



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

*The Use of Financial Instruments under the
EMFF 2014-2020*

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The Use of Financial Instruments under the EMFF 2014-2020



TWO BASIC DELIVERY MODES

(a) Financial instruments set up at Union level, managed directly or indirectly by the Commission (SME initiative etc.);

(b) financial instruments set up at national, regional, transnational or cross-border level.

These can be managed by or under the responsibility of the managing authority using a private, state or parastatal institution or bank)



COOPERATION WITH ESI FUNDS - General

Two options for cooperation:

- Support the same investment
- Use of common financial infrastructure

Exploring options for cooperation is relevant because:

- EMFF is a small fund – resources available for FIs are limited
- High administrative costs for separate implementation of fisheries FIs
- Efficiency gains are certain when FI implemented by a specialized financial institution,
- Exploiting synergies with financial instruments sourced by other ESI funds through ‘fund of funds’

BUT

- Support from EMFF FI (or any other fund must be administered separately from all other financial flows (CPR art. 37.8)



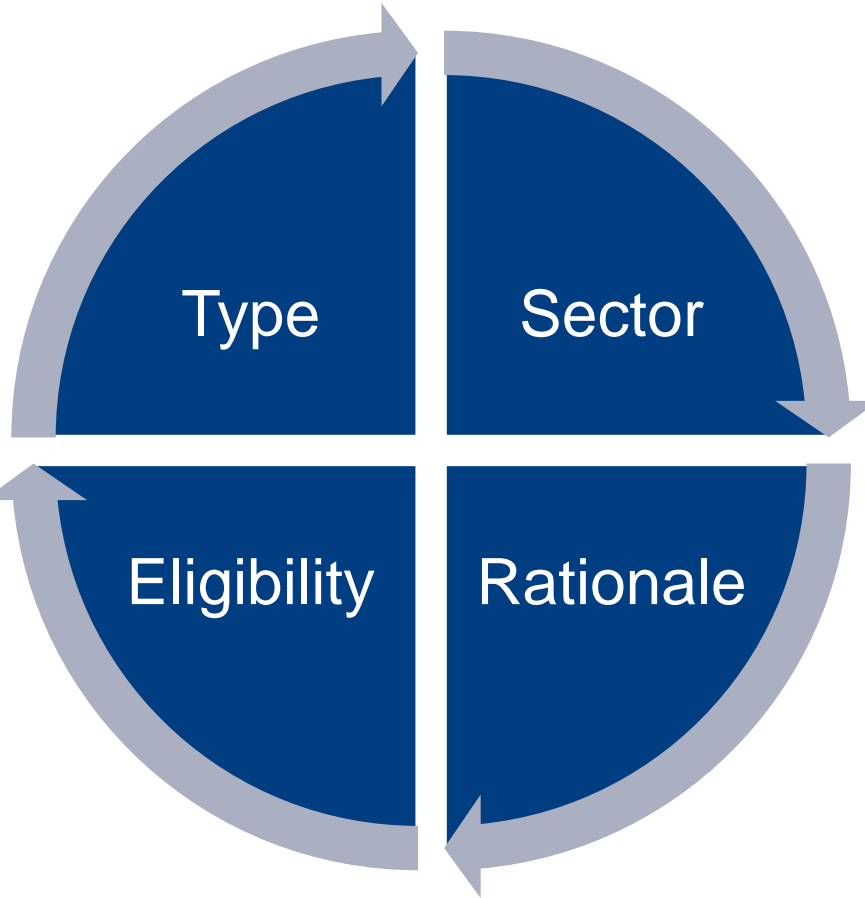
COOPERATION WITH ESI FUNDS – common operations

Fund	Focus	Objectives	Comment w.r.t. EMFF
EAFRD	Rural areas (as defined by MA)	Competitiveness of agriculture Sustainability Territorial development	Similar objectives Many fishing areas are also rural
ERDF	Urban areas Areas with natural / demographic handicaps	Innovation Digital agenda SMEs Low carbon economy	Only some fishing areas are urban 3 out of 4 objectives common
ESF	People	Employment / labour mobility Poverty Education Public administration	Aid to people displaced from the fisheries sector CLLD
Cohesion	MS with GNI<90% of EU average Public sector	Transport networks Environment, incl. energy efficiency	Limited use of FIs expected



Four considerations in the use of Financial Instruments under the EMFF

Loan
Grant
Guarantees
Equities

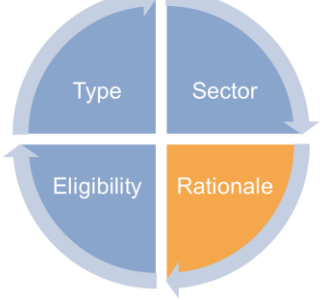


Sector
Location

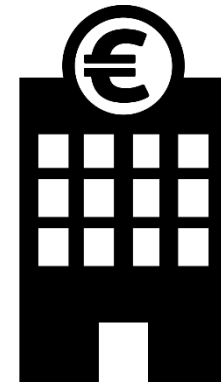
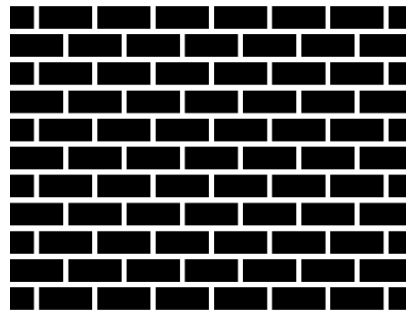
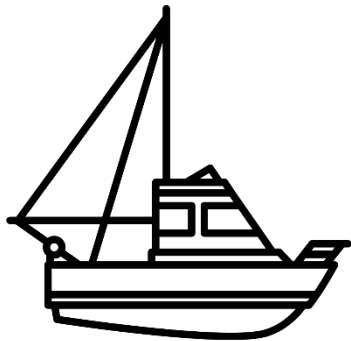
Common
Provision
Regulations
EMFF
Regulations
State Aid
Regulations

Demand for
finance

Constrained
supply of finance



Breaking down barriers to finance: supply not satisfying demand



Obstacles

Fixed costs in small market

Cost per transaction

Ineligible risk profile

Solutions

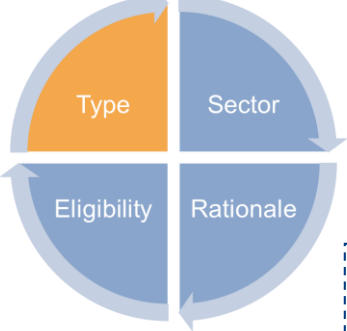
Standardisation

Risk transfer

Scale

Risk mitigation





Process of shortlisting

Long list

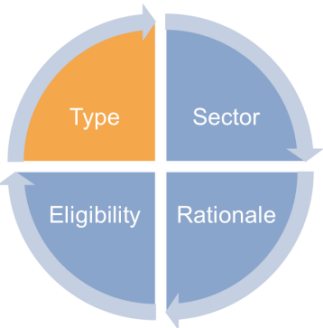
- Grants
- Loan
- Risk-sharing loan
- Blended loan
- Loan guarantee
- Capped guarantee
- Uncapped guarantee
- Equity

Criteria

- Rationale
- Value for money
- Demand
- Risk-return profile
- Incentives
- Complexity

Short list

- Loan
- Capped guarantee
- Grants twinned with loans

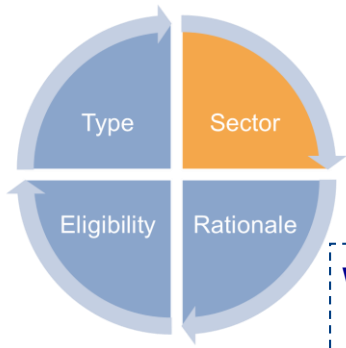


Short list of financial instruments

1. Loans
 - ‘Off the shelf’ risk-sharing loan model is available
 - Other models could be developed

2. Capped guarantee
 - Individual guarantee capped up to 80% of loan value
 - Total portfolio guarantee also capped
 - Shares the risk between intermediary bodies & EMFF M.A.

3. Grants twinned with loans
 - Envisage a grant for technical assistance to develop business case
 - Followed by (ESIF) loan



Wide potential application to sectors under EMFF

FI target	Loan	Capped guarantee	Grants twinned with loans
Diversification	✓	✓	✓
Start-up support	✓	✓	✓
Gear upgrades	✓	✓	✓
Vessel energy efficiency	✓	✓	✓
Landing facilities	✓	✓	✓
Aquaculture investments	✓	✓	✓
Organic aquaculture	✓	✓	✓
Processing investments	✓	✓	✓



Questions

- Do you think the fisheries and aquaculture sectors need loans?
- Is there the political will to move from grants to FI?
- Which sectors show the most demand?
- Where are the greatest opportunities for scale and value for money?
- What would it take for you to consider inclusion of FIs in your EMFF OP?



Realising EMFF financial instruments potential:

Panel & audience discussion after coffee

- a) Rod Cappell, Poseidon
- b) Bjoern Gabriel, fi-compass, EIB
- c) Miguel Peña Castellot, DG Mare



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Thank you

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