



# EAFRD Financial instruments 2014-2020 *State of play & policy developments*

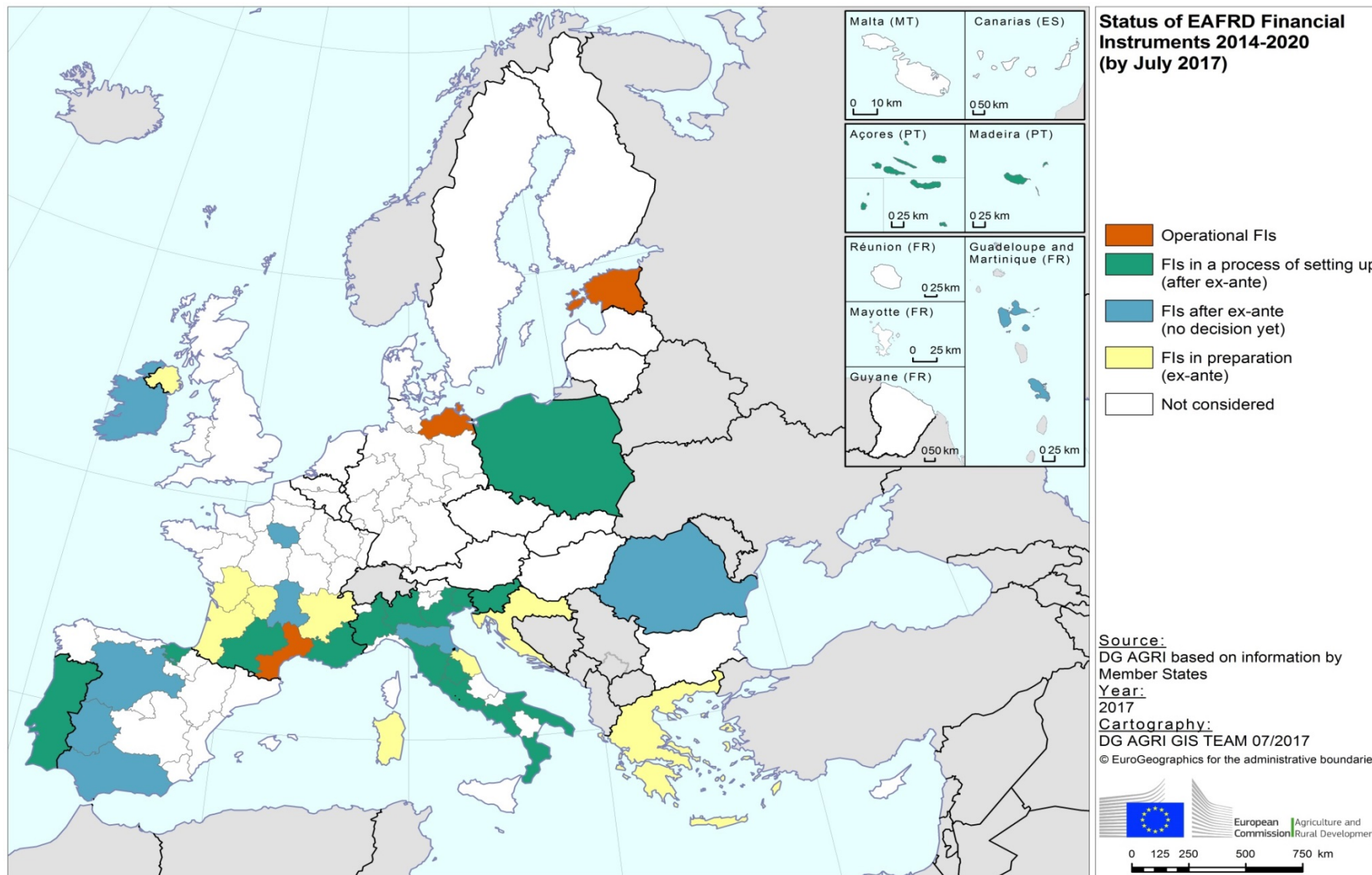
Mr Michael Pielke, European Commission, DG AGRI-F3



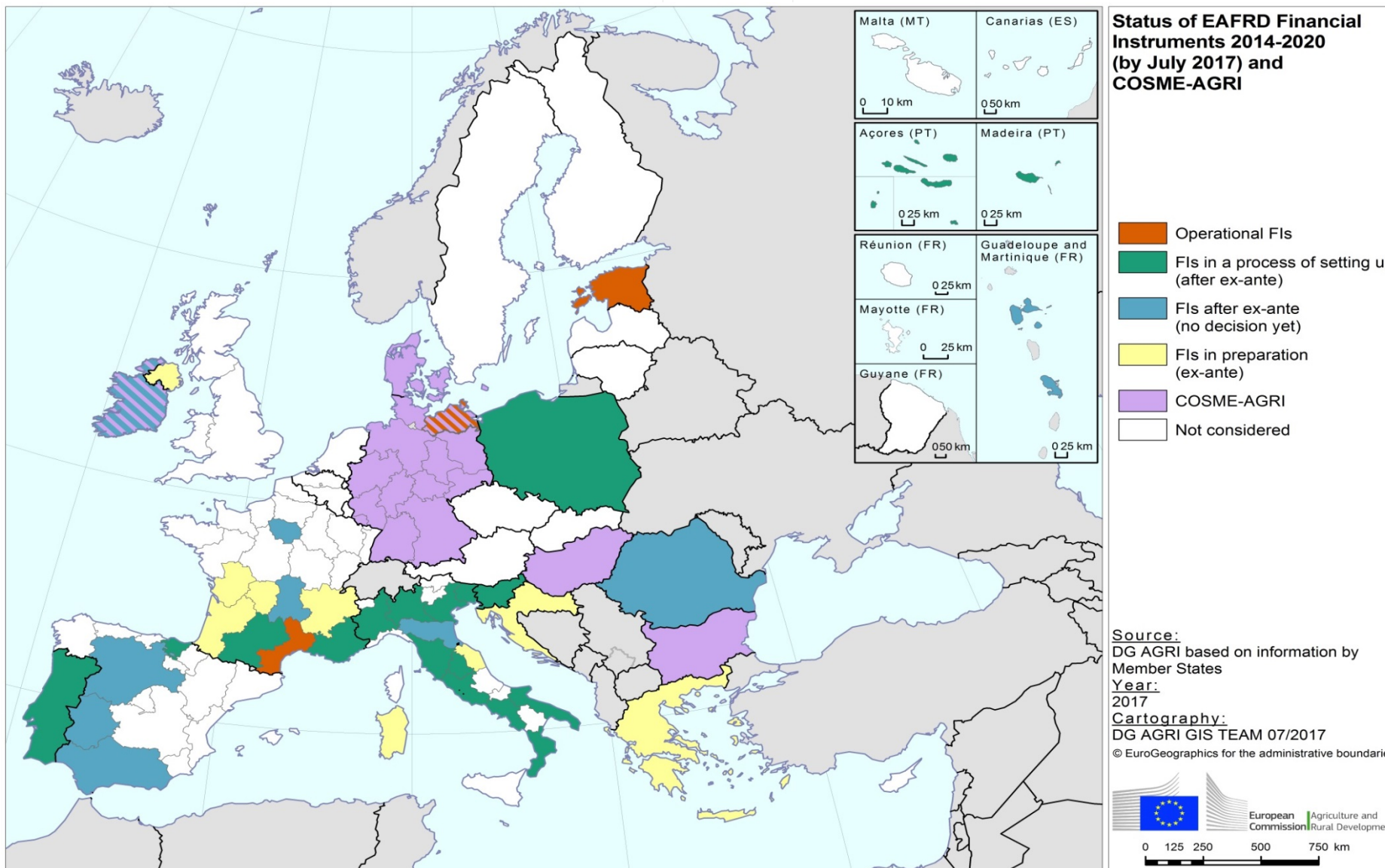
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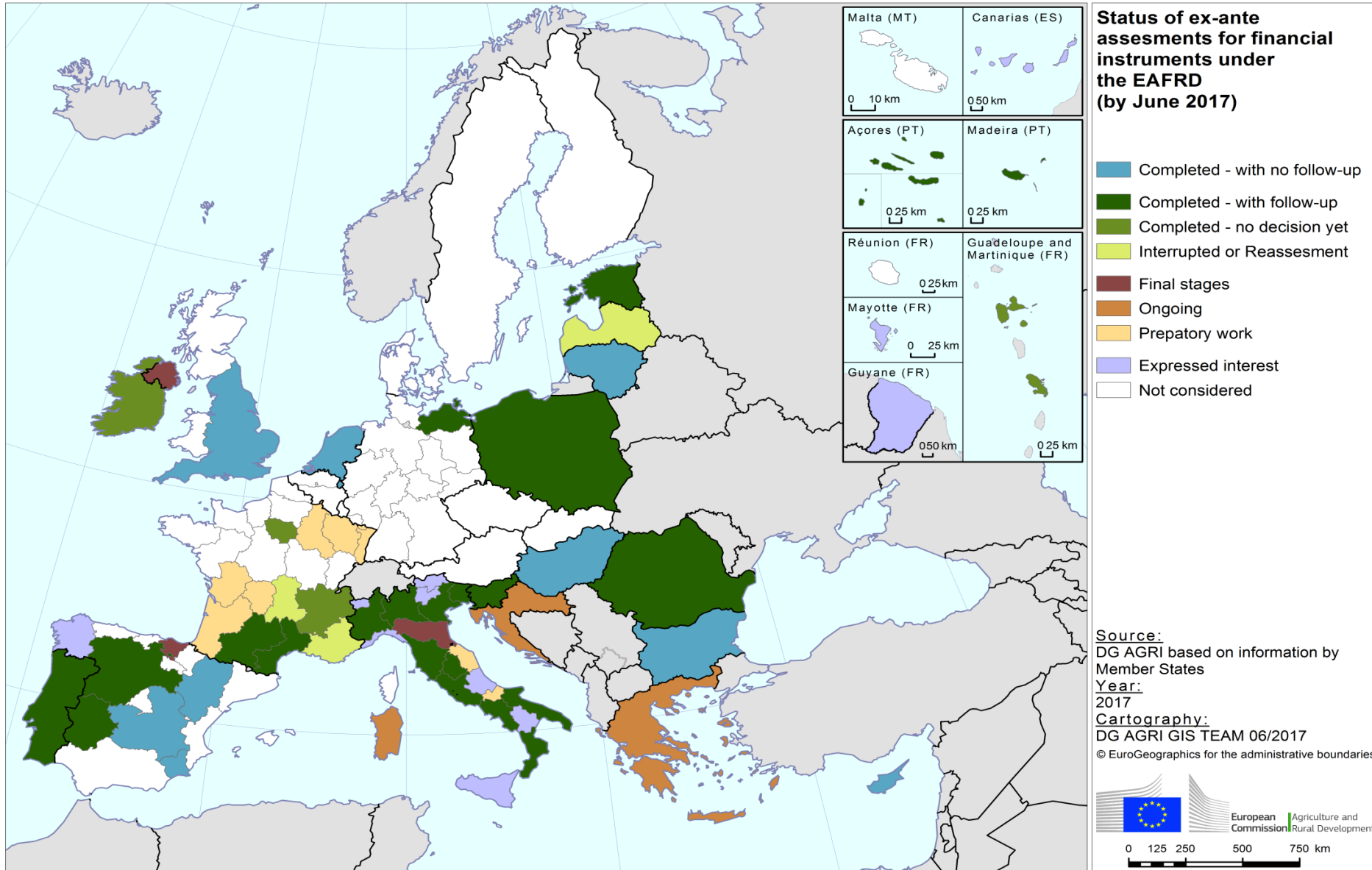
# Financial instruments in July 2017



# Financial instruments in July 2017 (with COSME)

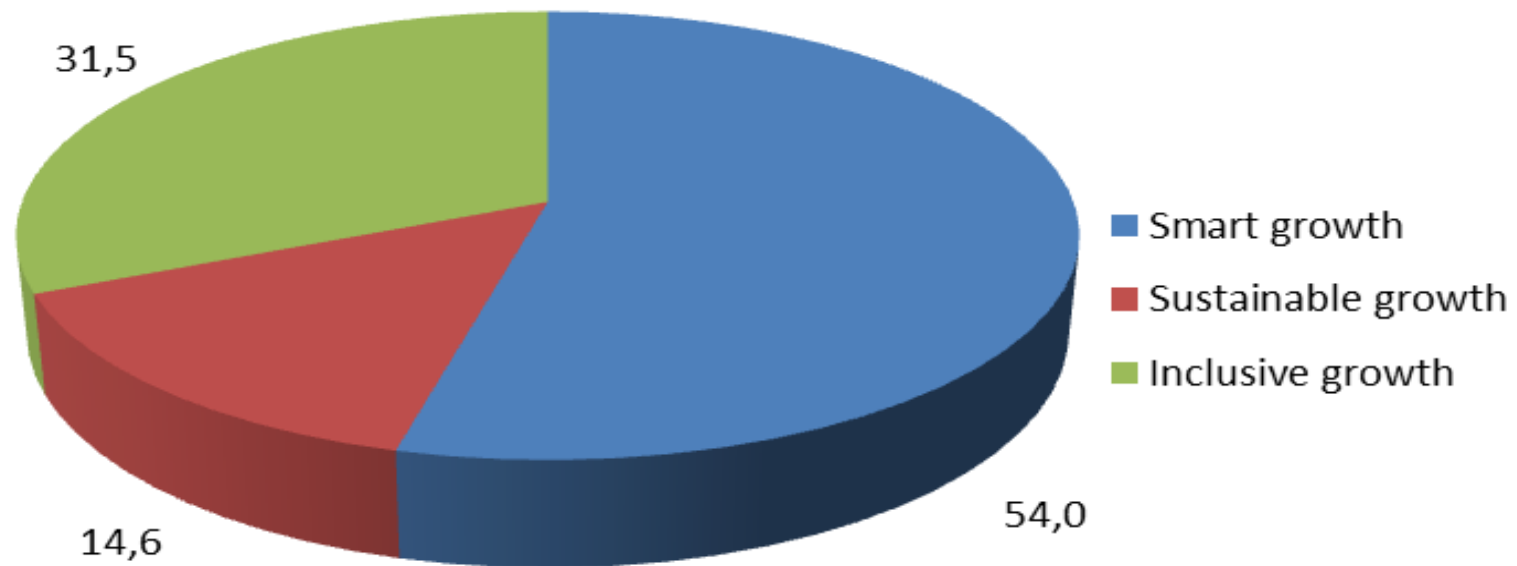


# Ex-ante assessments for FIs, June 2017



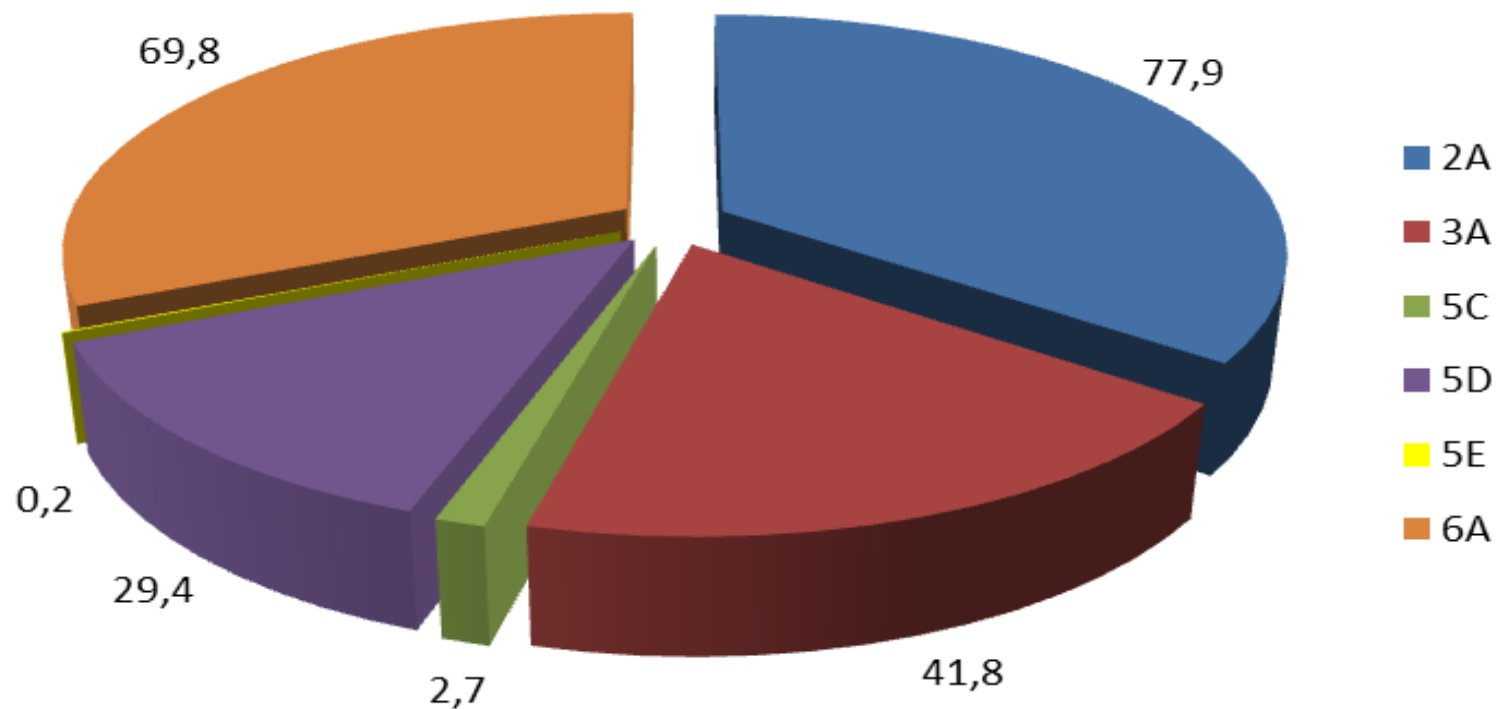
## EAFRD FIs' budget distribution (1)

EAFRD programmed amounts per Thematic Objective, %, end 2015

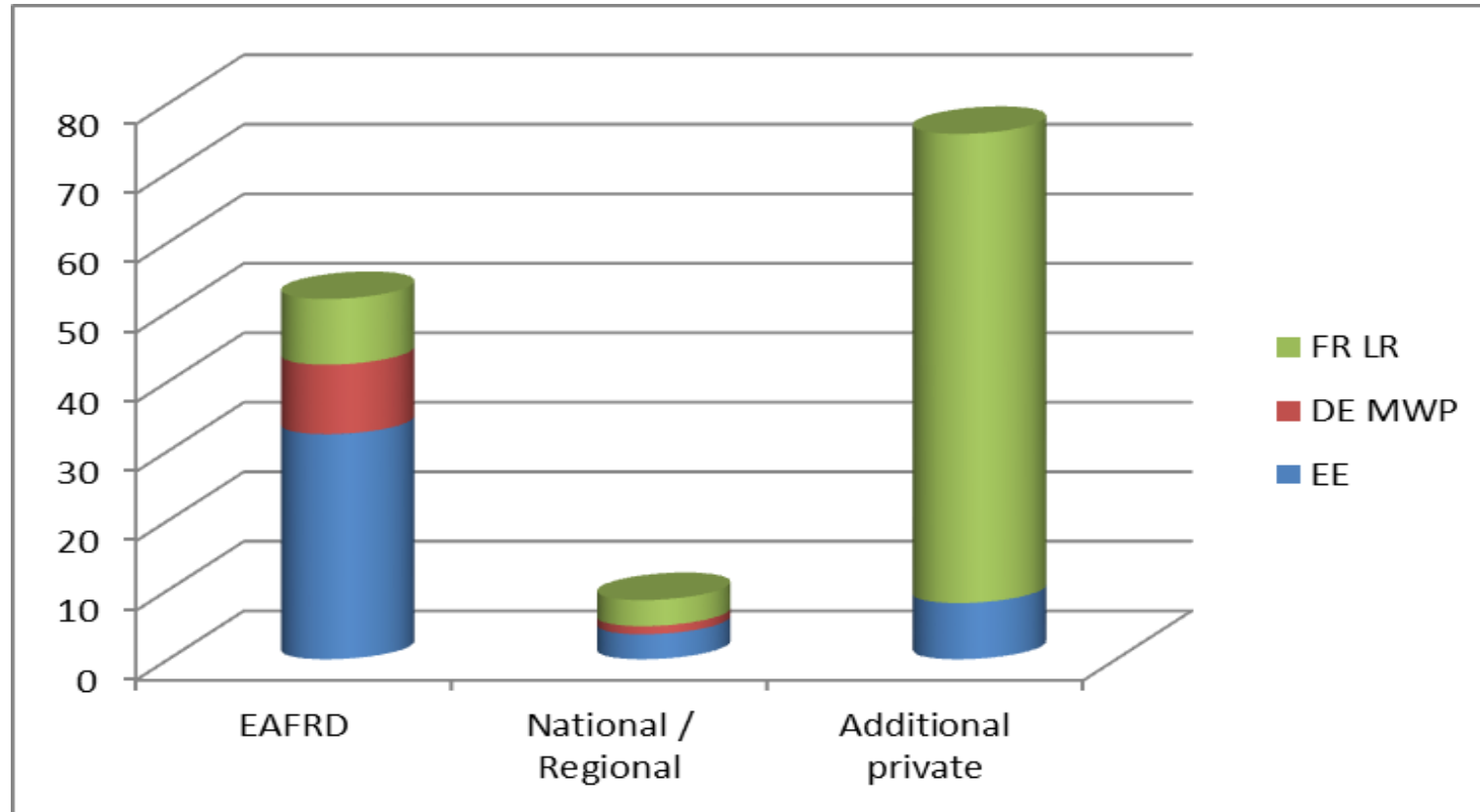


## EAFRD FIs' budget distribution (2)

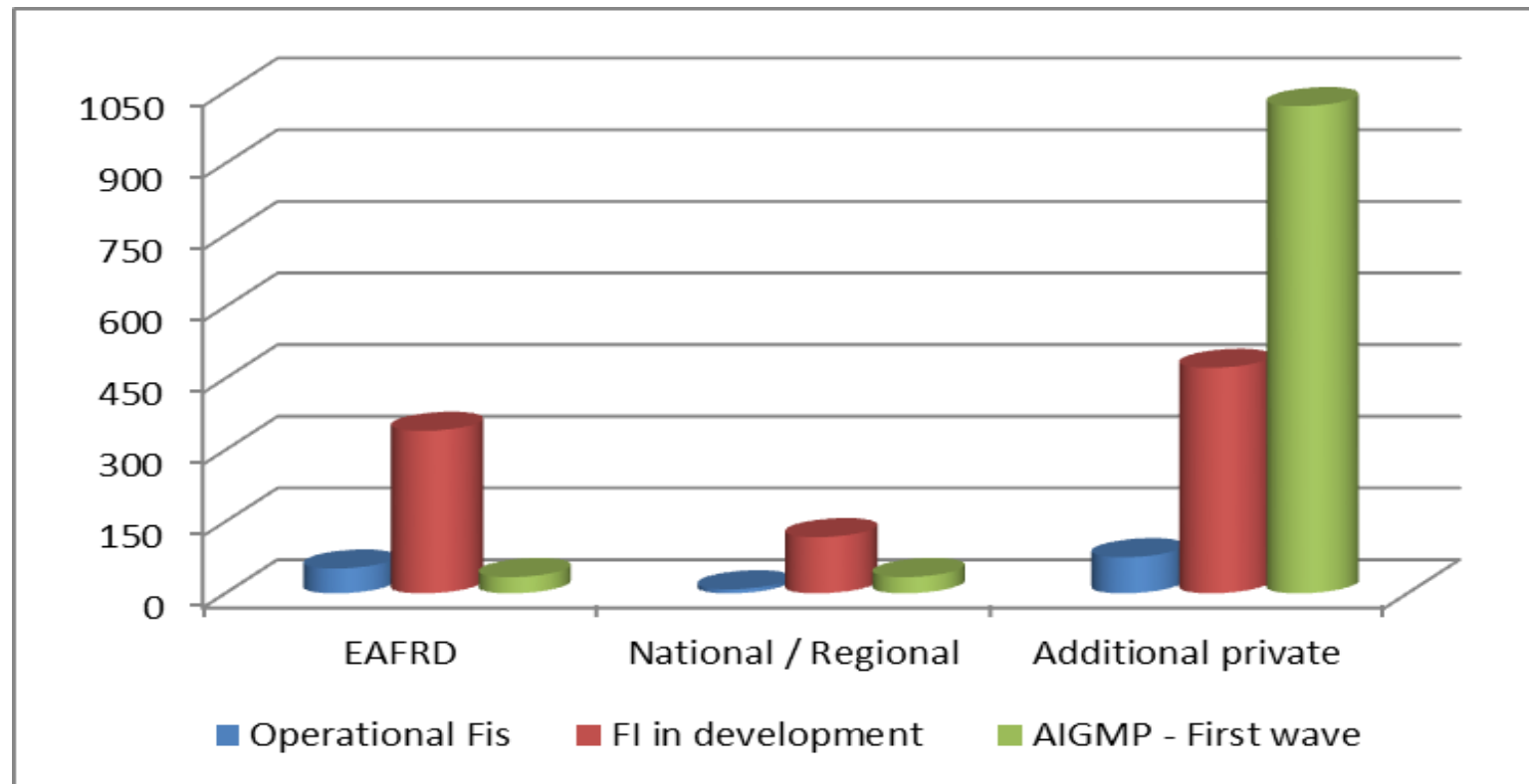
EAFRD programmed amounts per Focus area, million €, end 2015



## Operational FIs



## EAFRD FIs expectations







## EAFRD – EFSI Initiative

- ❑ Based on EIF and DG AGRI strategic orientation
  - Supported by EIB (*fi-compass*)
- ❑ Two-stage approach
  - Investment strategy development by EIB (*fi-compass*)
  - Product development and implementation (by EIF)
  - DG AGRI support throughout all stages
- ❑ 5 pilot cases in demand – 2 already in discussion
  - Possible start already under EFSI 1.0 in 2017
  - EIF and EIB resources also to be added
  - Further boost under EFSI 2.0



# Overview of recent policy developments



## 'Omnibus' and EAFRD FIs [*COM proposals*]

- Flexibility for investments with input being non-Annex I products [Article 17(1)b]
- Allowing the use of FIs for supporting start-ups by young farmers, also in combination with grants [Article 19(4)]
- Possibility of funding large-scale investments in rural infrastructure and services [Article 20(4)]



## 'Omnibus' and EAFRD FIs [*COM proposals*]

- Dropping for FIs the cross-link between legal obligations under the RD framework and environmental assessments [Article 45(7)]
- Flexibility to allow the purchase of animals, annual plants, etc. and giving up the need for listing eligible items [Article 45(7)]
- Allowing working capital support also for FI investments into non-agricultural businesses and infrastructure [Article 45(5)]
- No application of grant-specific selection criteria [Article 49(4)]



## Role of Paying Agencies (control requirements)

Derogation from EAFRD-specific control requirements (1.1.2018) →

- Administrative checks (100%) on supporting the documents submitted by the Fund manager
- On-the-spot-checks by the PA are conducted
  - at the level of the 'beneficiary' (Fund manager/financial intermediaries), and
  - only in very limited and justified cases should be carried out at the level of the 'final recipients'



## Payment claims and eligibility

- The thresholds triggering the next payments apply **ONLY** between the EC and the Managing Authority.
- Payments to the Financial instrument are made in accordance with the Funding Agreement between the MA and fund manager.
- PA should carry out administrative checks on the supporting documents submitted by the fund manager before the payment requests are submitted to the Commission in the quarterly declarations.



## Payment claims and eligibility

Quarterly declarations of expenditures for FIs on measure level

→ **break-down per focus areas can be done pro-rata** based on the indicative allocation laid down in the Funding Agreement (or in the RDP for FI support)

Consistency between the indicative allocation to Focus Areas and the actual payments and the final declaration of expenditures shall be aligned by the end of the programming period.

## Combination of support under the EAFRD - Example



Total eligible expenditure = EUR 100 000

Separate records for operations with distinct public expenditures for each source of assistance

- **Loan** = EUR 65 000, i.e., total public expenditure (payment to final recipient) Art. 42(1)(a) CPR
- **Gross Grant Equivalent** = EUR 2 000, i.e., public aid

- Eligible investment for **grant** operation at the level of the final recipient (farmer) = EUR 100 000
- Aid intensity for this operation = 35% public aid of the total eligible expenditure
- **Maximum public contribution** = EUR 35 000, i.e., total public expenditure of grant to be declared to the Commission and at the same time the public aid

- **Total public expenditure** = EUR 100 000 (35 000 + 65 000)
  - the sum does not exceed the total amount of the expenditure concerned
- **Overall public aid** = EUR 37 000 (35 000 + 2 000) or 37%
  - the maximum EAFRD aid intensity of 40% is respected at the level of the project





## Reporting on financial instruments under EAFRD

- All MAs report up to the extent FIs are implemented
- Part of the general AIR
  - ✓ Introductory questions assessing the level
  - ✓ Detailed reporting to be filled in only by those with signed Funding agreements



## The future of FI: some questions

- What is the real market gap when it comes to access to finance for agriculture and agri-food sectors?
- What could be the contribution of FI to risk management?
- Could FI play a larger role in supporting rural infrastructure?



## The future of FI: some questions

- Would a continued specific funding from financial instruments under the CAP be of interest for farmers and rural businesses/areas?
- Is the combination grants – financial instruments the key to success?
- Should the scope of the FI products be enlarged, for example, to counter-guarantees?



Thank you for your attention!



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