



# Financial Instruments 2014-2020 under European Structural and Investment Funds (ESIF)

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*Financial Instruments under RO RDP  
Lessons learned  
Challenges and opportunities ahead*

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# FI in NRDP 2007-2013 (1)

## *Design and implementation*

- guarantee schemes designed to facilitate access to credit for RDP applicants, in order to co-finance their investment projects;
- implemented on the basis of Art. 50-52 of Regulation (CE) no. 1974/2006 and Commission Notice 2008/C 155/02;
- compliant with state aid rules;
- operational since April 2010;

## FI in NRDP 2007-2013 (2)

### *Design and implementation*

- Two guarantee schemes:
  - *guarantee scheme for agriculture* - providing guarantees for credits for the beneficiaries of measures 121 “Modernization of agricultural holdings” and 123 “Adding value to agricultural and forestry products”
  - *guarantee scheme for Small and Medium Enterprises (SME)* - providing guarantees for SME beneficiaries of measures 312 “Support for the creation and development of microenterprises”, “313 Encouragement of tourism activities” and the component of measure 123 covered by the state aid schemes

## FI in NRDP 2007-2013 (3)

### *Results as of 31.12.2014*

Measure	Allocation (MEUR)	Number of guarantees granted	Value of guarantees (MEUR)
121	62.51	530	165.53
123	34.61	241	133.33
<i>Total guarantee scheme for agriculture</i>	<i>97.12</i>	<i>771</i>	<i>298.86</i>
123	10.55	61	20.17
312	6.47	321	23.48
313	1.17	53	4.59
<i>Total guarantee scheme for SMEs</i>	<i>18.19</i>	<i>435</i>	<i>48.24</i>
<b>Total</b>	<b>115.31</b>	<b>1,206</b>	<b>347.10</b>

# FI in NRDP 2014-2020 (1)

## *Quantifying the investment needs in agriculture and rural area*

- analyzing trends on financial market in relation with the particularities of agriculture sector and rural area in Romania:
  - banks' reluctance to risk (due to seasonality, low level of predictability, insufficient level of guarantees, lack of specialized lending personnel);
  - low profitability, average area of agricultural holding in Romania under the level of economic viability;
  - lack of credit history;
- survey of access to finance conducted on agricultural SMEs:
  - 40% of agriculture holdings applied for credit, 29% did not apply due to lack of own funds, 16% did not apply due to high costs;
- the number of canceled projects due to lack of private co-financing:
  - approx. 20% of the investment projects contracted in 2007-2013 programming period.

## FI in NRDP 2014-2020 (2)

### *Identifying the right FI*

- analyzing the advantages and disadvantages of potential FIs:
  - grant financing, risk-sharing loan; guarantee scheme, co-investment facility;
- choosing the best suited FIs:
  - guarantee instrument – tailored made guarantee scheme;
  - risk sharing loan instrument;
- focus of FI:
  - Combination FI + grant → co-financing projects carried out under NRDP investment measures (4.1, 4.2, 6.4 and Leader);
  - Implementing, in a first stage, the guarantee instrument;
  - guarantee coverage of 80% of the loan;
- compliance with state aid rules
  - in accordance with the provisions of Commission Communication 2008/C 155/02.

## FI in NRDP 2014-2020 (3)

### *Lessons learned. Challenges and opportunities*

- identifying strengths and vulnerabilities:
  - positive results under previous programming periods (SAPARD, NRDP 2007-2013);
  - using the new set of provisions in order to improve performance of FIs;
- evaluating the administrative capacity:
  - specialized personnel;
  - streamlining public procurement process;
- new and detailed provisions related to FI included in specific delegated and implementing acts;
- eligibility options/constraints: working capital, VAT;
- compatibility with state aid: cumulation of aid in case of FI combined with grants;
- eligible expenditure at closure: the ex-ante risk assessment [art. 42(1)(b) of Reg. (EU) no. 1303/2013].





**Thank you!**

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