

Seminar

Financial Instruments for delivery of the ESF

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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 from the outset (COCOF Guidance, audit methodology)





FIs (2014-2020): Introduction

Background:

Increased importance of FIs in implementing EU budget resources

Legislative framework 2014-2020

- Provide a clear set of rules, based on existing experience, 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 financial instruments at EU level





FIs (2014-2020): Key Novelties I

Wider scope

- ➤ CPR covers **all five ESI Funds**: ESF, ERDF, Cohesion Fund, EAFRD and EMFF
- Expansion to all thematic objectives & priorities foreseen by ESI Funds OPs

More implementation options for managing authorities

- ➤ Contribution to national, regional, transnational or cross-border FIs under shared management
 - ➤ Tailor-made instruments (already existing or newly created)
 - >Standardised "off-the-shelf" instruments for quick roll-out
- ➤ Contribution to EU level ring-fenced FIs under direct management





FIs (2014-2020): MFF Overview

EU-level Instruments

(Financial Regulation)

Horizon 2020

Equity and Risk Sharing Instruments (EUR 2.8 bn, including at least EUR 710m for RSI II)

Growth, Jobs and Social Cohesion

Research.

Development

& Innovation

COSME

Competitiveness & SME Equity & guarantees (EUR 1.4 bn, incl. EUR 700m for SME guarantees)

EASI

Social Change & Innovation

Creative Europe

Guarantee Facility (EUR 121m)

Erasmus for all

Guarantee Facility (EUR 517m)

Connecting Europe Facility (CEF)

Total budget cap EUR 2.9bn
Risk sharing (e.g. project bonds) and equity instruments
(Project Bonds Initiative – EUR 460m)

Life +

Risk sharing and guarantees and equity (Deep Green, Natural Capital and RSI II) (EUR 350m)

Regional/National Instruments

(Common Provision Regulation)

Instruments under European Structural and Investment Funds

- EU level instruments (central management)
- National/Regional instruments (shared management)
 - ☐ Off-the shelf FIs
 - ☐ Tailor made FIs

Infrastructure Energy Digital Agenda

> Employment, Social Affairs and Inclusion



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:

- ➤In Financial Instruments: Grant component may cover financing (e.g. state aid compliant subsidy element) or technical assistance for the benefit of the final recipient
- At the level of final recipients: Combination is now possible also with assistance from other programmes supported by the EU budget
- ➤ MAs may undertake implementation tasks directly for FIs consisting solely of loans and guarantees

▶Incentives regarding EU co-financing rates:

- *EU-level instruments*: Up to 100% of the paid support may come from ERDF, ESF and CF; separate priority axis to be foreseen
- ➤ Instruments implemented at national/regional level: ERDF, ESF, CF cofinancing 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)

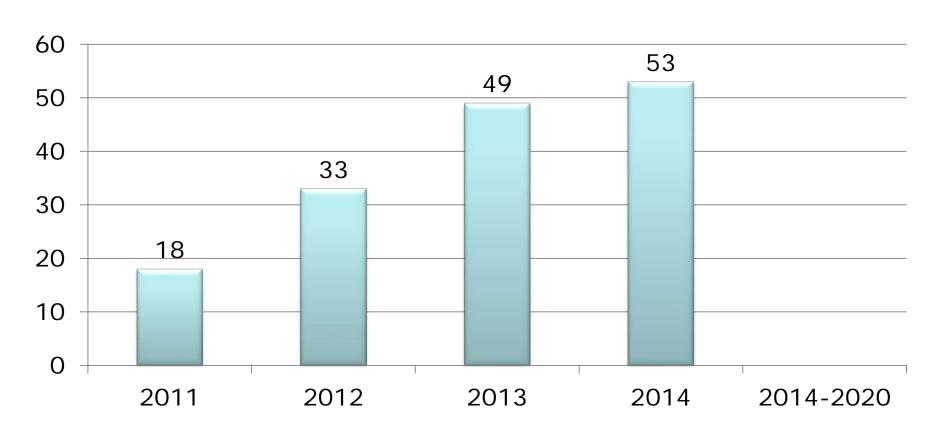
Annual reporting by MAs

- ➤ 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





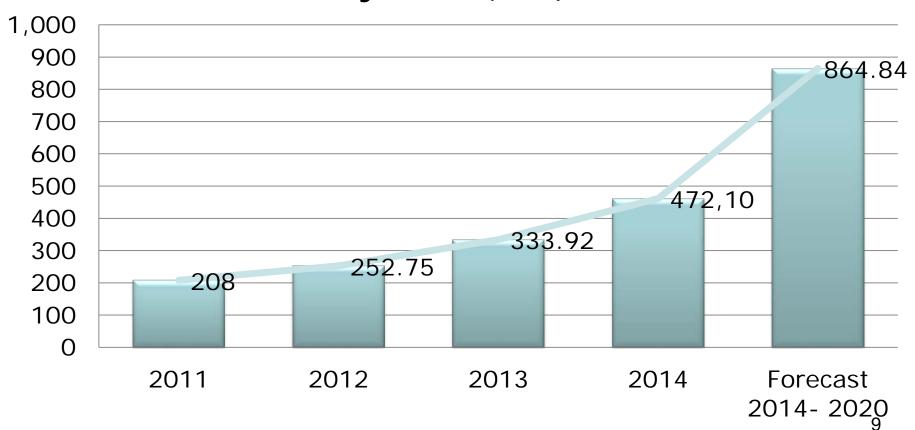
N° of ESF FEIs by 2014







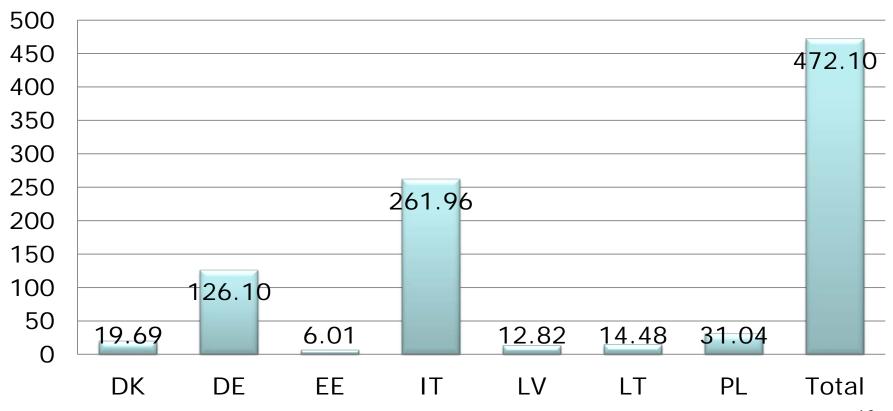
Cumulative ESF OPs amounts paid to FEIs by 2014 (€ m)







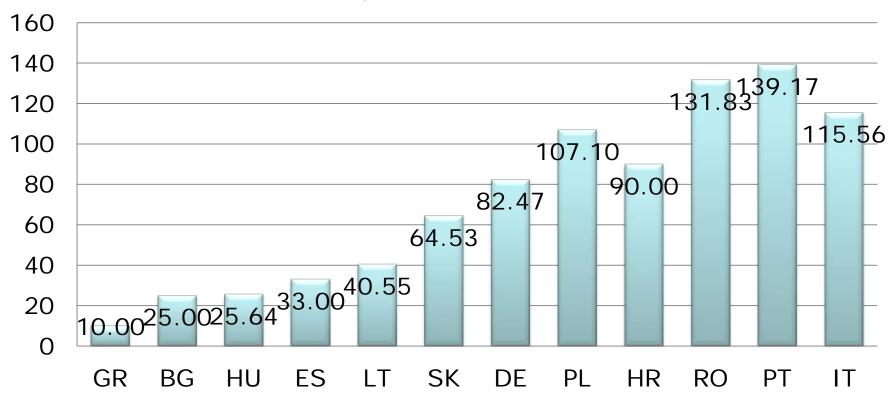
ESF amounts paid to FEIs by country in 2014 (€ m)







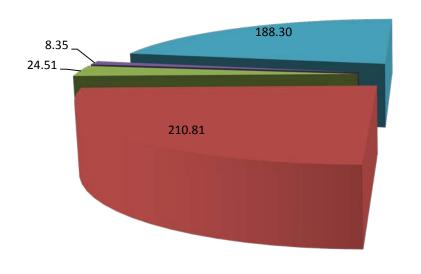
2014-20 Planned ESF OPs allocations to FIs by Member State

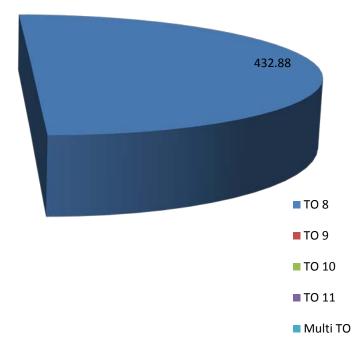






2014-2020 Breakdown of planned ESF Ops allocations to FIs by thematic objective

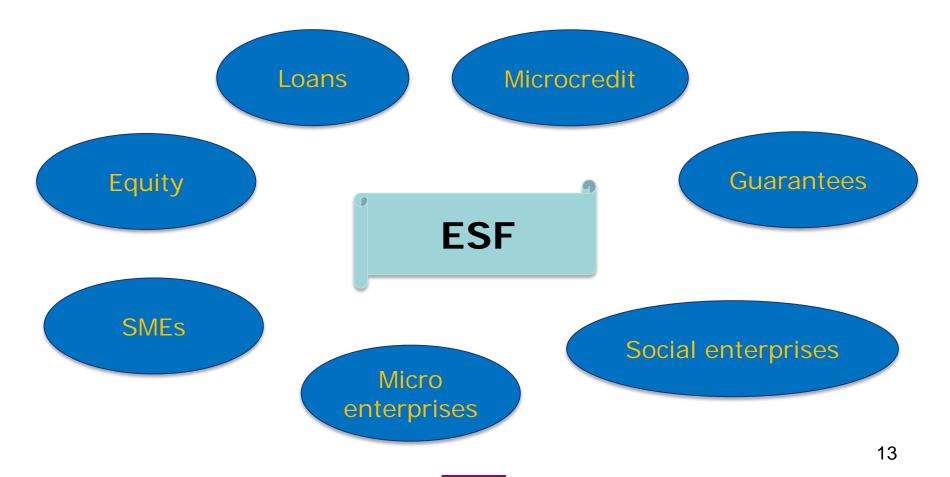








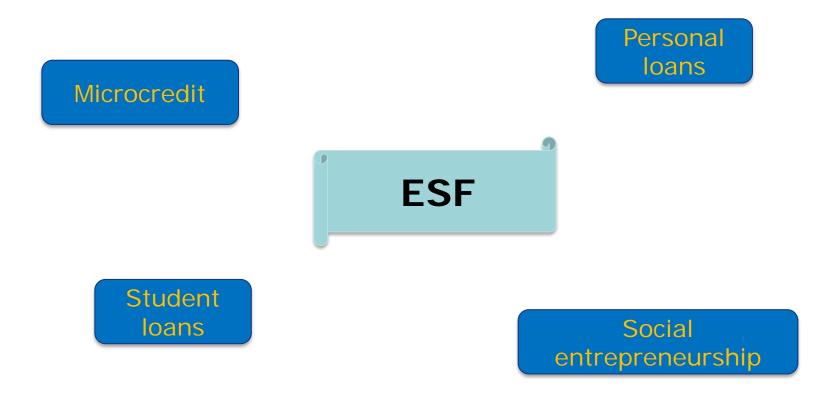
Use ESF FEIs 2007-2013



Social Affairs and Inclusion



Potential use ESF FIs 2014-2020





Questions & Answers

Thank you for your attention!

