



Ex-ante assessment and the follow-up in Slovakia

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Centralised approach to Financial Instruments

The Ministry of Finance of the Slovak Republic proposed a new initiative (mandate in Government Resolution no. 736/2013):

✓ **Slovak Investment Holding (SIH):** a fund of funds

- An umbrella fund structure for FIs in Slovakia
- Integrated long-term support system for national investment priorities
- Financial resources available to SIH include:
 1. ESIF: (depending on the ex-ante assessment) minimum 3% of the allocations for each operational programme except OP TA, approx. 550m EUR
 2. Other sources: international financial institutions, private investors, recycled JEREMIE funds

✓ **SZRB Asset Management (SZRB AM):** the fund manager of SIH

- Subsidiary of the Slovak Guarantee and Development Bank;
- Centralisation of expertise with management of FIs, expected efficiency gains and a streamlined strategy avoiding overlaps



Ex-ante assessment: why, who and how?

Goal: swift and efficient start of implementation resulting from lesson learned from the previous programming period

Decision taken → cooperation with the EIB

- Technical Assistance Services Agreement with EIB signed on 5 March 2014 (early start), methodology for the ex-ante assessment only approved in July 2014
- EIB to deliver a study in support of the ex-ante assessment
- Study drafted by PwC at the instruction and under the supervision of the EIB, SME analysis managed by EIF

Steering Group:

- Managing Authorities of 6 OPs, European Commission, Ministry of Finance, SZRB AM
- From April 2014 to November 2014: 3 meetings with interim reports presented
- 22 December 2014: distribution of the final report
- Close cooperation with the relevant stakeholders (the MAs, public/private stakeholders (ministries, government office, municipalities, corporates) supplemented by municipalities survey, SMEs survey



Ex-ante assessment: kick off

Task 1: General considerations and guidance on the use of FIs covering Thematic Objectives in Slovakia

Task 2: Specific guidance and analysis on the use of FIs in the three main areas of application



Sub-task 1:

Energy, infrastructure and waste projects including energy efficiency (EE) in large projects

Sub-task 3:

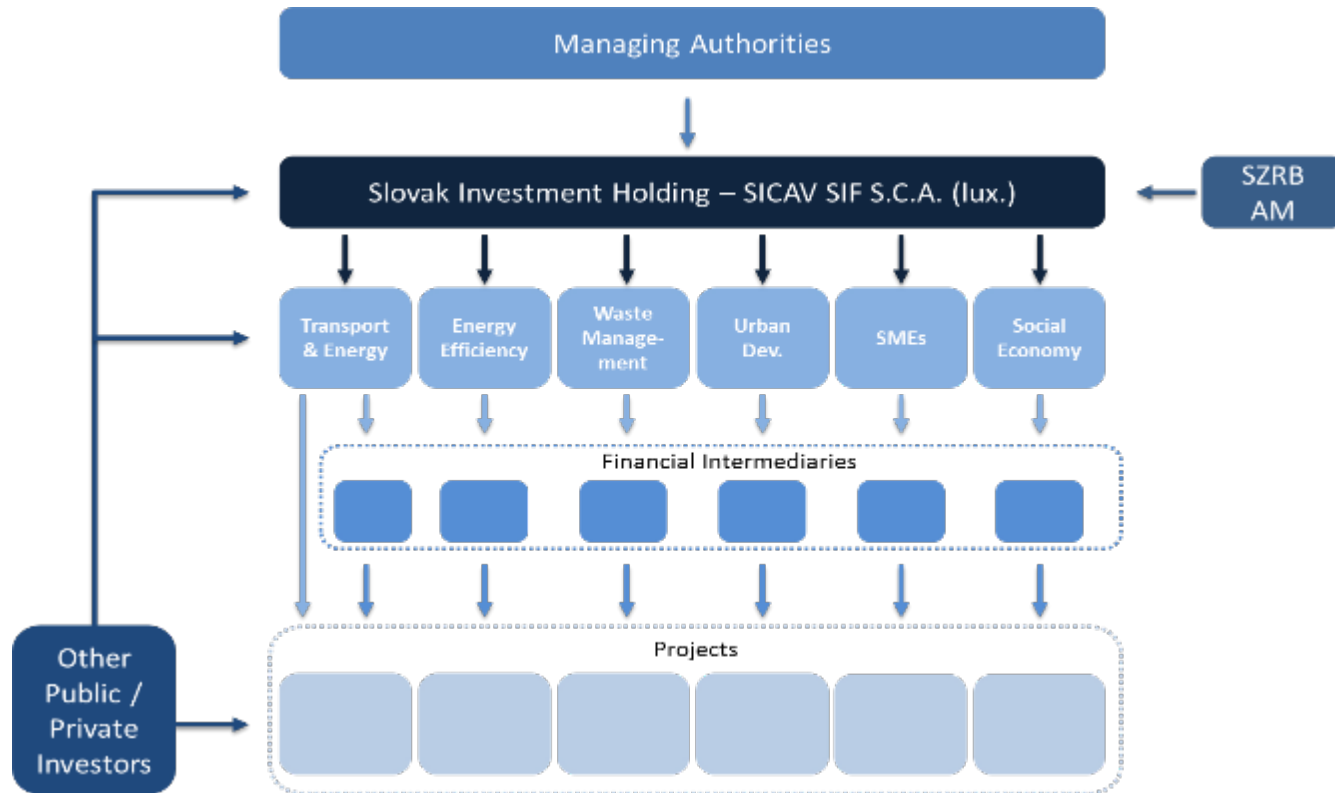
Municipal and urban development including EE in buildings

Sub-task 2:

SMEs including Social Economy Enterprises and energy efficiency in companies

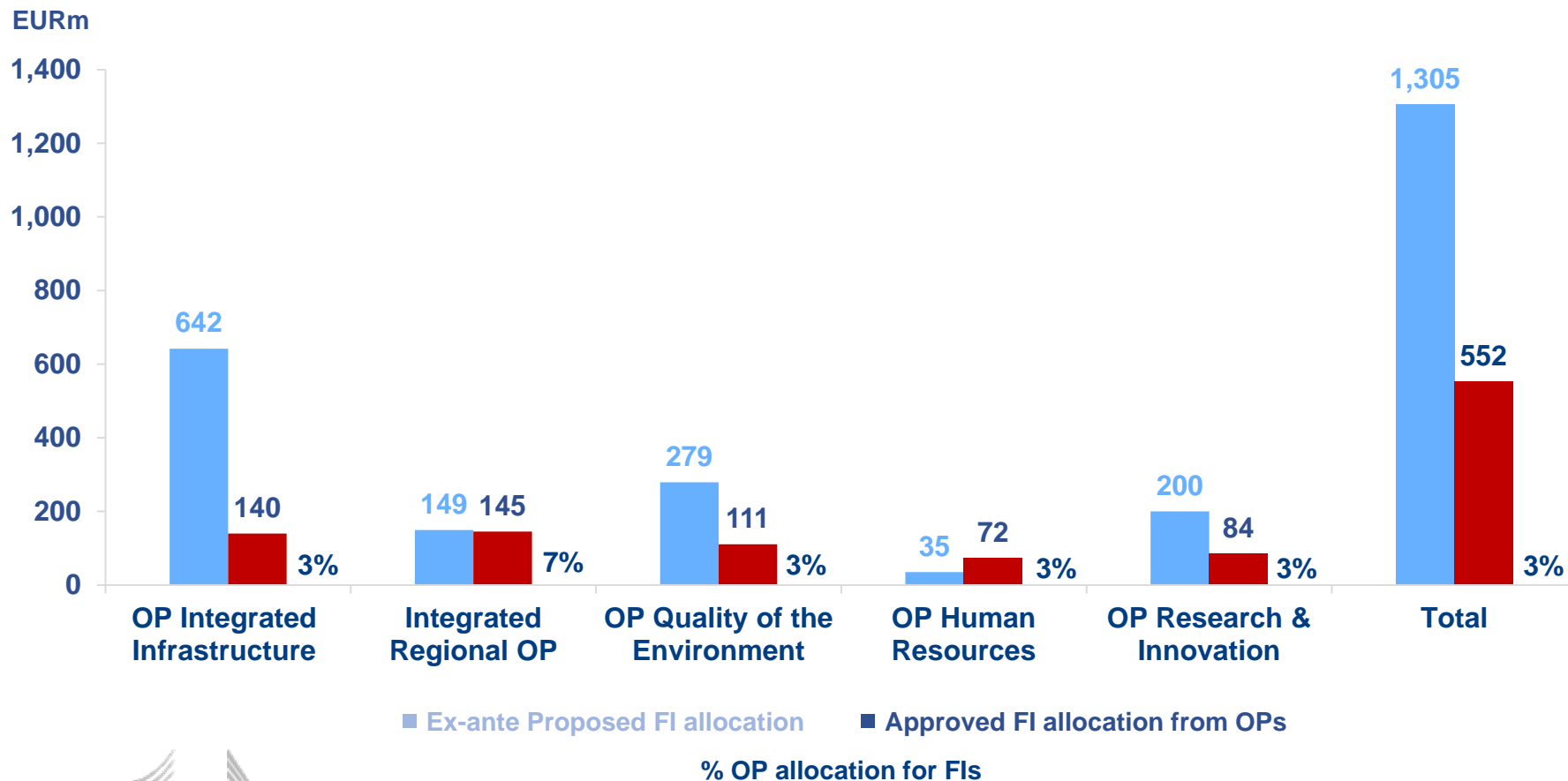


Ex-ante assessment: proposed implementation structure

















Ex-ante assessment proposed vs. actual allocation



Investment Areas



Financial Instrument Options

Sub-funds	OP Allocation for FIs	Financial Instrument Options			
		Equity	Mezzanine	Soft Loan	Guarantee
 Infrastructure	 140	✓	✓	✓	✓
 Energy Efficiency	 177			✓	✓
 Waste Management and Energy Production	 73		✓	✓	✓
 SMEs	 90	✓		✓	✓
 Social Economy	 72	✓		✓	✓
SLOVAK INVESTMENT HOLDING  Total of all Sub-funds / Fund of Funds	 552				



 #ficompass





Lessons learned from the ex-ante assessment

- **An independent and experienced partner for the ex-ante assessment is an advantage**
 - Managing authorities are traditionally used to provide grant support, FIs are often a novelty, a venture
 - A thorough and well prepared ex-ante assessment helps to get all the stakeholders on board
 - Know-how on structuring financial instruments usually not available locally
- **Central approach is an advantage**
 - Expertise in FIs built in one institution rather than 5 Managing Authorities
 - One comprehensive ex-ante assessment saved a lot of overhead
- **Do not forget**
 - Involve all the stakeholders in the process
 - All requirements on the ex-ante assessment (provisions on updates and reviews)
- **Know the limits of an ex-ante assessment:** it is a snapshot



Expectations vs. reality 1/3

- **Swift start of implementation:** as a main lesson learned from the past..?
 - **03-12/2014: Ex-ante assessment** launched very early, even before the methodological guidance was available
 - **04/2015-03/2016: Funding agreements** - 3-party contracts between SIH, SZRB AM and 5 OP Managing Authorities, 1 Intermediate Body for the following operational programmes:
 - OP Integrated Infrastructure (April 2015)
 - OP Quality of Environment (May 2015)
 - Integrated Regional OP (May 2015)
 - OP Research & Innovation (January 2016)
 - OP Human resources (March 2016)
 - **12/2015-04/2016: Transfer of funds** in the SIH structure (first tranches):
 - Important implications on management costs and fees
 - Impacting the creation of the Luxemburg structure, the selection of financial intermediaries, etc.



Expectations vs. reality 2/3

- **Legal certainty** impacting the comfort of the MAs to move forward:
 - First MAs designated only **early 2016**
 - New guidance from EC, **continuously**, some important guidance being finalised now
 - **12/2015 – 01/2016**: Designation audit of the Coordinating body (Ministry of Finance)
- **Lean and light implementation guidance at national level**: originally minimalistic approach, i.e. based on CPR, delegated and implementing regulations, and EC Guidance, but...
 - **05/2015: System of management of the financial instruments** – methodological guidance dealing with the implementation of financial instruments
 - **01/12/2015: Law on financial instruments** – legal regulation of financial instruments in Slovakia
 - **01/2016**: Comprehensive update of the System of Management of the FIs, template checklists and forms, etc.



Expectations vs. reality 3/3

- **Couple of things still missing:**

- Finalising the fund structure
- State aid schemes including detailed structuring of the FIs,
- Selection of Financial Intermediaries

- **...on the other hand:**

- **JEREMIE** topped by additional funds, extended to 31/10/2016 is managed by SZRB AM since 01/01/2016
- **JESSICA** topped by additional funds and extended to 31/10/2016
- **Infrastructure sub-fund** is to invest in the Bratislava ring road PPP
 - A pioneer example of use of FIs in infrastructure PPP projects, warehoused for EFSI
 - Participation through a subordinated loan
 - Financial close in May 2016



financial instruments
 revolving capacity building
 added value **ERDF** funding agreement
 governance **ESF** EU guidance
 technical support seminars **leverage** ex-ante assessment
 co-financing **ESIF** financial intermediaries microfinance
 investments **fi-compass** case studies final recipients
 business plan **Thank you** thematic objectives
 advisory services **guarantees** banks **loans** **EaSI** equity
 private investors life cycle combination of support
EAFRD conferences factsheets
fund of funds **EMFF** investment strategy **CF**
 managing authorities manuals

