



Final Results from the Study on Programming EAFRD FI in 2014-2020

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Content



- What the study was dealing with (objectives, scope, problems)
- Findings Part I: the programming of FIs in RDPs
- Findings Part II: the ex-ante assessments for FIs
- Findings Part III: the regulatory framework – perception from MAs
- Some final remarks



Content



Theme	Theme A		Theme B		Theme C	
Method and Coverage	Desk Review	All (109) RDPs	Desk Review	MAs which have or are undertaking ex ante assessments. Available ex antes /drafts and related material reviewed.	Interview	Where MAs have programmed FIs in the RDP; or are undertaking ex ante assessments. Limited number of financial intermediaries.
Aim	<ul style="list-style-type: none"> - Identify FI programming status in all RDPs - Analyse programming in specific areas (FIs and grants), namely: a) renewable energy and energy efficiency, b) forestry, c) rural infrastructure other than a). - Understand the programming decisions MAs make regarding FIs. - Understand the potential for FIs and current programming gaps 		<ul style="list-style-type: none"> - Identify general focus and conclusions of ex ante assessment - Gain understanding on ex ante process, steps taken before and during the process, analyses, financial aspects, and stakeholders. - Enable comparison with CPR ex ante requirements and fi-compass ex ante guidelines. 		<ul style="list-style-type: none"> - Provide an overview of how EAFRD MAs deal with the current regulatory framework and identify practical, administrative and legal obstacles to FI implementation - Review MA experiences with the current provision of advisory services and identify unfulfilled advisory needs 	
Method and Coverage	Interview	RDPs with Fully, Partially Programmed, and Notions of FIs. Additionally, where MAs have or are undertaking ex ante assessments, or if MAs have expressed interest in conducting ex ante assessments, and may or may not have started the process.	Interview	Where MAs have or are undertaking ex ante assessments, or if MAs have expressed interest in conducting ex ante assessments, and may or may not have started the process. MAs and Financial Intermediaries (where possible).		



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The problems – being clear about definitions – or FI programming is a moving target



RDP FI Programming	
Fully Programmed	FIs are included in the RPD as an implementation mechanism/ type of support (section 8.1, 8.2 of the RDP); a budget is attached to the FI.
Partially Programmed	FIs are planned (i.e. specifically mentioned) within a specific measure (sub-measure) as an implementation mechanism/ type of support (section 8.1, 8.2 of the RDP), but eligibility conditions, budget allocations, support rates etc. are not specified in the RDP.
Notions of FIs	Possible future use of FIs is mentioned in the RDP (in section 4.2, identification of the needs; 5. Description of the strategy; or 5.2 Measures). However, (unlike partially programmed, above), FIs are not linked to specific measures/ sub-measures.
Ex Ante Assessment Status	
Ex Ante Completed	The ex ante assessment is finalised and delivered to the MA (if it was outsourced).
Ex Ante Advanced	The ex ante assessment is almost finalised; recommendations or conclusions are being drafted.
Ex Ante in Progress	The ex ante assessment has been officially launched. The ex ante assessor (internal or external) has started conducting activities in accordance with CPR key requirements.
Expressed Interest	For the purposes of this study, MAs who have stated their interest in conducting an ex ante assessment for EAFRD FIs.
Interest Withdrawn	The MAs in question declared an interest in conducting an ex ante assessment but, after investigation, are no longer interested in FIs.



Key findings on FI programming I



- FI programming under EAFRD has increased significantly → fully programmed FIs in eight RDPs, partially programmed in 24 RDPs and ‘notions’ in another 19.
- Eleven Member States have RDPs with programmed FIs or ‘notions’ of them. Among these, some (Germany, Estonia, Netherlands, Spain, Portugal and Slovenia) “newcomers”. Latvia and Lithuania have not picked up from previous period.
- The largest share of RDP resources allocated to FIs is for investments in physical assets, followed by farm and business development, then investments in forestry. Where FIs are intended to contribute to energy efficiency (FA5B) or renewable energy (FA5C), they generally also target the economic performance of farms (FA2A) or food chain integration (FA3A).
- Just A few RDPs have programmed FIs that target rural infrastructure. The investments mostly relate to development, modernisation or adaptation of agriculture and forestry.



Key findings on FI programming II



FI potential

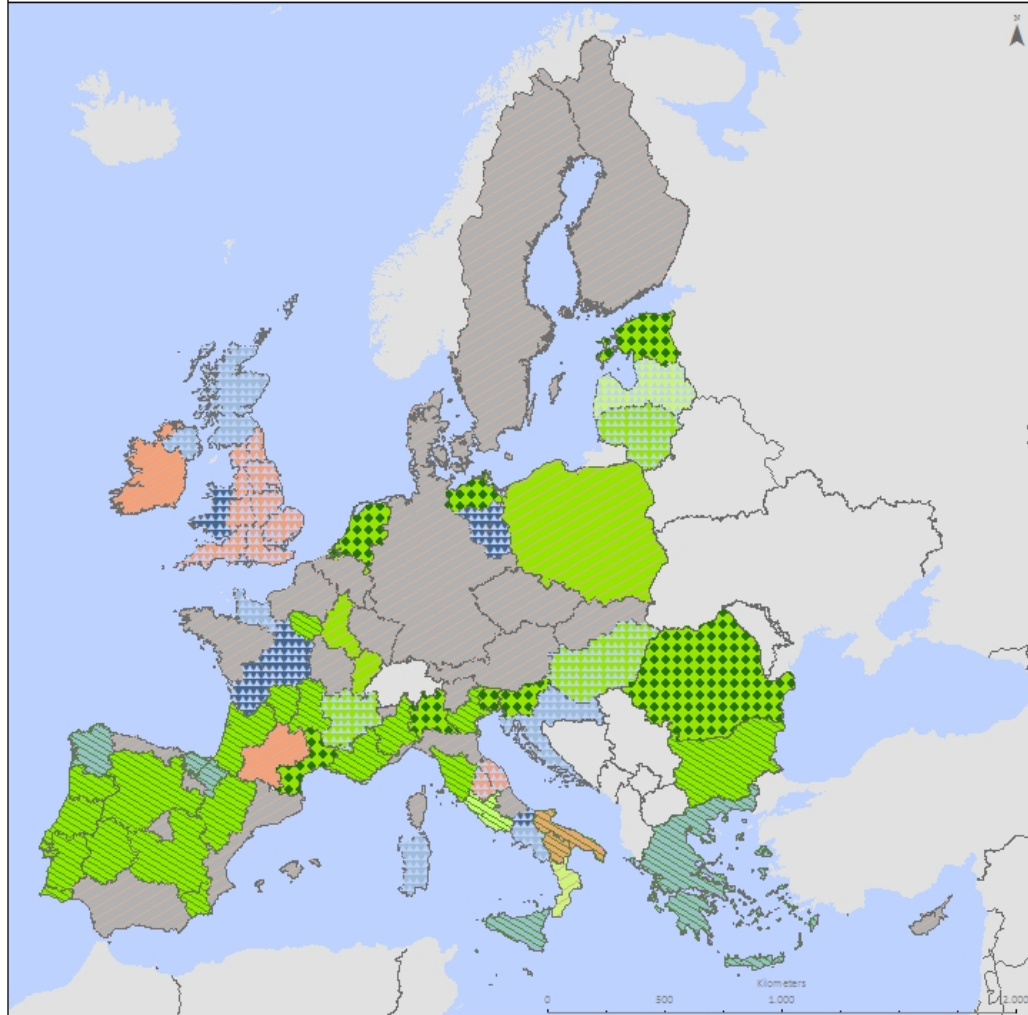
- If the current FI programming: support certain types of EAFRD investment, then investments in agricultural holdings and the processing/marketing and/or development of agricultural products. While almost all MAs intend to support this type of investments, suggesting that these can generate revenue, only a minority anticipate doing so through FIs.
- Estimations in the study seem to confirm an untapped potential for FIs.
- While MA interviews confirmed that agriculture is the most important focus for FIs, they also indicated that FIs are increasingly considered as useful for forestry and renewable energy investment. Indeed, MAs in Hungary, Lithuania, Italy, and the United Kingdom without programmed FIs identified them as a possible form of support in these two areas.



FI programming status & Ex-ante assessment status



Bridging programming and ex-ante assessments



Ex-ante assessment status

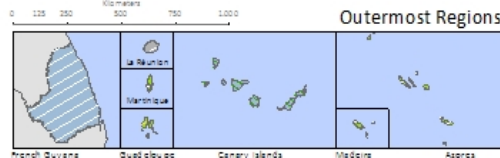
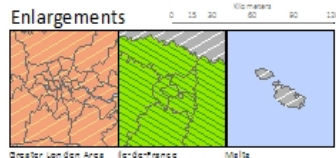
- Completed
- Advanced
- In progress
- Expressed interest
- Interest withdrawn

FI programming status

- i) Fully
- iii) Notions
- No Ex-Ante assessment
- No EU 28 Member
- ii) Partially
- iv) no FIs programmed

Data: NUTS 2013
Source: Own survey

February, 2017



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Key findings on ex-ante assessments I



Status and process of ex ante assessments

- As at February 2017, 33 ex ante assessments had been completed, three were at an advanced stage and seven were still in progress. In addition, 13 MAs had expressed interest in conducting an ex ante assessment, while five MAs had withdrawn their interest.
- Nature of the ex antes varies broadly, also depending on their scope, e.g. if multi-RDP and/or multi-fund. This helps understanding the range of MA experiences, as the involvement of EAFRD MAs was less in some cases.
- Ex ante assessments with a broader focus covering SMEs in general, include specific chapters or analyses addressing agriculture. Only some ex-ante assessments consider agri-food separately from agriculture. Ex ante assessments addressing forestry usually only provide structural data about the sector.
- The most common market failure was an asymmetry of information. Also mentioned credit restrictions resulting from the credit crunch, and requirements under Basel agreements. Some ex antes highlight the greater difficulty of young businesses.
- Market failures imply worse financing conditions in a majority of programme areas, → higher administrative costs on loans of limited amount. Some ex ante assessments indicated that the agricultural sector is regarded as reliable by the commercial banks and credit unions, or even commercial banks have interest to increase their agriculture portfolio.



Key findings on ex-ante assessments II



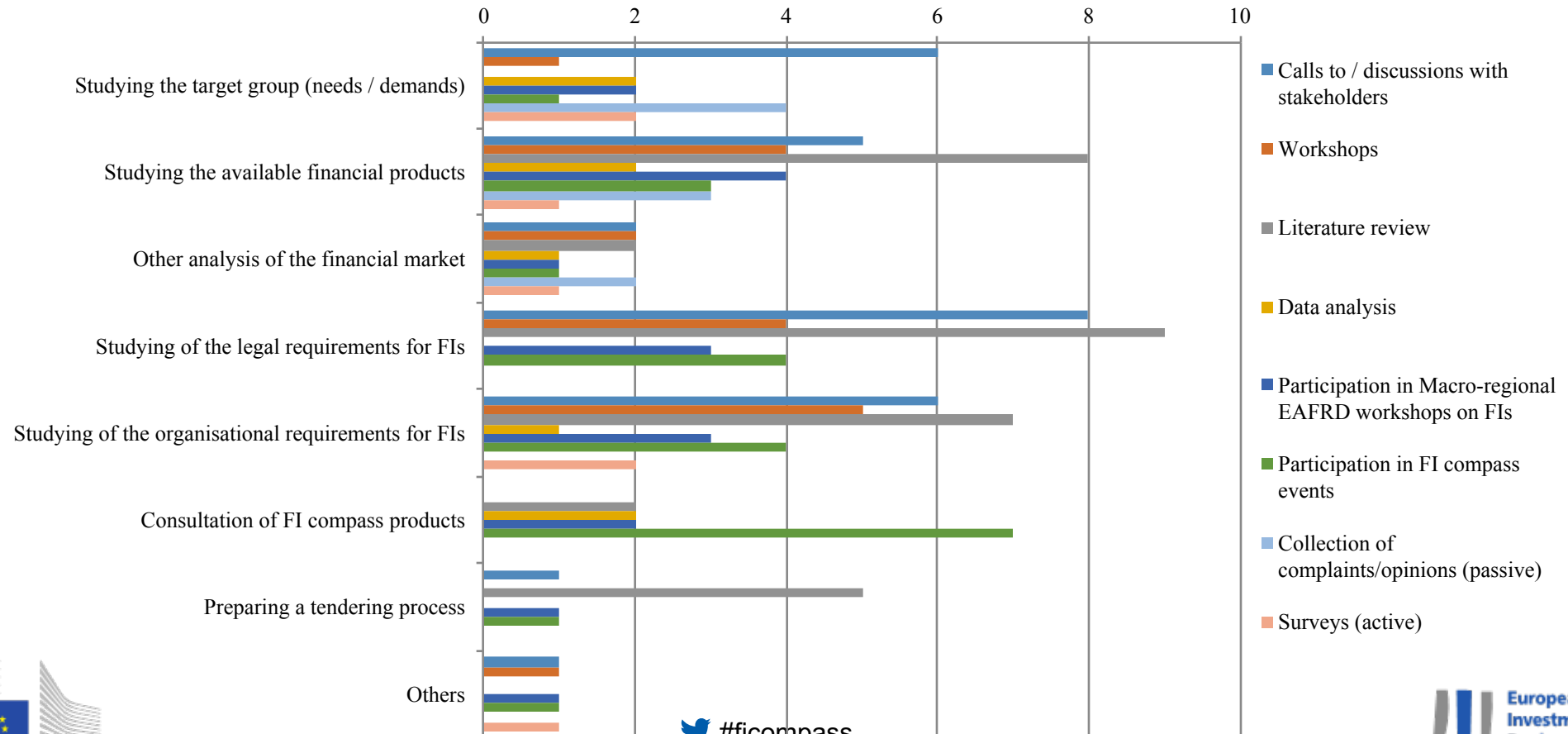
- The most common added value of financial instruments was through leverage, their revolving nature, greater financial discipline and better financial and technical assessment of projects. Other mentioned advantages included, for instance, encouraging entrepreneurship and financial education in agriculture and rural areas, or increased capacity through partnerships between public and private sectors. Several ex ante assessments provide scenarios comparing leverage of different financial products (i.e. guarantees and loans) with grants.
- Most ex ante assessments reviewed past experiences. Lessons learned include, among others, the need to avoid fragmentation of public support, to streamline procedures and reduce the time needed to approve applications and disburse resources, to raise awareness through information campaigns.
- The most common financial products were loans and guarantees.
- The least coverage in ex-ante assessments has been the specifications of expected results and the provisions for review and update of the ex-ante assessment.



Some flashlights into ex-ante assessments I



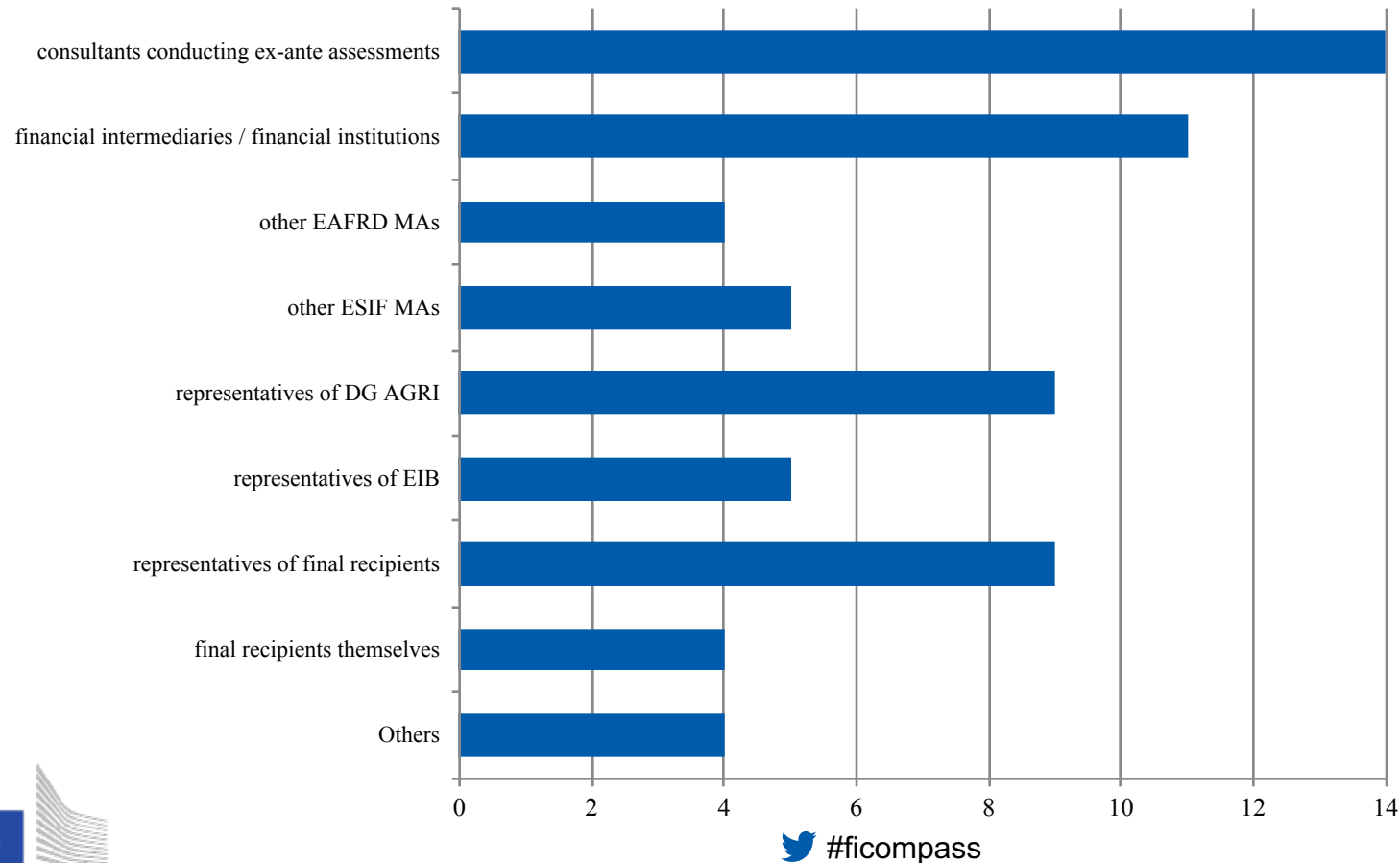
Specific actions undertaken prior to conducting an ex ante assessment



Some flashlights into ex-ante assessments II



Stakeholders consulted prior to an ex ante assessment



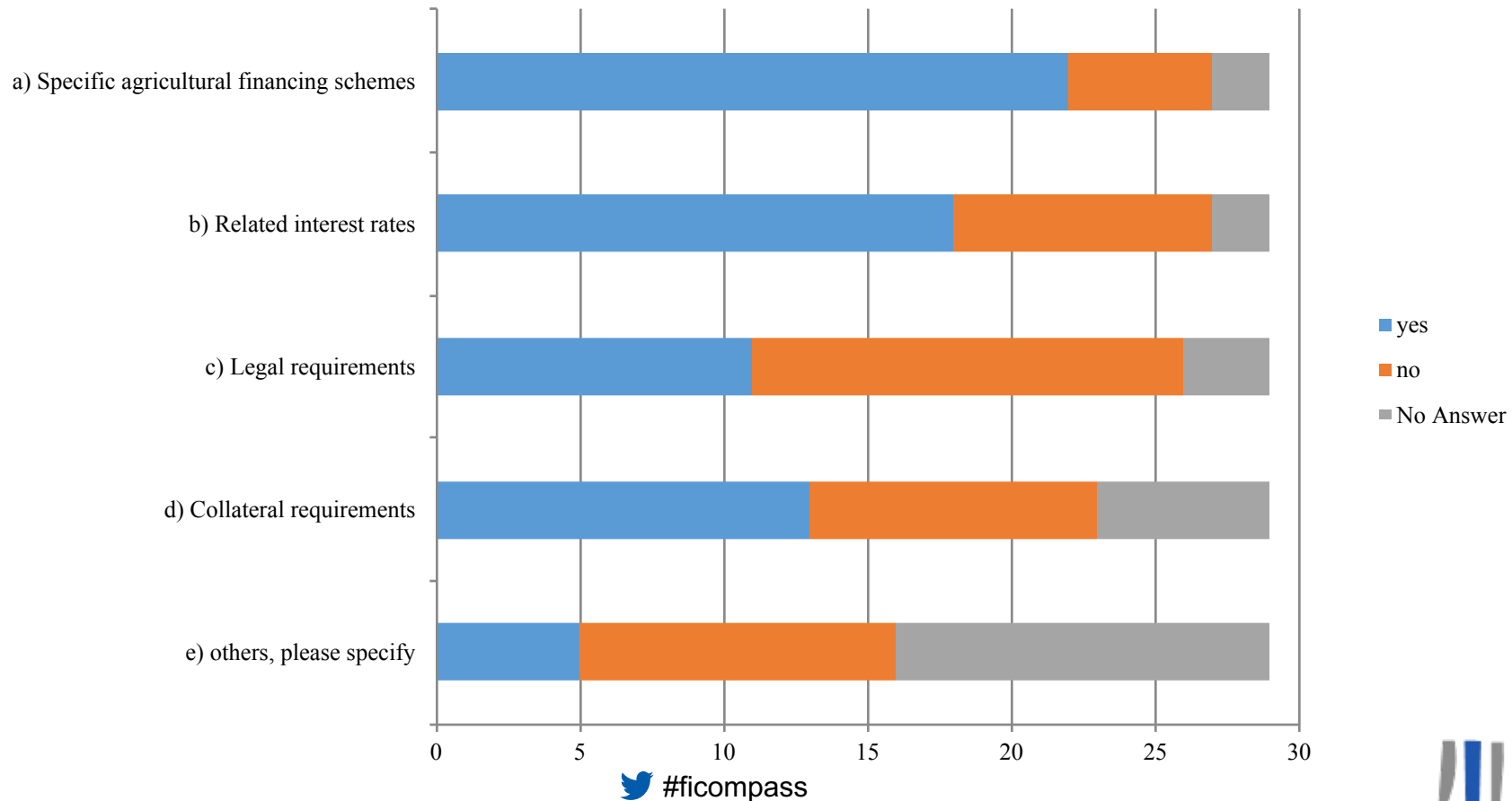
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Some flashlights into ex-ante assessments III



Aspects of the financial markets addressed in the ex-ante assessments



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Some flashlights into ex-ante assessments IV



Methodologies used in the ex ante assessments

- Macro-economic analyses
- Surveys
- Access to financing data analysis
- Sub sector analyses
- SWOT analyses

Key findings on the legal framework I



Implementation of EAFRD co-financed FIs

- Over half of MAs report that the legislative provisions for FIs are more onerous than for grants, and implementing FIs is perceived to be very complex. The traditional use of grants under EAFRD and a consequent lack of experience with FIs might contribute to this perception.
- There is a strong desire for greater clarity and flexibility in the legal framework.
- Relatively few MAs were sufficiently far along the implementation process to comment on procedures for selecting implementing bodies and drafting funding agreements but those who could often found the provisions somewhat constraining or inflexible.



Key findings on the legal framework II



Advisory support

- Guidance and training sessions related to ex ante assessment were considered very effective, although in some instances the timing of guidance was an issue.
- MAs identified a significant general need for further advisory support, especially for MAs who had completed ex ante assessments.
- Monitoring and control of FIs, dealing with reimbursements and designing implementation options were quoted as areas where advisory support was most required.



THE FAMOUS LAST WORDS...



- Generally FI uptake in the 2014-2020 period encouraging.
- Strong sign that FIs are a means to bridge funds (multi-fund FIs) and thus create more holistic rural development.
- Advisory still badly needed in implementation of FIs.
- Some weakness in embedding FIs in RDP results and overall rural development needs.





Thank you for your attention!



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