



Preparations & Continuation of EAFRD FIs

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Main points for discussion

❑ What and How to prepare?

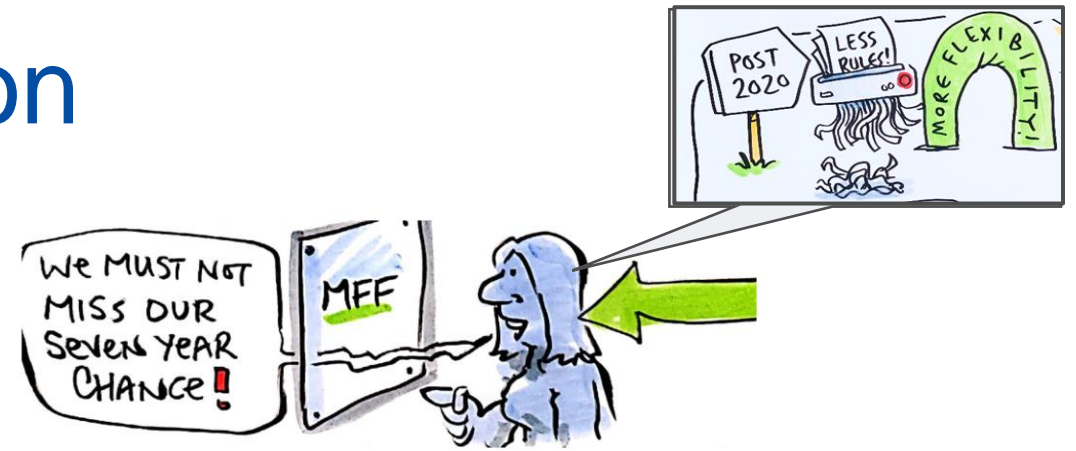
- And what does the EU law say?

❑ Can technical support be used?

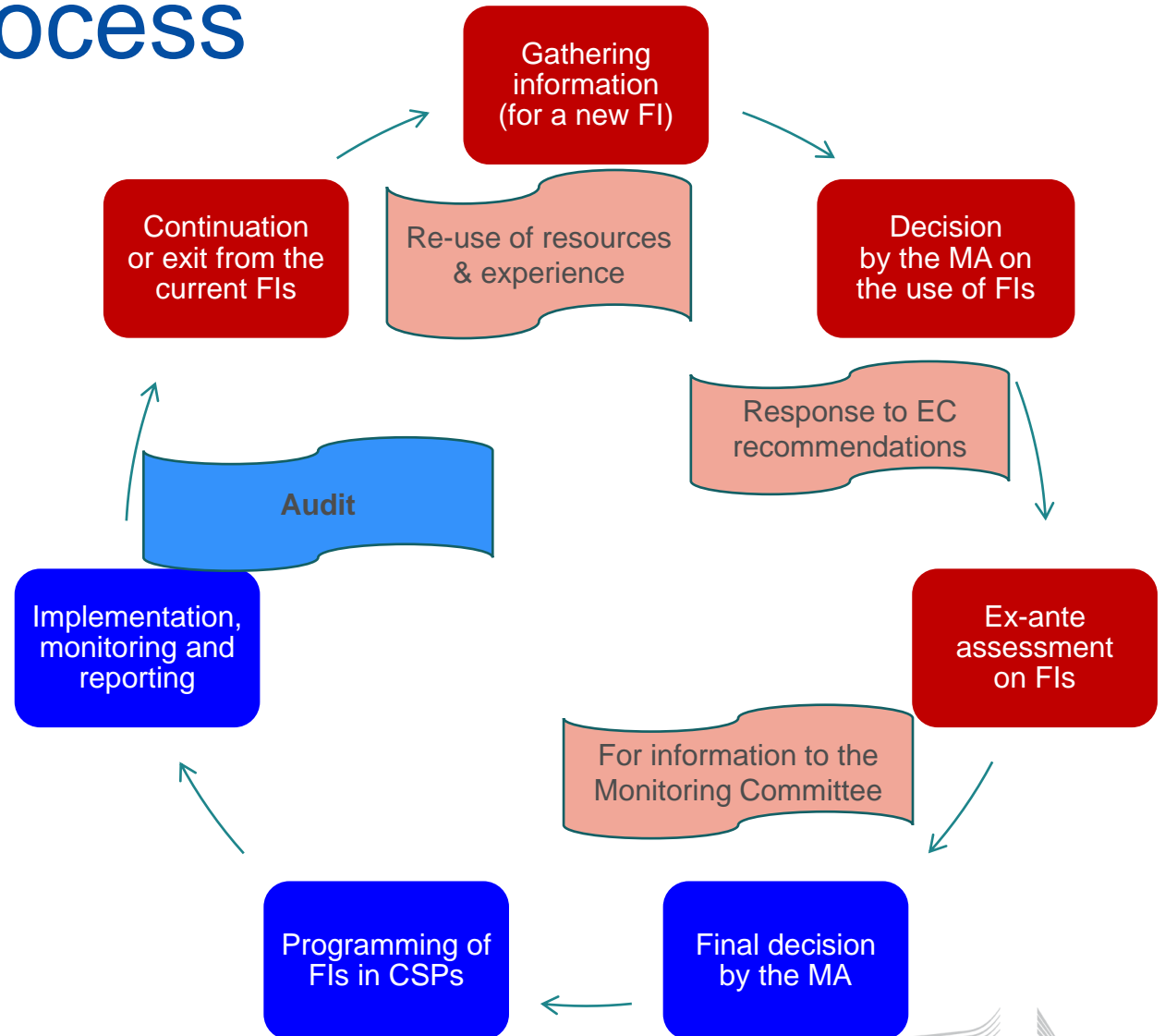
- And does it make a difference?

❑ Continuation of current EAFRD Financial Instruments (FIs)

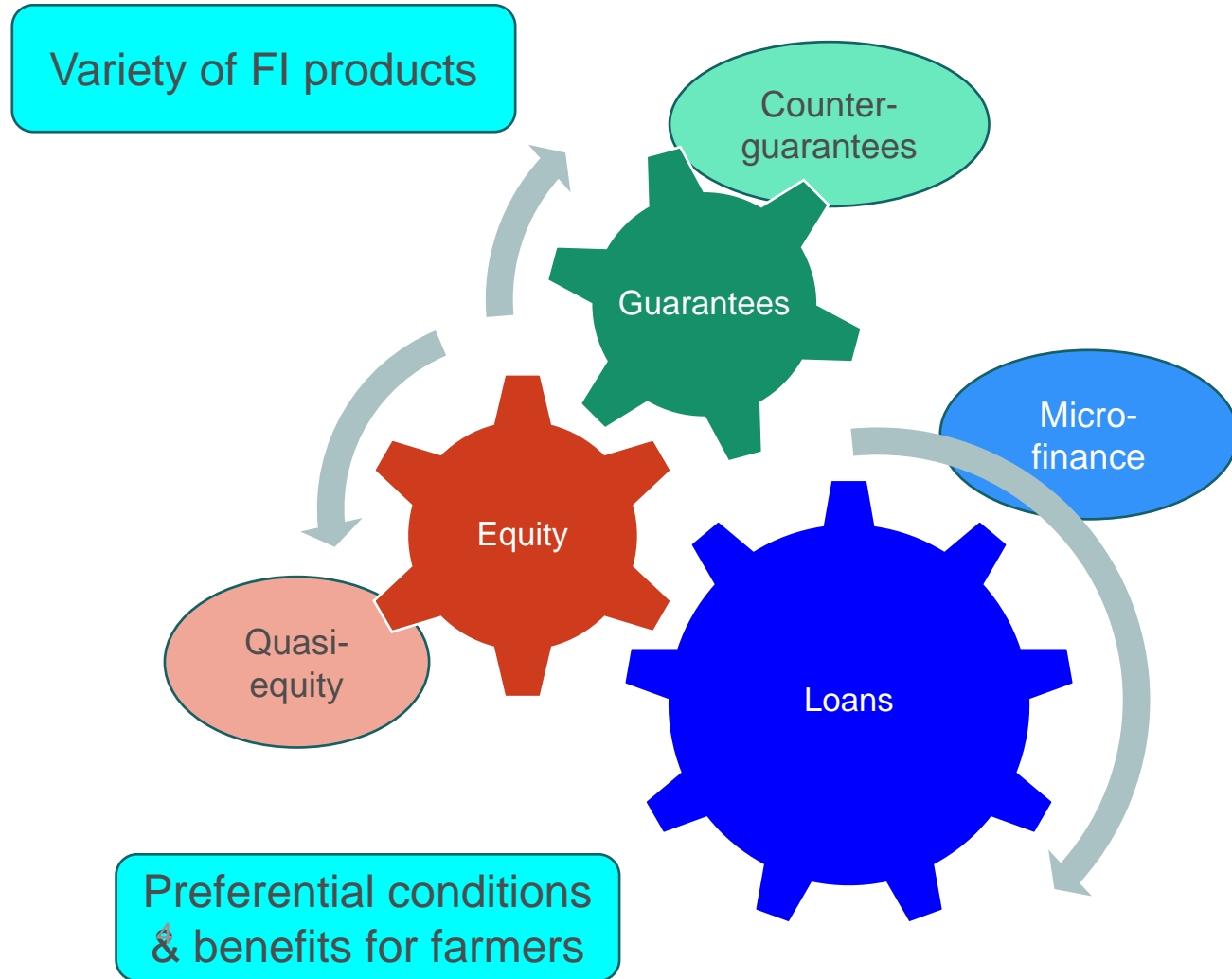
- Is it possible and what to consider?



The preparatory process



The basics - The definitions



Article 2
R1060/2021 (new CPR)

- Operation
- Beneficiary
- Financial Instrument
- Financial product
- Final recipient
- Holding / Specific funds
- Body implementing FI
- Leverage effect
- Multiplier ratio
- Management costs / fees

Article 3
New CAP SPR (yet to be published)

- Operation
- Beneficiary
- Intervention
- Public expenditure
- Support rate
- Targets

Applicability of CPR rules to CAP SPs

- ❑ **Article 2 and Articles 58-62 of R 1060/2021 (new CPR) shall apply.**
 - ❖ Definitions (Art. 2)
 - ❖ Financial instruments (Art. 58)
 - Investment and working capital expected to be financially viable, which do not find sufficient funding from market sources.
 - Investments which are not physically completed or fully implemented
 - Mandatory elements of the ex-ante assessment by the MAs
 - ❖ Implementation of financial instruments (Art. 59)
 - ❖ Interest and other gains generated (Art. 60)
 - ❖ Differentiated treatment of investors (Art. 61)
 - ❖ Re-use of resources (Art. 62)

- ❑ **The Funding Agreement's template (Annex X of R1060/2021, new CPR), as referred to in Art. 59 of R 1060/2021, would also apply.**



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Do not forget!

CAP Horizontal regulation:

- Article 8 – Paying agencies
- Article 11 – Certification bodies
- Article 30 – Payments
- Article 34 – No double funding
- Article 55 – Irregularities
- Article 58 – Rules regarding checks

Ex-ante assessment of FIs (Art. 58(3) of R 1060/2021)

NEW!

Programming

- Rationale for the use of FIs part of the CAP Plan ex-ante evaluation (Article 125 (3(j)) CAP SPR)
- Access to finance is expected to be analysed in the SWOT and needs assessment of the CAP SPs, and specifically in case of young farmers (Art.103(2) CAP SPR)

NEW! Ex-ante assessment only for Financial instruments - Article 58(3) of R 1060/2021 (new CPR)

The legal requirements

- proposed amount and estimated leverage effect
- proposed financial products, including the possible need for differentiated treatment of investors
- proposed target group of final recipients
- expected contribution of the financial instrument to the achievement of specific objectives

Possibility to use existing or updated ex-ante assessment

Monitoring committee examines elements of ex-ante assessment and the strategy document

- ✓ Drafted or updated under the responsibility of the MA
- ✓ May cover part or the entire territory of a Member State
- ✓ Methodology at discretion of MA or based on the assessor's approach approved by the MA
- ✓ No guidance from the Commission

Purpose: Accelerate set-up and launch of FI

Does Technical support matter?

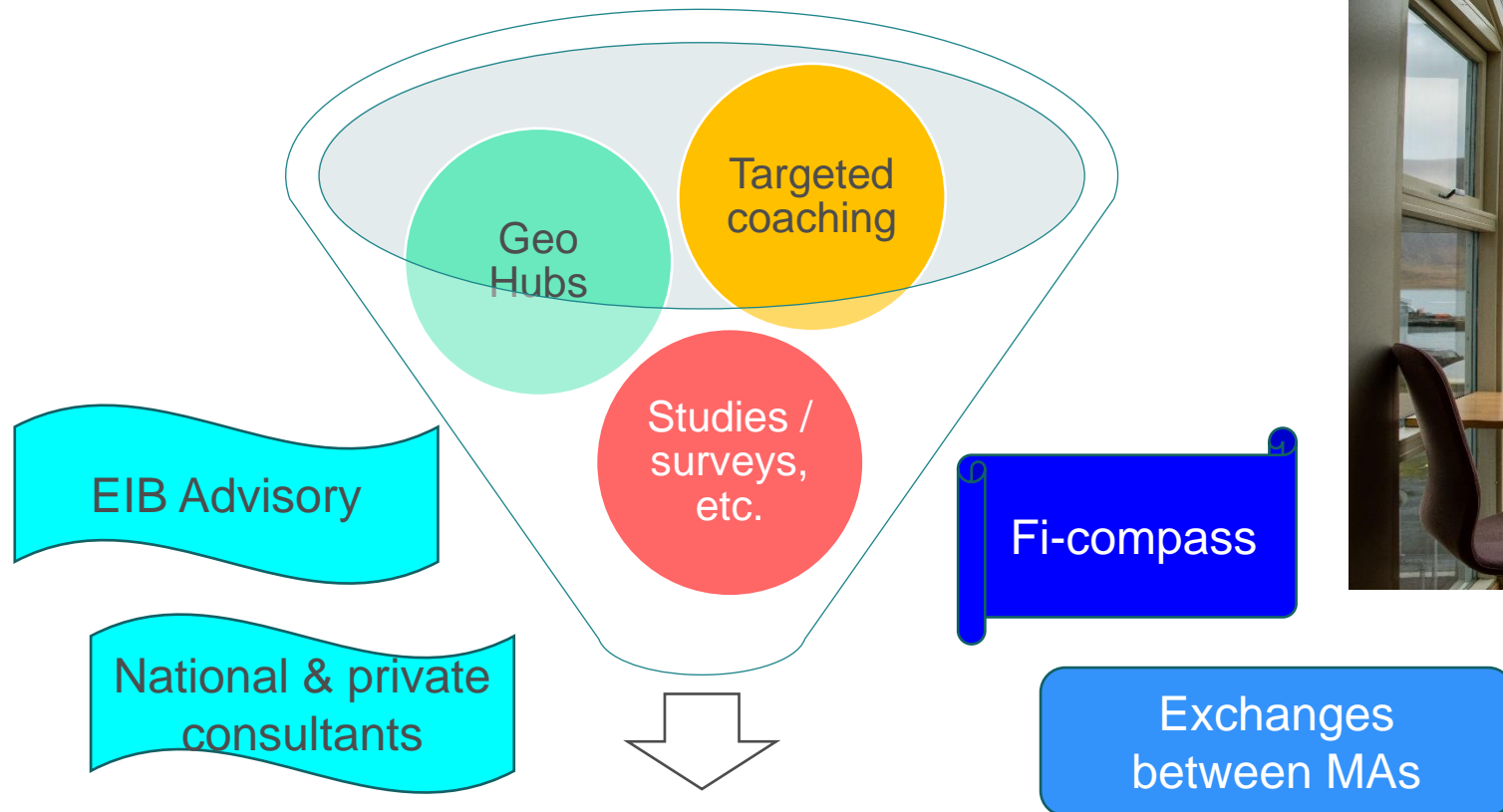


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Continuation of current FIs across consecutive programming periods

Article 74(5) of CAP SPR

Cases and
conditions still
under internal
discussions !



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Public procurement (PP) rules

Article 74(5) of CAP SPR and Article 68(2) of R1060/2021 do not create any derogation from the applicable PP rules !

- ❑ In case of a direct award: additional funds may be directly entrusted on the basis of updated agreements, if the conditions for this direct award are still fulfilled.
 - If the entrusted entity is a holding fund, it may have to apply PP rules to further entrust the implementation of the additional funds to specific funds.

- ❑ In case the bodies implementing the FI were selected on the basis of PP rules, the contracting authority must ensure that the rules of the PP directives are respected for the modification of the contracts or launch of a new procedure.

Note: The Commission recommends that - for FI being set-up in 2014-2022 programming period or for FIs to be set-up in 2023-2027 period - the selection procedure to cover the implementation period, which is expected to be longer than the programming period.

Who is concerned?

- ❑ All types of FIs and all types of financial products (loans, guarantees and (quasi)-equity), and the related management costs and fees.
 - One exception – The Covid-19 rule on working capital finance for SMEs will not apply under the new CAP SP
- ❑ Concerns FIs, which started the implementation in the 2014-2022 programming period and would be suitable to continue in the 2023-2027 programming period.
 - For the 2014-2020 programming period, it is also possible to use escrow accounts under the conditions defined in Articles 42(1)(c), 42(2) and 42(3) of Regulation 1303/2013.
- ❑ Concerns also new FIs, which will start their implementation in 2023-2027 programming period and would be suitable to continue in post-2027 programming period, when possible, and the conditions explained further in this presentation are fulfilled.

Conditions that have to be cumulatively fulfilled (1)

- ❑ FI operation is already selected and approved under the previous programming period
 - And complies with the new 2023-2027 rules and is documented in the CSP
- ❑ The necessary agreements for the FI implementation in the subsequent period are made under the previous programming period (and no later than 2025).
 - RDP contains the necessary provisions for continuation of the FI
 - Legal and financial commitments between MAs and the bodies implementing the FI,
 - In line with the EU and national law (e.g. public procurement),
 - Are defined by the national authorities (case-by-case).
- ❑ FI implementation continues in the subsequent programming period with new resources from CAP SP and deployed in line with the rules of the of 2023-2027 legal framework.

Conditions that have to be cumulatively fulfilled (2)

- ❑ Support provided by the FI can be declared as eligible expenditure only on the basis of the eligibility rules applicable to the programming of the period under which the expenditure is declared ! [Re-financing is not allowed / only new investments / loans]
 - It is also possible to use in parallel resources from both programming periods through the same FI with clear separation of the financial flows based on the rules of each programming period.
- ❑ The payment applications, submitted to the Commission, should be determined in accordance with the rules of the respective programming period under which the expenditure is declared.
- ❑ There is a separation of the financial flows/audit trail as the expenditure included in a payment application in relation to the programming period when the operation is selected is not included under any payment applications in the subsequent programming period.



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