



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

Brussels, 26 June 2018 (Day 2)



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Welcome



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Structure of the event



- **9:15** TO 1 Strengthening research, technological development and innovation – Case study MIUR, Italy
- **10:00** TO 4 Supporting the shift towards a low-carbon economy in all sectors – Case study JESSICA II, Lithuania
- **10:45** *Coffee break and networking opportunity*
- **11:30** TO 3 Enhancing the competitiveness of small and medium-sized enterprises (SMEs) – Case study MFB, Hungary
- **12:15** Presentation of the structure of the parallel discussion sessions
- **12:20** *Lunch break and networking opportunity*
- **13:45** Parallel discussion sessions
 - Discussion session A - TO 1 Strengthening research, technological development and innovation
 - Discussion session B - TO 3 Enhancing the competitiveness of small and medium sized enterprises (SMEs)
 - Discussion session C - TO 4 Supporting the shift towards a low-carbon economy in all sectors
 - Discussion session D - Horizontal topics How to foster collaboration between financial intermediaries and managing authorities
- **14:45** *Coffee break and networking opportunity*
- **15:15** IFIs, NPBIs and other financial institutions implementing ESIF loan and guarantee instruments
- **16:00** Closing remarks
- **16:15** Final networking opportunity



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Alessandro Apa, Senior Fund & Structuring Officer, European Investment Bank (*fund manager*)

Maurizio Guglielmini, Key Financial Manager, RIF team, Equiter, Italy (*financial intermediary*)

Pier Paolo Proietti, Head of Product Management Area, Finance Directorate for Development, Mediocredito Centrale S.p.A., Italy (*financial intermediary*)

Facilitator: **Bruno Robino**, *fi-compass* team

TO 1 Strengthening research, technological development and innovation – Case study MIUR, Italy



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MIUR RDI Financial Instruments in Italy

Alessandro Apa, Senior Fund & Structuring
Officer, European Investment Bank



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THE MIUR RD&I IN ITALY

- ERDF resources contributed: EUR 270 million from the MIUR EU-funded National Operational Programme (2014-2020) for TO 1 Research and Innovation in Italy, managed by the Ministry for Education, University and Research (MIUR);
- Leveraging: The FI is expected to be co-financed by the EIB and other financial institutions in Italy;
- EIB support throughout the entire project cycle: ex-ante assessment, Fund of Fund (FoF) management, selection of the financial intermediaries, treasury and middle office, lending, co-financing;
- The investment strategy focuses on research, development and innovation projects (Key Enabling Technologies/KETs and SSI) of the private and the public sector in the 8 Regions of the South of Italy (Cohesion Regions);
- Eligible final beneficiaries: SMEs, medium and large size companies, public entities involved in KETs, universities and research centers.



**FoF amount:
EUR 270
million**

**Financial
products:
loans,
equity**

**Beneficiaries:
companies, re-
search centers,
universities, etc.**



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Ministero dell'Istruzione, dell'Università e della Ricerca

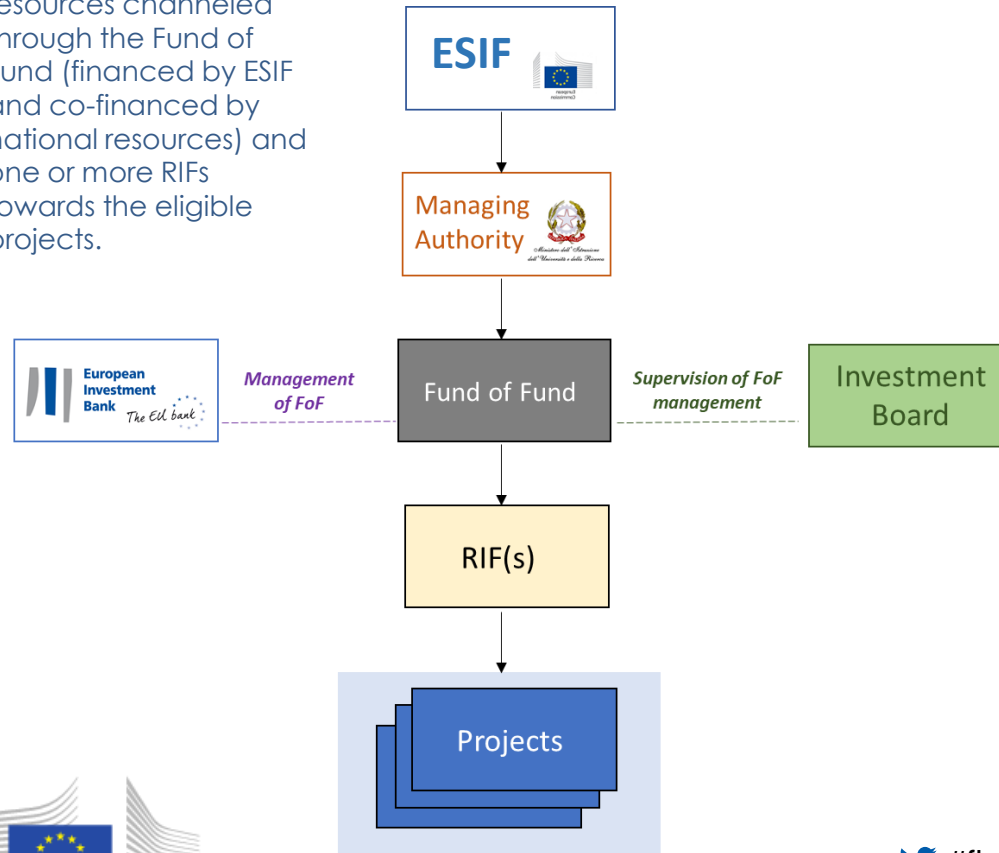


MIUR FoF - FINANCIAL STRUCTURE



FINANCIAL ARCHITECTURE

- Financial structure:** resources channeled through the Fund of Fund (financed by ESIF and co-financed by national resources) and one or more RIFs towards the eligible projects.



INVESTMENT STRATEGY

- Taking advantage of the **revolving nature** of the FI through the financing of RDI financially viable projects located in the Targeted Area;
- **Attracting private capital** and promoting leverage effect from ESIF through RIFs public/private investors;
- Enhancing **research activities** within enterprises, including but not limiting research centers and universities and other private and public promoters;
- Strengthening the **link between industry and science** stimulating the creation partnerships.

ELIGIBLE SECTORS

12 Priority Themes:

- Aerospace
- Agrifood
- Blue growth (economy of the sea)
- Green chemistry
- Design, creativity and “Made in Italy”
- Energy
- Intelligent Factories
- Sustainable mobility
- Health
- Smart, secure and inclusive communities
- Environmental technologies
- Technologies related to cultural heritage







MIUR RDI Experience of EQUITER

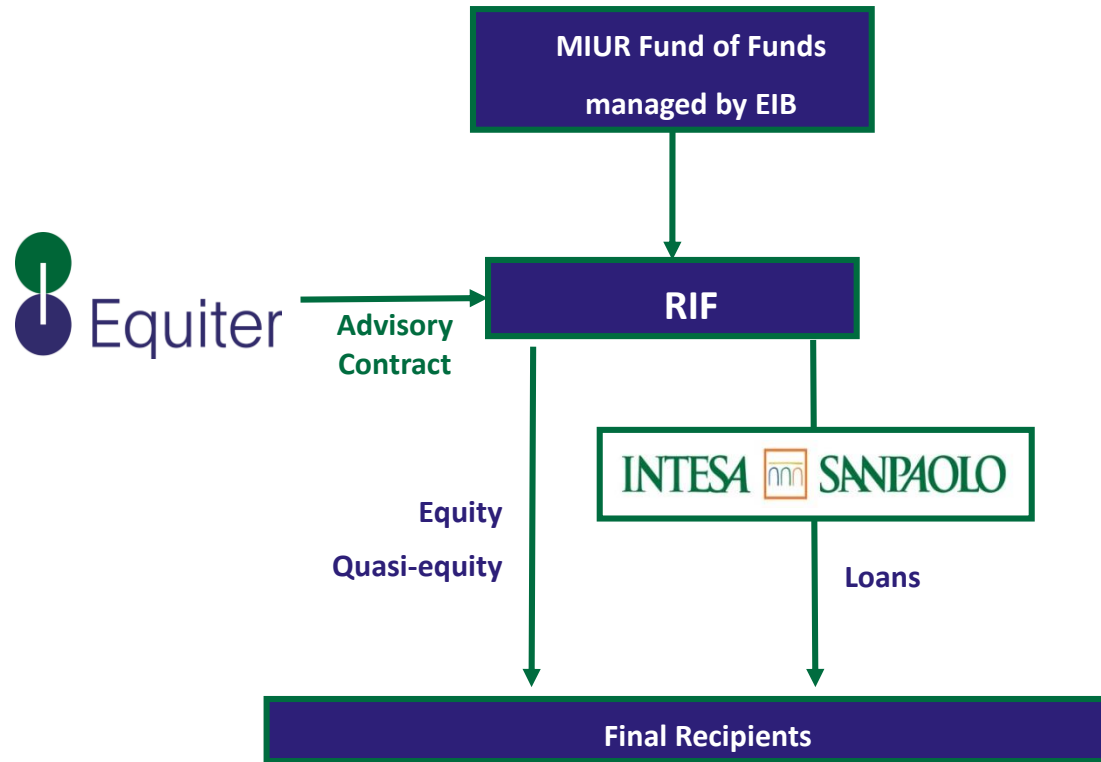
Maurizio Guglielmini, Key Financial Manager, RIF team, Equiter, Italy



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EQUITER'S EXPERIENCE in RIF Structure



- ✓ **Equiter S.p.A.** is **Equity Investor and Financial Advisor**, with an in-depth expertise in PPP projects and a strong track record in project finance and EU Financial Instruments management.
- ✓ **Equiter** has been selected in September 2017 to set-up a **EUR 124-million RIF**.
- ✓ The legal structure retained for RIF is an **Investment Company managed by Equiter** on the basis of a “**turn-key advisory contract**”. This structure is modelled on the consolidated pattern already used for JESSICA Urban Development Funds advised by Equiter in Sicilia and Sardegna.



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EQUITER'S EXPERIENCE RIF ADVISORY TEAM



RIF can rely on a **dedicated advisory team**, which brings together **Equiter core financial expertise** with **RDI projects assessment skills**.

The team is composed by:

- **2 Key Innovation Managers** and
- **1 Key Financial Manager** supported by a Financial Team.



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EQUITER'S EXPERIENCE PRELIMINARY RESULTS

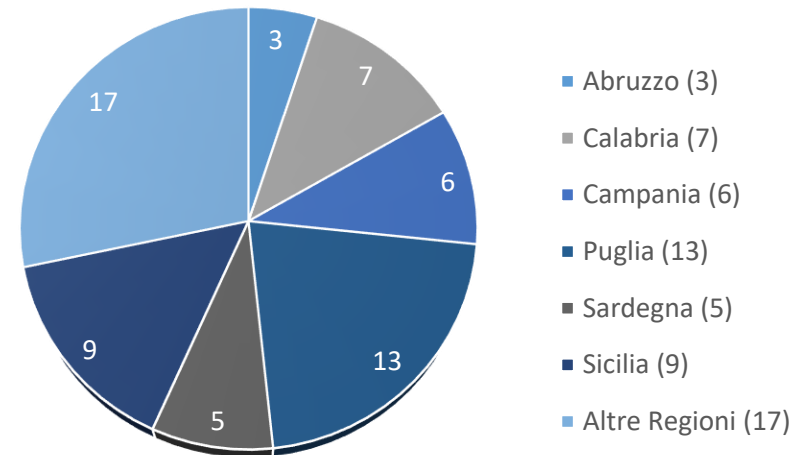
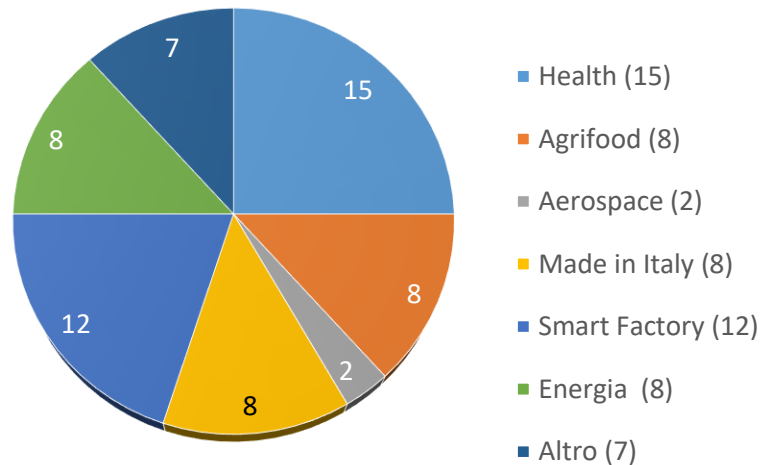


RIF **application procedure** is managed in **2 steps**:

- preliminary registration
- online form to provide general data about applicant and R&I project.

Starting from March 2018, **60 potential beneficiaries registered online**:

- **Health** and **Smart Factory**, where the most of the projects are originated
- among Cohesion Regions, **Puglia** and **Sicily** are the most dynamic ones.



The website <https://fondoricercainnovazione.equiterspa.com> has a key role in RIF communication strategy, in order to ensure open access to information for all potential final recipients.

Unique information access point, as a place to dialogue with the advisor.







MIUR RDI Experience of MEDIOCREDITO CENTRALE

Pier Paolo Proietti, Head of Product Management
Area, Finance Directorate for Development,
Mediocredito Centrale S.p.A., Italy



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MEDIOCREDITO CENTRALE S.p.A

MISSION & RIF EXPERIENCE in FIs

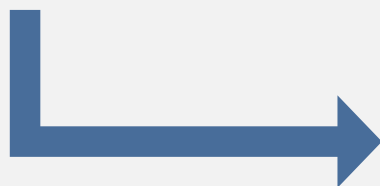


Mission:

- To support research, development, growth, innovation and employment-related initiatives, with a specific focus on Southern Italy, through a broad range of FIs and the management of investment funds
- MCC organisation has a dedicated “Public Funds Management” Department for the management of public funds

RIF EXPERIENCE in FIs:

- Extensive experience in implementing FIs and managing public funds for the respective geographical area during 2007-2013 programming period and in the current one
- Deep knowledge of the target area economic and business environment
- Experience in working on research and innovation investments



- ❑ *MCC has applied to the Call for Expression of Interest launched by EIB for the MIUR FoF*
- ❑ *MCC has been selected to finance eligible projects for 62m€*

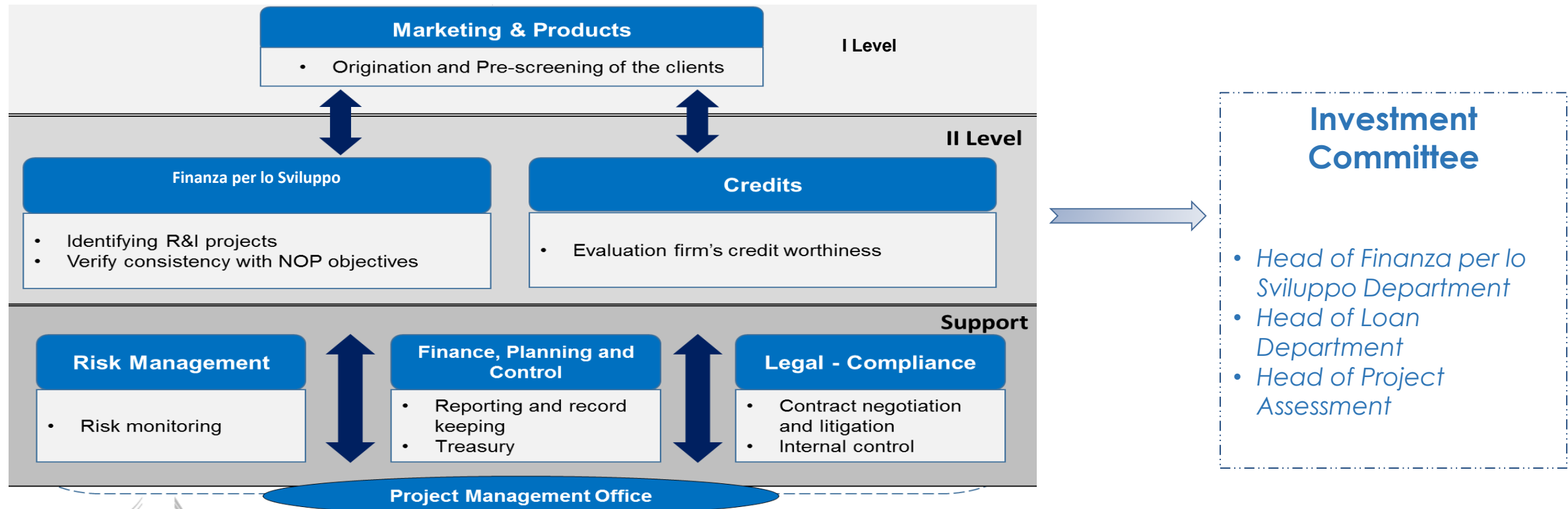


MEDIOCREDITO CENTRALE S.p.A

RIF Management teams



The Management Team, composed by high-qualified resources, is organized in two levels:



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MEDIOCREDITO CENTRALE S.p.A PRELIMINARY RESULTS

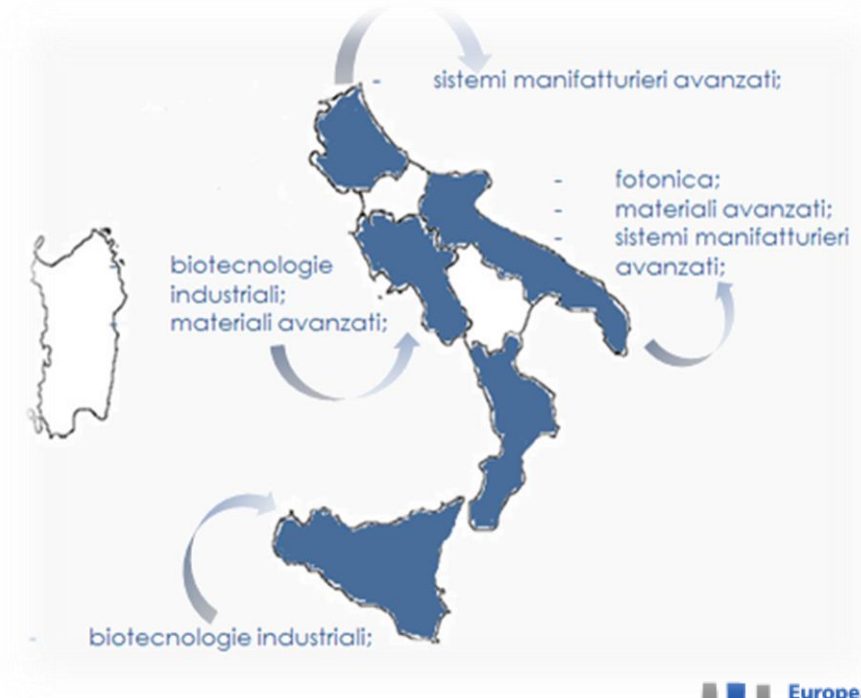


MCC currently acts as the manager of the Fund for Sustainable Development (FCS) on behalf of the MISE. Such activity provides MCC with a privileged point of view on Italian and Southern Italy RDI activity and projects.

Why don't include FCS projects in the pipeline?

Advantages:

- positive opinion about project eligibility;
- combination of several financial instruments;
- fast evaluation process;
- final recipient needs satisfaction;



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Question & Answer session



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Junona Bumelytė, Funds Officer, European Investment Bank
(*fund manager*)

Mindaugas Rudys, Director of Department for Development of
Financial Services, Šiaulių Bankas, Lithuania (*financial
intermediary*)

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

TO 4 Supporting the shift towards a low-carbon economy in all sectors – Case study Jessica II, Lithuania



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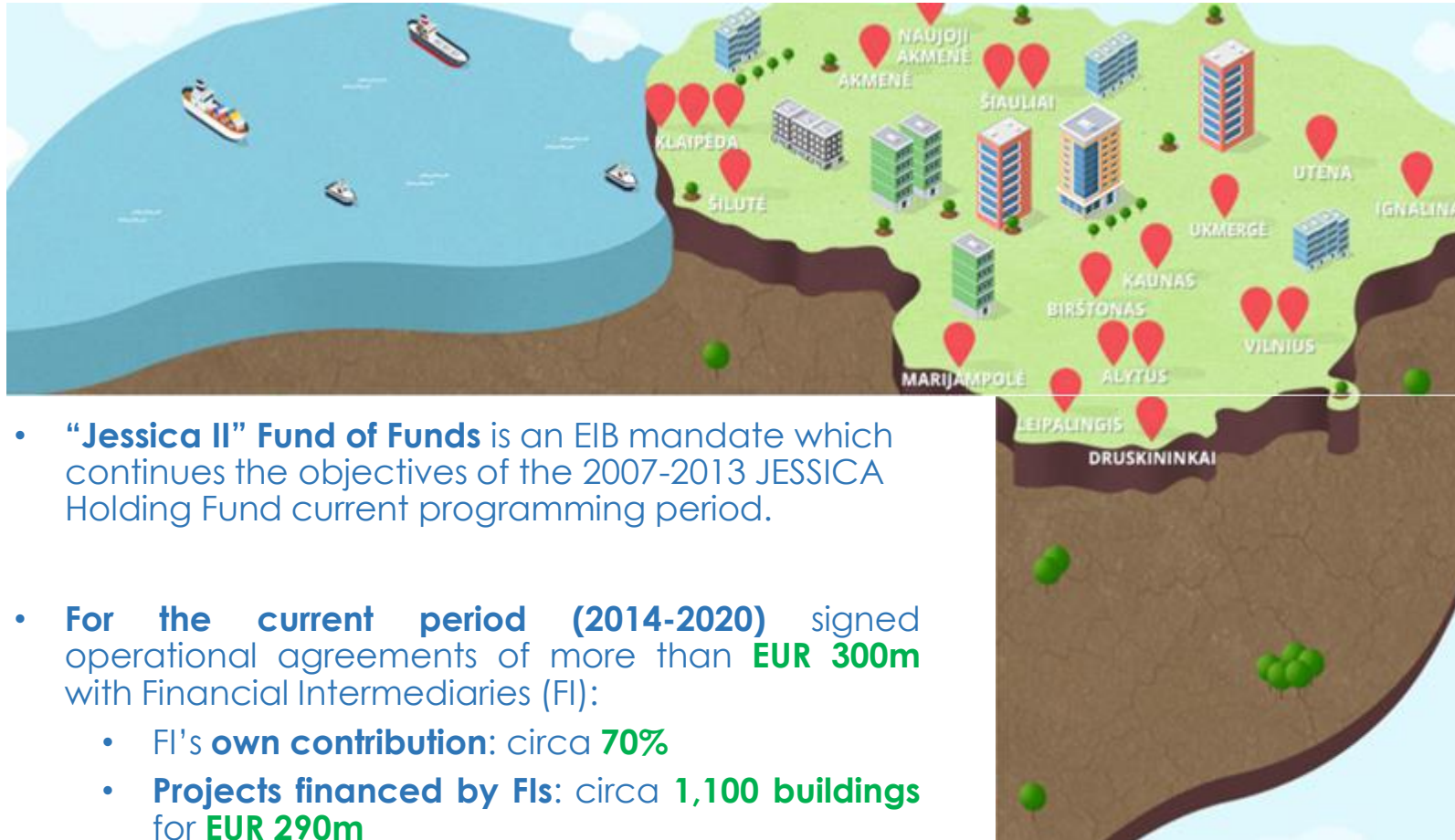
The Case of Jessica II Financial Instruments in Lithuania

Junona Bumelytė, Funds Officer, European Investment Bank and **Mindaugas Rudys**, Director of Department for Development of Financial Services, Šiaulių Bankas, Lithuania

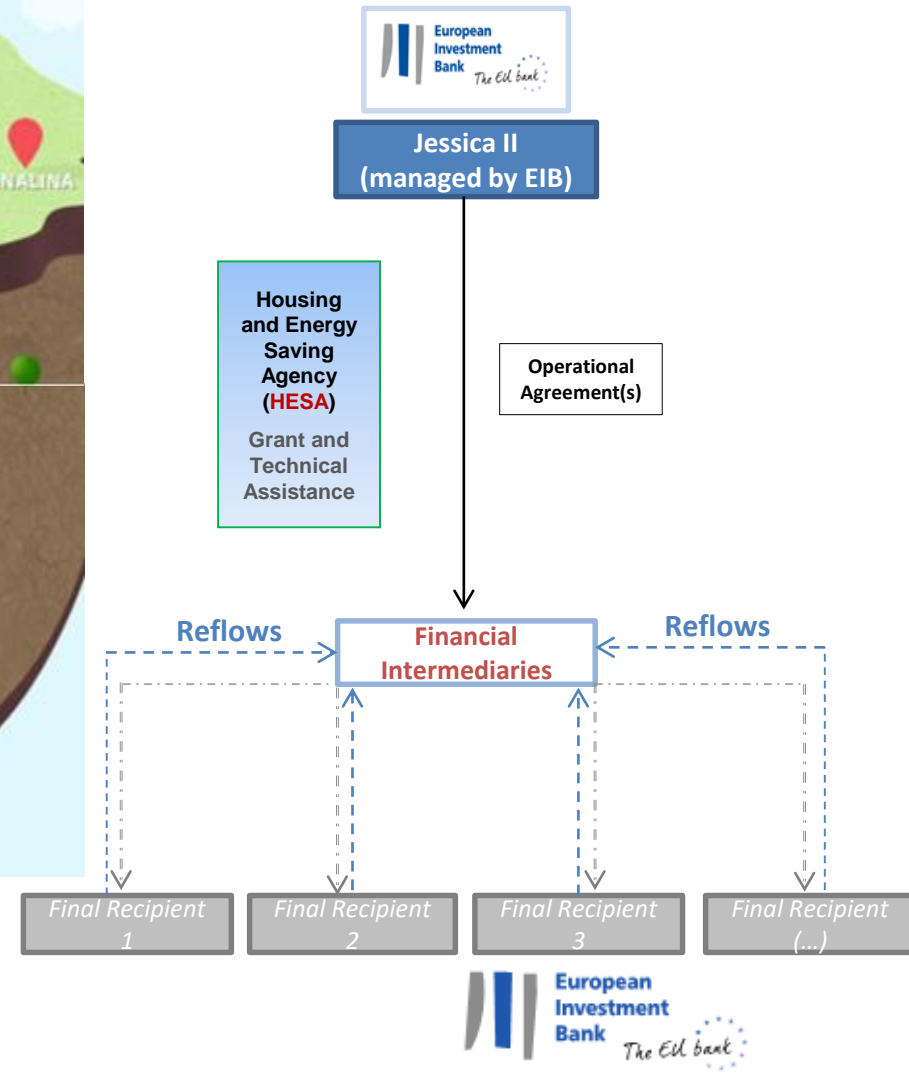
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Financial Instruments in LT



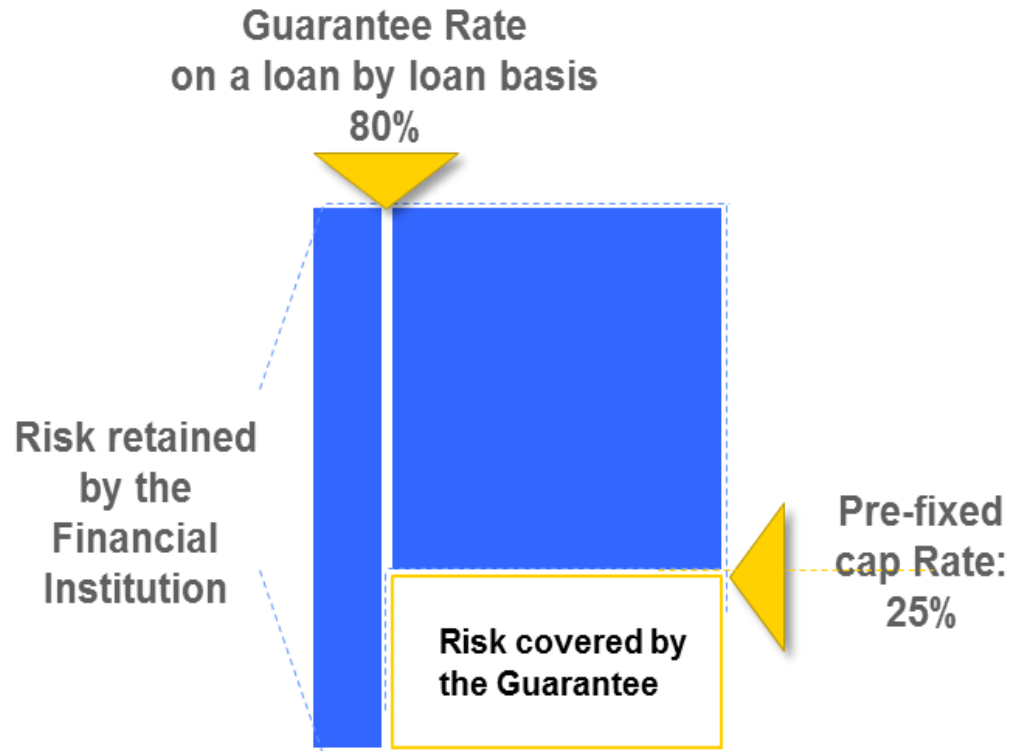
- **“Jessica II” Fund of Funds** is an EIB mandate which continues the objectives of the 2007-2013 JESSICA Holding Fund current programming period.
- For the current period (2014-2020) signed operational agreements of more than **EUR 300m** with Financial Intermediaries (FI):
 - FI's **own contribution**: circa **70%**
 - **Projects financed by FIs**: circa **1,100 buildings** for **EUR 290m**
 - **Disbursement**: circa **80%**



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Next step: Leveraging more private investment

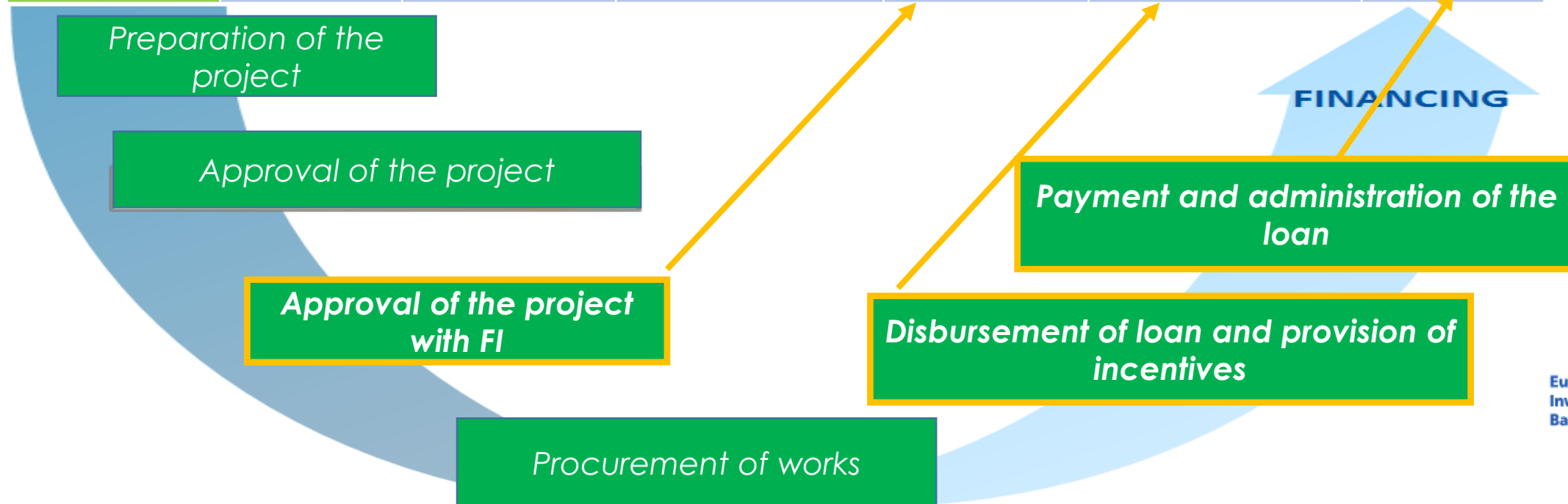


- Major step towards leveraging more private sector investment, to meet the massive investment needs.
- **EUR 100m** (ESIF and reflows) portfolio guarantee is expected to mobilise **EUR 500m** from private banking sector resources.
- Investment gap foreseen of over **EUR 1bn**.
- Negotiations with selected Financial Intermediaries ongoing.
- May attract contribution from EIB (under EFSI), when Omnibus approved, for further leverage.

Implementation cycle: Role of FI



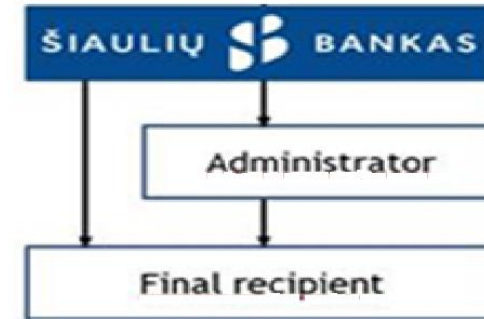
Cycle stage	Preparation of the project	Approval of the project	Approval of project with FI	Procurement of works	Disbursement of the loan and provision of incentives	Payment and administration of the loan
Steps	<ul style="list-style-type: none"> Initiation Preparation Public discussions 	<ul style="list-style-type: none"> Approval of IP with HESA Approval of IP in a meeting Info about State aid 	<ul style="list-style-type: none"> Presentation of the application to the FI Project evaluation Preliminary approval of FI 	<ul style="list-style-type: none"> Procurement of construction works 	<ul style="list-style-type: none"> Signature of loans agreement with FI Construction works Finish of the project Approval from HESA to get incentives 	<ul style="list-style-type: none"> Payment of the loan and interest



Terms of loans from FIs



- Maximum credit maturity - **20 years**
- Credit currency - Euro
- Fixed credit annual interest rate - **3 % p.a.**
- Grace period for credit repayment - **up to 30 months**
- Initial contribution from final recipient - **not required**
- Credit administration fees – **none**
- Collateral/mortgage requirements – **none**



- Consent of the owners must be endorsed by **50% + 1 vote**.
- Bank applies a requirement to receive consent of **not less than 55%**
- The number of flat owners that are past due with their obligations exceeding **EUR 170** for more than **60 days** to at least one company rendering utility services or to the manager of the premises should be **less than 10%** of all the apartment/premises' owners.

Disbursement of loan and provision of grant component



- Following procurement of works, the building Administrator signs a **loan agreement** with FI
- One loan agreement is signed for **one multi-apartment building**
- FI **opens an account** in the name of the building Administrator (on behalf of or for the need of multiple apartment owners)
- **Disbursement** of the loan follows monthly invoices for construction works
- To properly finalise the constructions works, the **Delivery and Acceptance act** is being signed by different responsible institutions
- HESA approves **finalisation of the construction works** (following approved EE certificates) and informs FI
- HESA **disburses state support** (grant) to the FI
- FI **recalculates the monthly instalment** depending on the amount of the grant and informs the building Administrator about the reduced monthly payment



Payment and administration of the loan



- **Payment of the loan and interest** – once a month
- Building administrator **responsible for collecting monies from apartment owners and making repayments on the loan from the FI**
- The apartment owner **can prepay (its portion of) the loan at any time** (with no prepayment fee)
- **Recovery procedures** are being performed by the building administrator and then by a third party, if necessary, at a later stage



State aid: *de minimis* aid



Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid:

“The total amount of de minimis aid granted per Member State to a single undertaking shall not exceed EUR 200,000 over any period of three fiscal years.”



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Final Beneficiaries and registration of aid



Who are the Final Beneficiaries?

- Final beneficiaries may be:
 - Home owner, i.e. **natural person**;
 - Home owner, i.e. **natural person undertaking economic activity** in its apartment(s) at the time a preferential loan is granted;
 - **Legal entity** (hair dress salon, dentist office, etc.).

Which institution registers *de minimis* aid?

- It was agreed with the Ministry of Environment (responsible Ministry) to assign **HESA** functions of the provider of *de minimis* aid set forth in the Regulations of the Register of State Aid Awarded approved under the national legislation.



Key steps and role of FI



The owners of apartments and other premises in a multi-apartment building inform the building administrator of any economic activity



The building administrator then applies to HESA requesting to issue a certificate on the scope of possible *de minimis* aid



Upon receipt of the application, HESA calculates and evaluates whether the total amount of *de minimis* aid provided does not exceed the limits established in the Regulations



The building administrator of commonly used premises submits the certificate issued by HESA to the financial intermediary



Following the conclusion or decision on the loan agreement, the financial intermediary notifies HESA



HESA provides details to the Register of State Aid of granted *de minimis* aid







Question & Answer session



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Coffee break and networking opportunity

Next session starts at 11:30



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Gábor Soós, Legal advisor, EU Financial Instruments Department, MFB Hungarian Development Bank (*fund manager*)

Csaba Zsarnóci, Advisor to the Chairman for EU Affairs, OTP Bank, Hungary (*financial intermediary*)

Facilitator: **Miglena Dobрева**, *fi-compass* team

TO 3 Enhancing the competitiveness of small and medium-sized enterprises (SMEs) – Case study MFB, Hungary



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TO 3 Financial instruments in Hungary

Gábor Soós, Legal advisor, EU Financial
Instruments Department, MFB Hungarian
Development Bank

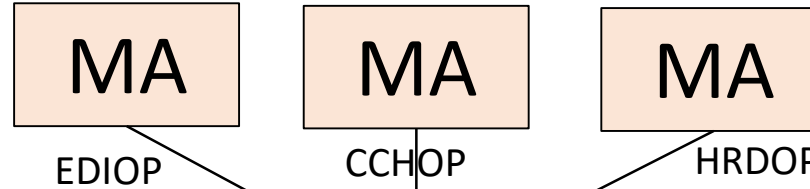
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FI Implementation structure - loans



Central coordination (MIT)



Appointment of FoF manager based on public-public cooperation and Omnibus regulation



Public procurement1

Public procurement2



F I N A L R E C I P I E N T S



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FoF manager/ Financial intermediary tasks



Tasks of MFB:

- Development of financial products
- Cooperation with MA and other public institutions
- Control operations of intermediaries
- Auditing of projects
- Decision on loan applications of over HUF 300m
- Managing repayments by final beneficiaries
- Managing claims in case of default/irregularity
- Payments to financial intermediaries (amounts covering loan requests + management fees)

Tasks of Financial Intermediary (MFB Point):

- Opening of *MFB Points*
- Product sales, dealing with clients, receiving applications
- Decision on loan applications (under HUF 300m)
- Payments to final beneficiaries
- Portfolio management, monitoring
- Managing contract amendments
- Monitoring final recipients and fulfilment of projects

Key documents:

- Funding agreement between MA and MFB
- Intermediary agreement between MFB and intermediaries
- Procedure Handbook
- Operational Manual

+ national legislation:
Government Decree No. 272/2014

➤ **Information sharing between MFB and intermediary is important!**



TO3: Financial products



TO	Loan programs	Combined loan programs	Venture capital programs	
TO3	Loan program for enhancing competitiveness of SMEs (EDIOP, CCHOP)	<p>Combined loan program for supporting capacity expansion of SMEs (EDIOP)</p> <p>Combined loan program for supporting medium-sized food companies (EDIOP)</p>	Irinyi venture capital program (EDIOP)	National Fund (EDIOP)

LOANS		GINOP-8.3.1-16 (SUSPENDED)	VEKOP-1.2.3-16 (SUSPENDED)
Budget		MEUR ~212.5	MEUR ~10
Final recipients		SMEs	
Main objectives		Purchase of equipments (including ICT equipments), stocks and real estate as well as construction, improvement, extension	Purchase of equipments (including ICT equipments) in the territory of Pest county
Financing structure	Ratio of private contribution	Minimum 10%	
	Amount of loan	Minimum TEUR ~3 Maximum TEUR ~1,900	Minimum TEUR ~3 Maximum TEUR ~160
Interest rate		0% p.a.	
Term		Maximum 15 years	Maximum 7 years
State aid category		De minimis	

TO3: Financial products



LOANS + GRANT combined		GINOP-1.2.3-8.3.4-16 (SUSPENDED)	GINOP-1.2.6-8.3.4-16
Budget		Grant: MEUR ~117 Loan: MEUR ~234	Grant: MEUR ~156 Loan: MEUR ~156
Final recipients		SMEs	Medium enterprises – Food industry sector
Main objectives		Purchase of new equipments (including ICT equipments), construction of new buildings or improvement, extension of buildings, know-hows and licenses, using renewable energy	
Financing structure	Ratio of private contribution	Minimum 10%	Minimum 25%
	Amount of grant	Minimum TEUR ~15 Maximum TEUR ~150	Minimum TEUR ~156 Maximum TEUR ~2.350
	Amount of loan	Minimum TEUR ~31 Maximum TEUR ~453	Minimum TEUR ~156 Maximum TEUR ~6,250
		The amount of the loan must exceed the amount of the grant	
Ratio of grant	Maximum 30%	Maximum 37%	
Interest rate		2% p.a.	1% p.a.
Term		Maximum 15 years	
State aid category		De minimis	De minimis, GBER (regional aid, renewable energy)

TO3 products: where we stand



Progress of TO3 products

Product	Date of publication	Application period	Date of suspension	Amount available	Amount applied for (% of funds)	Absorption (Amount paid %)
GINOP-8.3.1-16 (loan)	19.05.2016	19.05.2016- 01.10.2018	17.03.2017	HUF 68bn (EUR 212.5m)	205%	85.9%
VEKOP-1.2.3-16 (loan)	13.09.2016	13.09.2016- 30.10.2018	13.11.2017	HUF 3.2bn (EUR 10m)	175%	86.1%
GINOP-1.2.3- 8.3.4-16 (combined)	07.12.2016	15.02.2017- 15.02.2019	31.05.2017	HUF 65.2bn (EUR 203.75m)	154%	9.0%
GINOP-1.2.6- 8.3.4-16 (combined)	07.12.2016	15.02.2017- 15.02.2019	-	HUF 43.5bn (EUR 135.9m)	78%	1.57%



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Implementation of combined products (loans+grants)



Role of financial intermediary (MFB Point):

- **Single point of contact** for potential final beneficiaries
- Provide information on products
- *BUT product applications are made via the online system of EU funded programs*
- Checks „banking aspects” of applications (e.g. financial situation of the company, debt rating, financial viability of project)
- Makes recommendation to MA on loan
- Concludes loan agreement with FR
- Pays loan to FR

Role of Managing Authority:

- Checks formal requirements
- Checks and makes decision on the project’s conformity with the call for applications (e.g. eligible costs)
- Makes final decision on the support to the final beneficiary
- Issues grant certificate or concludes a grant contract with the FR
- Pays grant to FR

Important!

- Grant+loan **can only be provided jointly**, they do not work separately (i.e. positive decision by both MA and financial intermediary is needed)
- Termination of one contract leads to an automatic termination of the other







TO3 Financial instruments in Hungary

Csaba Zsarnóci, Advisor to the Chairman for EU
Affairs, OTP Bank, Hungary



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OTP Bank Plc. - Introduction

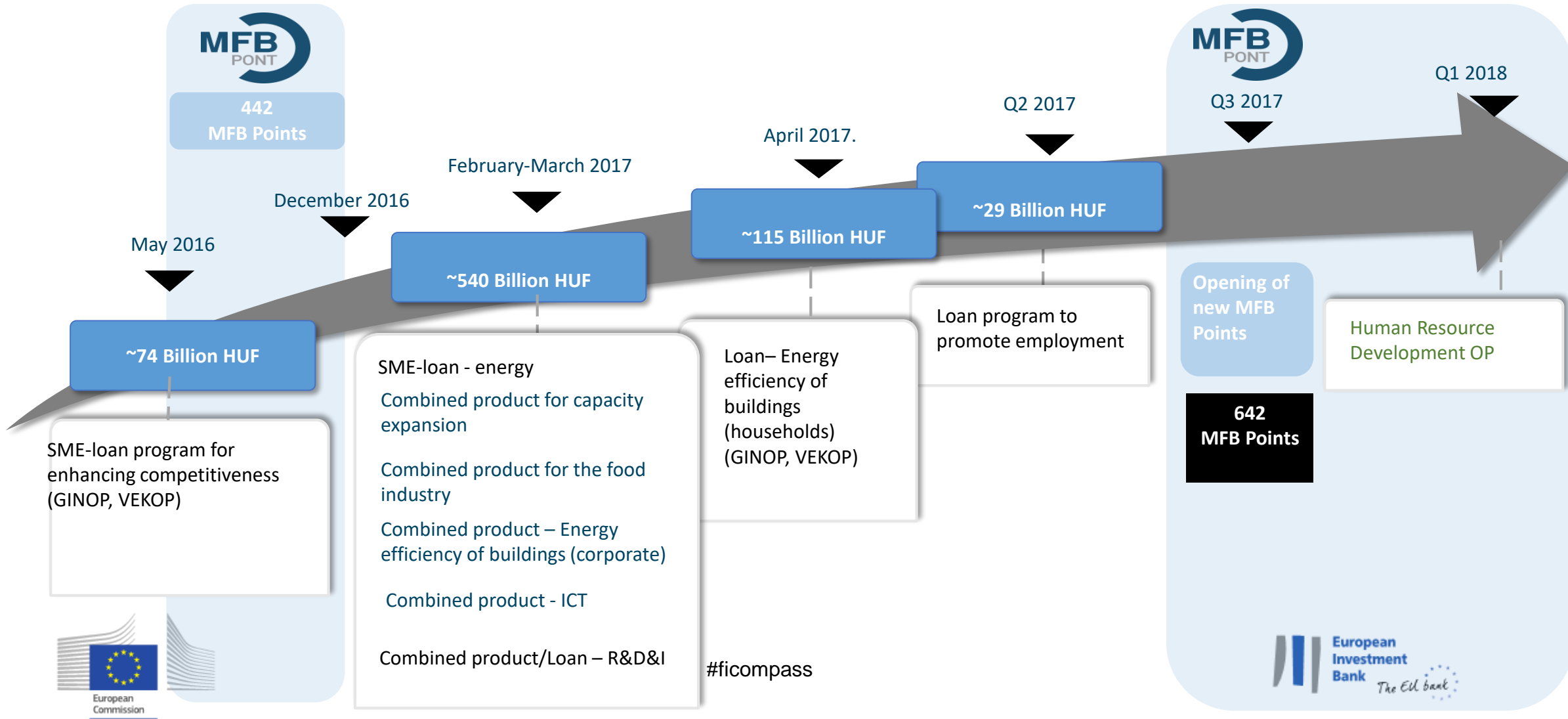


- Established in 1949 as the retail branch of the Hungarian National Bank (one-tier banking system)
- Privatized on the stock exchange in 1995 (dispersed ownership structure)
- International expansion: present in Bulgaria, Ukraine, Serbia, Romania, Russia, Croatia, Slovakia, Montenegro
- 17 million customers served by 1500 branches
- Total assets (end 2017): 13,200 Billion HUF (cca. 41 Billion EUR)
- Net profits (2017): 281 Billion HUF (cca. 880 Million EUR)
- Market share: 15-25 % depending on the market/product in Hungary



FI products

Schedule of loan or combined products



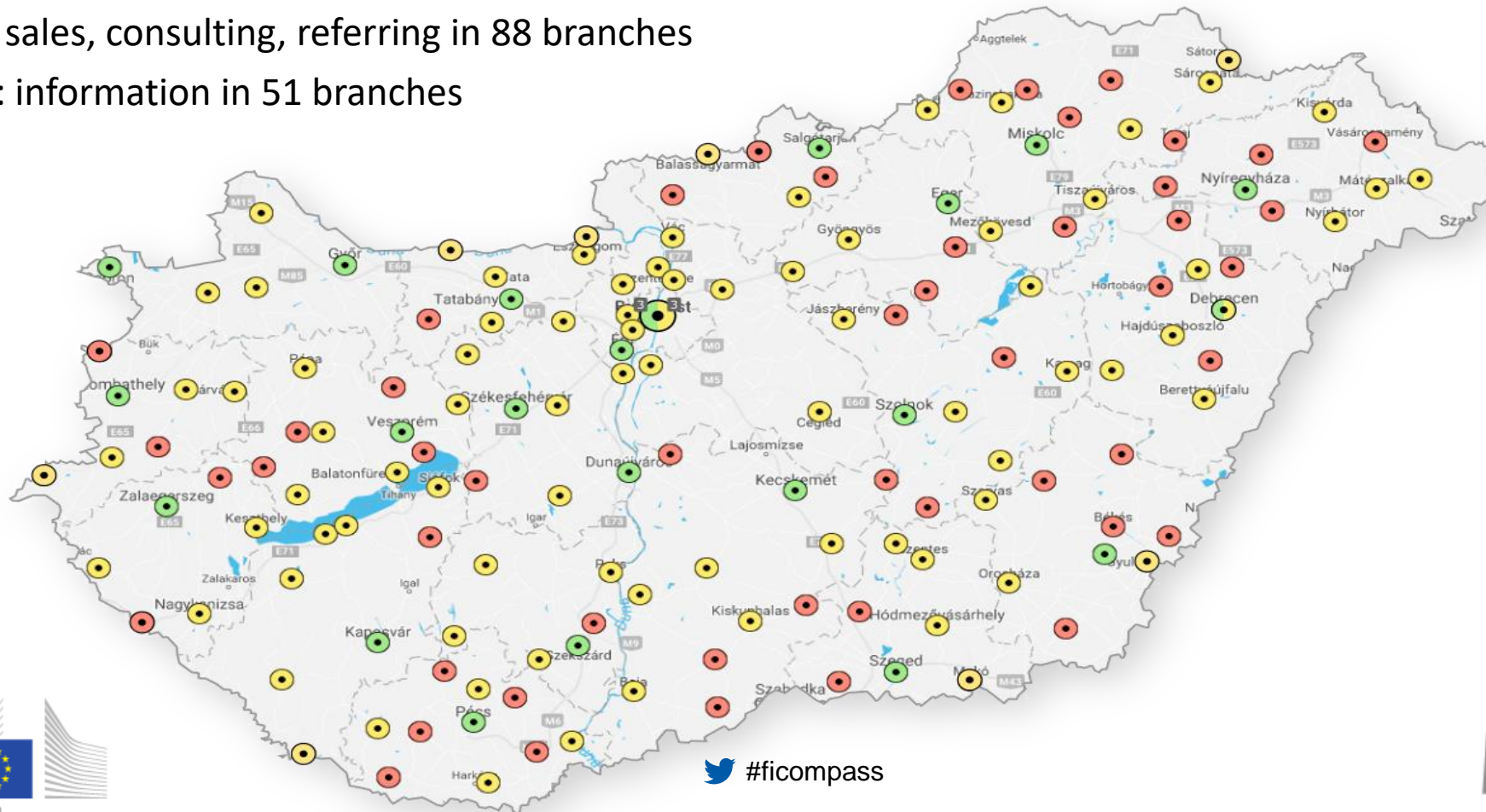
163 OTP MFB Points all around Hungary (altogether 642 sales point)



Cat. I: all services available in 24 branches (both corporate and retail products)

Cat. II: sales, consulting, referring in 88 branches

Cat. III: information in 51 branches



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Question & Answer session



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Presentation of the structure of the parallel discussion sessions



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Room “Jean Rey I+II” - Discussion session A - TO 1 Strengthening research, technological development and innovation

Room “Franco M. Malfatti” - Discussion session B - TO 3 Enhancing the competitiveness of small and medium sized enterprises (SMEs)

Room “Sicco Mansholt” - Discussion session C - TO 4 Supporting the shift towards a low-carbon economy in all sectors

Room “Roy Jenkins I+II” - Discussion session D - Horizontal topics How to foster collaboration between financial intermediaries and managing authorities

**Lunch break
and networking opportunity**

Parallel discussion sessions start at 13:45



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Coffee break and networking opportunity

Next session starts at 15:15



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Josip Grgić, EU Funds and Financial Instruments Specialist,
Croatian Bank for Reconstruction and Development (HBOR), Croatia

Gábor Soós, Legal advisor, EU Financial Instruments Department,
MFB Hungarian Development Bank

Götz von Thadden, Head of Unit, Financial Instruments Baltic Sea
and Northern Europe (BSNE-1), European Investment Bank

Piotr Stołowski, Head of Division Northern & Central Eastern
Europe, Mandate Management – Debt, European Investment Fund

Facilitator: **Cathy Smith**, *fi-compass* expert

IFIs, NPBIs and other financial institutions implementing ESIF loan and guarantee instruments



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ESIF financial instruments in HBOR

Josip Grgić, EU Funds and Financial Instruments Specialist, Croatian Bank for Reconstruction and Development (HBOR), Croatia



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HBOR-s Financial instruments



- ESIF GROWTH AND EXPANSION LOANS
- ESIF LOANS FOR ENERGY EFFICIENCY IN PUBLIC SECTOR BUILDINGS
- INVESTMENT LOANS FOR RURAL DEVELOPMENT
- ESIF LOANS FOR PUBLIC LIGHTING



“ESIF GROWTH AND EXPANSION LOANS”



Implementation roles

MRRFEU
**(Ministry of Regional
Development and EU Funds)**

**Managing Authority for the
„Operational Programme
Competitiveness and Cohesion
2014 – 2020”**

HBOR

**Manages the fund of ESI
resources -110 million EUR
(fund of funds)**

BUSINESS BANKS

Financial intermediaries



“ESIF LOANS FOR ENERGY EFFICIENCY IN PUBLIC SECTOR BUILDINGS”



Implementation roles

MRRFEU
(Ministry of Regional
Development and EU Funds)

Managing Authority for the
„Operational Programme
Competitiveness and Cohesion
2014 – 2020”

MGIPU and FZOEU
(The Ministry of Construction
and Physical Planning and the
Environmental Protection and
Energy Efficiency Fund)

**INTERMEDIARY BODIES LEVEL
1 AND LEVEL 2**

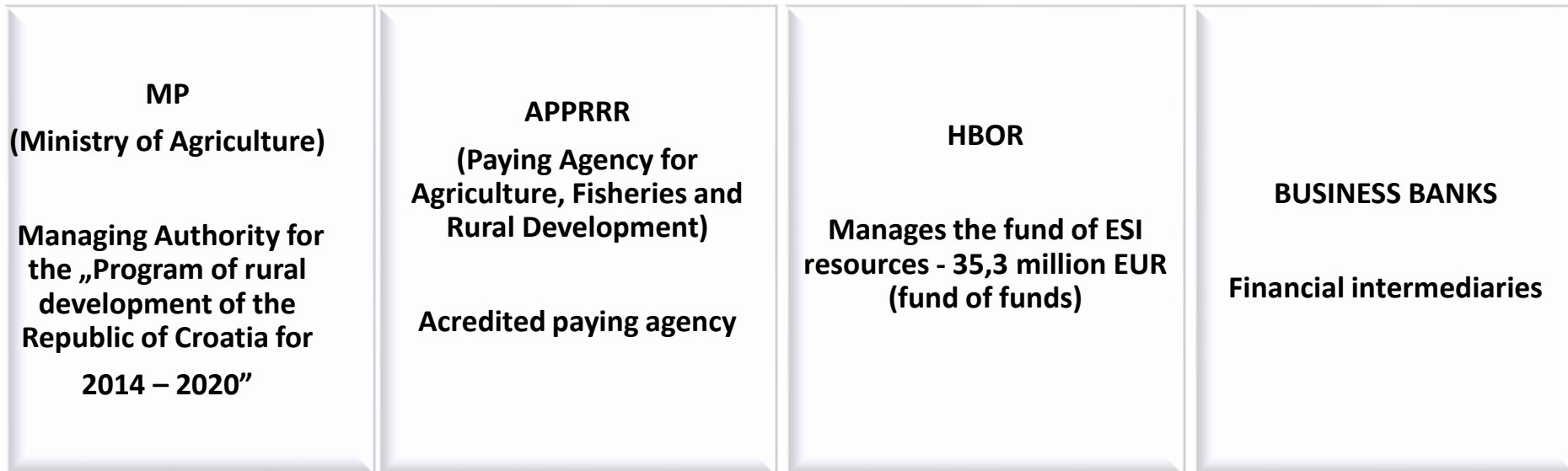
HBOR
The body that implements the
financial instrument (25
million EUR)



“INVESTMENT LOANS FOR RURAL DEVELOPMENT”



Implementation roles



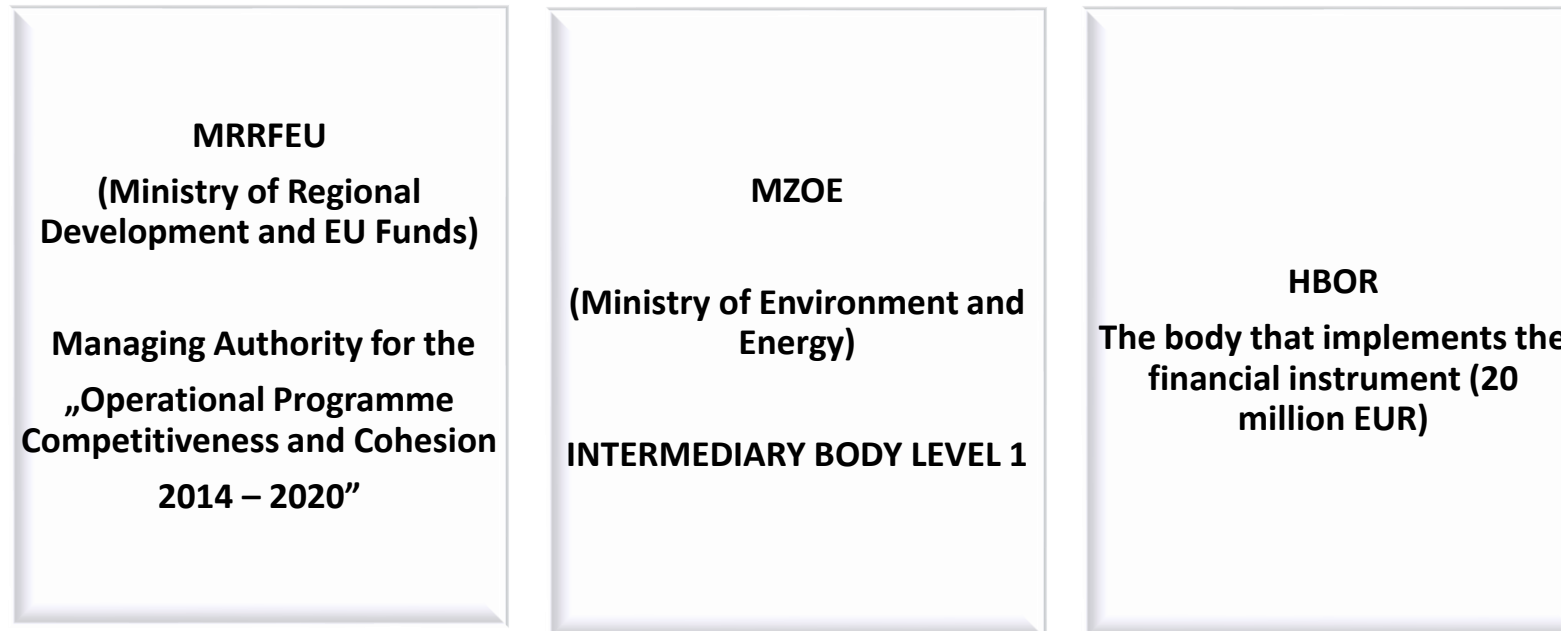
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“SIF LOANS FOR PUBLIC LIGHTING”



Implementation roles



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esif.kreditihbor.hr

Jjrgic1@hbor.hr



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Role of MFB in implementing financial instruments

Gábor Soós, Legal advisor, EU Financial Instruments Department, MFB Hungarian Development Bank



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FIs in the 2014-2020 programming period



MFB

Financial Instruments



~EUR 3.2 billion*

Loan ~EUR 1 billion

Combined loan** ~EUR 1.6 billion*

Venture capital ~EUR 0.6 billion

+Human Resources Development Operational Programme (HRDOP):
EUR 3.7m

Competitive Central Hungary Operational Programme (CCHOP)

52



FI budget (EUR million)

Economic Development and Innovation Operational Programme (EDIOP)

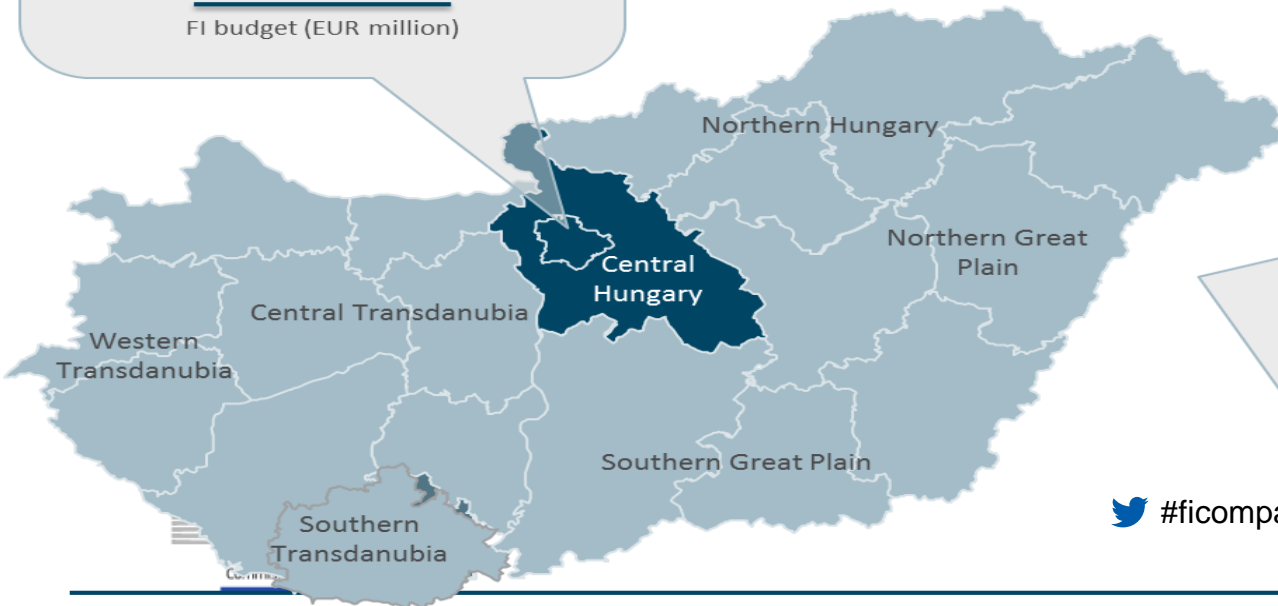
2235



FI budget (EUR million)

* Non-refundable part of the combined products are managed by the Ministry of National Economy in cooperation with MFB. The total sum allocated to financial instruments is up to ~EUR 2.3 billion

** Loan combined with grant



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2014-20
2,352 m EUR



2007-13
727 m EUR

MFB has a key role in distribution of EU funds in the 2014-2020 programming period



Structural Funds for Hungary



~EUR 29 billion

Economic Development and Innovation + Competitiveness (EDIOP+CCHOP)



~EUR 10 billion



Financial Instruments



~EUR 3.4 billion*

Loan  ~EUR 0.9 billion

Combined loan**  ~EUR 1.9 billion*

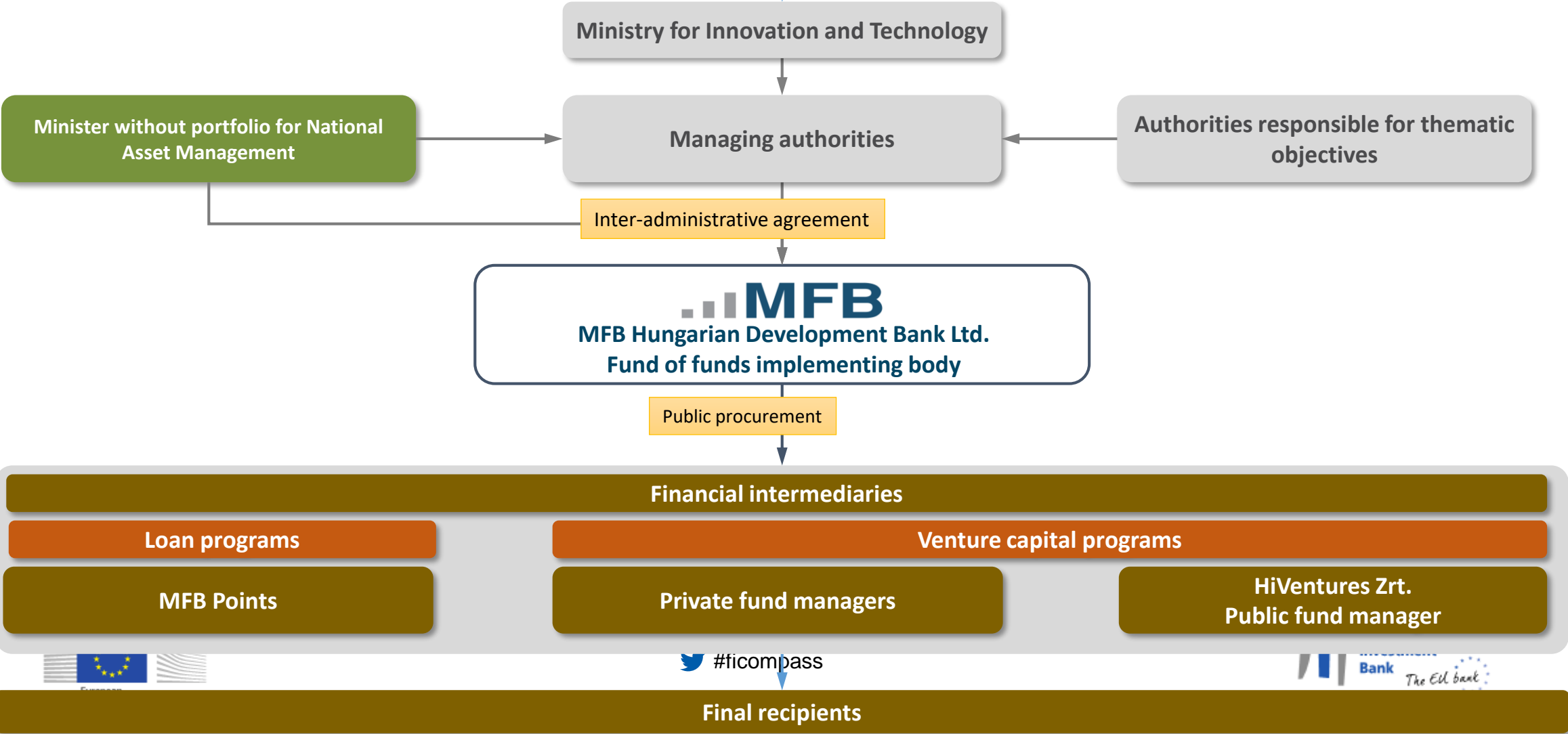
Venture capital  ~EUR 0.6 billion

50%+
OF TOTAL ALLOCATION
COVERED BY REQUESTS



- * Non-refundable part of combined products are managed by the Ministry of National Economy in cooperation with MFB. The total sum allocated to financial instruments is up to EUR ~2.3 billion
- **Loan and non-refundable subsidy in one product

Implementation of financial instruments in the 2014-2020 programming period



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Financial Instruments 2014-2020



TO	Loan programs	Combined loan programs	Venture capital programs	
TO1	Loan program for supporting RDI activities of enterprises (EDIOP)	Combined loan program for supporting RDI activities of enterprises (EDIOP)	National technological and intellectual property venture capital program (EDIOP) Smart specialisation venture capital program (EDIOP, CCHOP)	National Fund (EDIOP)
TO2	Digital welfare loan programme (EDIOP)	Loan program for the development of NGA and area networks (linked to grant; EDIOP) Combined loan programs for supporting ICT development (4 programs; EDIOP)	Specialized seed and pre-seed investment fund for start-up ICT companies venture capital program (EDIOP) Digitalisation Fund (EDIOP) Digital welfare capital program (EDIOP)	
TO3	Loan program for enhancing competitiveness of SMEs (EDIOP, CCHOP)	Combined loan program for supporting capacity expansion of SMEs (EDIOP) Combined loan program for supporting medium-sized food companies (EDIOP)	Irinvi venture capital program (EDIOP)	
TO4	Energy loan program for SMEs (EDIOP) Loan program for improving energy efficiency in the housing sector (EDIOP, CCHOP)	Combined loan program for improving energy efficiency of SMEs' buildings with the use of renewable energy (EDIOP, CCHOP)		-
TO8	Loan program for promoting of employment (EDIOP)	-		-
TO9	HRDOP financial instrument loan programme	-		-

Contribution of MFB to the implementation process



- Expertise in banking + implementing EU funds

Main tasks include:

- ✓ Day to day contact with MAs and central coordination (MIT)
- ✓ Product development, amendments
- ✓ Setting up processes (cooperation with intermediaries)
- ✓ Selection of financial intermediaries
- ✓ Control of activities of intermediaries – regular contacts, clarifying issues related to the implementation of programs
- ✓ Take active part in financial management of loan programs (receiving amounts repaid, managing claims for loans etc.)





Implementing ESIF loan and guarantee instruments

Götz von Thadden, Head of Unit, Financial Instruments Baltic Sea and Northern Europe (BSNE-1), European Investment Bank



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Financial Instruments for Lithuania



JESSICA Holding Fund (2007-2013) – EUR 264m

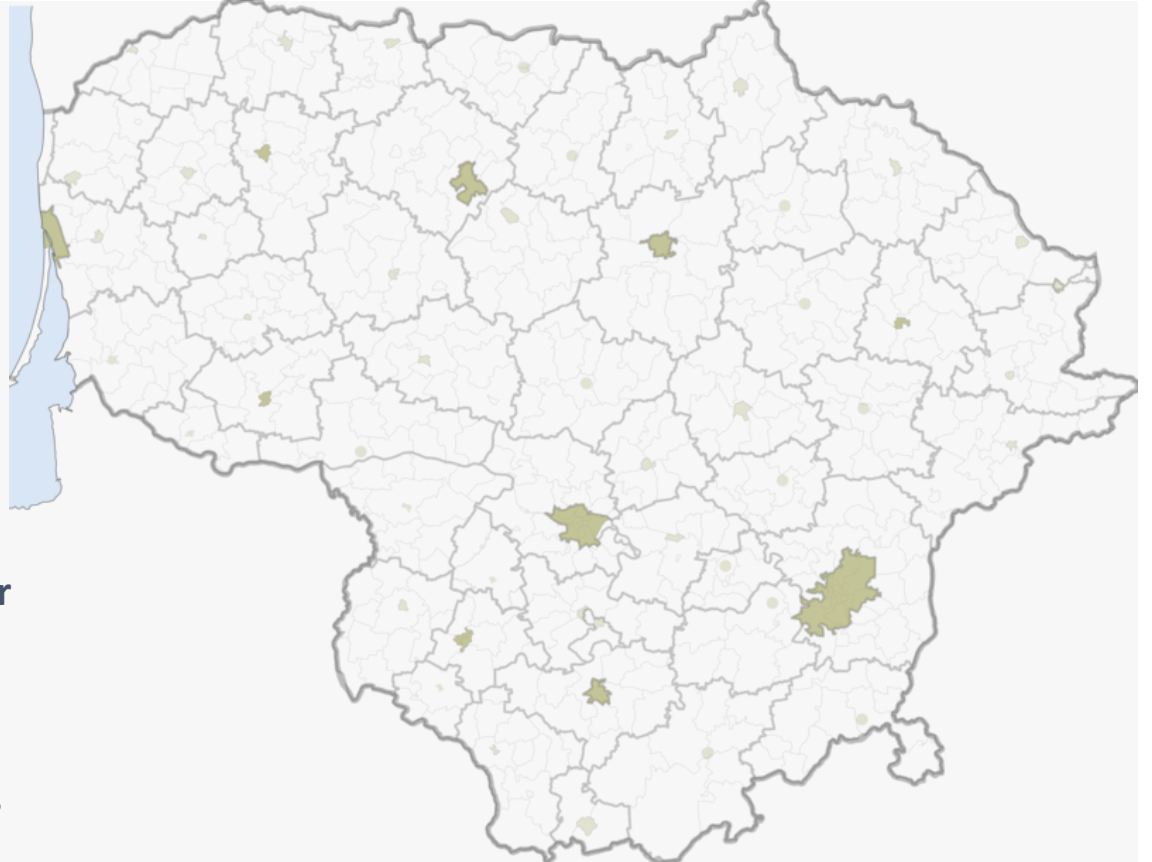
- Banks' own contribution – 30%
- Disbursements – 100%
- Multi-apartment buildings renovated – 1,050

Jessica II Fund of Funds (2014-2020) – EUR 318m

- Banks' own contribution – 57%
- Disbursements – 70%
- Multi-apartment buildings renovated – 1,015

Leveraged Fund (2014-2020) – EUR 500m

- EUR 100m guarantee instrument
- Expected multi-apartment buildings to be renovated – **over 1,500**
- Potential EFSI contribution
- Negotiations FIs under the Leveraged Fund ongoing.
- Guarantee Agreements expected to be signed in **July 2018**.



More than **EUR 1bn** loan agreements will be signed in total to support energy efficiency works in around **100,000** apartments in more than **3,500** multi-apartment blocks.



Financial Instruments for Poland 2007-2013

Urban Revitalization Projects

Pomerania – EUR 58.8m

- BOŚ (27%)
- BGK (73%)

Silesia – EUR 60.4m

- BOŚ

Westpomerania – EUR 32.5m

- BZ WBK (58%)
- BOŚ (42%)

Wielkopolska – EUR 78m

- BGK

Mazovia – EUR 45m

- BGK

- 5 Holding Funds in 5 regions
- 7 Urban Development Funds
- Full disbursement of available funds to Urban Projects **by the end of April 2016**
- Signed **166 Investment Agreements** amounting to **EUR 275m** (4 IAs under the revolving mechanism)

5 HF for the total amount of EUR 275m



Financial Instruments for Poland 2014-2020

Pomerania – EUR 64m

- Renewable Energy (23%)
- Energy Efficiency in residential buildings (49%)
- Urban revitalization (28%)

Kujawsko-Pomorskie – EUR 60m

- Renewable Energy (11%)
- Energy Efficiency in residential buildings (64%)
- Energy Efficiency in SMEs (25%)

Mazovia – EUR 46m

- Energy Efficiency in residential buildings (46%)
- Urban revitalization (54%)

Silesia (joint mandate with EIF) – EUR 178m

- Energy Efficiency in SMEs (19%)
- Urban revitalization (27%)
- Social economy (3%)
- SMEs (51%)

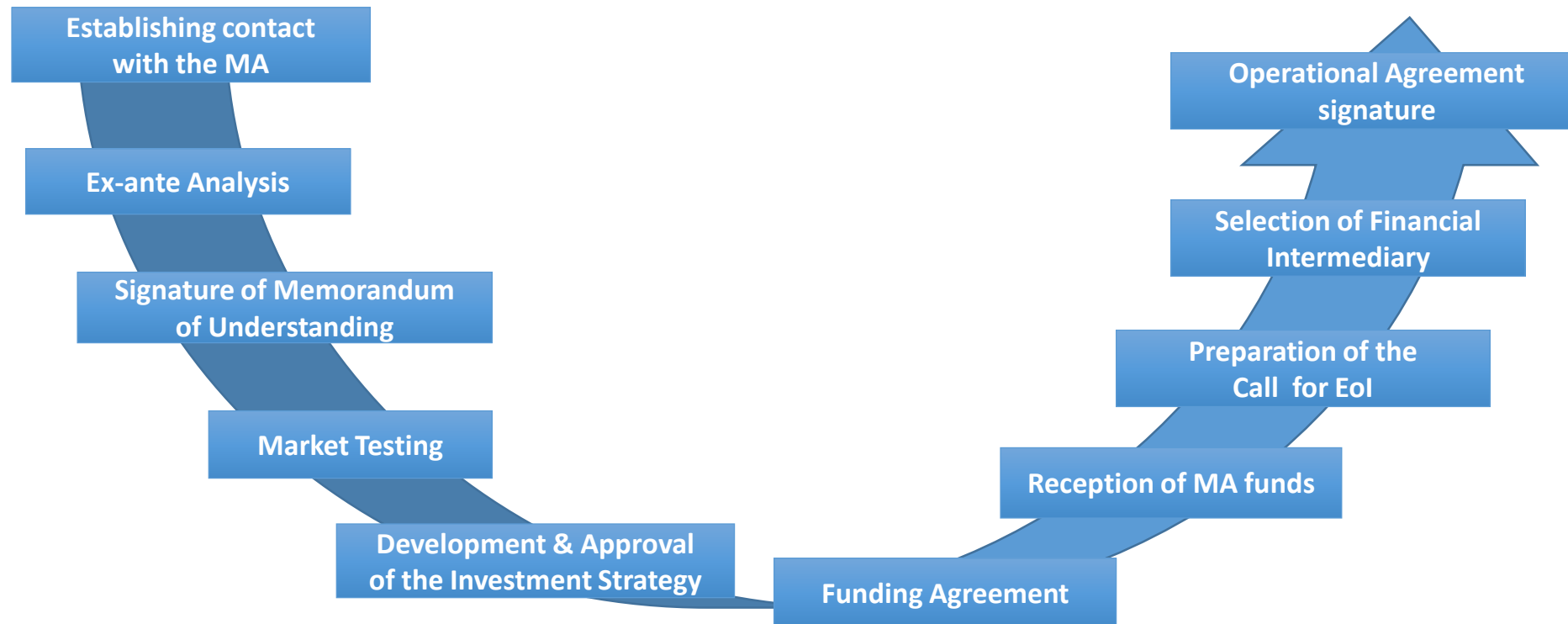
4 FoFs for the total amount of EUR 348m



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Fund of Funds origination and structuring phase



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financial instruments revolving capacity building
 added value **ERDF** funding agreement ESF EU guidance
 governance ex-ante assessment
 technical seminars leverage financial microfinance
 support co-financing intermediaries case studies
 investments **ESIF** fi-compass final recipients
 business plan **Thank you** thematic objectives
 advisory services guarantees loans **CF** equity
 EAFRD private investors banks life cycle combination of support
 conferences factsheets
 fund of funds **EMFF** investment strategy
 managing authorities manuals



Implementation of ESIF financial instruments by EIF

Piotr Stołowski, Head of Division Northern & Central Eastern Europe, Mandate Management – Debt, European Investment Fund



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EIF managed FoFs on behalf of Member States or Regions including both national and EU budget funding



Fund-of-Funds under regional mandates

JEREMIE (ERDF 2007-2013)

Bulgaria, Calabria, Campania, Cyprus, Sicily, Extremadura, Greece, Languedoc-Roussillon, Latvia, Lithuania, Malta, PACA, Romania

ERDF 2014-2020

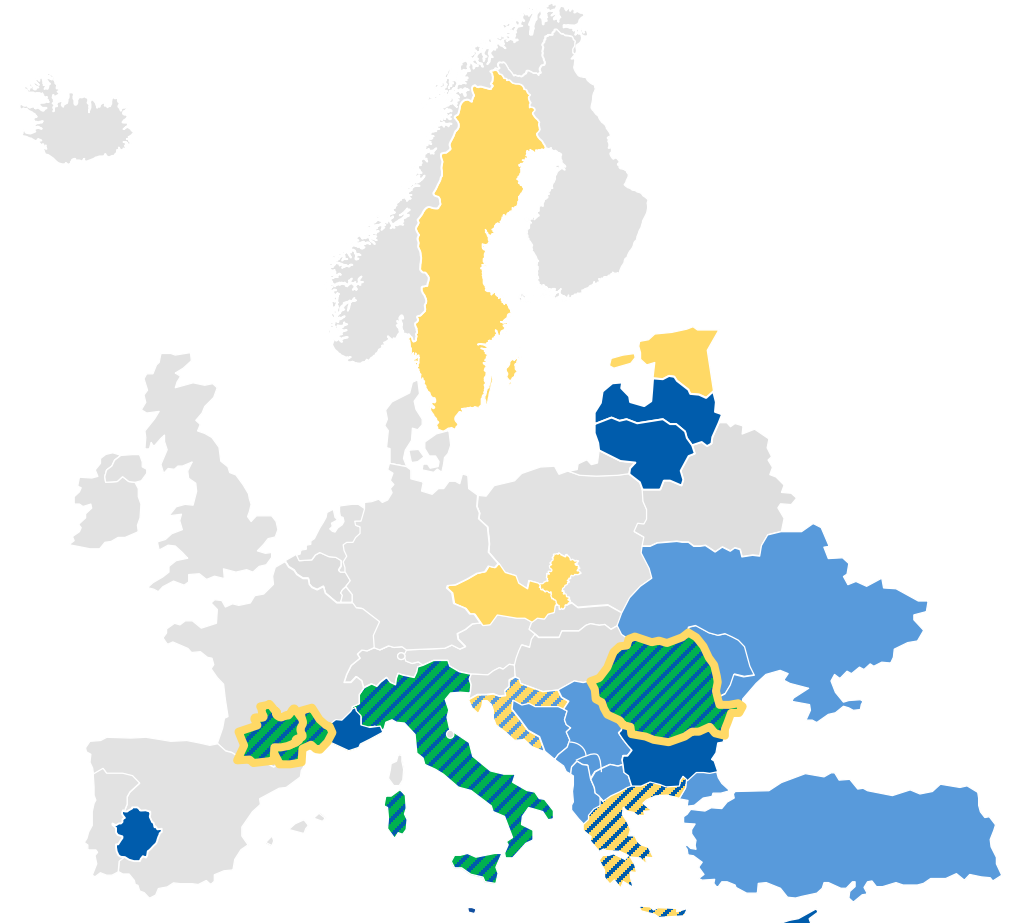
Croatia, Czech Republic, Estonia, Greece, Languedoc-Roussillon, Midi-Pyrenees, Romania, Silesia, Sweden

EAFRD 2014-2020

Languedoc-Roussillon, Midi-Pyrenees, Multi Regional Platform Italy, Romania

Mandates outside EU

DCFTA (Georgia, Moldova, Ukraine), GAGF (Turkey), Western Balkans



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Benefits to Member States' markets from guarantee instruments



❖ Reduce interest rates and collateral requirements, prolong maturities, make riskier and younger enterprises bankable

Credit spreads for SME loans differ substantially across many EU Member States. Fragmentation of funding rates undermines economic growth and job creation. Furthermore, credit to SMEs in vulnerable countries is hampered by investors' concerns as well as the credit risk linked to the sovereign ratings. EIF plays an important role in structuring each deal, providing significant value added to local financial intermediaries in terms of credit assessment, pricing and capital relief;

❖ **Overcome market fragmentation**

Lending to SMEs has been persistently extremely tight in many parts of Europe. Lending volumes keep declining due regulatory adjustments and deleveraging. By pooling structural funds in a pan-European initiative EIB and EIF seek to address this gap and foster the Single Market;

❖ **Provide capital relief to financial intermediaries**

Capital constraints remain a hurdle for banks to lend and invest in SMEs. As EIF feedback from markets shows, in many cases capital constrain is a more important factor than liquidity behind banks' reluctance to extend credit to SMEs;

❖ **Multiplier effects**

Guarantee instruments are designed with a view to scale up available resources and ensure swift and critical market impact. The EIF unique expertise and strong commitment to support small businesses acts as a catalyst helping achieve greater leverage and more liquid markets across Europe.



SME Initiative: Implementation overview



SPAIN

- ESIF: **EUR 800m** (from 16 region)
- Option 1
- **H2020**: EUR 14.3m
- **12** transactions signed
- Disbursed SME loans at Q1 2018: **EUR 4.12bn** (49,962 loans)

ITALY

- ESIF: **EUR 102.5m** plus **EUR 100m** of national contribution
- Option 2
- **COSME**: EUR 4m
- Target: ca. **EUR 1.3bn of new debt finance** in southern regions
- Agreement signed with 5 banks in December 2017

BULGARIA

- ESIF: **EUR 102m**
- Option 1
- **H2020**: EUR 1.8m
- **10** transactions signed
- Target: **EUR 608m of new debt finance**
- Disbursed SME loans at Q1 2018: **EUR 246.43m** (2,376 loans)

ROMANIA

- ESIF: **EUR 100m**
- Option 1
- **H2020**: EUR 2m
- **14** transactions signed with 8 banks
- Target: ca. **EUR 544m of new debt finance**
- Disbursed SME loans at Q1 2018: **EUR 163.49m** (751 loans)

MALTA

- ESIF: **EUR 15m**, Option 1
- **H2020**: EUR 229k
- 2 transactions signed
- Disbursed SME loans as at Q1 2018: **EUR 38.49m** (575 loans)

FINLAND

- ESIF+national: **EUR 40m**
- Option 1
- **H2020**: EUR 840k
- Available budget oversubscribed; **5** transactions signed
- Target: ca. **EUR 400m of new debt finance**
- Disbursed SME loans at Q1 2018: **273.28m** (498 loans)



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Lessons learnt for post 2020



❖ Post 2020 legislation

Need for improvement and simplification, i.e. consolidation of the regulatory framework with the purpose to have a « Single rule book »

❖ Blending of ESIF, national, regional and NPI/IFI resources:

New approach to facilitate the possibility to combine resources and to enable EU Regions to leverage on EU level instruments

❖ Focus on specific market segments

Design and implement industry and regional focused financial instruments tailored to address market specific needs, e.g. agriculture, innovation and technology transfer, export financing

❖ Doing more with less

By carefully crafting and blending public and private resources guarantee financial instrument can achieve substantial leverage and market impact, e.g. SME Initiative Finland achieved a 10x leverage of the Member State contribution



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Question & Answer session



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Question & Answer session



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Closing remarks

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



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Final networking opportunity

At «Europe» open space



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