



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

Key novelties and Commission guidance  
Tallinn, 15 March 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**,
  - **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).

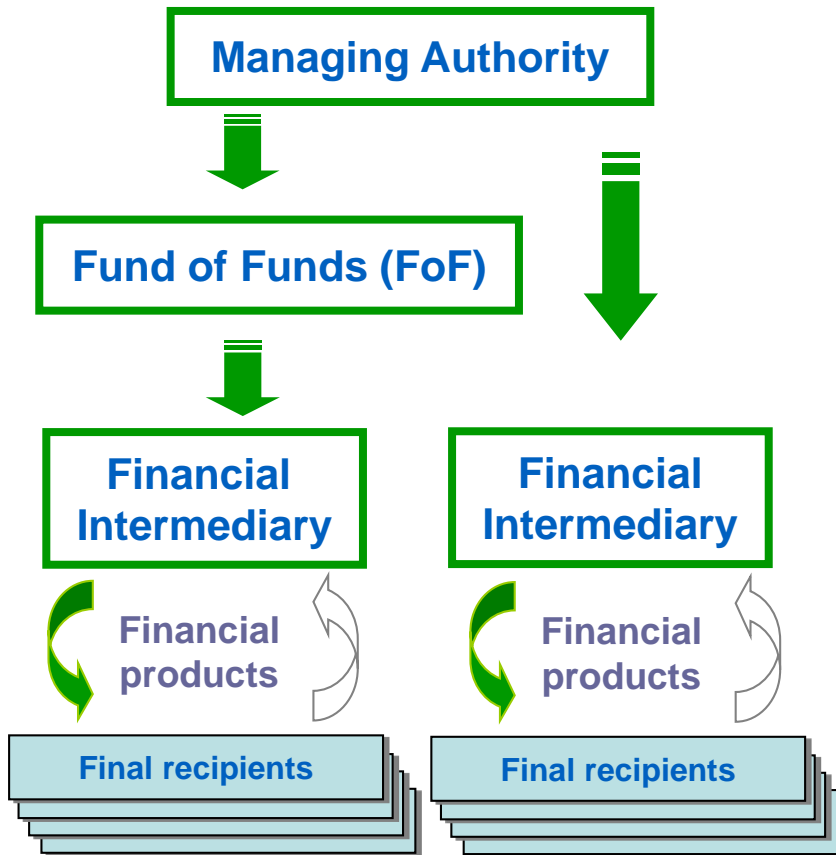
# 2014-2020 framework

## 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

## Implementation options



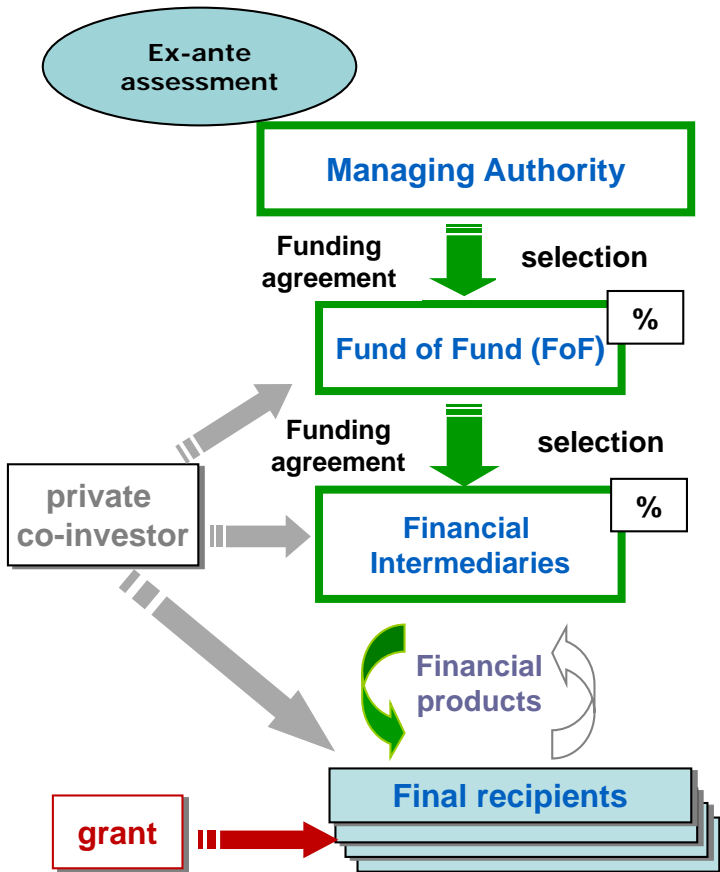
### Traditional implementation:

- MA sets up a FI at national, regional, transnational or cross-border level
- FI can be implemented with FoFs and without FoFs
- MA can: invest in capital of legal entity or entrust implementation

### Novelty:

- **Off-the-shelf instruments** with standard conditions to facilitate the set-up phase (State aid compliant from the onset)

# 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 costs and fees\*
  - Treasury management\*
  - Preferential remuneration of private investor\*
  - Combination grant + FI\*
  - State aid
  - ...
7. Reporting and monitoring\*
8. Winding up

\* Guidance note completed or in preparation



Thank you!

**Q&A**