Information Note to EGESIF

Meeting of 30 April 2014

Financial Instruments – Technical Advisory Platform:

State of play and rolling out of support activities targeted at Managing Authorities

This note takes stock of the **preparations of the Financial Instruments - Technical Advisory Platform (FI-TAP), as well as outlines the planning for the support activities** targeted at Managing Authorities.

# The purpose and the scope of the FI-TAP

Financial instruments are an efficient way of investing public money to reach various policy objectives. Because of, *inter alia*, their revolving character and the potential to leverage private funding, the Commission supports their reinforced use for the ESI Funds in 2014-2020. To achieve this, the CPR and the Delegated and Implementing Acts provide for a clear legislative framework. This, however, is not enough to ensure smooth uptake and efficient implementation.

Adequate assistance and advisory services for the benefit of Managing Authorities and other stakeholder are a prerequisite. Providing them will be the mission of the Financial Instruments - Technical Advisory Platform (FI-TAP).

The FI-TAP will be a consolidated service covering all ESI Funds and all thematic objectives and as such it will be a joint initiative of DG REGIO, DG AGRI, DG EMPL and DG MARE. It is therefore designed to replace and have a broader scope than the successful technical assistance initiatives of the 2007-2013 programming period: JEREMIE (TA for FIs for enterprises), JESSICA (TA for FIs for urban development and energy efficiency) and JASMINE (TA for micro-credit).

The main objective is to cover the ESI Funds-supported financial instruments. However, services linked to the micro-credit instruments financed under the EU Programme for Employment and Social Innovation (EaSI)[[1]](#footnote-1) will also be covered to ensure a coherent approach to activities succeeding the JASMINE 2007-2013 initiative. For the EAFRD and the EMFF it will be the first initiative of this kind in the field of financial instruments.

The FI-TAP will consist of two strands:

* **Horizontal advisory services** which will be made available to all MS and for all types of financial instruments and which will be initiated and financed by the Commission (top-down). Activities will typically include the exchange of good practice and networking across MS, as well as training or guides on common themes such as the ex-ante assessment, public procurement, regulatory aspects concerning ESIF's policies, state aid, etc. The EIB will be contracted to provide these services.
* **Multi-region advisory services** will be initiated by stakeholders for the benefit of more than 2 managing authorities in a minimum number of 2 Member States (bottom up). It will be paid by the EC on the basis of calls for proposals. Activities will typically include support for the development of FIs targeting development objectives or market failure(s) that are shared by the applying regions (e.g. energy efficiency interventions in housing in Central and Eastern European EU countries or cross-border initiatives).

It is worth noting that to complement the advisory services offered by the FI-TAP as described above the Member States will be able to use the technical assistance of their relevant (operational) programmes to cover for technical assistance and advisory needs which are specific only to them[[2]](#footnote-2).

To define the content of the FI-TAP activities, analytical work was undertaken in the form of a **comprehensive study,** carried out in cooperation with the EIB and sub-contracted to PriceWaterhouseCoopers (PwC) which started by a public survey targeted at Managing Authorities/Intermediate Bodies, public organisations involved in FIs, and fund managers. This survey published in June 2013[[3]](#footnote-3) indicated areas of needs for advisory services along the implementation cycle and the study (to be finalised soon) takes it further by prioritising them and proposing concrete actions/products. The focus of both remained the Horizontal assistance as it proved rather difficult for both respondents and consultants to give feedback on the possible themes for calls of the Multi-Region assistance.

To ensure that the FI-TAP performs well and that it responds to the needs of the stakeholders in a meaningful way, an **Advisory Board will be established. It will be a body involving external stakeholders who will provide advice to the Commission with the view of ensuring the overall consistency of the FI-TAP**, including the link between the Horizontal and the Multi-region assistance. The Advisory Board will be composed of representatives of the four DGs managing ESI Funds, representatives of International Financial Institutions and experts from Member States nominated in their personal capacity. The Advisory Board will meet at least once a year.

The above concept of the FI-TAP was consulted with the EIB and other IFIs in 2013, e.g. in the stakeholders' meeting on 20 June, as well as with the Member States in the experts' group meeting on 23 July and in the COCOF meeting on 23 October.

# Rolling out the FI-TAP activities

## Horizontal FI-TAP delivered by the EIB

To send a political signal about the availability of technical advisory services on ESIF-supported financial instruments and demonstrate commitment of the **Commission and the EIB**, a **Memorandum of Understanding (MoU)** between the two institutions will be signed in May. The MoU will be signed on behalf of the Commission by Commissioners Hahn, Cioloş, Andor and Damanaki.

Following the signature of the Financial and Administrative Framework Agreement between the two institutions, the Commission and the EIB will enter into contractual negotiations on the horizontal strand of the FI-TAP which are expected to be concluded by the end of June. Following a preparatory period, the first FI-TAP products and services will start to be delivered in September.

## Multi-region FI-TAP calls

The multi-region strand of the FI-TAP will be implemented via **open calls for proposals**, the first to be published in autumn 2014. The calls will target projects of at least two **Managing Authorities** from two different Member States and 1) **at least one IFI, or alternatively 2) at least two NFIs** from two different Member States (eligibility criteria).

The objective should be gaining the technical expertise to establish financial instruments addressing challenges common to the participating Managing Authorities. Under the award criteria, consortia which include further relevant partners, e.g. academia or other relevant institutions with public mission would be preferred. The size of the projects would be up to € 2.5 million, e.g. with REGIO's planned contribution up to 10 projects could be co-financed in 2014-2020. Finally, the co-financing rate would be 95% since it is a very new and rather challenging initiative.

In the next step it will be crucial to define the themes of the first call. The **FI-TAP Advisory Board could be consulted on the themes**. To allow for a timely consultation, the first meeting of the Advisory Board should ideally take place in July.

An **information day** about the call is foreseen after its publication in November 2014.

Given the novelty of the approach, the applicants could have 4 months for the preparation of their projects and the submission of their proposals. The Commission will ensure that in line with the rules in force, the applicants are informed about the outcome of the call within 6 months after the submission deadline and the grant agreements are signed no later than 3 months after they were informed about the outcome of the call.

Taking the above into account, the tentative timing of the call could be as follows:

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| **Timing – By when** | **Multi-region FI-TAP** |
| Mid-July 2014 | Consultation of the Advisory Board on the call themes |
| End-August 2014 | Call text ready |
| End-October 2014 | Call published |
| End-November | Information Day 1 |
| End-February 2015 | Deadline for submission |
| End-August 2015 | Information to applicants |
| End-November 2015 | Grant agreements signed |

# Support at the disposal of Member States and their Managing Authorities

As outlined above, the FI-TAP will start its activities in the second half of 2014. In the meantime, **the Commission will ensure that the necessary support is available to Member States and their Managing Authorities**:

* The short reference guide for Managing Authorities was prepared and transmitted to EGESIF in February and is available online[[4]](#footnote-4). Further to the political agreement between the co-legislators on the Regulation on the European Maritime and Fisheries Fund on 1 February 2014, it is being updated with the relevant references and will be re-issued soon. The guide is designed to provide an overview of the main elements of the new legislation as pertains to financial instruments. Further to feedback from stakeholders, it may be expanded or supplemented with more detailed specific guidance as relevant.
* Before the decision to implement any ESIF-supported financial instrument, Managing Authorities needs to carry out an ex-ante assessment according to Article 37(2) of the CPR. It is a novelty in 2014-2020 which involves rather technical terms and concepts and as such might require further explanations and advice. Therefore, the Commission has commissioned the preparation of a good practice ex-ante assessment methodology to the EIB who subcontracted it to PwC. The general and SME-specific good practice ex-ante assessment methodologies were made available and presented to EGESIF on 27 March and will be available online by the end of April, following some updates on state aid issues. The good practice ex-ante assessment methodologies for R&I, urban and low carbon are being finalised and will be made available soon.
* It is important to note that the preparation of these good-practice methodologies form part of auxiliary measures offered by the Commission to Member States and Managing Authorities since it is up to the Managing Authorities to decide on the methodology to be used and to assess the quality of the ex-ante assessment.
* Trainings on the above ex-ante assessment methodologies targeted at Managing Authorities will take place in the beginning of June in Brussels, tentatively on 5, 6 and 10 June. The Commission will send the invitations at the beginning of May.

**Finally, a conference dedicated to ESI Funds financial instruments targeting Managing Authorities will be organised in Brussels in January 2015, to provide a first exchange on the results of the programming exercise regarding expected use of financial instruments in the new programming period and to prepare the ground for a sound and effective implementation.**

1. EU Programme for Employment and Social Innovation: <http://ec.europa.eu/social/main.jsp?catId=1081>. [↑](#footnote-ref-1)
2. To illustrate the intervention scope of the above three TA layers, it is useful to take the example of the ex-ante assessment, which needs to be carried out before implementation of any financial instrument supported by ESI Funds. The horizontal FI-TAP will provide good practice methodology outlining the steps to be followed in any ex-ante assessment, in the framework of the multi-region FI-TAP two Managing Authorities who have a common challenge, e.g. to support the Roma population, could receive co-financing to a project involving an IFI and covering the ex-ante assessment elements specific to this subject, finally the TA of the relevant OPs could be used to pay the respective ex-ante assessment studies. [↑](#footnote-ref-2)
3. <http://ec.europa.eu/regional_policy/thefunds/instruments/doc/20130621_ta_survey_en.pdf> [↑](#footnote-ref-3)
4. <http://ec.europa.eu/regional_policy/information/guidelines/index_en.cfm> [↑](#footnote-ref-4)