



Closing remarks

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Closing remarks for the webinar “Can FI help promoting rural infrastructure?”

Dear Bruno, ladies and gentlemen, Dear speakers,

I would like to thank all of you for being with us today and for sharing your experience and knowledge on a subject, which is extremely important for the future of our rural areas.

I would like to thank the interpreters for their extensive work today.

This is the third webinar we organise together with the EIB and fi-compass on rural infrastructure and its financing in the last years.

Within this period of time we tried to advance with a specific study by the EIB covering 5 Member States and focusing on waste, water and sewage, energy efficiency and renewables. Areas for investments we considered of interest for rural municipalities, and where profits or significant cost savings could be realised, thus making them suitable for financial instruments. The message coming from the preliminary findings of that study is that there is a scope for using financial instruments, but in a flexible way that allows the coverage of additional local needs. This, of course, raises further points for consideration such as the need for having (or not having) strictly specialised financial products versus more generic ones, but still offering advantages; the scale of the investments; its territorial coverage; the possibilities for municipalities to finance such types of projects directly or via normal bank loans, etc.

Then comes the potential design of a product with embedded benefits for the final recipients, no matter if these are municipalities, public-private partnerships, or other types of consortiums and organisations.

A lot of insights could be taken from the interventions we had today and I will try to summarize the main points that I took for myself:

- first and most importantly, I would like to congratulate the managing authority of Aragon region for stepping forward with their idea and intentions to set up a financial instrument for irrigation of agricultural. What deserves attention is not just the focus of the instrument, but the fact that it is to be created for a field of investment that has always been supported by banks, but where a lack of niche financing for projects of specific duration has been found. Time will tell if this idea will materialise, but we undoubtedly support it. I am also pleased to say that earlier we had 2 targeted coaching sessions with the managing authority during which we discussed this option and explored the possibilities for its setting up. Another example of how efficient our technical support could be.

- Today, it was also strongly emphasized that defining the real needs of local territories is a necessary step before undertaking any further specific action. It is important to know what small towns and villages need, why and when. It is equally important for us that these main needs are introduced into the LEADER strategies and the local or regional development plans, in which way they may become visible, executable and at the same time eligible for financing from EU programmes, including the CAP.

We also saw that there are various ways for achieving success. Using only financial instruments is not a solution, but not having financial instruments as part of the toolbox does not create an advantage either.

The resolution, probably, lies somewhere ‘between’ these aspects – in other words, in the option for having together financial instruments, EU and national grants, private investors’ funding, combined in a locally focused interventions, which follow certain rules and priorities. And while local strategies do exist, it is more important to know and understand how these could be financed and which financing may give advantages to the investor, including municipalities.

We also understood that legal and financial aspects may prevent municipalities from being active in lending resources from banks. That's another reason for managing authorities to search for alternative financial solutions, especially when public resources (including those from EU policies) made available for infrastructure are becoming less and less with every new period.

We cannot also ignore the fact that investments are becoming also more expensive with the ongoing increase of many input prices and prices of building materials.

We shall not forget also the green and digital transitions, and the necessity of any new infrastructure to fit with these concepts. In other words, we have to protect the environment and we have to support projects providing for greener, less or non-polluting and at the same time, technologically advanced outcomes. And while the pandemic underlined the strong need of having a solid digital basis on which the new way of working and living can be based, it somehow prevented municipalities from being active on the green transition' objectives. I do believe that this divergence will be soon eliminated.

The importance of different infrastructures for the different municipalities and local actors is obviously a reality. Like Michael Pielke said in its opening statement – there are models of villages and rural areas that can be taken as examples. What needs to be replicated is the efficiency in having certain infrastructures, the way in which they are integrated into the local territory and the way in which they serve a community. We also have to take into account the successful ways of financing and see how best financial instruments could be incorporated into it (if not already there). This is one possible way of working in the near future.

Finally, I would like to confirm that with fi-compass we will continue working on this field. In this context, I am grateful to the participants for the information they are willing to

provide to us about their local projects as well as to the speakers for being so openly discussing their cases and sharing their experience with all of us.

We need to reflect on today's discussion, the EIB study and certain examples of local co-operation, which to allow us to build a further case for technical support. In the meantime, I can reaffirm our managing authorities that we will continue providing assistance to them in the context of setting up financial instrument, including for infrastructure, and that we stand ready to discuss with them all possibilities offered by the EU legislation. With this I wish you a very nice festive period, Merry Christmas and I hope to see you again with us next year. A very nice day ahead and stay safe!