



**5 takeaways from *fi-compass*
EAFRD study activity
– Reflections for the future**

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Introduction



Not many financial instruments (FIs) in EAFRD are already operational...

... But **activity on the ground is very intense:**

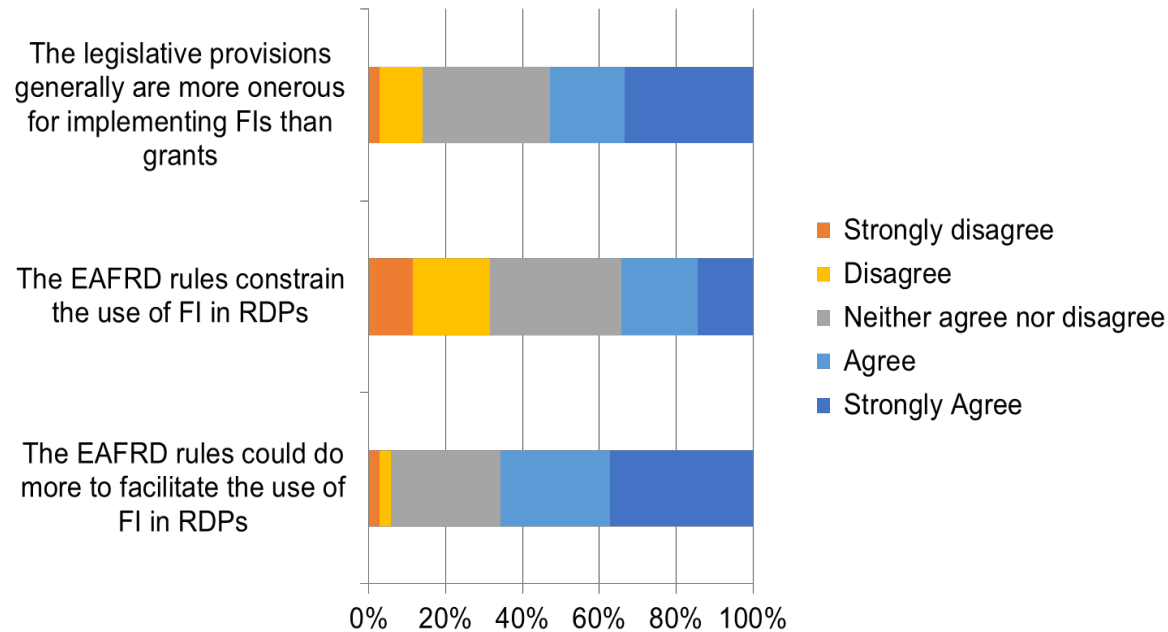
- ✓ **More than 40 Ex ante assessments** completed/ongoing out of 118 RDPs
- ✓ Some managing authorities (MAs) in the **final stages** of the implementation process (e.g. Italy, Slovenia)
- ✓ Numerous MAs have just recently launched an ex-ante assessment but have **very ambitious time schedules** for the setting up of FIs
- ✓ **Omnibus novelties** are already showing an impact on MAs interest for FIs

Can 2018 become the year of FIs in EAFRD?



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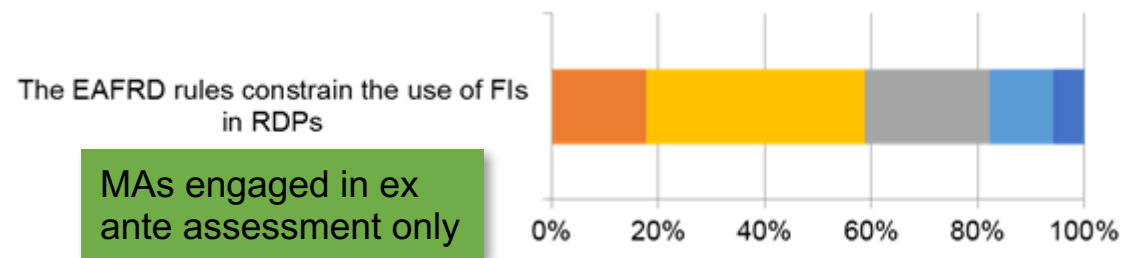
Needs for capacity building still high in EAFRD



Source: fi-compass study on programming FIs in RDPs

Critics to the legal framework seem to be related to the lack of knowledge of the MAs:

- ✓ High rate of **no answer**
- ✓ **Qualitative analysis** of MAs answers to the interviews
- ✓ When only **MAs which are conducting or preparing to launch an ex-ante assessment** are considered:

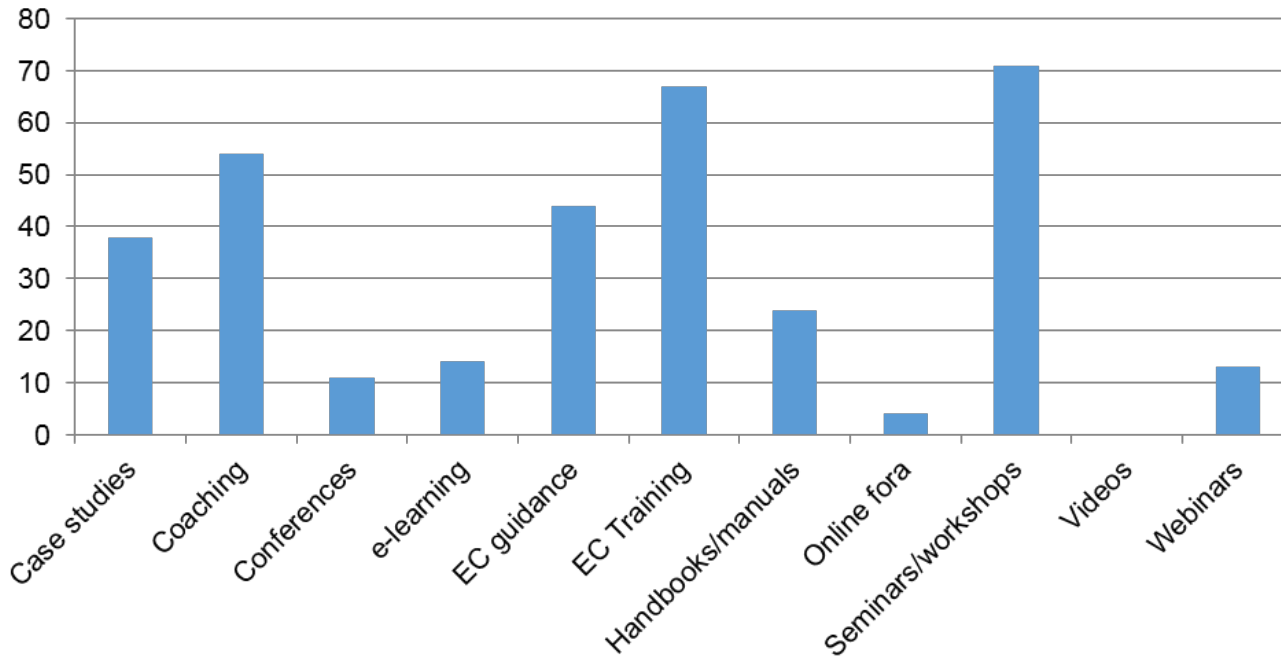


MAs engaged in ex ante assessment only



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Needs for capacity building still high in EAFRD



- ✓ Coaching/training activity considered as the most effective support modality together with workshops
- ✓ Written documents/guidelines: useful when related to practical experiences or to guidance for legal interpretation

Source: fi-compass study on programming FIs in RDPs

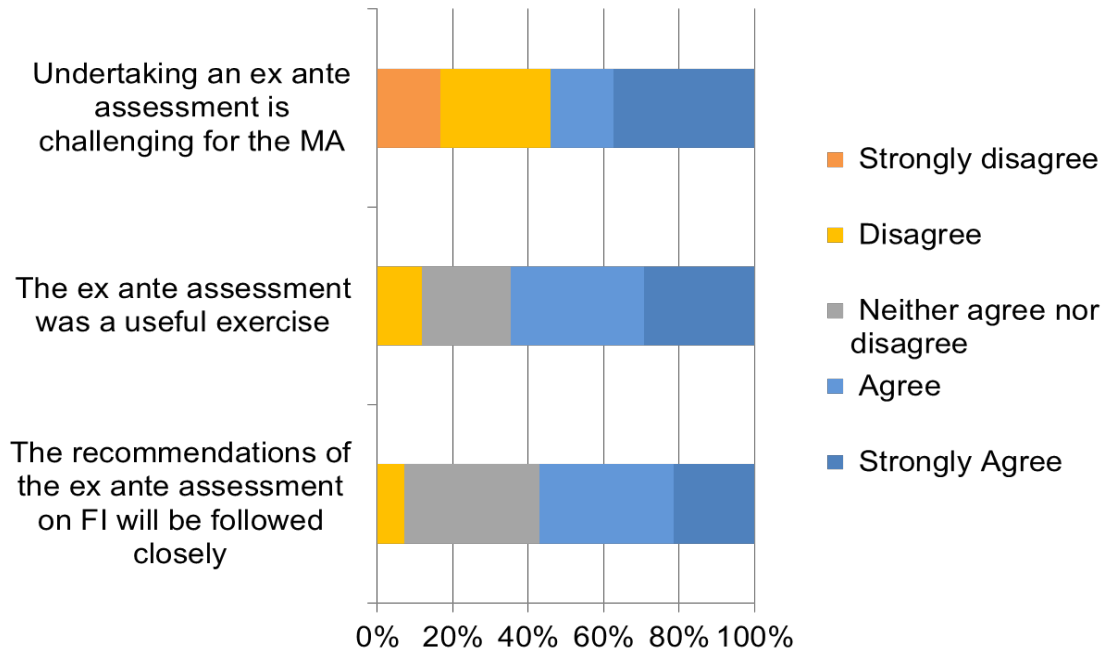


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Ex-ante assessment as a learning process



Source: fi-compass study on programming FIs in RDPs

- ✓ Opinions on the difficulties of conducting an ex ante assessment are evenly split among MAs
- ✓ **More than 65 per cent agree that the ex ante assessment is a useful exercise**
- ✓ Qualitative analysis of the study interviews and anecdotal experience suggests an **important role of the ex-ante as a learning process:**
 - For MAs
 - For RDP’s stakeholders



3 Strong preference for tailor made instruments

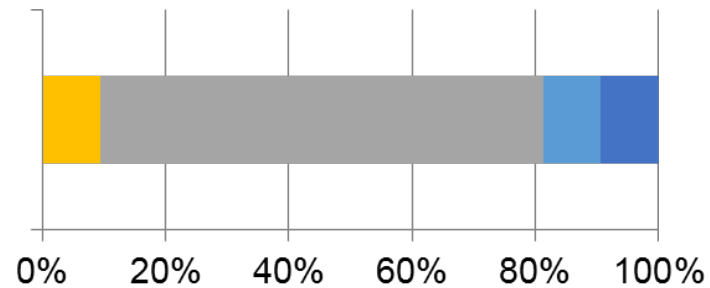


- ✓ Off-the-shelf instruments not used as such
 - ❑ But at the basis of many ex-antes and instruments design
- ✓ Option to contribute to EU central instruments not used
- ✓ SME Initiative not used in EAFRD:
 - ❑ Regulation constraints (separate RDP in particular)
 - ❑ Lack of knowledge/experience

Similar situation in other ESI funds

6 operational instruments under ERDF

The SME initiative is well-suited to the use of EAFRD FIs



- Strongly disagree
- Disagree
- Neither agree nor disagree
- Agree
- Strongly Agree



Source: fi-compass study on programming FIs in RDPs

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Strong preference for FIs targeted to SMEs and combination with grants



- ✓ FIs mostly targeted to investments in SMEs in agriculture/forestry/rural areas (Measures 4.1 – 4.2 – 6.4 – 8.6).
- ✓ **Infrastructures and microfinance as new areas to be analysed under *fi-compass***
 - Potential financial gaps
 - Specific constraints in the use of these types of FIs in rural areas
- ✓ **Combination with grants normally foreseen as an option for the final recipients**
 - No combination with Interest/guarantee fee subsidy or technical assistance



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More targeted instruments for the agricultural sector



- ✓ Financing needs of agricultural enterprises have some specificities:
 - ❑ Seasonal production – weather related events – price volatility
- ✓ **The possibility of a specific instrument addressing price volatility has been analysed by *fi-compass*:**
 - ❑ **MilkFlex fund set up in Ireland by Glambia** (milk producers' cooperative) with the participation of public (National treasury Management Agency and Finance Ireland) and private investors (Rabobank)
 - ❑ **Loans for investment with flexible repayment schedule respondent to dairy prices** (automatic triggers based on price indexes)
- ✓ **Analyse the replicability of this experience in other sectors and/or geographies**
- ✓ Analysis conducted in: **Ireland, France and Italy**



5 **More targeted instruments for the agricultural sector**



- ✓ **MilkFlex** experience **strictly dependent on the specific geographical/economic context**
- ✓ **Cannot be considered as a policy option for a standardised type of instruments**
- ✓ **Flexible financial products found in the market, developed by private banks:**
 - ❑ **Credit Agricole “Prêt a piloter”**: loan contract can be amended upon borrower’s request
 - ❑ Option to reimburse the loan in advance or with a delay, possible temporary suspensions and upwards/downwards modulation of the instalments
- ✓ Possibility for public policy to **promote flexible financial products building on existing experiences:**
 - ❑ Slightly adapted existing models of financial instruments can be used (e.g. capped portfolio guarantee)





Thank you for your attention!



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