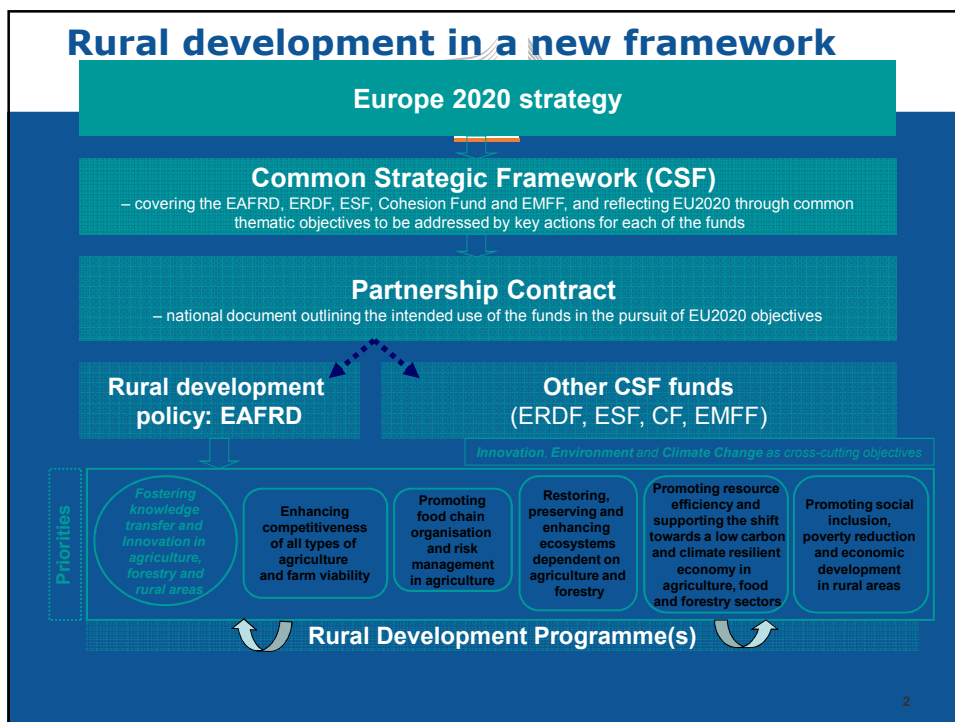




## The Legal Proposal for Financial Instruments post 2013 (Common Regulation for the CSF Funds)

**Seminar "Facilitating access to finance for rural micro-enterprises"**  
Riga - 28 June 2012

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## The single Regulation for CSF funds

To simplify and harmonise policy delivery of complementary funds to the benefit of administrations and applicants

To optimise synergies, effectiveness and efficiency - while allowing sufficient flexibility for each policy to fulfil its own mission

Common set of basic rules for all CSF funds:

- **Harmonisation of rules, to the extent possible, concerning monitoring, reporting and evaluation, implementation and control requirements**

Eligibility rules, financial instruments, community led local development (Leader)



## Financial instruments legal framework

*Common legal wording & interpretation for all CSF Funds under Title IV of the CSF Regulation (Articles 32-40)*

*+ provisions in the delegated Act and in Implementing rules*

**Note: No legal rules in the RD Regulation**



## Financial instruments rules 2014-2020 A more comprehensive legal framework

- Increased effectiveness – importance of good quality ex-ante assessments (gap assessment, critical mass, added value)
- Clear rules to enable better combination of financial instruments with other forms of support, in particular with grants, as this further stimulates the design of well-tailored assistance schemes
- Clear financial management rules
- Clear monitoring and reporting

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## The Common Regulation for CSF funds: What is new for the delivery of Financial instruments ?

Several elements of **simplification** should be emphasized:

- EC will offer ready made solutions through access to financial instruments set up at EU level
- models for national and regional funds based on standard terms and conditions laid down by the EC.
- More flexibility : a wider range of options**
- EU level instruments (EIB/EIF)
- standardised or tailor made instruments for national and regional level,
- possibility of direct management by MA for loan and guarantee funds.
- Funds of funds



## Rules for Setting up financial instruments

### *Ex-ante assessment required before making a decision for setting up*

- ☞ Identify the relevant type of financial instrument
- ☞ To address market failures and existing funding gaps
- ☞ No overlap with already existing financial products
- ☞ Subject to audit

### **New Fund managers – entrusted implementation tasks to:**

- Managing Authorities (solely loans or guarantees without the possibility to charge management costs or fees to the CSF Funds)
- ✓ European Investment Bank (EIB)
- ✓ International financial institution in which a MS is a shareholder
- ✓ A body governed by public or private law
- ✓ or
- ✓ Invest in the capital of existing or newly created legal entities, including those financed from other CSF Funds



## Rules for Setting up financial instruments

Financial intermediates to be selected on the basis of open, transparent, proportionate and non-discriminatory procedures



## Financial management rules

### ***Financial allocations based on a pre-defined period of maximum 2 years, including management costs/fees***

- Option for adjustment of the amount at a later stage
- Traceability of expenditure (effectively invested vs claimed expenditure)

### ***EAFRD amount to be placed in:***

- Interest-bearing account
- Invested on a temporary basis (sound financial management principle)
- Adequate records to be maintained



## Use of legacy resources after closure of the programme (Article 39)

All resources and gains attributable to EAFRD are used for a period of at least 10 years after the closure of the programme and in line with its aims



***Reporting on implementation (Art 40 + details in implementing act)***

- ✓ **Annexed to the annual implementation report**
- ✓ **Identification of the programme and priority served**
- ✓ **Description of the instrument and implementation arrangements**
- ✓ **Identification of bodies with entrusted implementation tasks**
- ✓ **Total amount of support**
  - ✓ By programme, priority or measure to the FI
- ✓ **Total amount of support paid or committed in guarantee contracts by the FI to the beneficiary**
  - ✓ By programme, priority or measure to the FI
- ✓ **Revenues and repayments to the FI**
- ✓ **Multiplier effect of investments made and value of investments and participation**
- ✓ **Contribution of the FI to the achievement of the programme's indicators**



**Thank you for your attention!**

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