be too ‘academic’, too complex and findings tend to be too generic
- Weak link between market analysis and investment strategy
- Sequencing of steps of ex-ante assessments
- Many ex-ante assessment do not lead to (immediate) implementation of FIs





Question & Answer session



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Standing dinner for participants and speakers

At «Europe» open space (until 21:30)



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