



# Closing remarks

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 #ficompass



# Financial instruments

- ✓ co-funded by the European Structural Investment Funds (ESIF)
- ✓ a sustainable and efficient way to invest in growth and development
- ✓ can support a broad range of development objectives for the benefit of a wide range of final recipients (FRs)

## Revolving effect

Additional flows of money - generated through repayments that can be reused for further investments

## Leverage effect

Capacity to attract additional public and private resources. It is “the sum of ESIF funding and additional public and private resources raised divided by the nominal amount of the ESI Funds contribution”

**State aid:** FIs must be implemented in accordance with State aid rules

# Timing

- Establishment of a financial instrument – from the ex-ante assessment to the selection of the financial intermediary – requires time
- Market conditions can change fast
- Milestones: 1) inclusion in the OP of the relevant provisions for FIs / ex-ante assessment; 2) decision on how to manage the FI (art. 38.4 CPR); 3) selection of the FoF / F.Int.; 4) detailed elaboration of the investment strategy / funding agreement

# Communication and Middle-Office

- **Involvement** of the different **stakeholders** is key. Starting with the ex-ante assessment and during the implementation, an **open dialog** with the potential **final recipients** through their associations and with the banking/financial actors is important to take the right decisions on the financial instruments;
- Communication to the final recipients is important for the uptake;
- Deploying a financial instrument requires specific knowledge on ESIF rules (both for the Managing Authorities and the Financial Intermediaries):
  - Treasury / Cash-flow,
  - Monitoring / Reporting / Audit.

# Key success factors

- Should be **market driven**:  
Importance of ex-ante assessment and of market tests.
- Keep It Simple and Smart (**KISS**): right balance between policy objectives and real market absorption capacity.
- **Alignment of interests**:  
Managing Authority, (FoF), Financial Intermediary, Final Recipient.
- Constructive **collaboration** vs “not my problem” attitude,
- Compliance with the CPR and the relevant OP
- Appropriate **governance** structure,
- Get a “good” **fund manager**,
- Flexible **investment strategy**,
- Financial intermediaries **as the champions** of the instrument,
- **Technical assistance** to prepare projects.



financial instruments  
 revolving capacity building  
 added value **ERDF** funding agreement  
 governance **ESF** EU guidance  
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 investments **fi-compass** final recipients  
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 private investors life cycle combination of support  
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 managing authorities manuals