



# **1<sup>st</sup> meeting of the structured dialogue between**

**AECM, EAPB, ELTI, NEFI  
and DG REGIO Unit B.3.**

**30 April 2021**

## AGENDA

### 1. Introductory round

- a. Opening statement by DG REGIO HoU Jonathan Denness
- b. Short presentation of associations by Secretary Generals

### 2. Common Provisions Regulation

- a. Presentation by Oana Dordain and Ieva Zalite, DG REGIO
- b. Transparency and visibility requirements as stipulated in Art. 50, Filip Chraska, DG REGIO

### 3. ESIF 2014-2020 financial instruments audit methodology (in the framework of the closure guidelines)

- a. Presentation by Julien Millet, DG REGIO

### 4. InvestEU Member State compartment

- a. Presentation by Aron Kerpel-Fronius, DG REGIO

### 5. AOB

- a. E.g. Recovery and Resilience Facility

# 1. Introduction

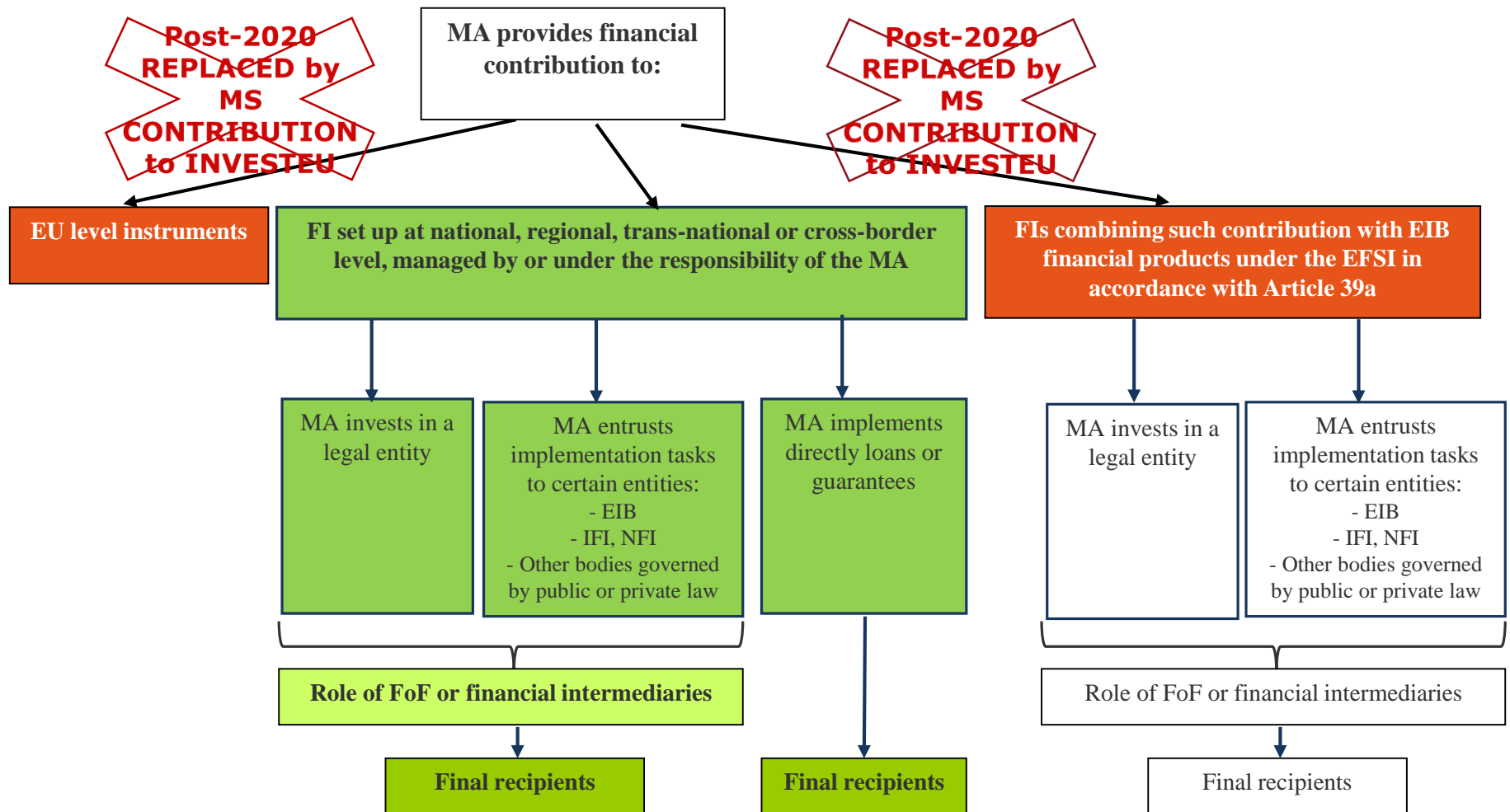
- **REGIO.B3 Head of Unit: Jonathan Denness**
- **Short presentations of associations**
  - **AECM: Katrin Sturm**
  - **EAPB: Marcel Roy**
  - **ELTI: Helmut von Glasenapp**
  - **NEFI: Sophie Lombard**

## 2. Common Provisions Regulation

### a) Novelties for financial instruments in the 2021-2027 CPR

By Oana Dordain and Ieva Zalite

# ERDF, ESF, CF and EMFF Financial Instruments (FIs) as a delivery tool for Cohesion Policy - now and post-2020



# Post-2020 CPR proposals as regards FI

- Support for new investments with revenue-generating or cost-saving potential
- Analysis starting from the Partnership agreement stage until effective implementation
- Member States have two ways in order to deliver the policy objectives:
  - A) Financial instrument under CPR rules
  - B) Contribution to InvestEU

# Post-2020 CPR proposals as regards FI

## *FIs under cohesion policy rules (CPR) (1/3)*

- CPR provisions have been streamlined and updated to ensure better and easier implementation as well as quicker set-up:
  - Ex-ante assessment: strategic orientation elements of the FIs; possibility to use existing and updated ex-ante assessments; examination by the monitoring committee;
  - More flexible combination of grants with FI – two options:
    - Combining FI and grants in one FI operation - a single funding agreement delivered by the body implementing FI
    - Combination in two separate operations

# Post-2020 CPR proposals as regards FI

## FIs under cohesion policy rules (CPR) (2/3)

- Implementation options: the same basic flexible implementation options – management under the responsibility of the managing authority or direct management by the managing authority – but the related conditions have been simplified;
- Eligibility: rules have been clarified, mainly for guarantee instruments; rules on management costs and fees are performance based to encourage efficient management and have been simplified;
- Payments: payments are linked to the corresponding disbursements to final recipients, except the 30% of the total amount of programme contributions to financial instruments which can be included in the first payment claim and cleared at closure;



# Post-2020 CPR proposals as regards FI

## FIs under cohesion policy rules (CPR) (3/3)

- Interest and other gains, differentiated treatment of investors and re-use of resources attributable to support from cohesion policy: same rules simply codified in the actual context, to enable a smoother flow from one period to next;
- Reporting: no additional separate reporting on financial instruments as these are incorporated under the same reporting system as all other forms of finance;
- Audit and financial corrections: main principles from the Omnibus are kept and simplified (no implementing act); the overall simplification on audit is benefitting also the FIs (e.g. enhanced proportionate arrangements, risk based methodology).

## 5. CPR - Submitted questions

### Management cost and fees

Concerning CPR preamble (24) where referring the Commission mid-term review, including its assessment of the application of the management costs and fees under financial instruments would you tell us any main aspects of this assessment? It would be very useful for designing the management cost and fees of the new programming period.

Do we understand correctly that in case of management costs the performance-based criteria is not applicable any longer?

## 5. CPR - Submitted questions

### **Ex ante assessment**

In regarding of CPR preamble (51) it is allowed for member states to use „the ex-ante assessments carried out for the 2014-2020 period, updated where necessary, in order to avoid administrative burden and delays in setting up financial instruments”. Could you please specify which are those elements of an ex ante assessment that we should update and which are those elements that we should not to change?

In Art. 58, par 2. the ex-ante assessment has been simplified, but there is a possibility, that during an assessment member states may have further questions about this issue. In the 2014-20 programming period we found the ex-ante assessment guidelines very useful, so we are curious whether COM is planning to deliver a new guidelines for ex ante assessment or offer an Q&A session about it?

## 5. CPR - Submitted questions

### **Leverage effect, multiplier ratio**

In preamble (23), (24) mention leverage effect, multiplier ratio. We also found very useful for guidelines for these issues, and it had significant impact when the COM changed the formula of leverage in 2019.

Is there any plan to issue new guidelines for leverage effect, multiplier ratio or a Q&A session about them?

### **Publication**

Are there different thresholds for publication of financial instruments under ESIF? (500.000€ total project cost)?

# Post-2020 CPR proposals as regards FI

## b) Publicity requirements as stipulated in Art. 50 CPR

By Filip Chráska

## Article 50 of new CPR\*

(1) Beneficiaries and bodies implementing financial instruments shall acknowledge support from the Funds, including resources reused in accordance with Article 62, to the operation by:

(a) providing on the beneficiary's official website, where such a site exists, and social media sites, a short description of the operation, proportionate to the level of support, including its aims and results, and highlighting the financial support from the Union;

(b) providing a statement highlighting the support from the Funds in a visible manner on documents and communication material relating to the implementation of the operation, intended for the public or for participants;

## Applicable to FIs?

**\*) Final numbering of CPR articles, Art. 50 was previously 45. Paragraphs under Article 2 also modified.**

Article 50 (1) (a) applies to beneficiaries and bodies implementing financial instruments as defined respectively in Article 2(9)(e) and Article 2(22) of the Regulation.\*

Article 50 (1)(b) applies to beneficiaries and bodies implementing financial instruments. (See also comment on Article 50 (1)(c))

## Article 50 of new CPR

(c) displaying durable plaques or billboards clearly visible to the public, that present the emblem of the Union in accordance with the technical characteristics laid down in Annex IX, as soon as the physical implementation of operations involving physical investment starts or purchased equipment is installed, in respect of the following:

- (i) operations supported by the ERDF and the Cohesion Fund the total cost of which exceeds EUR 500 000;
- (ii) operations supported by the ESF+, the JTF, the EMFAF, the AMIF, the ISF, or the BMVI the total cost of which exceeds EUR 100 000;

## Applicable to FIs?

The second subparagraph of Article 50(2) provides that financial instruments beneficiaries comply with Article 50(1)(c) by ensuring that the requirement under point (c) is set out in the agreement signed by final recipients.

Other than those in the second subparagraph of Article 50(2), the Regulation does not provide for publicity requirements beneficiaries must impose on final recipients in the agreement concluded with final recipients.

Yes, for the final recipients in line with the clarification in subparagraph 2 of paragraph 2 of this Article.

→ submitted question: Are there different thresholds for publication of financial instruments under ESIF? (500.000€ total project cost)? **NO**

Not applicable where no financial instruments are implemented in those funds.

## Article 50 of new CPR

(d) for operations not falling under point (c), displaying at a location clearly visible to the public at least one poster of a minimum size A3 or equivalent electronic display with information about the operation highlighting the support from the Funds; where the beneficiary is a natural person, the beneficiary shall ensure, to the extent possible, that appropriate information is available, highlighting the support from the funds, at a location visible to the public or through an electronic display;

(e) for operations of strategic importance and operations the total cost of which exceeds EUR 10 000 000, organizing a communication event or activity, as appropriate, and involving the Commission and the responsible managing authority in a timely manner.

## *Applicable to FIs?*

The first sentence of Article 50(1)(d) applies to beneficiaries and bodies implementing financial instruments. Financial instruments beneficiaries could comply with this provision by putting up a single A3 poster setting out the aggregate support from the Funds made available to them to implement financial instruments.

The second sentence of Article 50(1)(d) does not apply to financial instruments beneficiaries as this point applies only to natural persons.

Article 50(1)(e) applies to beneficiaries and bodies implementing financial instruments to:

- operations of strategic importance and
- operations whose total cost exceed EUR 10 000 000



## Article 50 of new CPR

## *Applicable to FIs?*

Where an ESF+ beneficiary is a natural person or for operations supported under the specific objective set out in point (m) of Article 4(1) of the ESF+ Regulation, the requirement set out in point (d) shall not apply.

**N/A**

By derogation from points (c) and (d) of the first subparagraph, for operations supported by the AMIF, the ISF and the BMVI, the document setting out the conditions for support may establish specific requirements for the public display of information on the support from the Funds where this is justified by reasons of security and public order in accordance with Article 69(5).

## Article 50 of new CPR

2. For small project funds, the beneficiary shall comply with the obligations under Article 35(5) of the Interreg Regulation.

For financial instruments, the beneficiary shall ensure by means of the contractual terms that final recipients comply with the requirements set out in point (c) of paragraph 1.

## Applicable to FIs?

N/A

i.e. comment on 50(1)(c):

The second subparagraph of Article 50(2) provides that financial instruments beneficiaries comply with Article 50(1)(c) by ensuring that the requirement under point (c) is set out in the agreement signed by final recipients.

Other than those in the second subparagraph of Article 50(2), the Regulation does not provide for publicity requirements beneficiaries must impose on final recipients in the agreement concluded with final recipients.

## Article 50 of new CPR

3. Where the beneficiary does not comply with its obligations under Article 47 or paragraphs 1 and 2 of this Article, and where remedial actions have not been put into place, the managing authority shall apply measures, taking into account the principle of proportionality, by cancelling up to 3 % of the support from the Funds to the operation concerned.

## *Applicable to FIs?*

Yes, applicable also to the financial instrument operation.

## 3. Updated audit methodology for Financial Instruments

- **Presentation by Julien Millet, DG REGIO**

# Outline

- Reasons for the update
- Main elements of the update

# 1. Reasons for the update

- Lessons learnt from the first thematic audits performed in 2019-2020
- Alignment with the new legislative amendments (CRII, CRII+, REACT EU)
- Clarifications about the audit work at programme closure

# Main elements of the update – main document (1)

- Use as audit population the list of investments provided by the MA independently from the stage of the management verifications
- Verification of the use for intended purpose should be:
  - embedded in the MA's procedures
  - AA verifies this aspect, if possible, and depending on the progress of the investment

## 2. Main elements of the update – main document (2)

- Verification of the economic viability not only of the company but also of the investment project (tangible/intangible assets)
- Recommendation to perform management verifications and audits at the level of the financial intermediaries for FIs managed by the EIB Group



## 2. Main elements of the update – main document (3)

- At closure, no overbooking can be declared for FIs, but existing overbooking to be controlled and used to replace any irregularities identified after closure (EC/ECA audits)
- Clarification about reporting at closure (Final Control Report)

## 2. Main elements of the update – main document (4)

- TER calculation: independently from the sampling method selected (stratification recommended), FI errors related to tranche eligibility should not be projected to grants
- Recommendation to AAs to disclose cases of excessive administrative burden and cost, in particular when FIs are managed as grants (Gold plating)

## 2. Main elements of the update – checklist (1)

- Reflect legal amendments under CRII+
- Further instructions on the verification of SME status
- Clarification on the checks concerning the economic viability of the investment
- Clarifications on physically completed or fully implemented investments

## Main elements of the update – checklist (2)

- Clarifications on the moment of granting the aid (after programme contribution to the FI)
- Clarifications on the checks of the use for intended purpose
- Removing several questions related to checks of legal requirements with no risk for prejudice on the EU budget

# Main elements of the update

## – other annexes

- Annex on working capital: update to reflect the CRII + legal amendments
- New annex on the management and control responsibilities of all different actors involved (final recipient, MA, AA, FoF, F.Int)

## 4. InvestEU MS Compartment

- **Presentation by Aron Kerpel-Fronius, DG REGIO**

## ***Contribution to InvestEU (Article 14 CPR) (1/2)***

- Possibility provided to Member States to contribute to InvestEU max. 2% at the level of the Partnership Agreement and max. 3% after 2023 at the level of the programmes.
- The scope is to achieve the policy objectives in their Member States and/or regions with a better leverage, better coverage of risks, higher economies of scale, lower administrative burden etc.
- InvestEU contributions and transfers to other EU level instruments are limited to 5%. The InvestEU contributions shall be spent essentially in the category of the contributing regions
- InvestEU rules apply for the rest!

## ***Contribution to InvestEU (Article 14 CPR) (2/2)***

- CPR regulates the contribution arrangements to Invest EU (at the Partnership agreement or thereafter) and back to the cohesion funds in case of slow or no implementation (e.g. late signature of contribution agreements or guarantee agreements, slow disbursements to final recipients)
- Article 10 InvestEU Regulation sets the rules applicable to the Member State compartment (provisioning rate, content of contribution agreement, etc.). An InvestEU Contribution template is available
- InvestEU rules apply to the Member States contributions to different policy windows (e.g. sustainable infrastructure; research, innovation and digitisation; SMEs; social investment and skills)



# InvestEU documents update

- 24/03/2021 – [InvestEU Regulation](#) entered into forced
- 14/04/2021 – InvestEU documents package adopted by the college, including
  - [Investment Guidelines](#)
  - [Sustainability Proofing Guidance](#)
  - Steering Board Nominations
  - Advisory Board nominations and rules of procedure
  - InvestEU Portal

[Disclaimer:] Please note: the investment guidelines are subject to a two-month non-objection period by the European Parliament and the Council before they enter into force.

## 5. InvestEU - Submitted questions

### **E-cohesion**

Will the new InvestEU data platform be linked/replace e-cohesion? When will it be introduced?

### **Climate tracking**

How is the environment and climate tracking methodology of ESIF (and Just Transition) linked with InvestEU?

- Is a sustainably proofing also required for ESIF instruments
- How is the contribution to the Green Deal measured?

### **State Aid**

Are there advantages in terms of state aid requirements for ESIF FI (compared to InvestEU)?



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# 5. AoB