



Conference

Financial Instruments under the European Social Fund (ESF) 2014-2020

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FEIs in Cohesion Policy

Design & Implementation Challenges

- Delays in delivering funds to final recipients: FEIs represent a new approach to Cohesion Policy support, requiring new skills, partnerships and capacities
- Limited availability of reporting & monitoring data
- Over allocation of resources to financial instruments
- Shortcomings in the financial or market gap assessment: rationale for FEIs setting out?
- Potential for achieving better leverage effects
- Legal and administrative framework not detailed enough: (COCOF guidance, audit methodology)



FIs (2014-2020): Introduction

Background

- Increased importance of FIs in implementing EU budget resources
- European Investment Plan for Europe

Legislative framework 2014-2020

- Provide a clear set of rules, based on existing experience, new guidance
- Facilitate wider and more flexible use (e.g. capture synergies with grants, wider thematic scope, more implementation options)
- Ensure better targeting, budgeting and monitoring of FIs
- Achieve compatibility with the EU level financial instruments

FIs (2014-2020): Key Novelties I

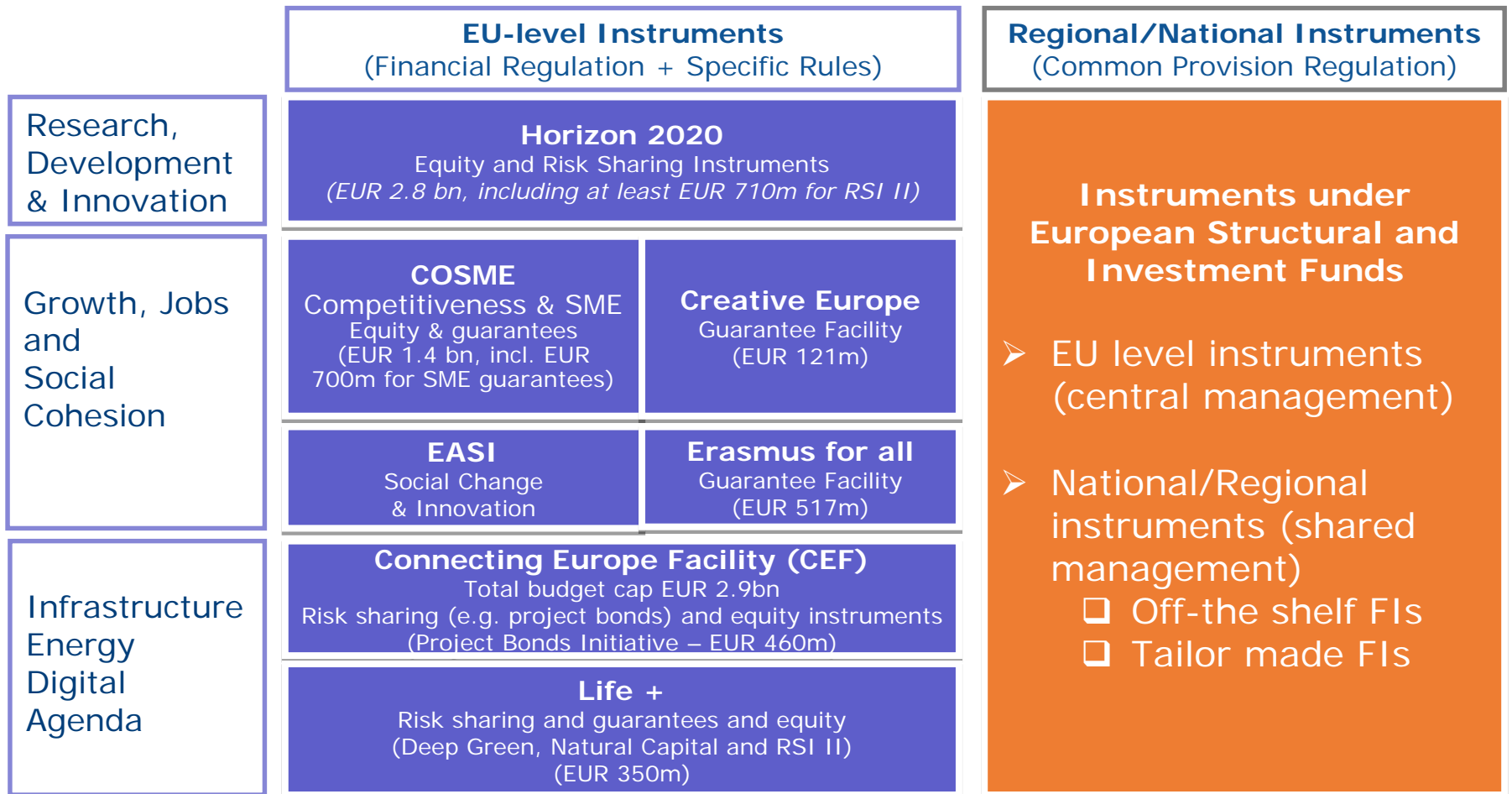
Wider scope

- CPR (Reg.1303/2013) covers **all five ESI Funds**: ESF, ERDF, Cohesion Fund, EAFRD and EMFF
- Expansion to **all thematic objectives & investment priorities**

More implementation options for managing authorities

- Set up FIs at national, regional, transnational or cross-border level (shared management)
 - Tailor-made instruments (already existing or newly created)
 - Standardised "off-the-shelf" instruments
- Contribute programme allocations to EU level ring-fenced FIs (direct management)
- Implement loans or guarantees directly (or through intermediate body) without formal set-up of a fund

FIs (2014-2020): MFF Overview





FIs (2014-2020): Key Novelties II

Ex-ante assessment to be carried out before launch of FIs operations under the ESI Funds

Better combination of FIs & other forms of support

- Combination of grant (interest rate subsidy, guarantee fee subsidy, technical assistance) with FI within **one financial instrument operation**
- At the level of final recipients: combination is now possible also with assistance from other programmes/instruments supported by the EU budget. **Two separate operations.**

Incentives regarding EU co-financing rates

- EU-level instruments: Up to 100% of paid support may come from ERDF, ESF and CF; separate priority axis to be foreseen
- Instruments implemented at national/regional level: ERDF, ESF, CF co-financing rate to increase by 10% if an entire priority axis is implemented through financial instruments

FIs (2014-2020): Key Novelties III

Phased contributions to FIs

- MAs shall pay programme contributions in at least 4 tranches
- Subsequent payments from MAs to FIs to be made on the basis of FIs investment rate in relation to programme contributions received

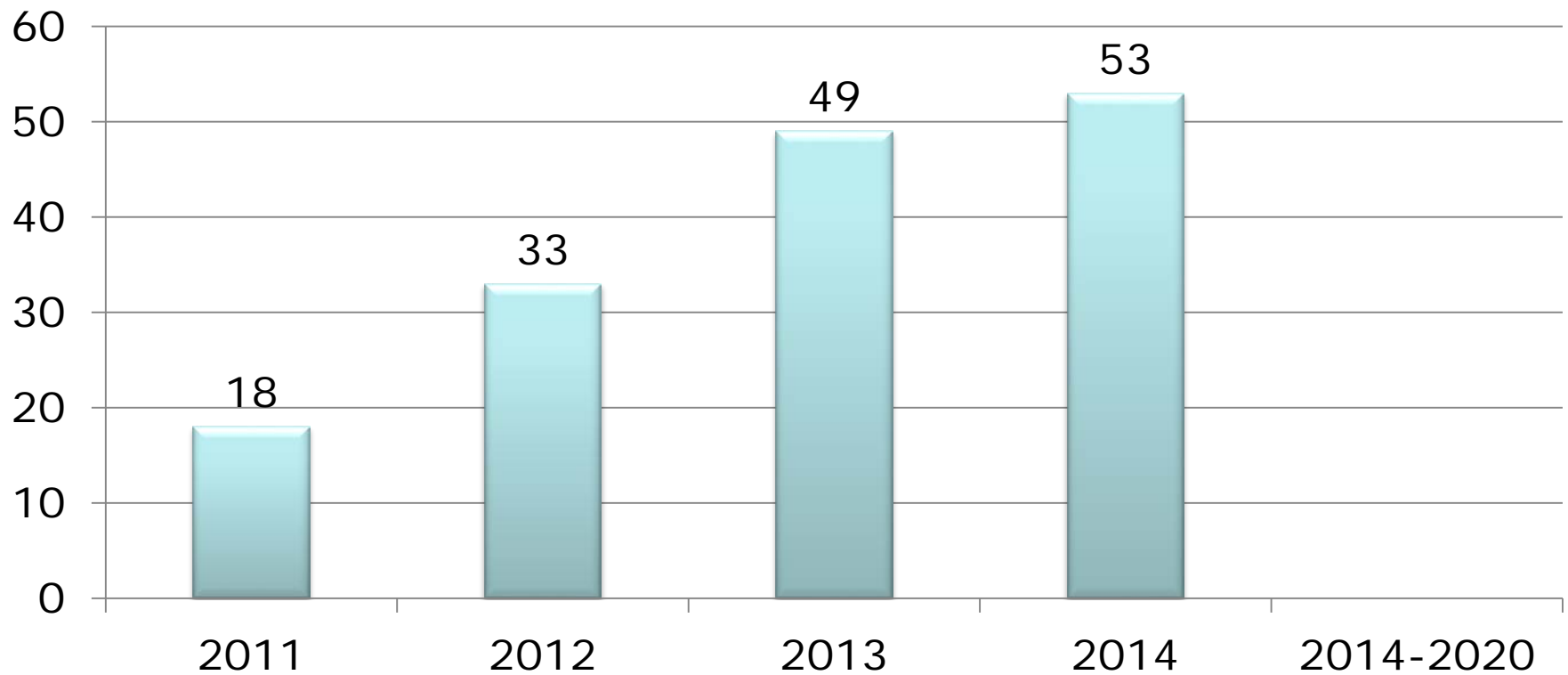
More detailed rules concerning

- eligible expenditure at closure,
- the (re)use of interest/other gains and ESIF resources returned during the programming period,
- the use of interest/other gains and ESIF resources returned after closure (legacy)

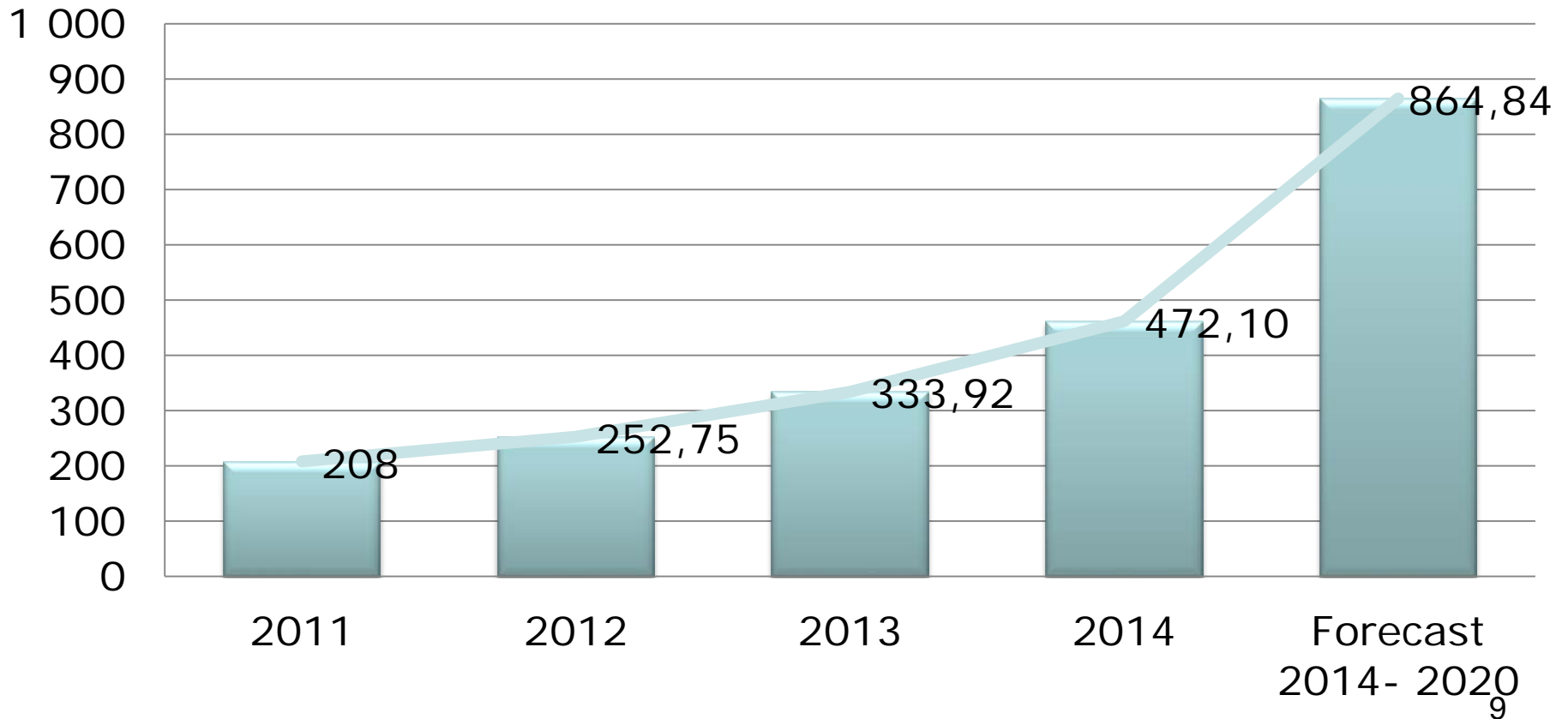
Annual reporting by MAs

- MAs to report to COM on FIs operations annually (annex to the annual implementation report); reporting items should be aligned with requirements of the Financial Regulation
- COM to publish annual summary report on the basis of data received 7

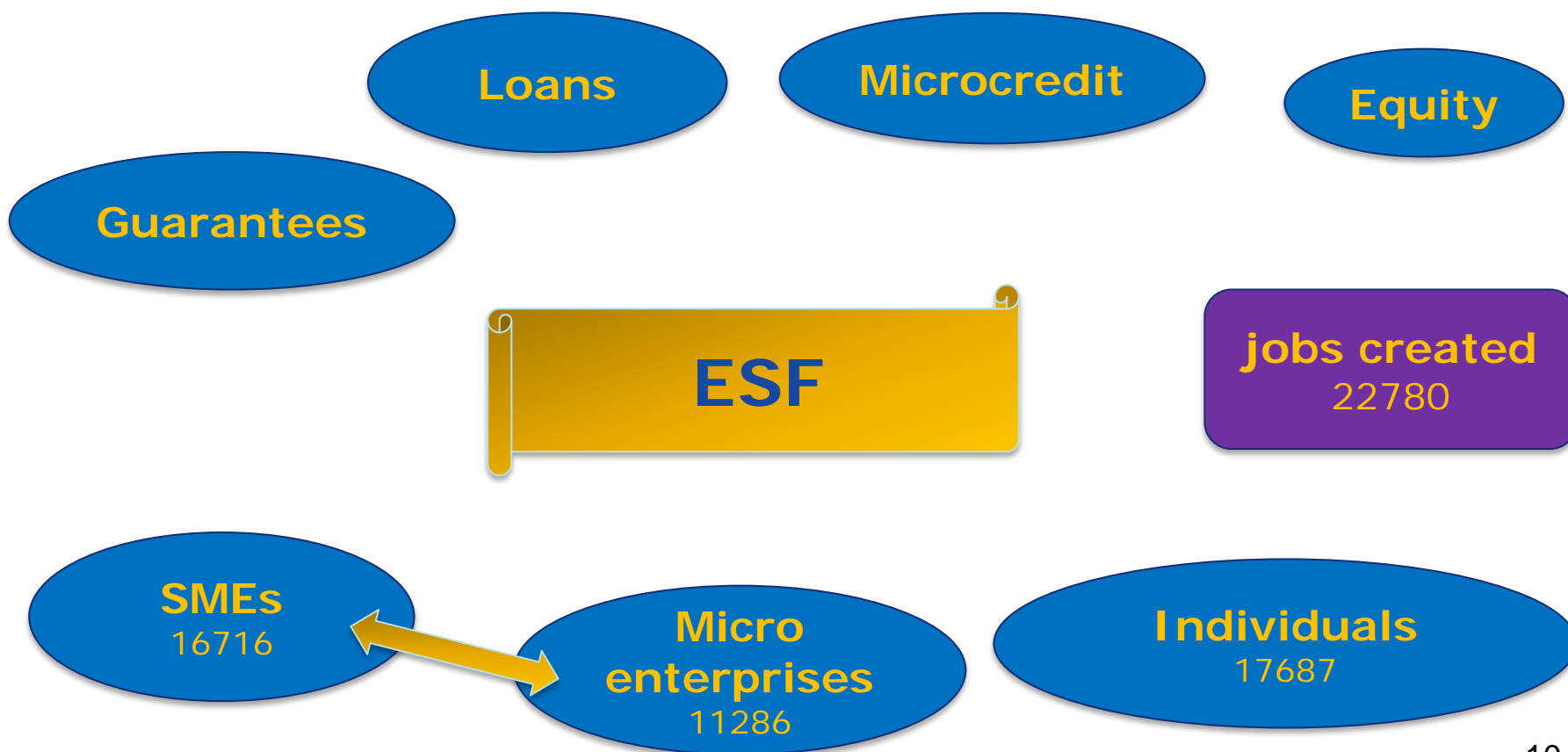
Number of ESF FIs by AIR 2014



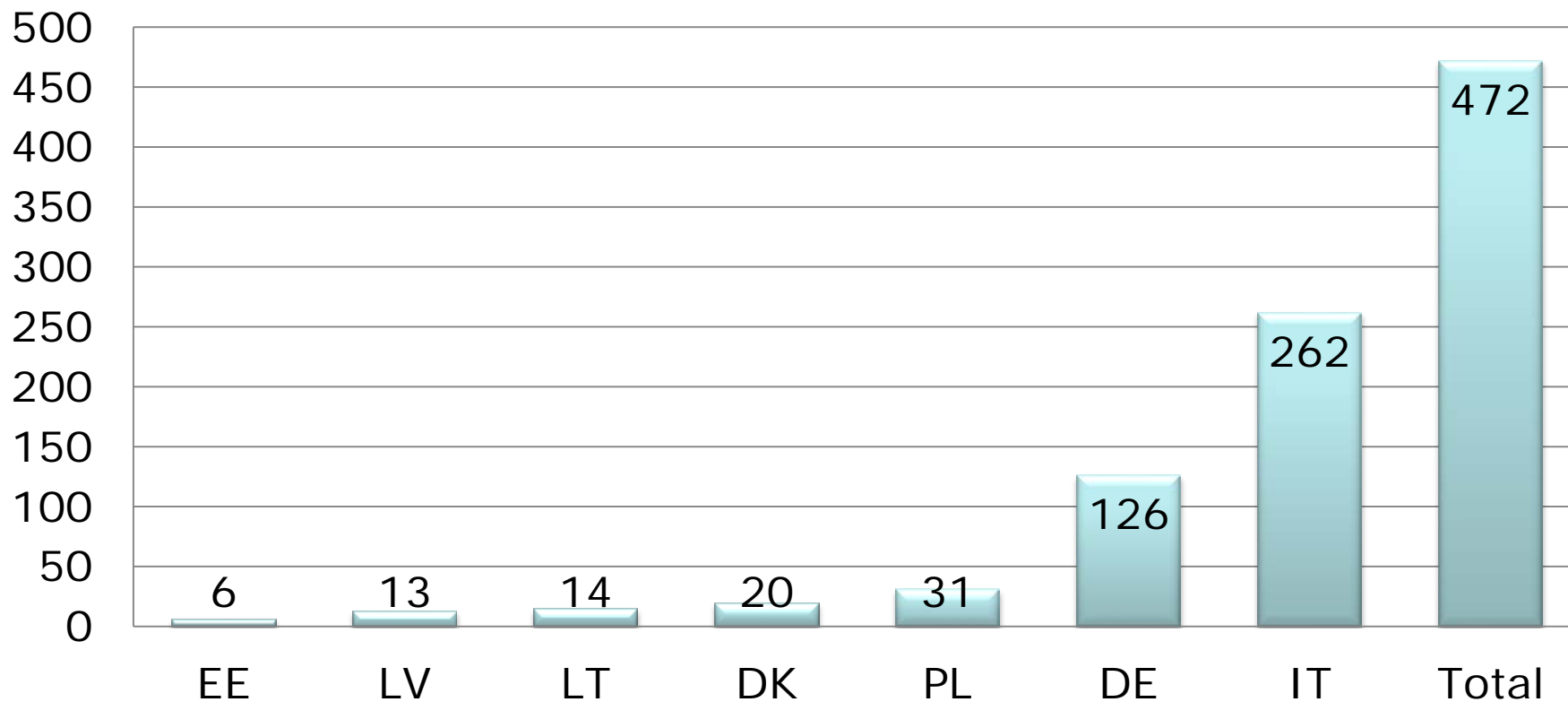
Cumulative ESF OPs amount paid to FIs by 2014 (€ m)



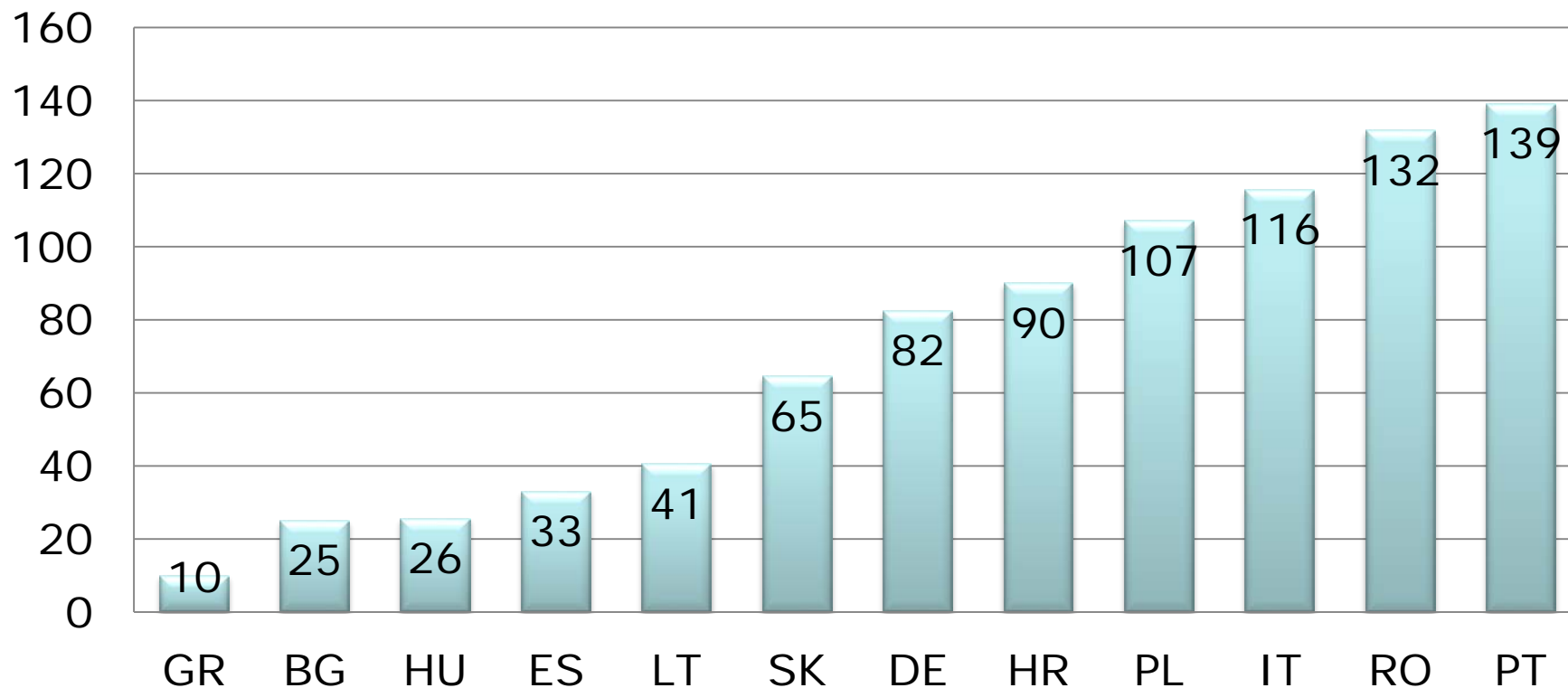
Use ESF FEIs 2007-2013



Cumulative ESF amount paid to FIs by country by 2014 (€ m)



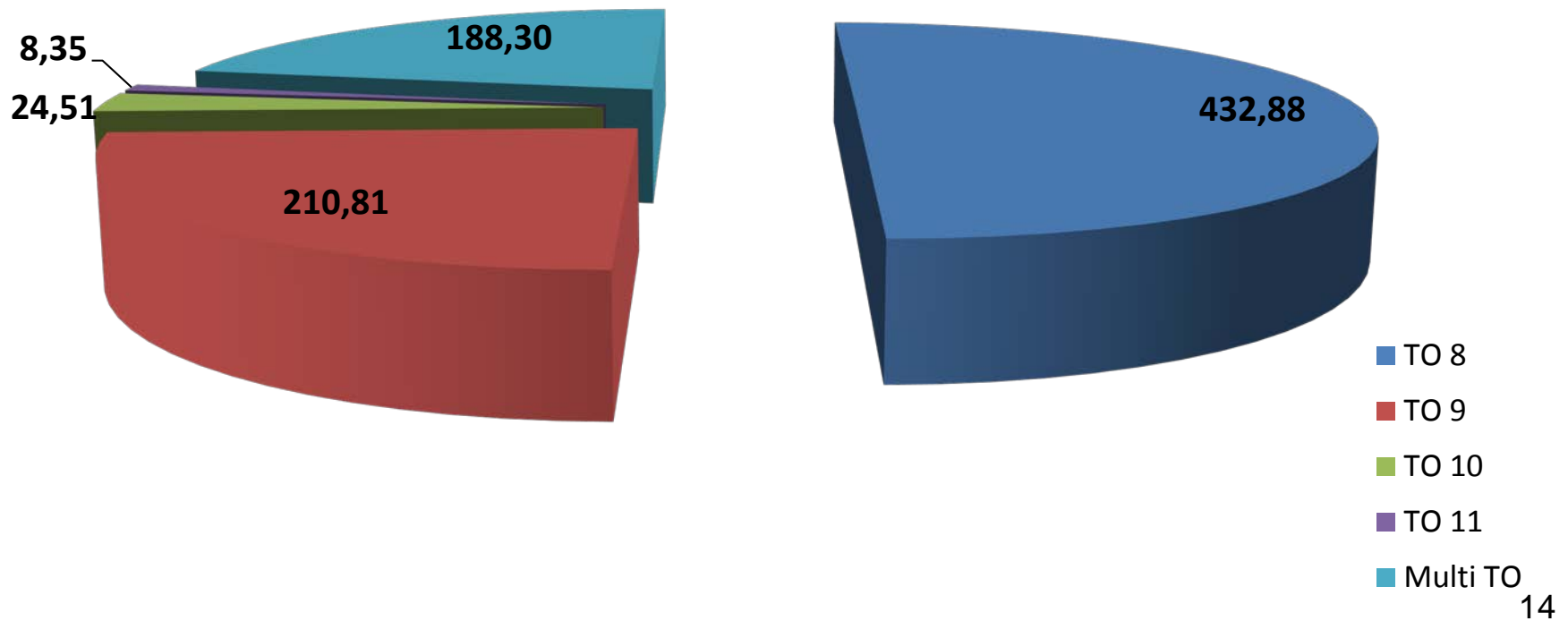
2014-20 Planned ESF OPs allocations to FIs by Member State (€ m)



Potential use ESF FIs 2014-2020



Breakdown of planned ESF OPs allocations to FIs by thematic objective (2014-2020)



Questions & Answers

Thank you for your attention!