



# **Financial instruments - opportunities offered by the 2014-2020 framework**

**Key novelties and Commission guidance  
Lisbon, 18 January 2016**

## 2014-2020 framework

- Performance oriented legal framework to **promote the use** of financial instruments (FI)
- Financial instruments are a **delivery mode – not an objective**
- **Not all projects (investments) can be supported with FI.** The activity must be generating income/revenue/cost savings in order to ensure repayment of investment
- **Decision** to deliver OP/RDP support through FI is with the **managing authority (MA)**

# 2014-2020 framework

## Key novelties (1)

- **Single comprehensive legal framework** for all ESI Funds (common interpretation/guidance)
  - **CPR title IV on FIs** (9 extensive articles and annexes), **DA/IA**,
  - Some elements included in 2007-2013 in COCOF note become **legally binding in 2014-2020**
  - **FI definitions:** operation, beneficiary, final recipient, financial instrument, escrow account, fund of funds
  - **State aid** (frequent references in title IV, compliance required for MA/FoF/FI and final recipient)
- **Wider scope:** Expansion to **all thematic objectives & priorities** foreseen by ESIF OPs/RDPs (ERDF, ESF, Cohesion Fund, EAFRD, EMFF).

# 2014-2020 framework

## Key novelties (2)

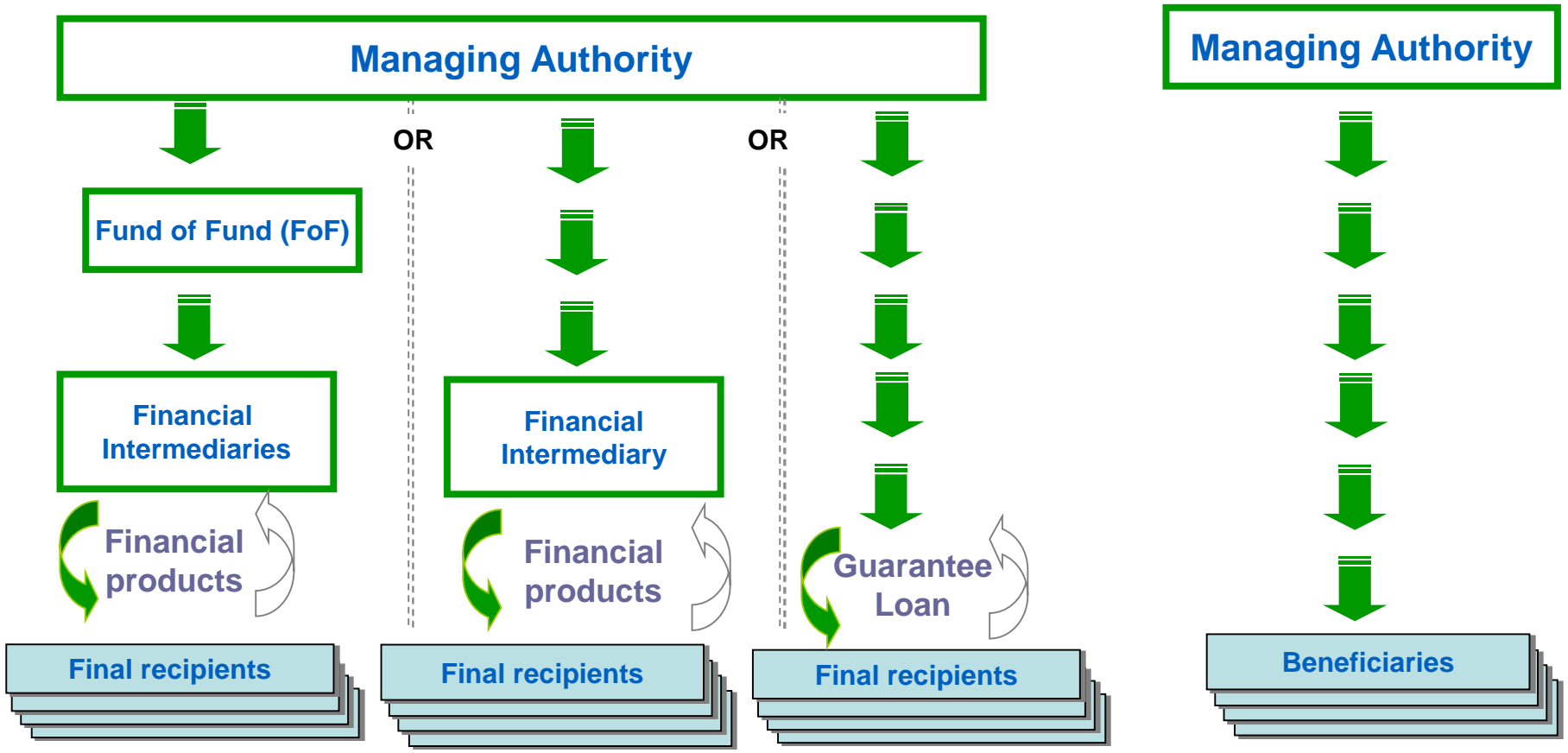
- **Ex-ante assessment to be carried out** before programme contribution to FI operation under the ESIF
- **Incentives regarding EU co-financing rates**
- **Phased payments to FIs** (c.f. guidance note)
- **More detailed rules concerning**
  - eligible expenditure at closure,
  - the (re-) use of interest/other gains and ESIF resources returned during the programming period,
  - the use of interest/other gains and ESIF resources returned after the end of the eligibility period

# 2014-2020 framework

## Key novelties (3)

- **Annual reporting by MAs**
  - MA to report on FI operations annually on a more comprehensive set of data, Commission to publish annual summary report on the basis of data received
  
- **Implementation options**
  - 1) Traditional implementation possible: MA sets up a FI at national, regional, transnational or cross-border level with or without **FoF**.
    - Tailor-made instruments
    - Standardised “off-the-shelf” instruments - standard conditions to facilitate the set-up phase (State aid compliant from the onset)
  - 2) MA can contribute OP/RDP allocation to EU level instrument
  - 3) MA can implement loans or guarantees directly (or through intermediate body) without formal set-up of a fund

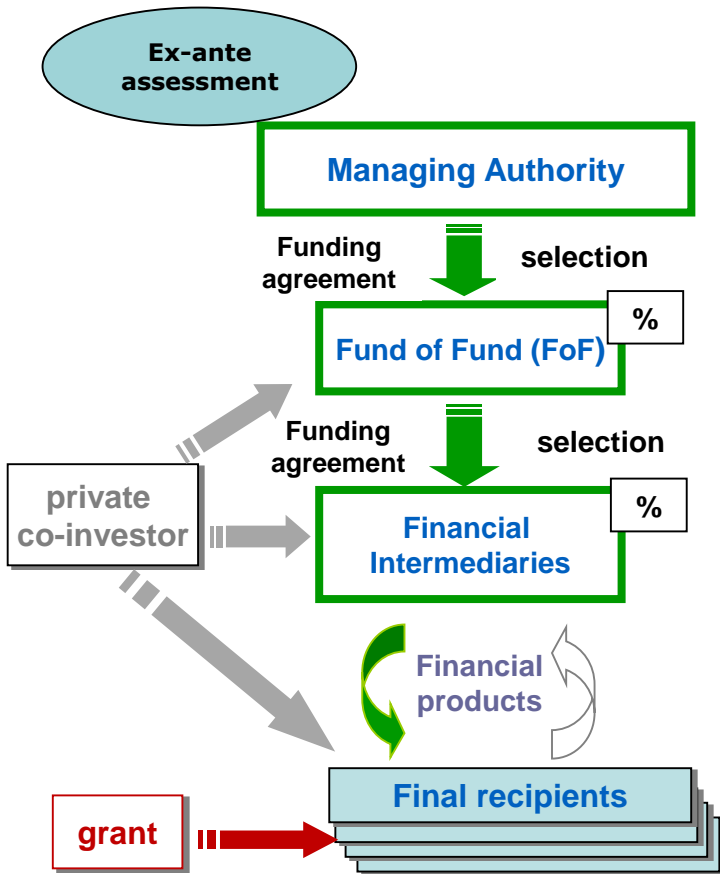
# FIs vs Grants



Repayable FI INVESTMENT (loan, guarantee, equity)  
prior to project expenditure

Non-repayable GRANT SUPPORT  
after project expenditure

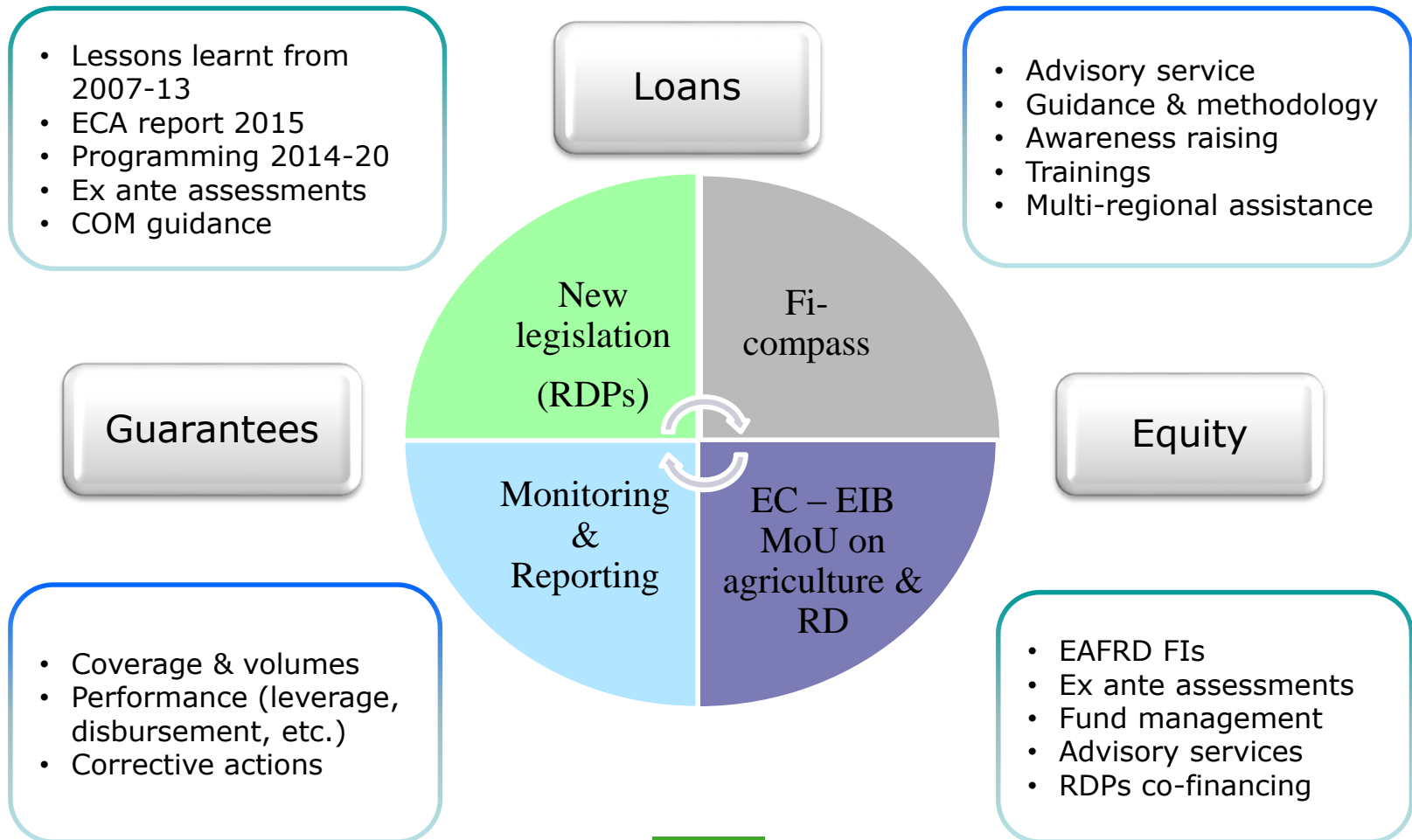
# FIs life cycle



1. Ex-ante assessment \*
2. MA decision to set up FI (implementation option\*)
3. Selection\* of a body implementing FI
4. Signature of funding agreement
5. ESIF programme contribution (payments\*)
6. Implementation, e.g.
  - Investments in final recipients (eligibility\*)
  - Management cost and fees\*
  - Treasury management \* %
  - Preferential remuneration of private investor\*
  - Combination grant + FI\*
  - State aid
  - ...
7. Reporting and monitoring

\* Guidance note completed or in preparation

## EAFRD Financial Instruments 2014-2020







## ***Main EAFRD Objectives on FIs***

- Fully-fledged support for investments in agriculture, agro-food and RD
- Growth & employment impacts and re-enforced sustainability
- From grants to FIs - diversified support options
- Increase substantially the use of financial instruments:
  - in terms of budget
  - territorial coverage
  - supported types of investment
  - reaching all potential beneficiaries/sectors

***NB: Performance and design are key to success***

Operational tasks for 2015-2016:

- Ex-ante assessments on FIs for every programme area (ECA recommendation on FI 2014-2020)
- Operational guidance by fi-compass
- Deliveries under the EC (DG AGRI)–EIB MoU for agriculture and rural development within the EU

Muito obrigado!

**Q&A**