



Financial instruments under the European Structural and Investment Funds

**Summaries of the data on the progress made in financing and implementing
the financial instruments for the programming period 2014-2020
in accordance with Article 46 of Regulation (EU) No 1303/2013
of the European Parliament and of the Council**

Situation as at 31 December 2019

March 2021

Europe Direct is a service to help you find answers
to your questions about the European Union.

Freephone number (*):
00 800 6 7 8 9 10 11

(*) Certain mobile telephone operators do not allow access to 00 800 numbers or these calls may be billed.

DISCLAIMER

"This is a working document prepared by the Commission services. On the basis of applicable EU law, it provides technical guidance for colleagues and bodies involved in the monitoring, control or implementation of the European Structural and Investment Funds on how to interpret and apply the EU rules in this area. The aim of this document is to provide Commission services' explanations and interpretations of the said rules in order to facilitate the programme implementation and to encourage good practice(s). This guidance is without prejudice to the interpretation of the Court of Justice and the General Court or decisions of the Commission."

European Commission, Directorate-General for Regional and Urban policy REGIO
DG 02 - Communication
Mrs Agnès Monfret
Avenue de Beaulieu 1
1160 Brussels
BELGIUM

E-mail: regio-publication@ec.europa.eu
Internet: http://ec.europa.eu/regional_policy/index_en.cfm

PDF ISBN 978-92-76-32588-8 doi:10.2776/762551 KN-05-21-067-EN-N

© European Union, 2021
Reproduction is authorised provided the source is acknowledged.



EUROPEAN COMMISSION

Financial instruments under the European Structural and Investment Funds

Summaries of the data

**on the progress made in financing and implementing the
financial instruments for the programming period
2014-2020 in accordance with Article 46 of Regulation
(EU) No 1303/2013 of the European Parliament and of the
Council**

Situation as at 31 December 2019

Contents

PART I: Chapeau	3
PART II: Chapters by funds.....	10
ERDF and CF	11
1. Key figures and trends	12
2. Summary of data collected on FIs implemented under ERDF and CF	15
3. Conclusions	42
Annex. Methodological assumptions	44
ESF and YEI.....	47
1. Executive summary	47
2. Reporting exercise 2019	52
3. Summary of data collected on FIs implemented under ESF and YEI.....	54
4. Reporting by thematic objectives	64
5. Conclusions	65
EAFRD.....	66
1. Executive summary	66
2. Reporting exercise 2019	68
3. Summary of data collected on the set-up of FIs under EAFRD.....	69
4. Conclusions	94
EMFF	96

List of Tables

Table 1	Amounts committed in the funding agreements and paid to the FIs at the end of 2019, in million EUR (programme contributions out of which ESIF).....	8
Table 2	Key progress indicators reported by managing authorities as of the end of 2019 (financial figures in EUR million).....	12
Table 3	ERDF and CF committed in the funding agreements and paid to FIs as of end 2019, EUR million.....	20
Table 4	Payments to FIs, commitments and payments to final recipients, as of end 2019, EUR million.....	25
Table 5	Key figures reported by managing authorities as of the end of 2019 (financial figures in EUR million).....	47
Table 6	FI implementation progress by MS, end 2019 (EUR).....	51
Table 7	Overview of implementation by MS, end 2019 (ESF and YEI).....	54
Table 8	Amounts committed in the funding agreements and paid to FIs, end 2019 (EUR).....	56
Table 9	Payments to FIs, commitments and payments to final recipients, end 2019 (EUR).....	58
Table 10	Number and type of final recipients supported by product, end 2019.....	59
Table 11	Number of final recipients supported by Member State, end 2019.....	59
Table 12	RDP amounts programmed to FIs and committed in the funding agreements as of end of 2019 (in million EUR).....	72
Table 13	Take-up of FIs, investments in final recipients (in million EUR).....	76
Table 14	Final recipients supported by EAFRD FIs, by end of 2019.....	77
Table 15	EAFRD amounts committed under FIs funding agreements to rural development focus areas (in million EUR).....	90
Table 16	EAFRD amounts committed by thematic objective, as of end of 2019 (in million EUR and %).....	92
Table 17	FI Contributions to the achievement of output indicators till end of 2019.....	93

List of Figures

Figure 1	Commitments to FIs in the funding agreements as percentage of total commitment by thematic objective (TO) at the end of 2019 (ESIF)	9
Figure 2	Overall progress from the beginning of the 2014-2020 period, EUR million .	13
Figure 3	Amounts committed to FIs (% of indicative programme allocation)	17
Figure 4	ERDF and CF committed to FIs, as % of the ERDF and CF allocated	18
Figure 5	Overview of programme committed resources by type of FI, end of 2019	19
Figure 6	Programme amounts committed to FIs by product, end of 2019, EUR billion	23
Figure 7	ERDF and CF paid to final recipients as of end 2019, percent of ERDF and CF committed to FIs	26
Figure 8	ERDF and CF paid to final recipients in 2019 as percent of ERDF and CF committed to FIs	28
Figure 9	ERDF and CF paid to final recipients in 2018 and 2019, EUR million	29
Figure 10	Number and type of final recipients supported, 2015-2019	30
Figure 11	ERDF and CF committed by TO and financial product, EUR million.....	31
Figure 12	ERDF and CF amounts paid to FI as percentage of commitments, per TO	32
Figure 13	Amount of financing provided to final recipients, EUR million	34
Figure 14	Private contribution mobilised at the level of final recipients by financial product and MS, EUR million	36
Figure 15	Breakdown of FIs by type of FI and financial product, and MCF paid as a share of programme resources committed to FIs	38
Figure 16	Amounts attributable to ESIF repaid by the end of 2019 (loan products), EUR million	39
Figure 17	Value of equity participations as a share of investment value	41
Figure 18	OP commitments and payments to FIs and final recipients (EUR million)....	49
Figure 19	Share of ESF and YEI 2014-2020 allocations to FI per country, end 2019	50
Figure 20	OP amounts committed to funds of funds per MS (EUR million).....	55
Figure 21	ESF and YEI paid to final recipients as of end 2019, percent of ESF and YEI committed to FIs	57
Figure 22	ESF amounts committed per TO and Member State, end 2019 (EUR million)	64
Figure 23	Progress in setting-up of FIs under EAFRD until end of 2019 (number of RDPs/FIs).....	70
Figure 24	Development of programming FIs and amounts committed in funding agreements, by end of reporting years (EUR million)	70
Figure 25	EAFRD commitments to FIs per measure, as of end of 2019 (in million EUR and %)	71

Figure 26 Distribution of EAFRD commitments to financial products under FIs with completed implementation structure, as of end of 2019 (in million EUR, %) 74	74
Figure 27 Average EAFRD contribution per product type in EUR	78
Figure 28 Final recipients supported under EAFRD FIs, by RDP and size category	79
Figure 29 Distribution of FI support among the different holding size categories under EAFRD, by end of 2019 (based on number of supported projects).....	80
Figure 30 Distribution of FI support according to the holding size categories, by RDP (based on number of supported projects).....	80
Figure 31 Distribution of FI support among the different sub-sectors under the EAFRD, by end of 2019	81
Figure 32 Distribution of FI support among the different sub-sectors, by RDP (based on nr of supported projects)	82
Figure 33 Amounts paid to final recipient (FR) as percentage of commitments per measure (EAFRD)	83
Figure 34 Average loan size per measure in EUR (total RDP contribution)	83
Figure 35 Management costs and fees paid in EUR, by type of FI, and number of reporting FIs.....	84
Figure 36 Amount of total management costs and fees paid in EUR and as percentage of payments to the FI, by end of 2019.....	85
Figure 37 Achieved leverage versus expected leverage per type of FI (EAFRD)	87
Figure 38 EAFRD amounts committed under FIs funding agreements to rural development focus areas (%)	89
Figure 39 EAFRD amounts committed to FIs by thematic objective, as of end of 2019 (in %).....	91

PART I: Chapeau

The summaries present data on the progress made in financing and implementing financial instruments (FIs) supported by European Structural and Investment Funds (ESIF) in the 2014-2020 programming period as of 31 December 2019. They are based on data reported by the managing authorities in accordance with Article 46 of Common Provisions Regulation (EU) No 1303/2013 of the European Parliament and of the Council (CPR), the Commission Implementing Regulation (EU) No 821/2014 and Fund-specific regulations.

Data on FIs were originally supposed to be submitted by programme authorities by the end of May 2020. However, the regulatory deadline was postponed¹ until the end of September 2020, in order to make it possible to focus all the efforts on addressing the COVID-19 crisis. As in line with Article 46(4) CPR the summaries are published within six months of the deadline, this year's publication takes place in March 2021.

FIs are implemented using all ESI Funds in 25 MSs². By the end of 2019, the total programme contributions committed to FIs were nearly EUR 23.5 billion (EUR 22.1 billion at the end of 2018) of which EUR 17.2 billion was ESIF. The total number of planned or operational FIs stood at 756.

ESIF FIs as part of the response to the COVID-19 pandemic

The crisis has had a major impact on SMEs, which are the backbone of the European economy. SMEs needed urgent financial support not only to pay their current bills but also for new investments to adapt to the new circumstances. Amendments to the CPR and the Fund-specific rules significantly simplified support for working capital through grants and FIs.

FIs supported by ESIF played a major role in providing fast and flexible support to SMEs, in particular:

- ERDF FIs allocated EUR 4.7 billion for working capital in the COVID-19 context, which is more than double what the Member States (MSs) allocated to working capital grants³. Based on payment claims submitted, at least

¹ Article 25a(9) CPR, as introduced by Regulation (EU) 2020/558 of the European Parliament and the Council of 23 April 2020.

² All MSs except for DK, IE, LU. As the cut-off for the summaries is 31/12/2019, before the data of Brexit, the UK is included as MS.

³ Sum of target values of COVID-19 indicators CV21 in programmes approved by the Commission in 2020. There are 50 instances of FI use for the purpose. EUR 2.3 billion is allocated in 32 instances for working capital in the form of grants.

EUR 4.2 billion reached final recipients since the beginning of the crisis, in all MSs using FIs and the UK;

- Despite of COVID-19 crisis, ESF FIs continued to make progress. Preliminary data from payment claims show that at least additional EUR 55.5 million was paid at the level of final recipients. DE contributed most to the increase, but also PL, LV, IT and BG reported using FIs during the pandemic;
- eight EAFRD managing authorities in six MSs (ES, IT, LT, PL, PT, RO) introduced or amended FIs under rural development programmes to provide dedicated working capital finance to address the economic impact of the COVID-19 pandemic (out of the total 30 RDPs having FIs);
- the managing authority for the sole FI supported by EMFF has made it possible for the final recipients in EE to benefit from decreased interest rates, including for the agreements already concluded, retroactively from April 2020.

As these summaries cover the period until the end of 2019, they do not yet include the data on progress made in the COVID-19 context. The full details would be included in the next summaries, which will be published by the end of November 2021.

From the beginning of the 2014-2020 period, almost EUR 11.1 billion of programme contributions had been paid to FIs (EUR 9.0 billion at the end of 2018), including EUR 8.5 billion of ESIF (around 50% of committed ESIF amounts). Around EUR 6.3 billion had been invested in or committed for final recipients (EUR 3.7 billion at the end of 2018), of which EUR 4.7 billion was ESIF. During 2019, the new amounts invested in or committed for final recipients (EUR 2.6 billion) exceeded the new amount paid to FIs (EUR 2.1 billion), demonstrating that most of the FIs are operational and the liquidity provided through advances is used as intended.

Information on financing and implementing FIs under each of the ESI Funds is presented in Table 1.

Table 1 Amounts committed in the funding agreements and paid to the FIs at the end of 2019, in million EUR (programme contributions out of which ESIF)

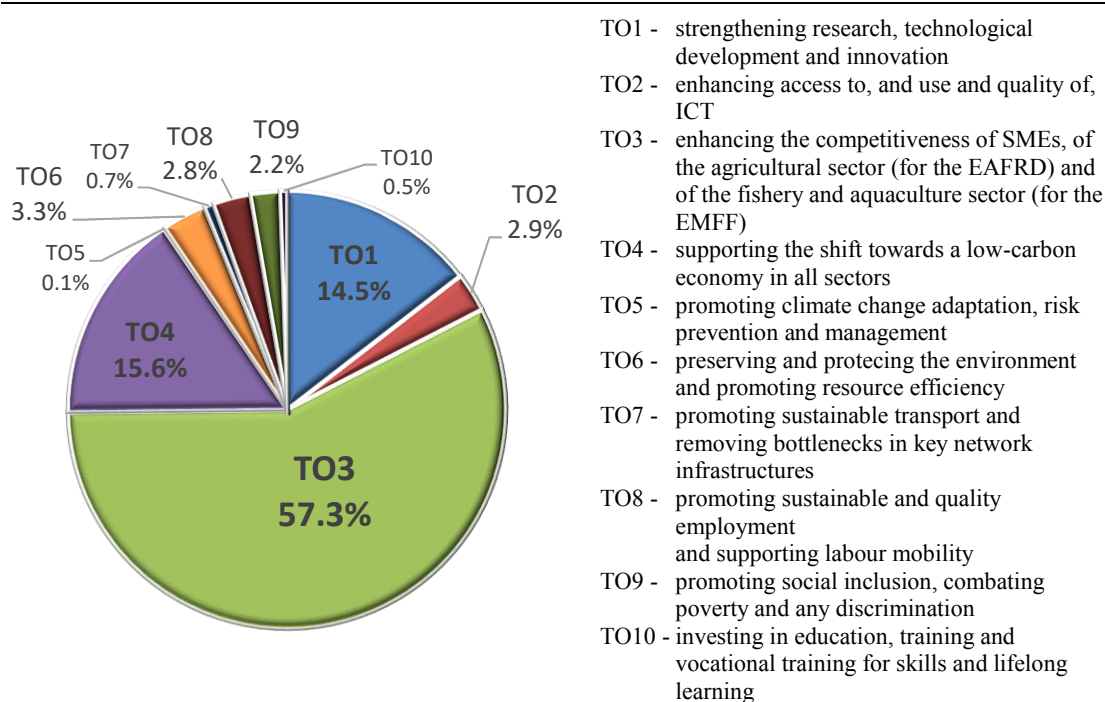
	ERDF and CF	ESF and YEI	EAFRD	EMFF	All ESIF		
					2018	2019	Change
Number of MSs reporting on FIs	25	10	11	1	24	25	+1
Programme amounts committed to FIs	22,002.2	820.4	651.1	12.1	22,055.7	23,485.8	+6%
<i>out of which ESIF</i>	16,107.0	575.3	488.1	9.1	16,949.5	17,179.5	+1%
Programme amounts paid to FIs	10,561.2	265.3	286.1	7.6	8,983.2	11,120.2	+24%
<i>out of which ESIF (A)</i>	8,100.2	207.5	210.7	5.7	7,016.2	8,524.0	+21%
Percentage of ESIF commitments paid	50%	36%	43%	63%	41%	50%	+9 pp
Financing disbursed to final recipients⁴	14,665.6	89.1	271.3	4.5	N/A	15,030.5	N/A
Programme amounts committed to final recipients	8,126.6	116.4	122.5	4.5	5,087.9	8,370.0	+64%
<i>out of which ESIF</i>	5,923.9	75.8	88.7	3.4	3,746.2	6,091.8	+63%
Programme amounts invested in final recipients	6,131.4	87.5	109.0	4.5	3,681.8	6,332.4	+72%
<i>out of which ESIF (B)</i>	4,558.1	58.5	80.7	3.4	2,835.6	4,700.7	+66%
Disbursement rate of ESIF contribution (B)/(A)	56%	28%	38%	60%	40%	55%	+15 pp

The FIs reflect the diversity of national or regional programmes and specificities of investment areas supported, as shown in the reporting by thematic objective (Figure 1)⁵, for example, energy efficiency investments in case of ERDF and EAFRD, SMEs and employment supported in case of ERDF, EAFRD, ESF and EMFF, and agricultural and rural sectors under EAFRD. In terms of thematic objectives, the largest share of funding (57.3%) has been assigned to support for small and medium-sized enterprises (SMEs) under TO3, followed by low carbon economy (TO4), i.e. mainly in energy efficiency and renewable energy (15.6%) and investments in innovation and R&D (TO1) (14.5%).

⁴ The full amount of loans, guaranteed loans and equity support provided to final recipients with the support of ESIF (including non-programme resources, when reported).

⁵ There are 11 thematic objectives, which are defined in Article 9 of CPR. FIs are used in 10 of them. Where a FI addresses multiple thematic objectives, in the reported data the breakdown by TO was not provided in all cases.

Figure 1 Commitments to FIs in the funding agreements as percentage of total commitment by thematic objective (TO) at the end of 2019 (ESIF)



The following chapters present detailed information for each of the ESI Funds.

PART II: Chapters by funds

ERDF and CF

The 2019 annual summaries come at the crucial moment for long-term decisions about the new generation of programmes for 2021-2027: the eligibility period has already started on 1 January 2021 and national and regional authorities are busy preparing new cohesion policy programmes and consulting the proposals with the stakeholders and the Commission. In parallel, decisions on how to use REACT-EU, the additional resources available for 2014-2020 programmes, are taken. In both cases FIs could play a key role due to their specific advantages such as leverage and reflows, or the possibility to use the structures already in place to quickly give the financing to final recipients.

In response to the pandemic, the national authorities already opted for more FIs, with EUR 3 billion of ERDF and CF net increase in the overall FI allocation, primarily supporting working capital in SMEs. When programming REACT-EU funds it is possible to benefit from the already set-up structures and use existing FIs to channel the additional support in a fast and simple manner.

For 2021-2027, the justification of the form of support, grants or FIs, is now required in all programmes. Grants will continue to be used in many areas where projects are not financially viable. The Commission does not expect that grants are used in priorities for investments which are revenue-generating or cost-saving, in particular when programme resources are planned to be used to support enterprises or generate energy savings without a solid justification. The possibility to extend use of existing FIs, which were set-up or will be set-up under the 2014-2020 rules, is also possible. This option provided by the new CPR should be considered to avoid delay in the beginning of the programming phase. Accompanied by streamlined ex ante assessment or even relying on the already prepared one, this option should help making it possible to start delivering the needed support to final recipients in the real economy already now.

The summaries demonstrate that there are successful and effective FIs in all categories of regions: less developed, transition and more developed. Where the institutional capacity to deliver them is still lacking, the solution is not to continue current grant support but to start the shift to FIs already now, drawing inspiration from the FIs covered in these summaries and using expertise of the national promotional banks or international financial institutions.

1. Key figures and trends

Table 2 Key progress indicators reported by managing authorities as of the end of 2019⁶ (financial figures in EUR million)

	2019	2018	Change
Number of MSs reporting on FIs	25	24	+1
Number of programmes reporting on FIs	154	149	+5
Programme amounts committed to FIs	22,002	21,552	+2%
<i>of which ERDF or Cohesion Fund</i>	<i>16,107</i>	<i>16,021</i>	<i>+1%</i>
Financing (loans, guaranteed loans and equity) disbursed to final recipients⁷	14,665	10,160	+44%
Programme amounts paid to FIs	10,561	8,528	24%
<i>of which ERDF or Cohesion Fund</i>	<i>8,100</i>	<i>6,678</i>	<i>21%</i>
Programme amounts committed to final recipients	8,127	4,948	64%
<i>of which ERDF or Cohesion Fund</i>	<i>5,924</i>	<i>3,647</i>	<i>62%</i>
Programme resources invested in final recipients	6,131	3,573	72%
<i>of which ERDF or Cohesion Fund</i>	<i>4,558</i>	<i>2,760</i>	<i>65%</i>
<i>of which loans</i>	<i>3,140</i>	<i>1,779</i>	<i>76%</i>
<i>of which guarantees</i>	<i>1,502</i>	<i>1,052</i>	<i>43%</i>
<i>of which equity</i>	<i>1,281</i>	<i>655</i>	<i>96%</i>
<i>of which other</i>	<i>208</i>	<i>87</i>	<i>140%</i>
Programme resources paid as management costs and fees	393	179	120%
Amount attributable to ERDF or Cohesion Fund support paid back to FIs	484	249	94%
Final recipients supported	143,000	98,000	46%
<i>of which SMEs</i>	<i>113,000</i>	<i>83,000</i>	<i>34%</i>

⁶ This summary is based on information submitted by managing authorities on the progress made in implementing FIs by the end of 2019. Corrections to the data which were introduced after the end of 2020 are not reflected in the summaries – for the most recent version, see the open data platform at <https://cohesiondata.ec.europa.eu/>

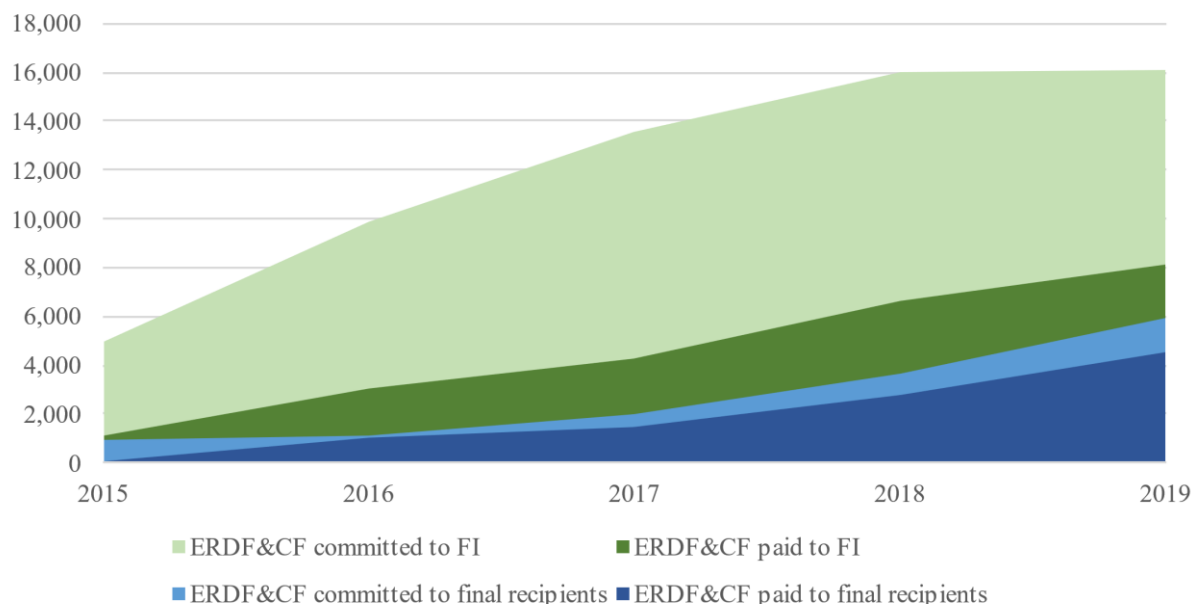
Additional modifications were introduced in the summaries as described in the annex with methodological assumptions to give more accurate picture, which in some cases might not be reflected in the updated reporting by the programme authorities, resulting in differences between the summaries and the open data platform.

Programme contributions refer to ERDF, CF and related national co-financing. ESF and ESF-related national co-financing are considered in the ESF/YEI section.

⁷ This amount includes the value of financing paid to final recipients as the result of EU support, including leveraged private resources. In the case of guarantees, this amount includes the value of the guaranteed loans and not the programme resources used for the guarantees, which are lower.

The overall progress since 2015 is shown in Figure 2.

Figure 2 Overall progress from the beginning of the 2014-2020 period, EUR million



Key messages:

FIs supported by ERDF and CF reach real economy

- EUR 4.6 billion of ERDF and CF paid to final recipients by the end of 2019 made it possible to mobilise financing of EUR 14.7 billion, i.e. 1 euro from the EU budget generated financing of more than 3 euro.
- The ERDF and CF amounts paid to final recipients or committed for guarantees increased by 72%, with the highest annual increase in 2014-2020, but majority of committed funds still needed to be delivered at the level of final recipients.
- Preliminary data for 2020 show that the needed acceleration in providing support to final recipients happened indeed in many MSs, thanks to effective use of FIs to fight consequences of the COVID-19 pandemic.

The implementing rules provide for sound financial management

- The FIs make, as a rule, proper use of liquidity from the advances, with 62% of amounts paid to FIs reaching final recipients.
- The funds do not stay at the fund of funds level: EUR 18 billion out of 22 billion committed for FIs (82%) is already allocated to specific funds.

- Management costs and fees paid from programme resources amount to EUR 393 million, and for the funds of funds, loans and guarantees remain mostly below 2%. For equity, they are on average below 4%.

Lessons for the future

- The share of FIs in the overall allocation varies between MSs from 0% to 22%, with large differences among MSs with similar levels of development. Those lagging in 2014-2020 could draw lessons from the best performers during the next programming period.
- SMEs are the main recipients of FIs. The projected further increase in allocation for FIs in response to COVID-19 provides good grounds for MSs to use this form of support in the future programmes. MSs should find the best way to mobilise additional resources, as current FIs vary significantly also in this respect.
- There are many FIs supporting the transition towards a low-carbon economy, in particular energy efficiency. With the new option to combine a grant with a FI in one operation and the new focus on green investments, FIs could become much more common, if not the dominant form of support in this field. However, those and previous summaries demonstrate that significant time is needed to make such FIs fully operational. With relatively less experience compared to SME support, preparation should start without delay.

The cut-off date for the summaries precedes the crisis and all the measures in response to COVID-19 will be covered in detail only in the next summaries to be published by the end of November 2021, based on information submitted by programme authorities by May 2021. However, while detailed information on FIs is available only annually, some key progress indicators can be estimated based on other data submitted by MSs and the UK throughout 2020, allowing already now to provide reliable information on us of FIs to address the coronavirus crisis. Where such data is already available, it is presented in the relevant section in a dedicated box.

The Commission would like to thank all the managing authorities for their inputs and follow-up explanations, which helped improve quality of the data as compared to the previous years.

2. Summary of data collected on FIs implemented under ERDF and CF

2.1 Planned use of and commitments to financial instruments.

As at the end of 2019, indicative ERDF and CF allocation for FIs in the submitted programmes was **EUR 18.4 billion**⁸ or about 7% of the total ERDF and CF envelope for the 2014-2020 period.

The share of FIs varies, with the highest allocations planned in the UK and the NL (22% and 17% respectively), and no allocations in DK, IE and LU (Figure 3). No FIs were planned under the European Territorial Cooperation goal.

Programmes with similar allocations and implemented in the MSs and regions with similar level of development have often significantly different shares of FIs. This proves that neither amounts available nor category of region are the factors determining the form of support. There is a link between the scope of support and the use of FIs, but even in the area of support to the SMEs or energy efficiency only grants are used in some places, while in others FIs are deployed successfully. Lessons learned from the MSs allocating more of their resources to FIs should be used to explore the potential for increased use of FIs in the 2021-2027 programming period⁹.

Compared to the end of 2018, IT reported a considerable increase of planned allocations to FIs of EUR 281 million, while DE, HR, HU and LV all reported reductions of over EUR 100 million.

⁸ The amount indicated in programmes submitted to the Commission was EUR 17.8 billion. This was corrected to reflect already higher commitments to FIs than indicatively planned in SK and PL programmes. These two MSs are not considered for comparison with the end of 2018.

⁹ See *fi-compass* (2020), Stocktaking study on financial instruments by sector, for an analysis of the five sectors that have a greater potential for use of FIs in the future.

Financial instruments as part of the COVID-19 response

As the data on planned use of FIs is based on programmes submitted to the Commission, it is already possible to provide data for the end of 2020.

The COVID-19 crisis had significant impact on the allocation. By the end of 2020, the amount planned in programmes for FIs **increased by EUR 3.0 billion**, reaching EUR 20.8 billion¹⁰. It is estimated that additional EUR 1.0 billion might be mobilised as national co-financing. This increase in the overall allocations to FIs is the net result of smaller allocations in six MSs and the UK and the significantly higher allocations in ten other MSs.

This shift from other forms of support towards FIs during the pandemic, even though grant support from ERDF was made easier at the same time (with possibility to support working capital also in the form of grants and more open State aid rules under the Temporary Framework¹¹), demonstrates that FIs are often considered to be more effective.

The prevalent part of the increase, as well as some resources redirected from other planned FIs, were used to support working capital needs of the SMEs. The amount of **COVID-19 related working capital support in the form of FIs** indicated in approved programmes already reached **EUR 4.7 billion**¹².

Programme amounts committed to FIs operations¹³ reached **EUR 22.0 billion**, covering **87%** of the ERDF and CF amounts planned in the programmes for these forms of support. Figure 3 indicates the percentage of the planned allocations to FIs which were committed as of end 2019. A share which is significantly lower than 100% might be a sign of delay, but might also indicate that decrease in planned allocation has not yet been included in the submitted programme amendments.

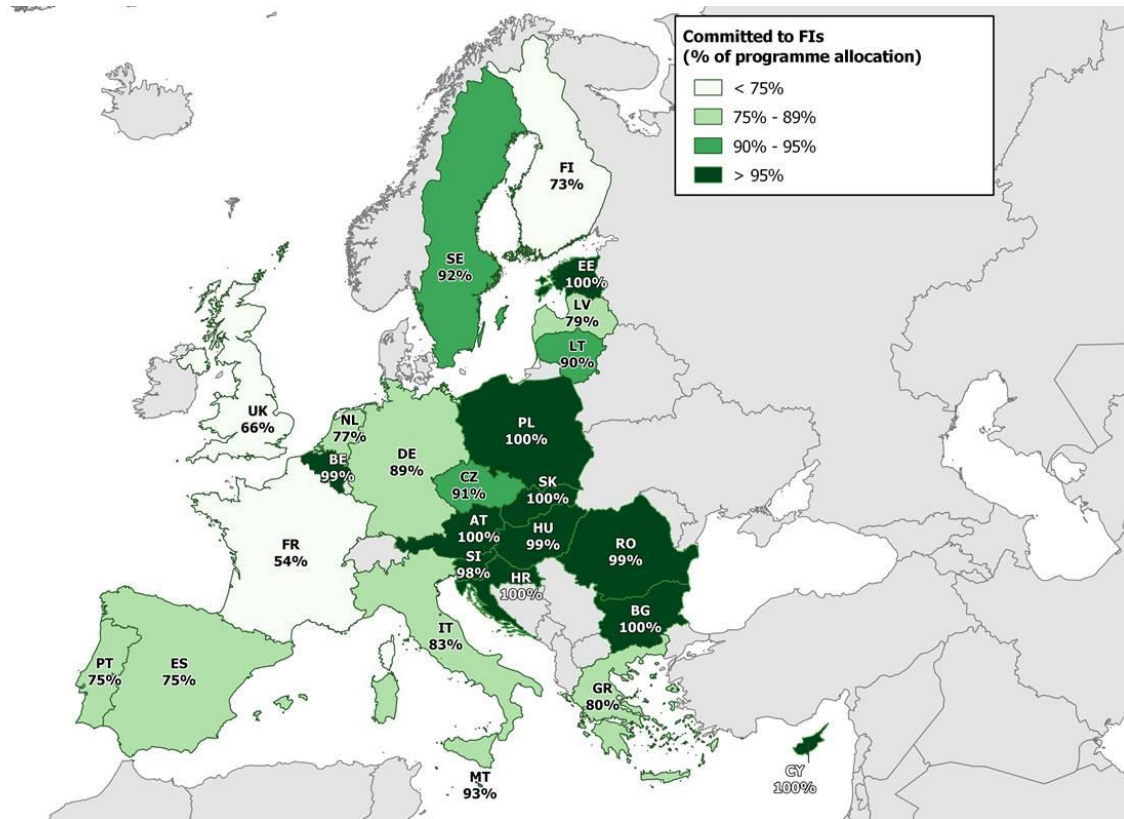
¹⁰ The increase refers to uncorrected 2019 figure of EUR 17.8 billion – see footnote 6 for explanation.

¹¹ Communication from the Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, 2020/C 91 I/01

¹² The total target value of the indicator “*CV21 – FI support to SMEs for working capital*” included in the approved programmes. This is more than double the value for such indicator (CV20) for grant support.

¹³ ‘Programme contributions committed to FIs’ mean the programme resources committed in the funding agreements. “Committed in funding agreements” describes the total amount of payment obligation to the fund of funds or specific fund. It includes both EU and national co-financing but excludes any expenditure which is not to be declared as eligible. The term “committed in funding agreement” should not be confused with budgetary commitments from the EU budget.

Figure 3 Amounts committed to FIs (% of indicative programme allocation)



A further increase of about EUR 450 million of programme resources committed to FIs was reported compared to the end of 2018. This included EUR 1.2 billion additional commitments to FIs in twelve MSs, as well as EUR 0.8 billion reduced commitments in six other MSs¹⁴. IT (over EUR 350 million), ES and SK (almost EUR 180 million each) had the largest additional programme commitments to FIs, while the UK reported the largest decrease (almost EUR 250 million).

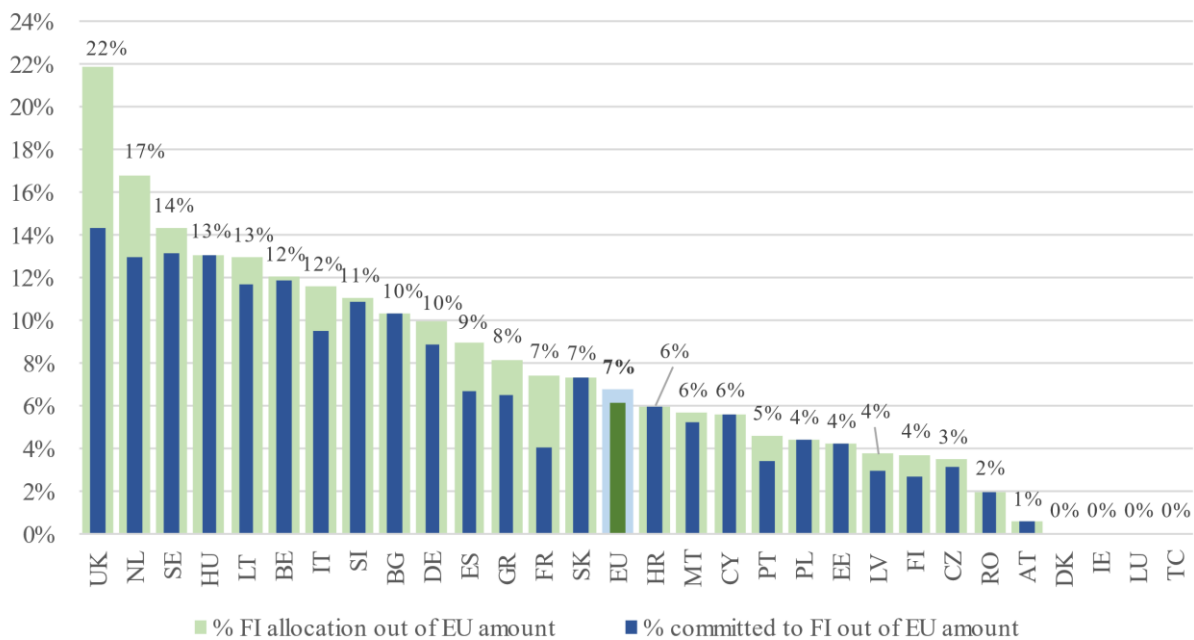
Overall, the amounts committed to FIs showed a marginal increase, as they are closer to the respective indicative allocations and there is less time left for implementation.

¹⁴ This includes reduced amounts committed to FIs from corrected data in BG. However, BG is not counted among the MSs with reduced amounts committed to FIs.

Programme contributions of **EUR 22.0 billion** had been committed to FIs in funding agreements in 25 MSs¹⁵. Out of this amount, EUR 15.7 billion was ERDF and EUR 0.4 billion was the Cohesion Fund. Fifteen programmes account for EUR 11.5 billion of amounts committed, each reporting over EUR 300 million.

The amounts allocated to forms of support in the programmes are only indicative, so the managing authorities could commit funds without waiting for amendment of the programmes. However, the figures should converge when the affected priority axes are amended in the future.

Figure 4 ERDF and CF committed to FIs, as percent of the ERDF and CF allocated to the MSs

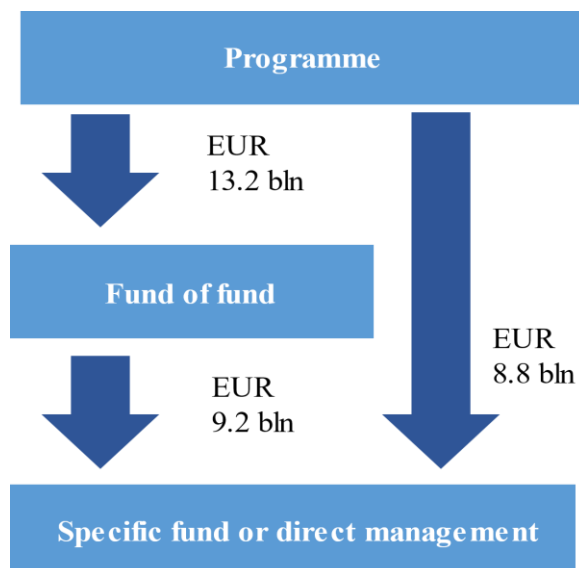


Managing authorities in 20 MSs have committed EUR 13.2 billion to funds of funds, or 60% of programme commitments to FIs. Of these, EUR 9.6 billion is from ERDF and over EUR 300 million from the Cohesion Fund (see Figure 5). Programme resources committed in funding agreements with specific funds under a fund of funds, which is the necessary

¹⁵ There are significant differences (+/-20% or more) between the eligible cost of selected projects for the relevant forms of support (transmitted under Article 112 CPR), and the programme contributions committed in the funding agreement, for 35 priority axes and fund combinations in 10 MSs. The total difference between the two dataset variables, for the priority axis and fund combinations with significant differences, amounts to EUR 0.7 billion (absolute value). Moreover, 25 other priority axes could not be matched between the two datasets.

step to provide financing to final recipients, were EUR 9.2 billion or 70% of programmes funding committed to funds of funds¹⁶ (57% in 2018).

Figure 5 Overview of programme committed resources by type of FI, as of end of 2019



Ten programmes in DE, ES, FR, and IT reported undertaking implementation tasks directly according to Article 38(4)(d) CPR.

Almost EUR 3.5 billion of programme resources - or 16% of the total - was committed to FIs managed by the EIB (EUR 1.3 billion) or the EIF (EUR 2.2 billion) in 14 MSs. In CY, MT and RO all FIs are managed by the EIB or EIF. Six MSs contributed to the SME Initiative option under Article 39 CPR (BG, ES, FI, IT, MT and RO) for a total of EUR 1.5 billion of committed programme amounts. Thus, the SMEI accounts for 7% of programme amounts committed to FIs across all MSs.

2.2 Payments to financial instruments.

The current reporting exercise shows further progress by MSs in implementing FIs. At end 2019, **EUR 10.6 billion** - of which EUR 8.1 billion of ERDF and CF had been paid to FIs. There were payments of EUR 5.3 billion to funds of funds, while payments to fund of funds specific funds reached EUR 3.3 billion. Payments to FIs have been made by managing authorities in each of the 25 MSs.

¹⁶ This includes possible programme resources committed at the level of financial intermediaries.

ERDF and CF paid to FIs was 50% of the committed amount (Figure 5). If SME Initiative, for which different payment schedule is applied (Article 39(7) CPR)¹⁷ is excluded, the payment progress amounts to 48%. This shows that the payment regime foreseen in Article 41 CPR is also generally followed by the national authorities in their relations with the bodies implementing the FIs in line with the Commission recommendation for a sound financial management of the funds.

Table 3 ERDF and CF committed in the funding agreements and paid to FIs as of end 2019, EUR million

MS	OP amount committed to FI	ERDF&CF committed to FI	OP amount paid to FI	ERDF&CF paid to FI	Percentage of commitments paid (ERDF&CF)
AT	9.0	3.0	9.0	3.0	100%
BE	283.2	113.2	197.4	79.5	70%
BG	689.2	601.2	243.7	221.4	37%
CZ	587.7	573.6	266.5	263.0	46%
DE	1,475.3	954.1	1,018.4	666.4	70%
EE	168.7	123.5	48.9	42.9	35%
ES	1,596.8	1,390.4	996.1	916.6	66%
FI	43.0	21.5	43.0	21.5	100%
FR	705.3	339.7	430.7	216.9	64%
GR	991.3	774.7	434.8	340.0	44%
HR	596.8	407.1	308.8	277.8	68%
HU	2,228.8	2,190.4	947.0	929.5	42%
IT	3,139.1	2,061.5	1,669.8	1,029.4	50%
LT	651.1	650.2	402.3	402.0	62%
LV	155.2	112.0	66.6	55.1	49%
MT	34.0	31.6	34.0	31.6	100%
NL	185.6	66.0	52.9	17.3	26%
PL	3,637.0	2,806.2	1,427.1	1,227.4	44%
PT	901.2	466.2	149.5	134.9	29%
RO	364.0	346.5	334.6	321.5	93%
SE	251.1	122.5	152.9	73.2	60%
SI	333.2	253.0	167.0	126.5	50%
SK	1,018.3	831.3	388.7	338.5	41%
UK	1,917.2	834.1	761.5	355.9	43%
Total	22,002.2	16,107.0	10,561.2	8,100.2	50%

¹⁷ Such payment applications are based on the amounts requested by the EIB deemed necessary to cover commitments under guarantee agreements or securitisation transactions to be finalised within the three following months (Article 39(7) CPR).

National co-financing paid to FIs was almost EUR 2.5 billion, of which over EUR 1.9 billion was from public sources and over EUR 600 million from private sources, especially in the UK (over EUR 300 million) and PL (almost EUR 160 million).

There were payments of EUR 5.3 billion to funds of funds of which EUR 4.1 billion is ERDF, EUR 128 million is the Cohesion Fund and the remainder is national co-financing. Funds of funds have made payments of EUR 3.3 billion to financial intermediaries, or 62% of payments to funds of funds (40% in 2018).

When the managing authorities decide to implement FIs through a fund of funds (which is the case for EUR 13.2 billion of committed programme amounts), the fund of funds manager needs to select specific funds before the resources can reach final recipients. By the end of 2019, about EUR 4.0 billion of programme resources still needed to be committed to financial intermediaries, most of which in PL (EUR 1.9 billion) and SK (EUR 860 million). Overall, programme resources yet to be committed to financial intermediaries decreased by EUR 1.8 billion compared to the end of 2018. PL reported a substantial increase of commitments to financial intermediaries (EUR 640 million) while a smaller additional amount was committed in SK (EUR 90 million).

Co-financing at the FI level does not capture the ability of ESIF-supported FIs to attract additional financing, including private investment. Co-financing can come at different stages and be provided at the level of final recipients, a fund of funds or at the level of financial intermediary. Financing under the programme can further mobilise additional non-programme resources.

For all guarantee instruments, the loan amount disbursed on the basis of the guarantee can provide significant leverage on top of ERDF and CF contributions. The SME Initiative does not require national co-financing in addition to the ERDF contribution, but a minimum leverage has to be delivered. Banks benefitting from the SME Initiative must achieve this minimum leverage or pay penalties, which depend on the shortfall.

By the end of 2019, FIs had accrued net gains attributable to ERDF and CF¹⁸ of over EUR 57 million. FIs to which EUR 5.1 billion of ERDF and CF resources were paid either did not report on gains or losses from treasury operations or reported that the treasury operations had generated neither gains nor losses. Following the submission of the annual reports, the authorities of affected programmes were asked to re-check that indeed there is nothing to report and most of them confirmed that given current low or even negative interest rates, treasury management does not generate gains. However, it is still possible that reporting no gains or losses from treasury management might indicate a lack of reporting in some cases.

Financial instruments as part of the COVID-19 response

Amount paid to FIs by the end of 2020 could be approximated based on information submitted in the last payment claim submitted in that year¹⁹.

In response to the health crisis, there was a significant net increase in the payments to the FIs of EUR 4.6 billion. By the end of 2020, the payments reached EUR 15.2 billion. As this amount is significantly higher than the first tranche of advance corresponding to the additional ERDF and CF allocation of 3.0 billion referred to in section 2.1, it means that sufficient progress is achieved overall in the implementation of the FIs that subsequent tranches of the advance were paid in many FIs. The implementation progressed primarily due to the support for SMEs to go through the crisis.

While the amounts do not include payments which happened between the submission of the payment application and the end of the year and might also exclude some of the amounts for which the reimbursement has not yet been requested (the annual summaries will include such amounts) they provide reliable information on large part of the amounts paid, with the actual figure at the end of year being almost certainly higher than the amount included in the payment application.

2.3 Products offered

MSs provided information about the products offered by 550 specific funds and FIs managed directly by the managing authority (Figure 6). The largest amount of programme resources - EUR 7.8 billion - was committed to FIs providing loans, while EUR 4.1 billion and EUR 2.9 billion was committed to FIs providing equity and guarantees, respectively.

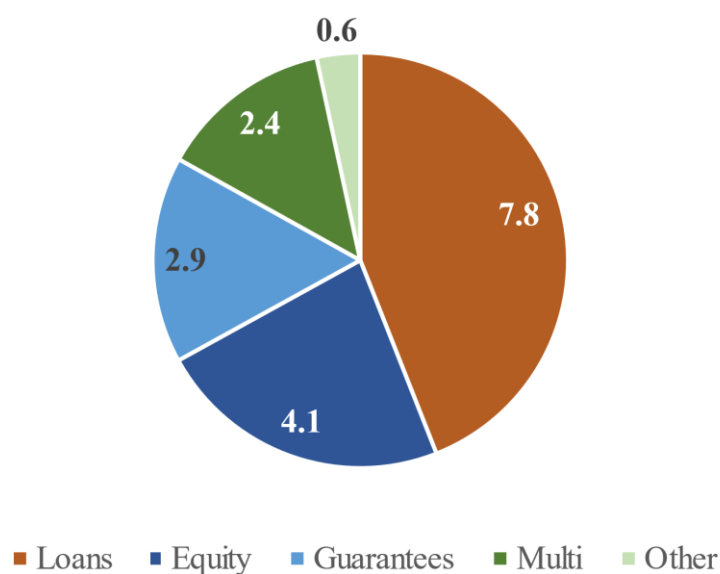
¹⁸ Article 43 of the CPR clarifies how interest or other gains from the investment of ERDF and CF contributions to FIs should be handled.

¹⁹ Information on amount paid to financial instruments is included in columns A and B of appendix 1 attached to each payment application. Only amounts for which reimbursement have been requested should be included.

Most resources of multi-product FIs were committed to provide loans and equity (EUR 1.6 billion).

Loans are especially important in HU, CZ, and HR (over two thirds of committed programme amounts), while AT and SE only provide equity or quasi-equity and MT only guarantees. The average programme amount committed ranges between EUR 22 million for equity FIs and EUR 46 million for multi-product FIs.

Figure 6 Programme amounts committed to FIs by product²⁰, as of end 2019, EUR billion



Twelve MSs reported other support combined with FIs in the sense of Article 37(7) CPR. At the end of 2019, EUR 3.5 billion of programme resources was committed to FIs providing other support combined within the FI, especially in HU (EUR 1.5 billion), CZ, LT, and PL (over EUR 300 million each).

In most cases, other support combined within the FIs provides interest rate or guarantee fee subsidies. In CZ, a loan instrument is combined with an energy audit subsidy. Subsidies to technical support are provided in combination with equity in FR and loans in LT.

²⁰ The total amount committed for FIs is higher than the total amount included in the figure as not all the committed funds are already allocated to specific products, especially in the case of amounts for which the fund of funds still need to choose financial intermediaries.

Financial instruments as part of the COVID-19 response

AntiCorona Guarantee implemented by Slovak Investment Holding (SIH) is a good example of a FI which is used to overcome financial difficulties caused by the COVID-19 crisis and help preserve existing jobs. It was one of the first products introduced by national promotional banks and institutions in the EU after the outbreak of COVID-19, which employs ESIF and makes use of some of the innovative features enabled by the simplified regulatory framework (CRII+) for FIs.

The FI consists of a portfolio guarantee for financial institutions and an interest subsidy of up to 4% p.a. for those enterprises that manage to preserve existing jobs. By means of the FI, the SIH will shoulder a part of the financial institutions' credit risk resulting from a portfolio of new loans to the SMEs negatively affected by the current situation. The instrument facilitates provision of new bridging loans with maturity of no more than four years (including a 12-month grace period on both the principal and interest) and up to almost EUR 1.2 million per loan. Thanks to the SIH Anti-Corona Guarantee, and the combined interest rate subsidy, loans may be provided interest-free to final recipients to cover both their investment costs and working capital needs in order to preserve employment. All the benefits ensuing from this financial instrument (in particular reduced interest rates and reduced collateral requirements) must be fully passed onto the target SMEs.

More details about the guarantee can be found in the mini-case study annexed to the document "*Responding to the COVID-19 crisis through financial instruments in the framework of the Coronavirus Response Investment Initiative*" [published](#) in May 2020 through fi-compass, the platform for advisory services on FIs under the ESIF provided by the Commission in partnership with the EIB.

Financial information on this product will be included in the annual summaries published by 30 November 2021.

2.4 Support to final recipients.

By the end of 2019, all reporting MSs except CY had committed some programme resources in loan and guarantee agreements or equity to final recipients (see Table 4).

Since the beginning of the 2014-2020 period, EUR 6.1 billion had been used to finance 158,000 investments, i.e. payments to final recipients or for the benefit of the final recipients or blocked for the guarantee contracts for loans paid to final recipients. Almost EUR 4.6 billion of ERDF and CF was paid to final recipients, i.e. 56% of ERDF and CF paid to FIs.

However, by the end of 2019, ERDF and CF amounts disbursed to final recipients covered only **29% of the respective amount committed to FIs**²¹ (17% in 2018), due to an additional EUR 1.8 billion ERDF and CF disbursed during 2019. While this constitutes the highest recorded annual increase in disbursements to final recipients since 2015, further acceleration is needed until the end of the current period.

Table 4 Payments to FIs, commitments and payments to final recipients, as of end 2019, EUR million

MS	OP amount paid to FI	ERDF & CF paid to FI (A)	OP amounts committed to final recipients	ERDF&CF committed to final recipients	OP amounts paid to final recipients	ERDF&CF paid to final recipients (B)	Disbursement rate of ERDF&CF contributions (A)/(B)
AT	9.0	3.0	6.9	2.3	6.4	2.1	71%
BE	197.4	79.5	179.7	69.7	158.0	63.2	79%
BG	243.7	221.4	115.8	112.7	99.6	98.9	45%
CY	10.0	8.5	-	-	-	-	0%
CZ	266.5	263.0	327.0	314.9	145.1	144.3	55%
DE	1,018.4	666.4	889.0	572.6	774.7	498.3	75%
EE	48.9	42.9	78.9	77.4	34.0	31.9	74%
ES	996.1	916.6	853.1	791.3	824.5	776.2	85%
FI	43.0	21.5	38.3	19.1	38.3	19.1	89%
FR	430.7	216.9	291.1	151.3	194.6	102.6	47%
GR	434.8	340.0	189.7	149.1	159.1	125.5	37%
HR	308.8	277.8	218.0	183.7	168.8	138.2	50%
HU	947.0	929.5	832.1	811.6	820.5	805.3	87%
IT	1,669.8	1,029.4	1,383.7	916.7	885.4	528.1	51%
LT	402.3	402.0	312.5	312.5	264.4	264.4	66%
LV	66.6	55.1	172.4	78.1	60.4	38.8	70%
MT	34.0	31.6	19.8	19.8	19.8	19.8	63%
NL	52.9	17.3	98.5	22.6	69.1	13.7	104%
PL	1,427.1	1,227.4	517.9	394.3	437.4	347.3	28%
PT	149.5	134.9	294.0	134.1	154.7	70.2	52%
RO	334.6	321.5	228.3	228.3	89.0	89.0	28%
SE	152.9	73.2	71.5	34.2	71.5	34.2	47%
SI	167.0	126.5	82.1	51.3	78.2	48.9	39%
SK*	388.7	338.5	79.8*	58.8*	24.0*	19.2*	6%*
UK	761.5	355.9	846.3	417.3	553.9	278.7	78%
Total	10,561.2	8,100.2	8,126.6	5,923.9	6,131.4	4,557.8	56%

* Due to reporting error, some FIs have not provided information on expenditure at final recipient level, so actual figures for SK are higher.

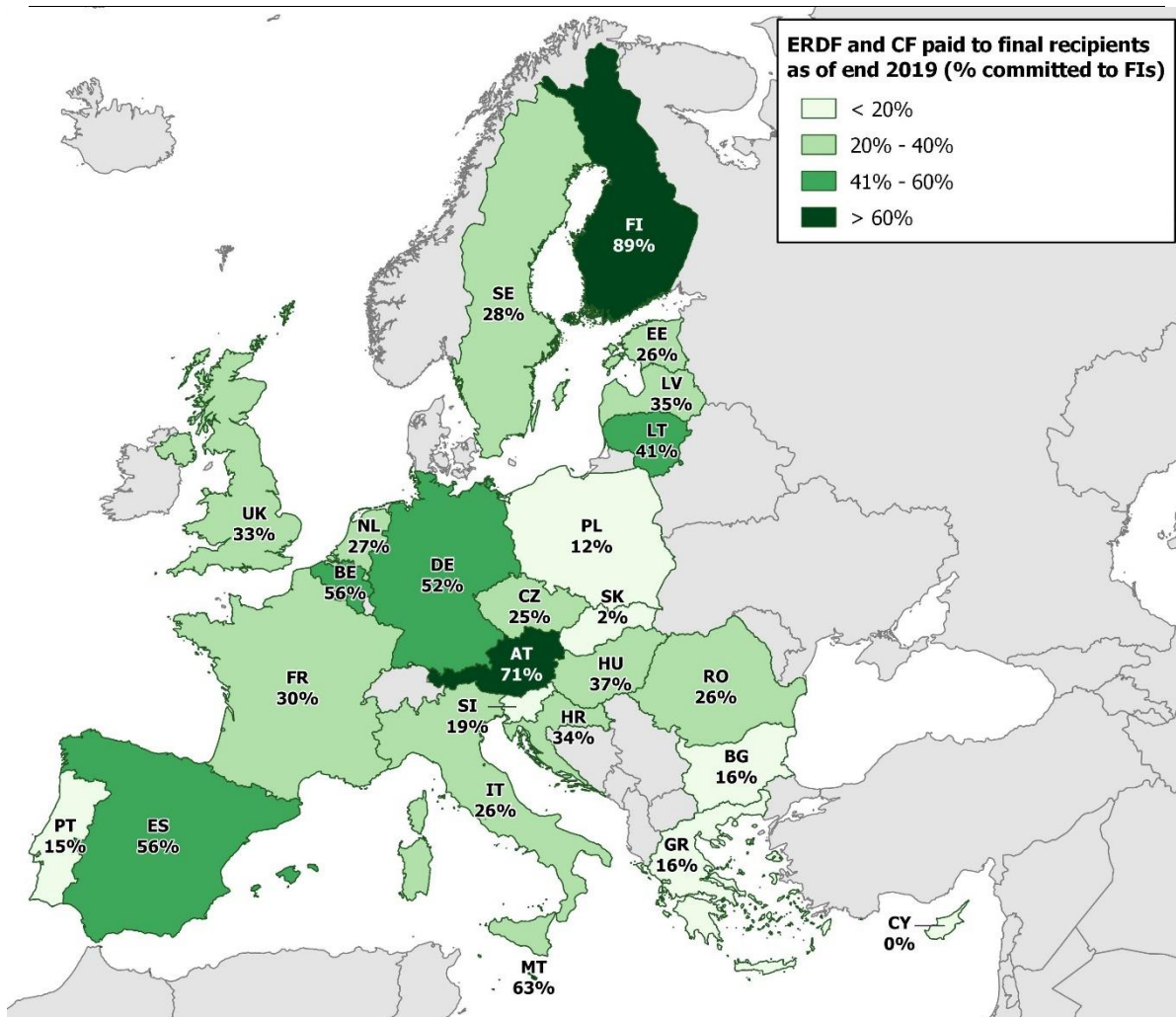
²¹ Programme contributions effectively paid to final recipients or, in the case of guarantee, committed for loans paid to final recipients, contribute to eligible expenditure at closure, together with other expenditure as stipulated in Article 42 CPR.

Programme resources committed and not yet paid to final recipients were EUR 2.0 billion or 25% of committed amounts.

The amount committed to final recipients exceeds the amount invested in final recipients, as there is a time lag between signing a loan, guarantee or equity participation and the actual investment. Payments are sometimes made in tranches according to the progress of project implementation. This can be seen with instruments which started investments under each signed contract but paid out only part of the committed amounts.

There is a large variation as regards the share of committed funds which reached final recipients (see Figure 7). SME Initiative progress was much faster than average, as 69% of committed funds already reached final recipients compared to the EU average of 29%.

Figure 7 ERDF and CF paid to final recipients as of end 2019, percent of ERDF and CF committed to FIs



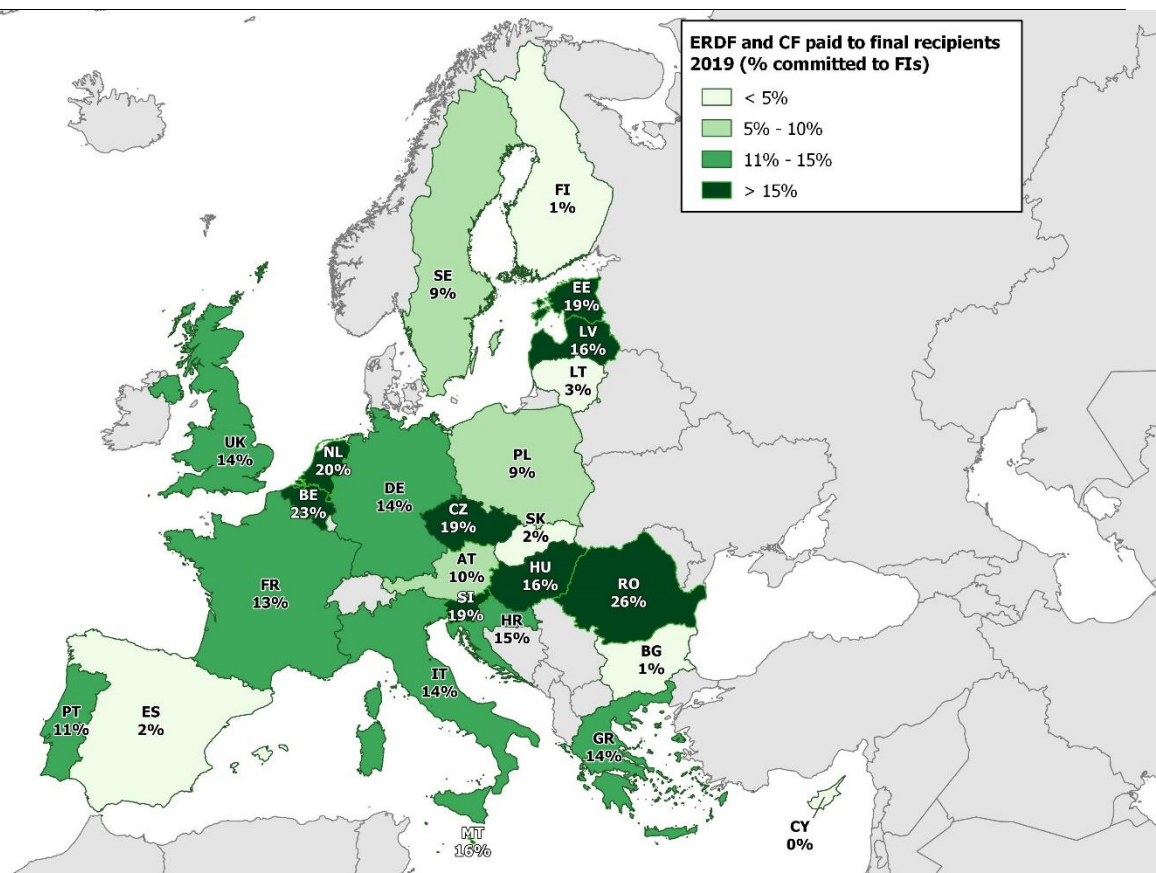
The total co-financing was EUR 1.6 billion, of which EUR 0.5 billion from private sources. Out of this, at least EUR 100 million²² of national co-financing was paid at the level of the final recipients.

Overall, the amount of ERDF and CF paid to final recipients increased by EUR 1.8 billion in 2019 (from EUR 2.8 to EUR 4.6 billion). This is the largest annual increase so far in the 2014-2020 programming period. HU, IT, and PL had the largest increases, each reporting over EUR 250 million of additional payments of ESIF resources to final recipients (Figure 8).

In some MSs with considerable commitments to FIs, the ERDF and CF paid to final recipients showed little increase compared to the end of 2018 (Figure 9). In particular, the increase was limited in BG (EUR 4 million with EUR 600 million committed to FIs), SK (EUR 15 million and EUR 830 million) and LT (EUR 23 million and EUR 650 million). While PL reported a substantial increase (EUR 250 million), considerable resources still remain to be disbursed. Small increases during 2019 in some MSs (FI, AT) are due to fast implementation in the earlier years, which meant very little or no resources were left to be paid in 2019.

²² As national co-financing can come at the level of final recipients, programme resources committed and paid to the final recipients can be larger than to the FI. However, due to the different timing of these commitments and payments, co-financing at the level of the final recipients only becomes apparent in the reported data with implementation progress.

Figure 8 ERDF and CF paid to final recipients in 2019 as percent of ERDF and CF committed to FIs



Financial instruments as part of the COVID-19 response

Preliminary data show that during the pandemic the implementation of FIs accelerated, with final recipients receiving support from new or adjusted products.

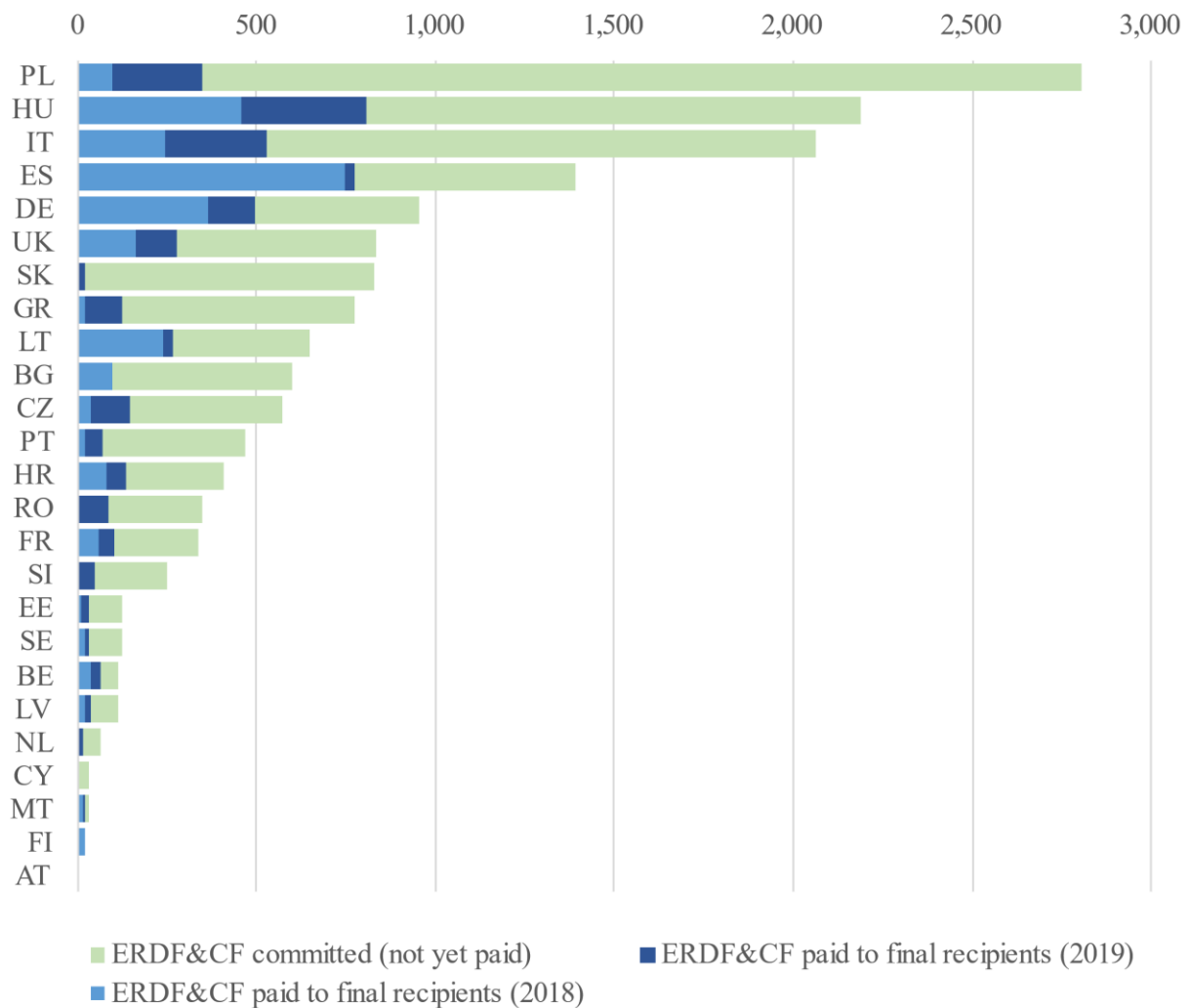
Based on data provided as part of each payment claim²³ at least **EUR 3.3 billion of new amounts were paid to final recipients in 2020** and is expected to be reported in the next summaries, representing 57% increase over the annual figure reported in these summaries. This generated even more financing available to help SMEs meet their working capital needs thanks to the leverage generated.

Compared with earlier reporting, i.e. data as of the end of 2018, additional EUR 1.4 billion of loans were disbursed as well as over EUR 600 million equity. Additional

²³ Data based on columns C and D of appendix 1 to the last payment claims submitted for a given programme before the end of 2020. It should be noted that the amounts included in the payment claims are often understated as this data does not include payments made between the last payment and the end of the year. The progress is often updated only if a request for a new payment tranche from the fund manager is submitted, which can mean considerable delay.

EUR 450 million were set aside as guarantees and EUR 120 millions of other support combined within the FI was paid to final recipients.

Figure 9 ERDF and CF paid to final recipients in 2018 and 2019, EUR million



The average loan²⁴ was about EUR 50,000, ranging from EUR 6,000 in GR to over EUR 590,000 in SI (including TO1, TO4 and TO6 investments). The average loan investment was also quite diverse across TOs, with the smallest average loan being provided under TO4 (EUR 20,000)²⁵.

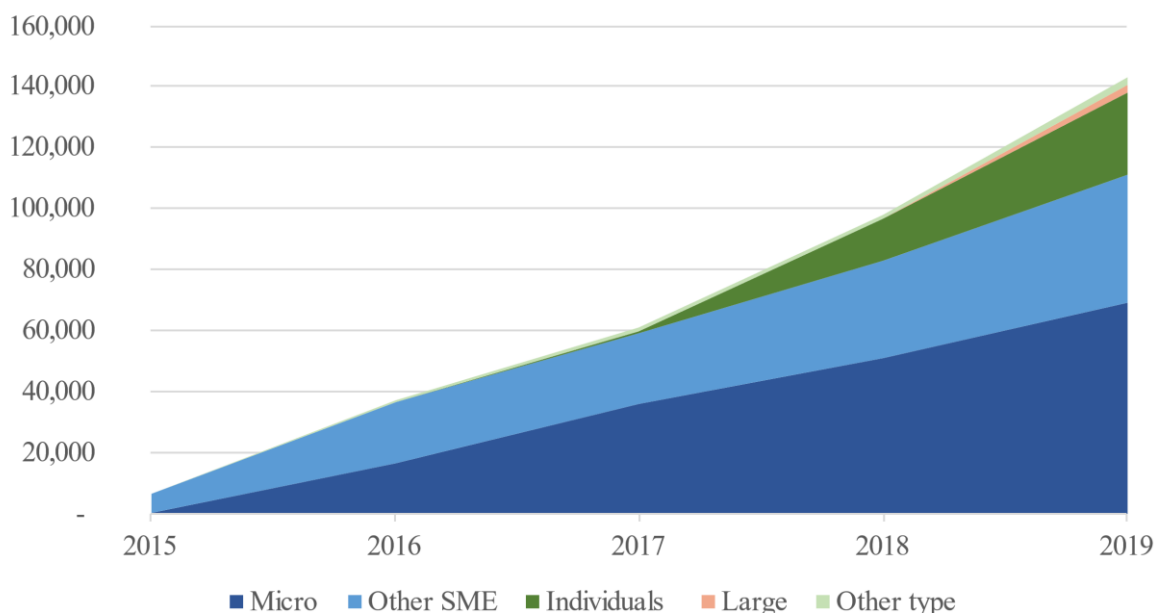
²⁴ This only considers FIs that provided a single type of financial product.

²⁵ This only considers TO1, TO3 and TO4, under which 96% of loan amounts have so far been paid.

The average guarantee investment was EUR 16,000, ranging from EUR 8,000 in PT to over EUR 80,000 in HR²⁶. The average equity investment was EUR 335,000, ranging from EUR 100,000 in FI to EUR 2.3 million in NL.

By the end of 2019, FIs supported about 143,000²⁷ final recipients (over 98,000 at end 2018). SMEs are the largest group with 113,000, of which 67,000 qualify as microenterprises. Most SMEs received support from guarantee instruments (81,000), while over 3,000 SMEs were supported through equity. 27,400 individuals were reported as supported as well²⁸. Figure 10 shows how the number and type of final recipients changed since 2015.

Figure 10 Number and type of final recipients supported, 2015-2019



²⁶ With an average loan actually paid to final recipients of almost EUR 320,000 in HR.

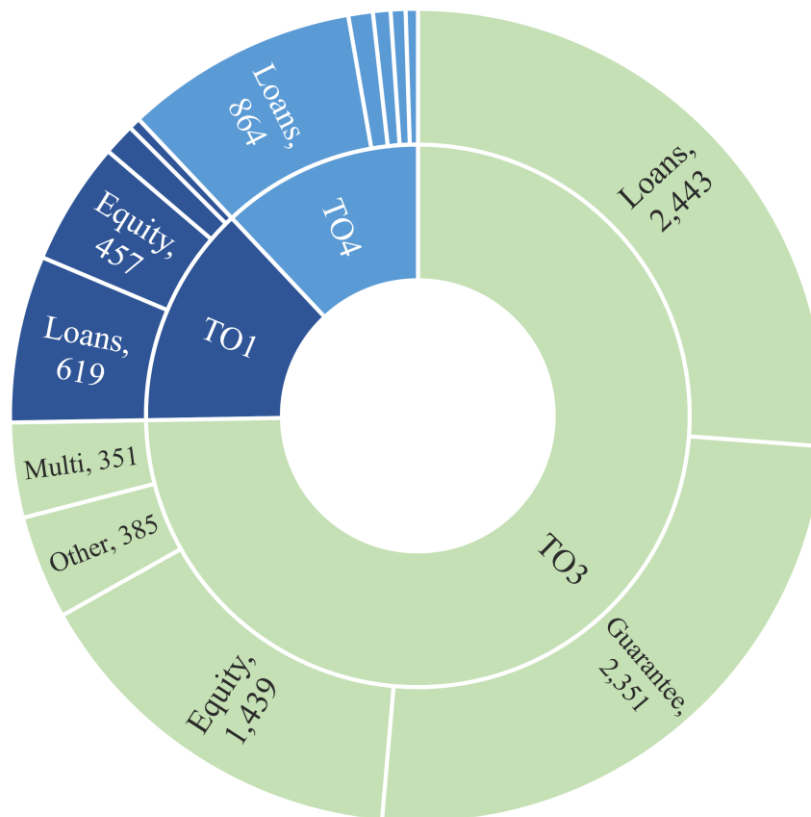
²⁷ The difference between the number of investments and final recipients could be due to some final recipients receiving support for more than one investment.

²⁸ Data on support other than for SMEs is strongly influenced by a small number of products: of the 27,400 individuals supported, 17,300 received loans for energy efficiency interventions in EL and 8,400 loans for research and innovation in HU. The 1,658 ‘Other’ final recipients mainly received support from renovation loan instruments in LT.

2.5 Thematic objectives²⁹

Overall³⁰, 23 MSs committed EUR 9.3 billion of ERDF to FIs supporting SMEs (TO3). This is followed by support to low carbon economy (TO4) with EUR 2.7 billion in 21 MSs and by R&D and innovation (TO1) EUR 2.5 billion in 18 MSs. While resources were committed to provide both loans and equity under TO1, loans were the main financial product under TO4. Figure 11 shows the details.

Figure 11 ERDF and CF committed by TO and financial product³¹, EUR million



²⁹ There is no legal obligation to report on specific FI amounts per TO but the SFC makes it possible for MAs to submit such information voluntarily. Information on amounts under TOs was reported for all but 15 OPs in BG, CY, CZ, DE, FR, IT, LV, PL, and the UK. ESIF committed by TOs by some FIs in CZ, EE, FR, HU, IT, ML, PL and SK exceeded ESIF committed to the FI, for a total of about EUR 260 million.

In most other cases a priority axis is clearly linked to a single TO, therefore the amounts for a given TO are available from the information provided under the priority axis. The amounts can also be derived for multi-TO priority axes when reporting under Article 46 CPR indicates a single TO for a given FI. Overall, EUR 16.0 billion, or 99% ERDF and CF commitments to FIs could be classified by TO. Breakdown of committed amounts by TOs could not be derived by other data reported by the MSs for some FIs in CY, DE, FR, IT and the UK.

³⁰ The amounts do not include FIs where the managing authorities undertake implementation directly.

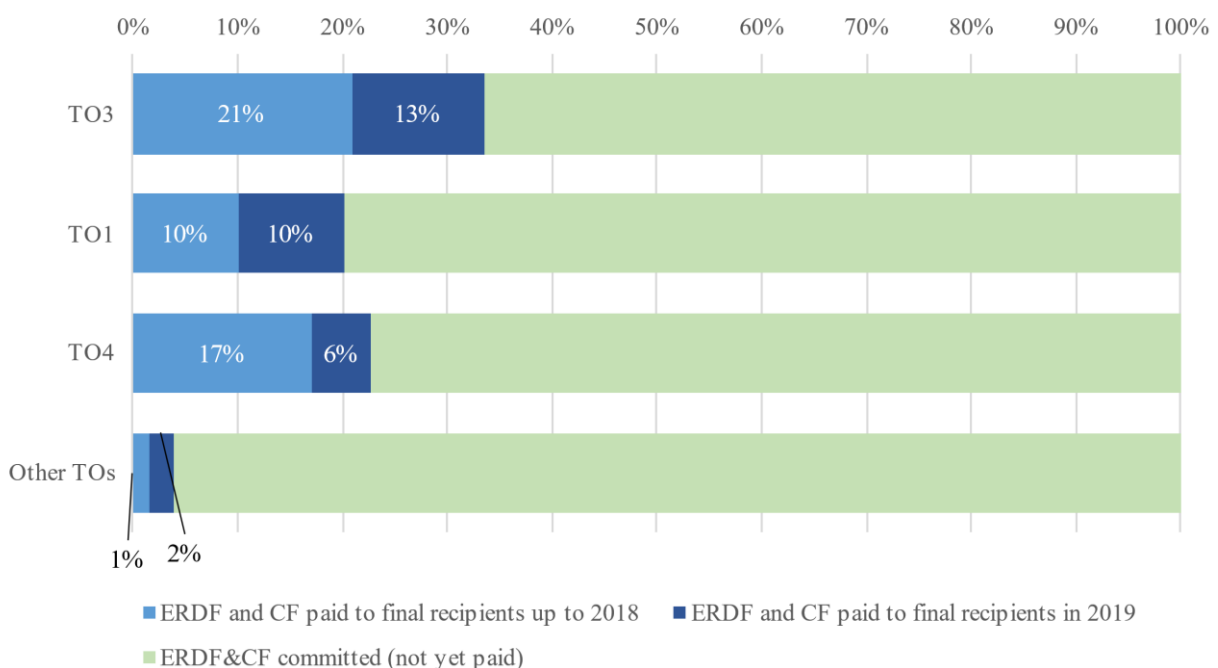
³¹ Information on the products an FI offers is not provided at the level of funds of funds, but only at the level that makes payments to final recipients.

Extending the scope of FIs to other TOs has been taken up by fewer MSs:

- Seven MSs committed EUR 560 million of ERDF and CF for environment and resource efficiency (TO6), with BG having the highest planned resources (EUR 299 million);
- HU (EUR 245 million), PL (EUR 230 million) and ES (EUR 30 million) committed EUR 293 million of ERDF for ICT (TO2) FIs;
- SK is the only MS with resources committed to the transport sector (TO7), for a total EUR 119 million ERDF and CF;
- Limited ERDF amounts were committed to address climate change and risk prevention and management (EUR 19 million in CZ) and employment and labour mobility (EUR 37 million, almost entirely in HU).

Figure 12 demonstrates that there are differences in the implementation speed among TOs. Compared to last year reporting, higher additional payments to final recipients have been reported as a share of ERDF and CF committed to FIs under TO3 and TO1. TO4 and especially the other TOs made less progress.

Figure 12 ERDF and CF amounts paid to FI as percentage of commitments, per TO³²



³² The chart excludes FIs with resources committed to more TOs. Approximately a fourth of ERDF and CF was committed to this type of FIs.

2.6 Resources mobilised

By the end of 2019, EUR 4.6 billion of ERDF and CF paid to final recipients allowed to mobilise EUR 14.7 billion of financing (loans, loans covered by guarantees supported from programme resources and equity support or similar)³³. Mobilised resources vary across the MSs, depending on their co-financing rates, the local market conditions and the financial products provided. The largest amounts were in ES (EUR 4.6 billion), DE (EUR 2.0 billion), IT (EUR 1.2 billion), the UK (EUR 830 million) and FR (EUR 730 million).

Most resources were paid as guaranteed loans, for a total of EUR 8.0 billion. Overall, EUR 2.7 billion of private contributions were mobilised at the level of final recipients, of which EUR 1.1 billion through loans and EUR 1.6 billion through equity. Figure 13 on the next page gives the breakdown of reimbursable financing provided to final recipients in each MS.

Reporting on expected leverage is only obligatory in annual implementation reports submitted in 2017, 2019 and in the final report, so this year it is provided on a voluntary basis.

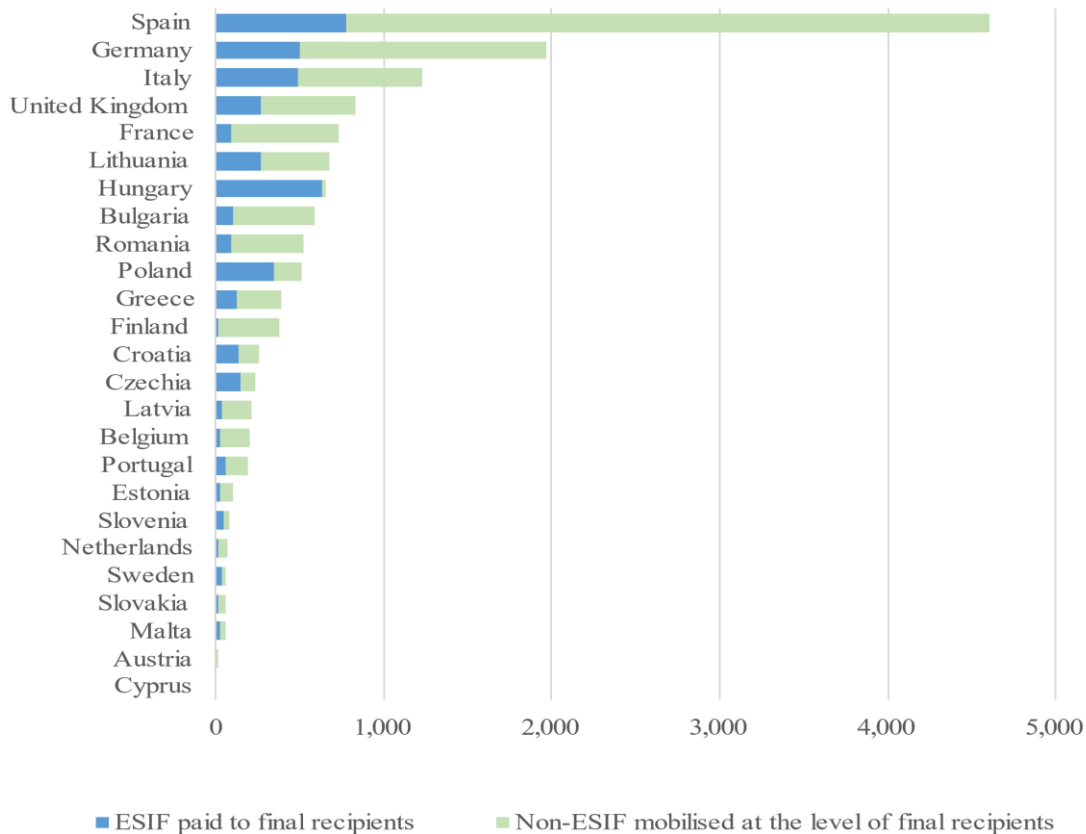
The data to calculate achieved leverage has been provided for³⁴:

- 207 loan FIs, with a median achieved leverage of 2.2;
- 42 guarantee FIs, with a median achieved leverage of 6.1;
- 155 equity FIs, with a median achieved leverage of 2.4.

³³ The calculation excludes particularly high leverage figures, as described in the annex with methodological assumptions.

³⁴ Achieved leverage figures include FIs of which managing authorities undertake implementation directly. Particularly high leverage figures, as defined in the annex with the methodological assumptions, are not counted.

Figure 13 Amount of financing provided to final recipients, EUR million³⁵



The ability to attract additional resources is one of the key characteristic of FIs and one of the arguments for promoting their use to deliver ESIF policy objectives. A definition of the leverage effect is provided in Financial Regulation (EU, Euratom 2018/1046) in Article 2(38) as ‘*the amount of reimbursable financing provided to eligible final recipients divided by the amount of the Union contribution*’.

The leverage effect is referred to in the CPR in two main contexts: as 'expected leverage effect' which is established based on the *ex ante* assessment and in the funding agreement with the body implementing the FI; and after launching the FI as 'achieved leverage effect'. Additional resources, and hence leverage, can be accumulated at different levels: fund of funds (if applicable), specific funds and final recipients.

³⁵ In addition to loans and equity, non-ESIF mobilised at the level of final recipients includes guaranteed loans paid to final recipients net of ESIF committed in guarantee. Guaranteed loans paid to final recipients also includes new debt finance created by the SME Initiative – see CPR Article 39(10).

In the reporting, managing authorities provide the expected leverage effect according to the funding agreement for each FI. The achieved leverage effect, though, is calculated within SFC2014 to ensure a unified calculation across programmes and FIs. The formula for achieved leverage is:

$$\text{Achieved leverage effect} = \frac{\text{Total amount of finance which reached eligible final recipients as of the end of a reporting year}}{\text{Eligible ESIF support which effectively contributed to the total amount of finance indicated in the numerator}}$$

The total amount of finance which reached eligible final recipients is the sum of (1) the ESIF contribution which reached final recipients; (2) the national co-financing (public or private) which reached final recipients; (3) the contribution by other investors which reached final recipients, and (4) the amount of other forms of support combined in a single FI operation which reached final recipients.

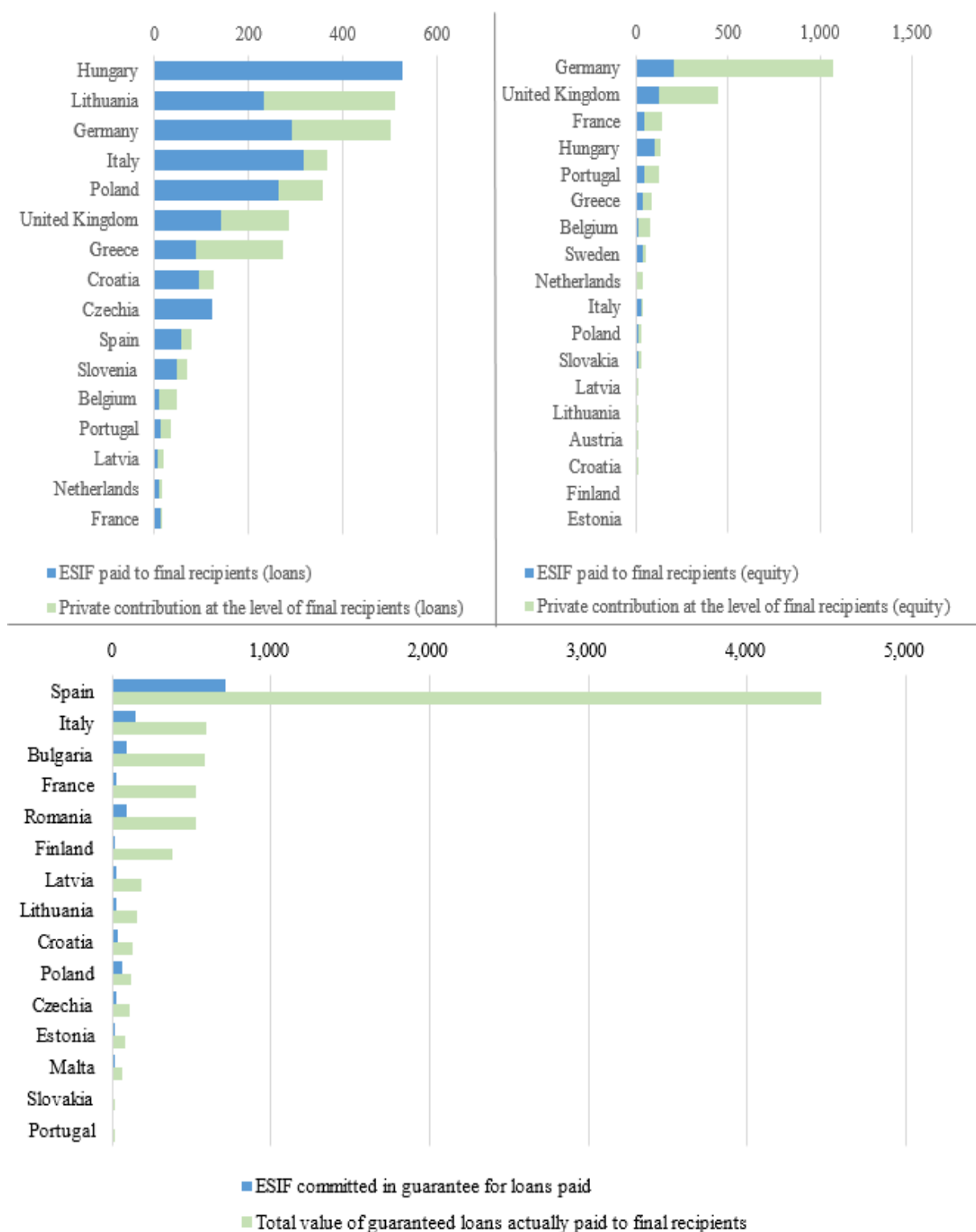
The ESIF support which contributed to the total amount of finance reaching final recipients includes ESIF resources invested in final recipients and the ESIF share of management costs and fees.

By the end of 2019, EUR 14.7 billion of reimbursable financing had been provided to final recipients³⁶. Mobilised resources vary across the MSs, depending on their co-financing rates, the local market conditions and the financial products provided. The largest amounts were in ES (EUR 4.6 billion), DE (EUR 2.0 billion) and IT (EUR 1.2 billion).

Most resources were paid as guaranteed loans, for a total of EUR 8.0 billion (almost EUR 7 billion at the end of 2018). Overall, EUR 1.1 billion of private contributions were mobilised at the level of final recipients through loans, and EUR 1.6 billion through equity (Figure 14).

³⁶ The calculation excludes particularly high leverage figures, as described in the annex with the methodological assumptions.

Figure 14 Private contribution mobilised at the level of final recipients by financial product³⁷ and MS, EUR million



³⁷ The total value of guaranteed loans actually paid to final recipients also includes the total value of new debt finance created by SME Initiative – see Article 39(10) CPR.

2.7 Management costs and fees

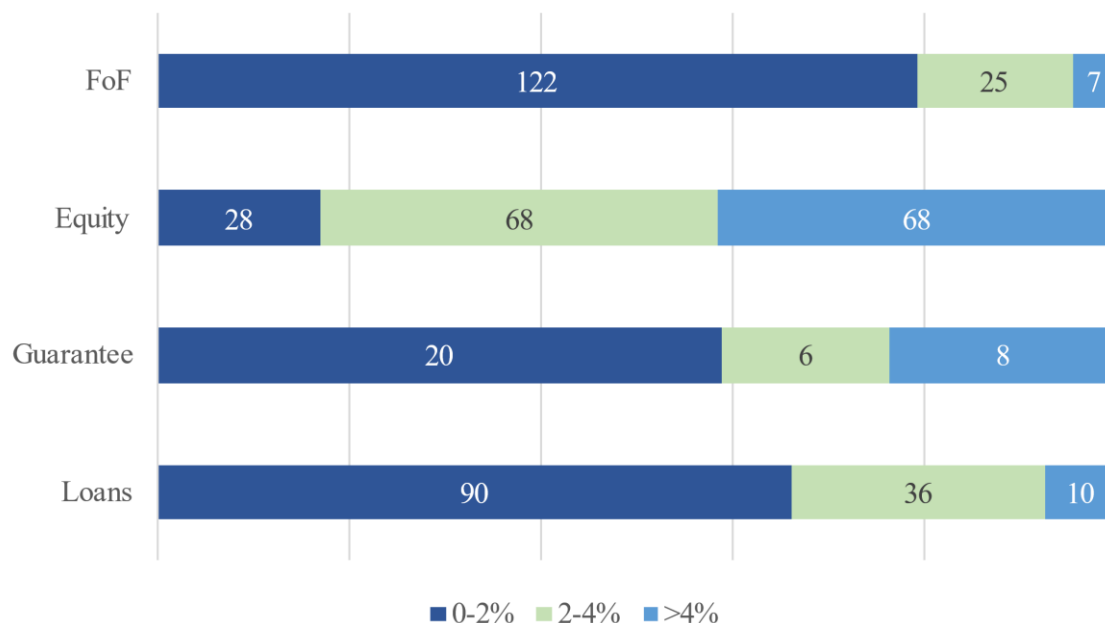
By the end of 2019, 23 MSs reported EUR 393 million of management costs and fees. Only management costs and fees paid from programme resources are reported.

Thresholds and criteria for determining the programme contribution to management costs and fees, including on the basis of performance, are set out in Articles 12 and 13 of Commission Delegated Regulation (EU) No 480/2014, and aim at increasing the efficiency and effectiveness of investments undertaken by the FIs. The performance-based remuneration considers the disbursement of contributions from programmes, resources repaid from investments or from the release of resources committed for guarantee contracts, the quality of measures accompanying the investment before and after the investment decision to increase its impact and the FI contribution to programme objectives and outputs.

For those FIs paying at least some management costs and fees to FIs, these were 1.2% and 2.1% of the programme resources committed to fund of funds and specific funds (including fund of funds specific funds), respectively. This is well below the thresholds stipulated by Article 13 of Commission Delegated Regulation 480/2014.

When compared to the amounts already paid to final recipients, reflecting the fact that in the initial period relatively higher amounts are needed, management costs and fees constitute 8.7% of the payments to the final recipients (Figure 15 provides a more detailed breakdown).

Figure 15 Breakdown of FIs by type of FI and financial product, and MCF paid as a share of programme resources committed to FIs³⁸



2.7 Amounts repaid and reinvested

By the end of 2019, resources were repaid to FIs in 21 MSs (17 MSs at the end of 2018)³⁹.

An important characteristic of FIs, in comparison to grants, is that they can generate reflows. These reflows consist of capital repayments, such as loan principal or the repayment of equity participations as well as the release of amounts set aside for guarantees. Furthermore, these amounts also include interest, guarantee fees, dividends, or other capital gains. According to Articles 43a and 44 of the CPR these resources returned which are attributable to ESIF contribution are to be reused, until the end of the eligibility period, for:

- Differentiated treatment of investors operating under the market economy principle, as well as of the EIB when using the EU guarantee under EFSI;
- Further investments through the same or other FIs;
- To cover the losses resulting from negative interest;
- Reimbursement of management costs incurred and payment of management fees for the FI.

³⁸ FIs providing more or other financial products are not included in the figure.

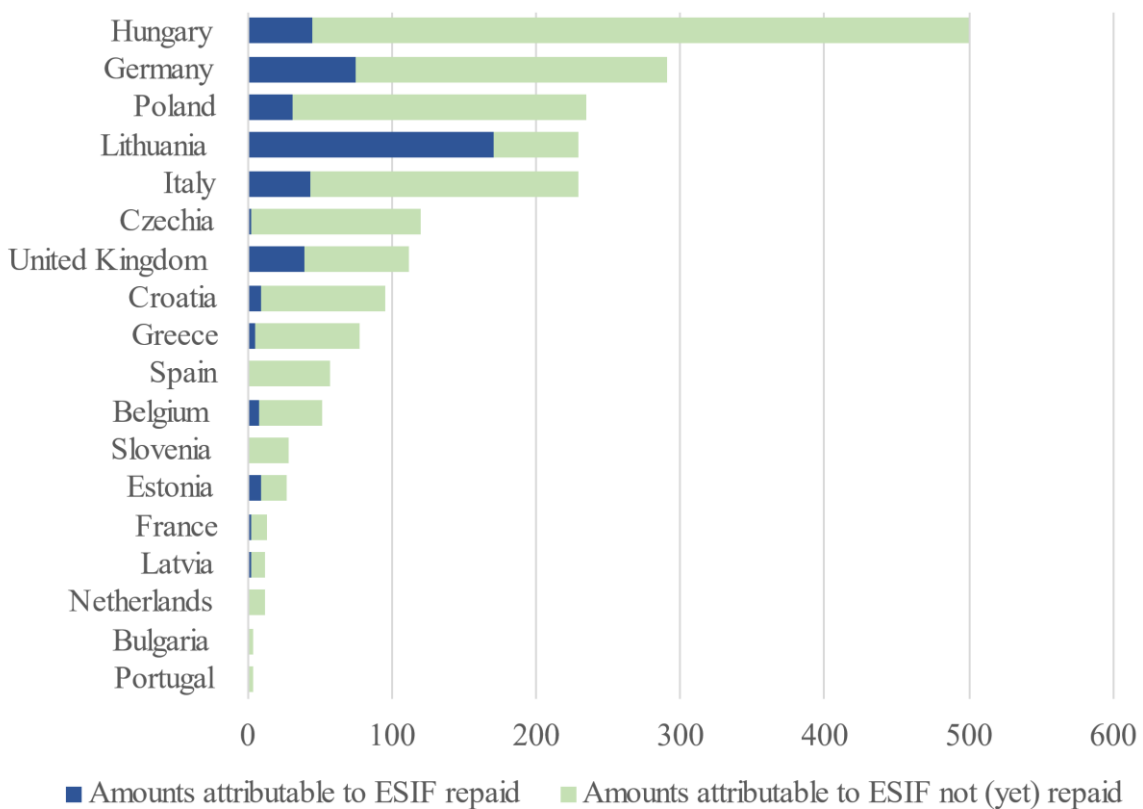
³⁹ FIs which provided EUR 360 million of ERDF and CF support to final recipients (or 8% of ERDF and CF paid to final recipients), did not report on the amounts repaid. Other FIs reported that resources had not yet been repaid, covering EUR 1.4 billion of ERDF and CF paid to final recipients or about a third.

After the end of the eligibility period, the resources returned should be used in line with Article 45 CPR.

In total EUR 484 million attributable to support from ESIF had been paid back (EUR 249 million at the end of 2018), or 11% of ERDF and CF paid to final recipients. The repaid resources were mostly from capital repayments (EUR 389 million) and from FIs providing loans (EUR 444 million in 18 MSs. LT and DE had the highest repayments from loans with EUR 170 million and EUR 75 million respectively (Figure 16).

Of the amounts repaid to FIs and attributable to support from ERDF and CF, EUR 164 million had been reused by the end of 2019. LT reported the highest amount of ERDF or CF reused or EUR 139 million.

Figure 16 Amounts attributable to ESIF repaid by the end of 2019 (loan products)⁴⁰, EUR million



Some programmes reported already on the amounts of disbursed loans defaulted and guarantees called due to loan default. Overall, EUR 36 million or 3% of disbursed loan

⁴⁰ The chart only considers FIs providing loans and reporting that at least some resources attributable to ESIF had been repaid.

amounts were reported as defaulted. There were EUR 67 million or 6% of committed amounts for guarantees provided and called due to loan defaults. Default rates vary across FIs, depending on local market conditions, investment strategies i.e., riskiness of final recipients targeted, and timing i.e., defaults increase over time.

Default data was missing for many FIs having paid EUR 700 million in loans to final recipients or 23% of such programme amounts. Additionally, default data was missing for over EUR 210 million or 14% of programme amounts committed in guarantee for loans paid to final recipients. Also, many FIs reported that no loans had yet defaulted or that no amount committed for guarantees had yet been called due to loan defaults. Some of these null values may indicate a lack of reporting.

2.8 Value of equity participation

At end 2019, equity participations were valued at EUR 815 million, or 70% of the programme resources paid to final recipients by those FIs (over EUR 1.1 billion⁴¹ or 90% of total equity investments⁴²). The value of equity participations as a share of investment value varied widely across FIs (see Figure 17⁴³).

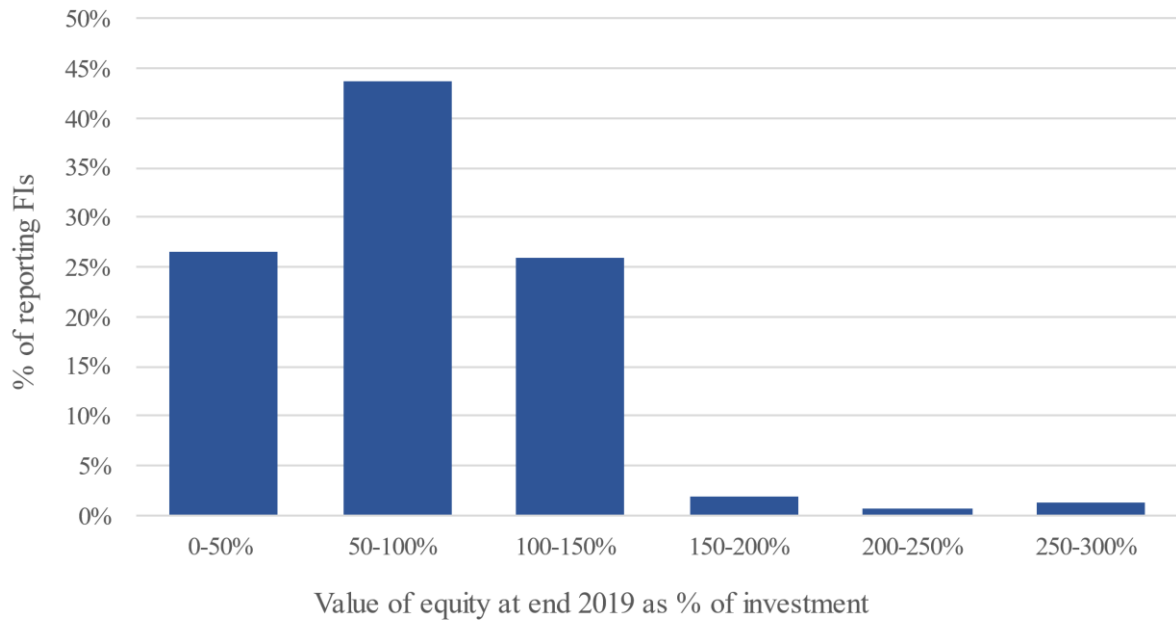
The value of equity participations in enterprises made by venture capital funds or co-investment facilities depends on the performance of the enterprises and may increase or decrease over the period of investment. Actual reflows from the capital investment will only be available with an exit, which may happen many years after initial investment. In order to have information on the progress over time, the managing authorities report on the value of equity participations. The amount to be reported should be the book value of the investment at the end of the reporting year which, depending on the applicable accounting rules, is calculated as: "Book value = nominal value of investments +/- fair-value movement – impairments of assets."

⁴¹ FIs which did not report the value of their equity investments as at the end of 2019 are not considered. FIs which reported a null value of their equity investments are also not considered, as this indicates a lack of reporting.

⁴² Several FIs that invested over EUR 120 million in equity did not report or reported a null value for their equity investments. Amounts invested by these FIs were 10% of the total equity investments at the end of the reporting period and the highest for the UK (EUR 87 million or a third of the respective equity paid to final recipients).

⁴³ Resources repaid to the FIs attributable to ESIF support are not considered. In addition, figures are not fully comparable across years, due to a higher number of FIs reporting this year.

Figure 17 Reporting FIs by value of equity participations as a share of investment value



3. Conclusions

The data in this summary shows that further progress has been made in implementing FIs in the 25 MSs which reported information up to the end of 2019. Total programme contributions committed to FIs of EUR 22.0 billion included EUR 16.1 billion from ERDF and CF. Overall, ERDF and CF committed to FIs had marginally increased compared to last year reporting, with some MSs committing considerable additional resources. A total of EUR 10.6 billion (or 48%) of the programme amounts committed had been paid to FIs, including EUR 8.1 billion of ERDF and CF.

By the end of 2019, EUR 8.1 billion of programme resources was committed to final recipients, of which EUR 5.9 billion of ERDF and CF. EUR 6.1 billion of that committed amount had been paid to final recipients, of which almost EUR 4.6 billion was ERDF and CF, i.e. 56% of ERDF and CF paid to FIs.

This data indicates a further gradual increase of additional payments of ERDF and CF to final recipients compared to the end of 2018 (EUR 1.8 billion, compared to EUR 1.3 billion between the end of 2017 and 2018). Compared with earlier reporting i.e., data as of the end of 2018, additional EUR 1.4 billion of programme resources were disbursed as loans as well as over EUR 600 million equity. Additional EUR 450 million were set aside as guarantee to disbursed loans. Notwithstanding the continued progress, there were significant differences across MSs in the pace at FIs implementation.

This reporting exercise demonstrates encouraging results in terms of FIs attracting additional resources. By the end of 2019, EUR 14.7 billion of reimbursable financing had been provided to final recipients⁴⁴. Most resources were paid as guaranteed loans, for a total of EUR 8.0 billion (compared to EUR 7 billion at the end of 2018). Overall, EUR 2.7 billion of private contributions were mobilised at the level of final recipients (over EUR 2.1 billion by the end of 2018), of which EUR 1.1 billion through loans and EUR 1.6 billion through equity.

So far, FIs have supported over 143,000 final recipients (over 98,000 at the end of 2018). SMEs were the largest group with 113,000, mostly supported through guarantees (81,000).

⁴⁴ The calculation excludes particularly high leverage figures, as described in the annex with methodological assumptions.

A total of 67,000 microenterprises were supported, with a stronger focus of loan and equity FIs on these enterprises. Almost 57,000 households improved their energy consumption classification (about 33,000 at the end of 2018), almost 48,000 households obtained (better) broadband access and EUR 470 million of private investment had matched public support in innovation and R&D projects through FIs.

As at the end of 2019, almost EUR 484 million attributable to support from ERDF and CF had been paid back to FIs, or 11% of ERDF and CF paid to final recipients, mostly for FIs providing loans (EUR 444 million).

Gaps and inconsistencies in the data demonstrate that there is still scope for improving the quality of data reported. Some of the data had already been corrected in the versions resubmitted by the managing authorities and available on cohesion policy open data platform⁴⁵, while other would only be reflected in the next year's summaries. The Commission will put in place further actions to provide guidance and support for MSs, to ensure the summaries of data are based on the most complete and accurate information.

⁴⁵ cohesiondata.ec.europa.eu

Annex. Methodological assumptions

ERDF and CF data on FIs was submitted based on the reporting model in line with Commission Implementing Regulation (EU) No 821/2014 through the SFC2014⁴⁶, as part of the annual implementation reports. On the basis of the initial quality checks, the Commission sent requests to MAs to re-check certain potentially inaccurate data. The complete set of data was downloaded from SFC2014 on 1 January 2021 and it has been manually corrected on the basis of inputs from managing authorities which have been received by 4 January 2021.

Data on FIs is provided in SFC on three levels: a) the programme, b) the instrument and c) the product(s). Programme level covers information about the FIs, including financial intermediaries under funds of funds. The level of product was introduced to report on FIs providing more financial products. This level covers the amounts committed and invested in final recipients, number of contracts signed and investments made and the number and type of final recipients. The remaining information is to be provided at the level of the FI.

For this year reporting, 25 MSs submitted data to the Commission, including CY for the first time. All these MSs are implementing FIs under ERDF, while BG, CY, LT, PT, SI and SK also reported on FIs under CF. The data covers 154 programmes of which one is only CF, five bring together CF and ERDF, 15 combine ERDF and ESF and one combines the three Funds⁴⁷. The data covers 92% of ERDF and CF programmes with indicative planned allocations to FIs⁴⁸. 32 programmes in five MSs implement instruments covering more than one programme.

⁴⁶ SFC2014 ensures the electronic exchange of information concerning shared fund management between MSs and the European Commission.

⁴⁷ ESF contributions to FIs are reported in the chapter on ESF and YEI.

⁴⁸ 13 OPs reported indicative planned allocations to FIs but did not report on FI implementation progress. Seven OPs reported based on Article 46 CPR but did not report on indicative planned allocations to FIs.

MSs reported 676 FIs either being set up or already operational. These included 130 funds of funds, 307 specific funds under funds of funds, 234 specific funds without funds of funds and ten FIs directly implemented by the managing authorities⁴⁹.

Automatic and manual quality checks on both compulsory and optional data identified some inconsistencies⁵⁰ and potential inaccuracies, as illustrated in detail under the relevant sections of these summaries. Notwithstanding such reporting inaccuracies, summary statistics in the summaries remain reliable in most cases. Individual instances where such inaccuracies may have an impact on reliability are duly noted throughout the document.

In some cases, the data submitted by managing authorities was processed as follows:

- Amounts indicatively allocated to FIs in the programmes were corrected to reflect higher commitments to FIs in PL and SK;
- FIs with the same name receiving contributions from more than one priority axis or more than one programme were counted as one FI;
- Five FIs, with no reported ex ante assessment completion date, have been included in the dataset⁵¹;
- Reporting concerning SME Initiative set-up was complemented with data available to the Commission as part of reporting on COSME and Horizon 2020 and adjusted accordingly;
- Commitments and payments to final recipients were used as a proxy for commitments and payments to FIs of which managing authorities undertake implementation directly⁵²;
- ERDF/CF commitments to FIs were used as a proxy for ERDF/CF commitments to final recipients, for six FIs having larger ERDF/CF commitments to final recipients than to FIs;
- Based on leverage figures of FIs supported by cohesion policy in 2007-2013, as well as FIs supported by the general budget in 2014-2020, leverage of more than

⁴⁹ Some FIs were reported under more types. Some managing authorities in DE, ES and FR chose to implement FIs providing loans or guarantees directly under Article 38(4)(d) CPR.

⁵⁰ Inconsistencies sometimes indicate that previously inaccurate data has been corrected.

⁵¹ One of these FIs is included only in the total count of FIs, as it did not report any further detail. Another four were included in the dataset as they reported signing a funding agreement.

⁵² Managing authorities are not required to report this data.

20 for guarantee and equity instruments, and 10 for loan instruments respectively were not included.

- All the figures on commitments and payments at final recipient level exclude amounts in several FIs in SK which due to reporting error have not provided this information in AIR 2019. The error was identified too late in the process of preparation of the summaries to take it into account in the EU totals, but information about the missing data is included in the table which includes breakdown of payments per MS.

ESF and YEI

1. Executive summary

Table 5 Key figures reported by managing authorities as of the end of 2019 (financial figures in EUR million)

	2019	2018	Change
Number of MSs reporting on FIs	10	8	25%
Number of programmes reporting on FIs	30	28	7%
Programme amounts committed to FIs	820	815	1%
<i>Of which ESIF</i>	575	573	0%
Programme amounts paid to FIs	265	223	19%
<i>Of which ESF and YEI</i>	197	161	22%
Programme amounts committed to final recipients	116	69	68%
<i>Of which ESF and YEI</i>	76	43	77%
Programme resources paid to final recipients	87	49	78%
<i>Of which ESF and YEI</i>	58	34	71%
<i>Of which loans or microloans</i>	87	49	78%
Financing (loans, guaranteed loans and equity) disbursed to final recipients⁵³	89	-	-
Programme resources paid as management costs and fees	7	3	133%
Amount attributable to ESIF support paid back to FIs	11	3	267%
Final recipients supported	4,175	2,308	81%
<i>Of which microenterprises</i>	2,065	1,389	49%

⁵³ This is calculated as: for loan and equity FIs, the sum of ESF/YEI paid to FIs and non-ESIF contribution mobilised at the level of final recipients; for guarantee FIs, the total value of loans paid to final recipients in relation to the guarantees. Programme resources paid to final recipients were used for two loan FIs, where these were larger than calculated based on the above method, possibly due to inaccurate reporting.

1.1 Main findings and key figures

For this year reporting, managing authorities in 10 MSs reported on the progress of 30 OPs with setting up and implementing ESF and YEI co-funded FIs by the end of 2019.

Overall, 55 FIs were reported as being set up or already operational (51 in 2018). OP contributions of EUR 820 million were committed to these FIs, including EUR 575 million of ESF (see Figure 18). CZ and MT⁵⁴ reported first time commitments of OP resources to FIs. EUR 265 million were paid to FIs, including EUR 197 million of ESF and EUR 10 million of YEI.

Most FIs supported by ESF and YEI were established under thematic objective (TO) 8 ‘promoting sustainable and quality employment and supporting labour mobility’. There were also FIs under TO 9 ‘promoting social inclusion, combating poverty and any discrimination’ in BG, CZ, HU, IT and PL. TO 10 ‘investing in education, training and lifelong learning’ was addressed by FIs in IT, MT and PT. Managing authorities mainly established loan or micro-loan schemes with a few exceptions, including equity FIs in DE and PL and guarantees in MT and PT.

FIs in all reporting MSs except CZ and SK had committed resources to final recipients, for a total of EUR 116 million of OP resources of which EUR 76 million of ESF⁵⁵. These FIs had paid EUR 87 million to final recipients, including EUR 58 million of ESF.

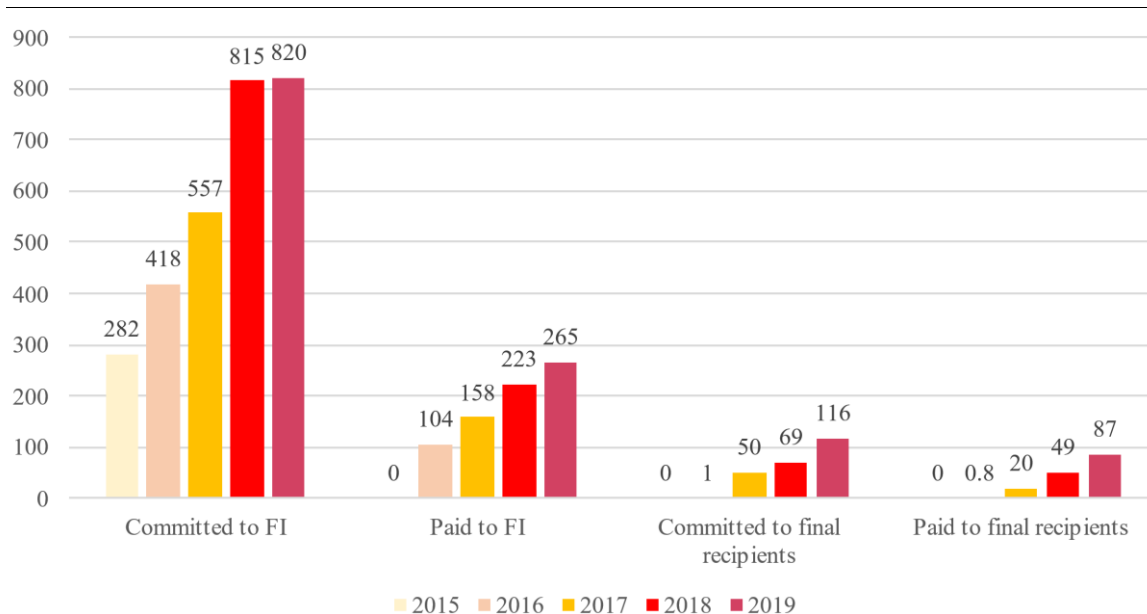
By the end of 2019, FIs supported over 4,175 final recipients⁵⁶, of which 2,065 were microenterprises and 1,912 individuals.

⁵⁴ MSs are identified by ISO Alpha-2 code.

⁵⁵ OP Bund Deutschland could not report on the amounts committed and paid to final recipients.

⁵⁶ OP Bund Deutschland could not report on supported final recipients. Although resources were paid to final recipients by OP ESF Sachsen, the programme reported that no final recipients were supported.

Figure 18 OP commitments and payments to FIs and final recipients (EUR million)



1.2 Main messages

FIs can be co-funded by the ESF to support investment priorities established in ESF OPs. They are not an alternative to grants but an additional form of finance that can result in more resources pursuing the same goals.

Indications from 2014-2020 OPs were that 11 MSs plan to commit over EUR 900 million from ESF and YEI to FIs⁵⁷ or about 1% of the ESF and YEI allocations⁵⁸. Figure 19 highlights the variations between MSs, with the highest allocations planned in LT, RO and IT.

The reported data shows a considerable change in planned ESF and YEI allocations to FIs in some MSs compared to the last reporting exercise. Significant increases were reported in IT (EUR 150 million) and DE (over EUR 50 million); while there was a considerable reduction in HR (EUR 110 million⁵⁹) and PT (over EUR 50 million).

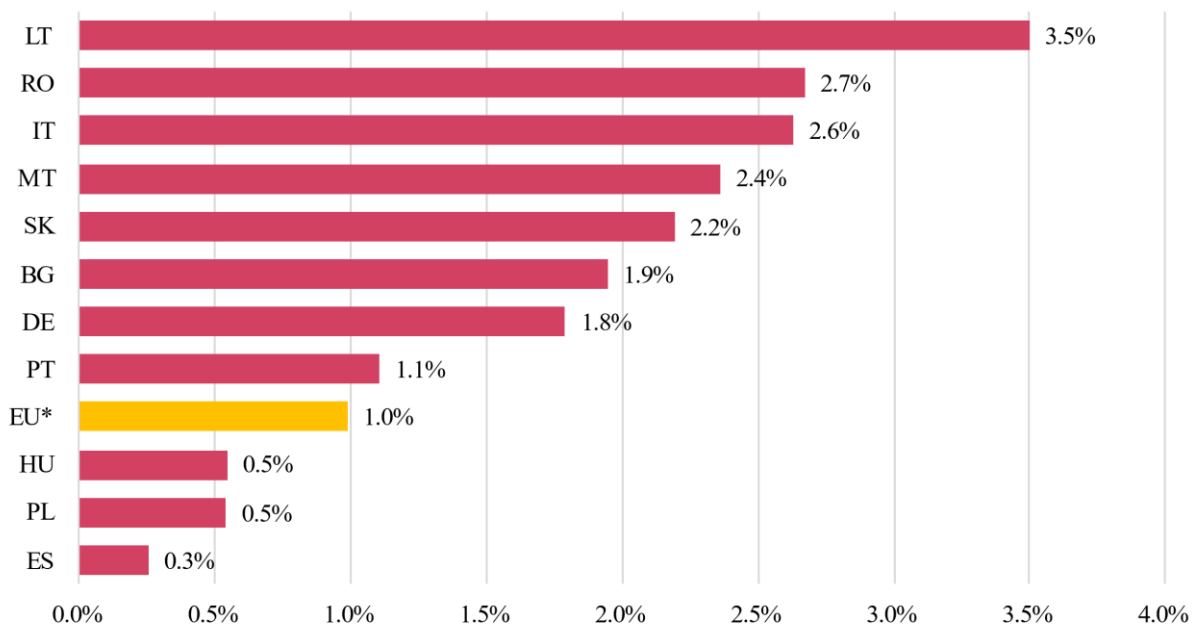
⁵⁷ Planned allocations in the programmes should also be considered in the context of mandatory ex-ante assessments. These may recommend corrections in allocations or not to proceed with FIs.

⁵⁸ Planned amounts are subject to variation during the programming period.

⁵⁹ This represents the entire allocation to FIs that was previously planned in HR.

The data in this summary also shows a considerable difference between the indicative planned amounts and the resources committed to FIs by the end of 2019. According to the indicative plans, EUR 340 million of ESF and YEI was yet to be committed to FIs, of which EUR 140 million in IT and EUR 130 million in RO. Commitments almost did not change between the end of 2018 and 2019 and would need to rapidly accelerate if planned allocations are to be met.

Figure 19 Share of ESF and YEI 2014-2020 allocations to FI per country, end 2019



* EU share refers to all 28 MSs

Both ESF and YEI commitments and disbursements to final recipients showed a modest increase, also when compared to the respective amounts committed to the FI. There were no payments to final recipients yet in CZ and SK, while very limited progress - less than EUR 1 million of additional payments to final recipients - was reported in BG and PT.

While MSs reported that almost EUR 7 million of management costs and fees had been paid from OP resources, accrued interest and gains from treasury management attributable to ESF totalled EUR 7.5 million. Overall, EUR 11 million had been repaid to FIs that was attributable to support from ESF, or 19% of the ESF amount paid to final recipients.

While ESF and YEI FIs showed a limited capacity to attract additional finance, in line with managing authority expectations, EUR 6 million of private resources were mobilised by loan FIs, most of which in PL.

Table 6 FI implementation progress by MS⁶⁰, end 2019 (EUR)

MS	N° of OPs	ESF committed to FI	ESF paid to FI	YEI paid to FI	ESF committed to final recipients	ESF paid to final recipients
BG	1	30,450,606	7,390,899	234,966	707,077	659,103
CZ	1	12,100,009	3,001,412	-	-	-
DE	2	103,600,000	33,334,000	-	4,554,744	4,401,619
HU	1	4,024,178	1,376,755	-	1,541,751	1,376,754
IT	8	179,058,406	54,615,728	10,007,216	25,331,055	17,114,867
LT	1	24,546,803	18,410,102	-	14,894,392	14,685,007
MT	1	1,600,000	1,600,000	-	92,005	23,429
PL	12	90,151,027	45,071,918	-	20,350,408	20,088,431
PT	2	80,000,000	20,000,000	-	8,315,610	144,274
SK	1	49,725,000	12,431,250	-	-	-
EU	30	575,256,029	197,232,066	10,242,182	75,787,043	58,493,485

⁶⁰ OP Bund Deutschland could not report on the amounts committed and paid to final recipients.

2. Reporting exercise 2019

Data were submitted based on the reporting template prepared by the Commission and submitted through the SFC2014⁶¹ reporting module as part of the annual implementation reports.

Data on FIs is provided in SFC on three levels: a) the OP, b) the instrument and c) the product(s). OP level covers information about the FIs, including financial intermediaries under funds of funds. The level of product was introduced to report on FIs providing more financial products. This level covers the amounts committed and invested in final recipients, number of contracts signed and investments made and the number and type of final recipients. The remaining information is to be provided at the level of the FI.

For the reporting in 2020, which refers to the end of 2019, 10 MSs using FIs under ESF submitted data to the Commission⁶². BG and IT also reported co-financing FIs using both ESF and YEI. Of the 36 OPs with planned amounts for FIs, 25 OPs reported FI data based on Article 46 CPR⁶³. There were also 5 OPs with no planned amounts for FIs that reported based on Article 46 CPR. Among the reporting OPs, one brings together ESF and YEI and one only concerns YEI. IT reported on a multi-OP FI implemented through a specific fund structure.

The complete set of data up to 31 December 2019 was downloaded from SFC2014 on 1 January 2021. Automatic and manual quality checks on both compulsory and optional data identified some inconsistencies⁶⁴ and potential inaccuracies, as detailed later in the report. Notwithstanding such reporting inaccuracies, summary statistics in this report remain reliable in most cases. Individual instances where such inaccuracies may have an impact on reliability are duly noted throughout the document.

⁶¹ SFC2014's main function is the electronic exchange of information concerning funds in shared management between MSs and the European Commission.

⁶² ES is not counted as a reporting MS given that none of the programmes submitted data using section 8 of the SFC reporting tool. Comunitat Valenciana reported a FI via a simple annex to the AIR, including EUR 7 million of OP amounts committed to FI, which is not considered in this report.

⁶³ OPs reporting based on Article 46 CPR were: 2014BG05M9OP001, 2014CZ05M9OP001, 2014DE05SFOP002, 2014DE05SFOP012, 2014HU05M2OP001, 2014IT05M9OP001, 2014IT05SFOP002, 2014IT05SFOP005, 2014IT05SFOP016, 2014IT05SFOP020, 2014IT05SFOP021, 2014IT16M2OP005, 2014IT16M2OP006, 2014LT16MAOP001, 2014MT05SFOP001, 2014PL05M9OP001, 2014PL16M2OP001, 2014PL16M2OP003, 2014PL16M2OP004, 2014PL16M2OP005, 2014PL16M2OP006, 2014PL16M2OP008, 2014PL16M2OP009, 2014PL16M2OP010, 2014PL16M2OP012, 2014PL16M2OP013, 2014PL16M2OP016, 2014PT05SFOP001, 2014PT16M3OP001, 2014SK05M0OP001.

⁶⁴ Inconsistencies sometimes indicate that previously inaccurate data has been corrected.

In the report, FIs with the same name receiving contributions from more than one priority axis or more than one OP were counted as one FI.

Financial instruments as part of the COVID-19 response

During 2020, new measures have been introduced by the managing authority of the ESF 'Knowledge, Education, Development' programme in Poland, to alleviate the financial problems faced by social enterprises following the outbreak of COVID-19. In March 2020, borrowing and repayment conditions have been improved for final recipients of the 'National Fund for Social Entrepreneurship'. In addition, a new countrywide financial instrument has been launched as of May 2020 and using 2007-2013 reflows, to meet the increased liquidity needs of the social sector.

While this shows the potential for ESF to respond to the economic consequences of the COVID-19 outbreak through financial instruments, a more comprehensive analysis will be made available with the next edition of the annual summaries.

3. Summary of data collected on FIs implemented under ESF and YEI

MSs reported 55 FIs established as at the end of 2019. Of these, 18 were funds of funds, 16 were specific funds without a fund of fund and 21 were specific funds under a fund of funds structure. PL has the most FIs (28), followed by IT (10).

Table 7 Overview of implementation by MS, end 2019 (ESF and YEI)

MS	N° of fund of funds	N° of specific funds	N° of fund of funds specific funds	Ex-ante assessment completed	Funding agreements signed
BG	2	-	1	2	3
CZ	-	1	-	1	1
DE	-	2	-	2	2
HU	1	-	4	1	5
IT	1	9	-	10	10
LT	1	-	1	1	2
MT	-	1	-	1	1
PL	11	2	15	13	28
PT	1	1	-	2	2
SK	1	-	-	1	1
Total	18	16	21	34	55

Comprehensive reporting requirements allow MSs to report on the progress of FI implementation from being set up, including the progress of ex-ante assessments, designation or selection of the bodies implementing FIs and signature of the funding agreements.

By the end of 2019, ex-ante assessments had been completed for all 34 funds of funds or specific funds without a fund of funds structure. Managing authorities had signed funding agreements with all 55 FIs.

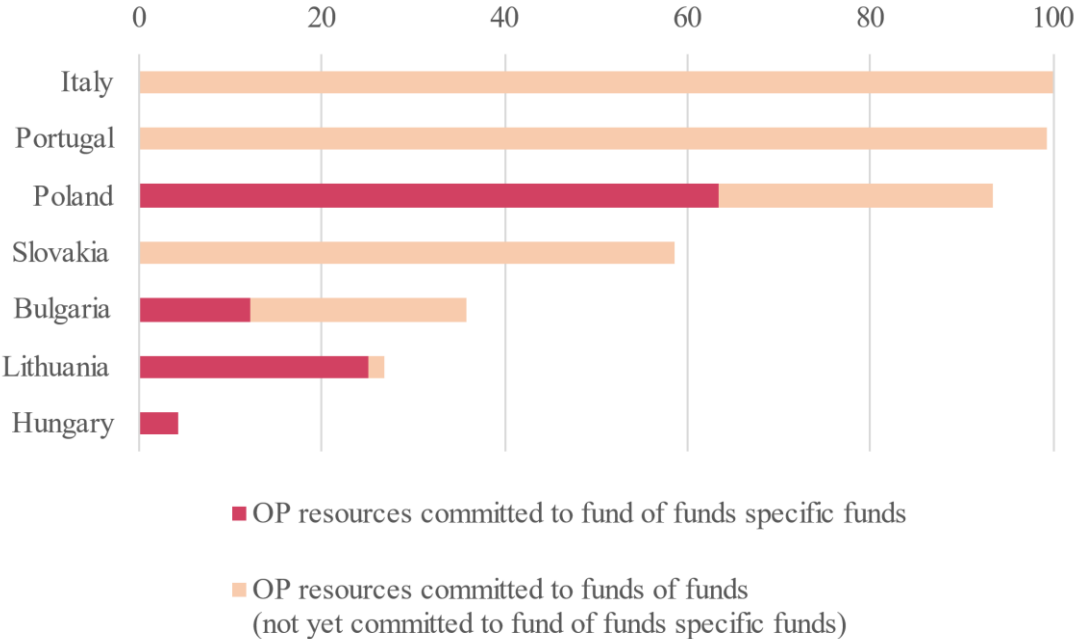
The obligation to conduct an ex-ante assessment is a key factor for the 2014-2020 programming period. According to Article 37(2) CPR, the mandatory ex-ante assessment for FIs must establish evidence of market failure (or suboptimal investment situations) and estimate the level and scope of public investment needs. This assessment must also set out the most suitable types of FIs. Moreover, under Article 37(3) CPR, the ex-ante assessment must be submitted to the OP monitoring committee for information and its summary findings and conclusions must be published within three months of being finalised.

3.1 Amounts committed and paid to FIs

At the end of 2019, 10 MSs had committed EUR 820 million of OP contributions to FIs in funding agreements, including EUR 575 million of ESF (Figure 20). Most OP resources were committed to FIs in IT (EUR 290 million) and DE (EUR 170 million). Overall, EUR 107 million were committed to FIs having entrusted implementation tasks to the EIB in IT (EUR 100 million, all committed by the ‘Ricerca e innovazione’ programme) and PL (EUR 7 million). This is 13% of the programme resources committed to FIs.

Managing authorities in all reporting MSs except CZ, DE and MT made commitments to funds of funds, for a total of EUR 418 million of OP resources including EUR 335 million ESF. Over 300 million of OP resources had yet to be committed to specific funds under funds of funds, especially in IT, PT and SK (over EUR 250 million). Less than EUR 10 million of OP resources was committed to ten funds of funds (or over half of all such funds).

Figure 20 OP amounts committed to funds of funds per MS (EUR million)



Subsequent payments had been made in each of the FIs where managing authorities had committed programme contributions in funding agreements. OP resources of EUR 265 million were paid to FIs, including EUR 197 million ESF and EUR 10 million YEI. National co-financing of FIs was EUR 68 million⁶⁵, of which EUR 62 million was from public resources

⁶⁵ Payments from ESF, YEI and national resources were reported to exceed OP amounts paid to one FI in IT.

and EUR 6 million from private sources. Private co-financing was reported by eleven FIs in LT and PL.

Table 8 Amounts committed in the funding agreements and paid to FIs, end 2019 (EUR)⁶⁶

MS	OP amount committed to FI	ESF committed to FI	OP amount paid to FI	of which ESF	of which YEI
BG	35,803,516	30,450,606	8,715,913	7,390,899	234,966
CZ	15,600,333	12,100,009	3,869,670	3,001,412	-
DE	170,219,000	103,600,000	52,980,000	33,334,000	-
HU	4,235,977	4,024,178	1,449,216	1,376,755	-
IT	289,994,105	179,058,406	86,701,614	54,615,728	10,007,216
LT	26,810,562	24,546,803	20,107,922	18,410,102	-
MT	2,000,000	1,600,000	2,000,000	1,600,000	-
PL	106,144,652	90,151,027	51,296,372	45,071,918	-
PT	111,046,217	80,000,000	23,529,412	20,000,000	-
SK	58,500,000	49,725,000	14,625,000	12,431,250	-
Total	820,354,362	575,256,029	265,275,118	197,232,066	10,242,182

3.2 Support to final recipients

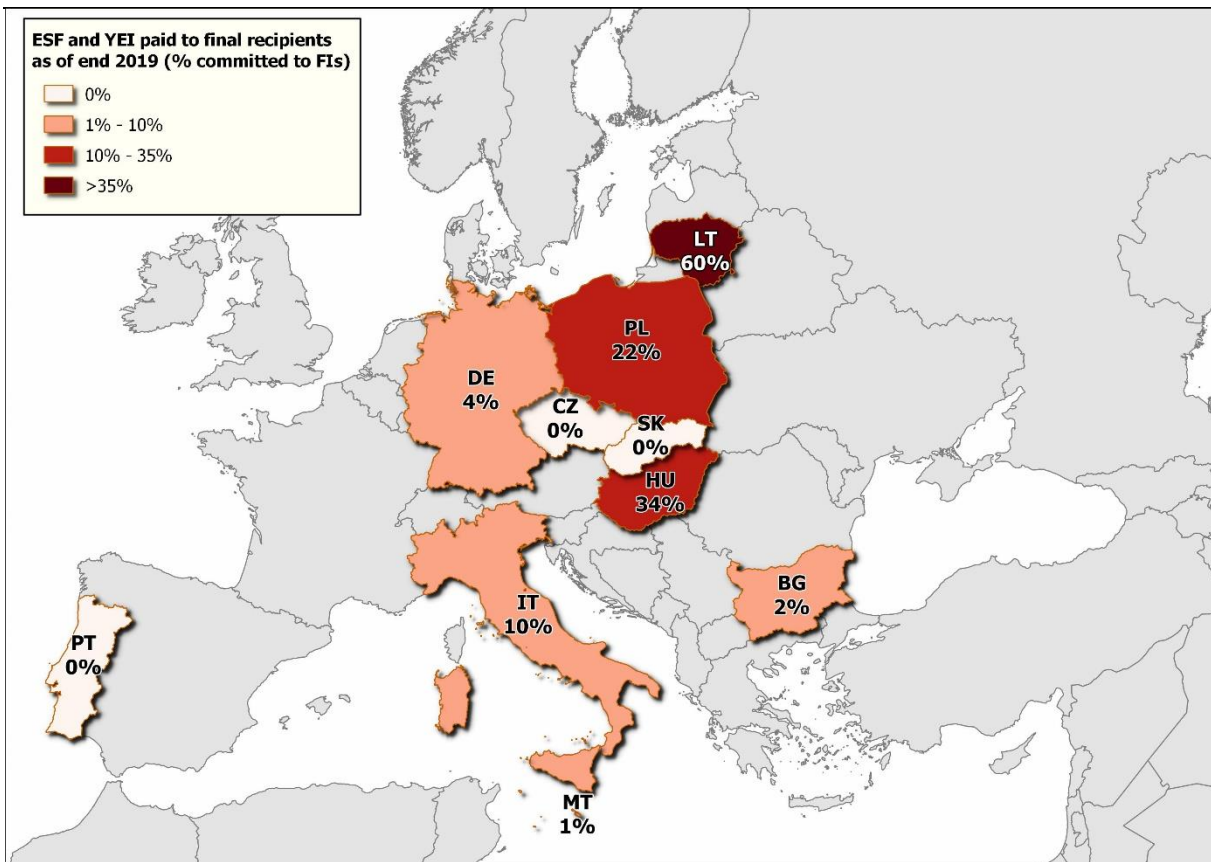
By the end of 2019, 26 FIs in eight MSs (all those reporting except CZ and SK) had committed EUR 116 million to final recipients, including EUR 76 million of ESIF⁶⁷. There were 5,222 contract signed, each committing over EUR 20,000 of OP resources on average.

Each of these FIs had also made payments to final recipients, totalling EUR 87 million of OP resources, of which EUR 58 million was ESIF. Overall, ESF and YEI paid to final recipients was 10% of the respective amount committed to FIs, with large differences between MSs (the national co-financing of EUR 20 million was paid from both public and private sources).

⁶⁶ Less YEI resources were reported paid to FIs in HU compared to last year reporting exercise.

⁶⁷ OP Bund Deutschland could not report on the amounts committed and paid to final recipients.

Figure 21 ESF and YEI paid to final recipients as of end 2019, percent of ESF and YEI committed to FIs



There were 4,563 investments, which paid over EUR 19,000 of OP resources on average, with the highest average investment⁶⁸ in IT and PL (around EUR 25,000) and the lowest in PT⁶⁹ (EUR 1,600 under TO10).

Payments to final recipients increased by EUR 38 million since the end of 2018. Of these, EUR 24 million was ESF and YEI, or 4% of ESF and YEI committed to FI. Over EUR 70 million of OP resources paid to FIs by the end of 2017 had not yet been invested two years later.

⁶⁸ This only considers FIs reporting on both payments to final recipients and the respective number of investments.

⁶⁹ This was the average loan paid to final recipients in relation to the guarantee provided by the 'IF-EES2020' specific fund in PT ('Capital Humano' programme).

Table 9 Payments to FIs, commitments and payments to final recipients, end 2019 (EUR)⁷⁰

MS	OP amount paid to FI	of which ESF	of which YEI	OP amount committed to final recipients	of which ESIF	OP amount invested in final recipients	of which ESIF
BG	8,715,913	7,390,899	234,966	828,994	707,077	772,555	659,103
CZ	3,869,670	3,001,412	-	-	-	-	-
DE	52,980,000	33,334,000	-	5,693,430	4,554,744	5,502,023	4,401,619
HU	1,449,216	1,376,755	-	1,622,898	1,541,751	1,449,217	1,376,754
IT	86,701,614	54,615,728	10,007,216	57,778,457	25,331,055	38,080,340	17,114,867
LT	20,107,922	18,410,102	-	16,549,324	14,894,392	16,316,675	14,685,007
MT	2,000,000	1,600,000	-	115,006	92,005	29,286	23,429
PL	51,296,372	45,071,918	-	25,465,082	20,350,408	25,135,508	20,088,431
PT	23,529,412	20,000,000	-	8,315,610	8,315,610	169,735	144,274
SK	14,625,000	12,431,250	-	-	-	-	-
Total	265,275,118	197,232,066	10,242,182	116,368,802	75,787,043	87,455,340	58,493,485

The vast majority of FIs⁷¹ provided loans or micro-loans, for a total of EUR 87 million. FIs only providing micro-loans paid EUR 43 million to final recipients, with FIs in BG, DE, and LT disbursing only this type of loans. Guarantees were provided in MT and PT, and equity in PL.

Overall, 15 FIs in CZ, IT, MT and PL reported support combined with FIs in the sense of Article 37(7) CPR, which establishes that FIs may be combined with grants, interest rate or guarantee fee subsidies. By the end of 2019, these FIs paid over EUR 18 million of OPs resources to final recipients and only a tiny amount of support combined within the FI.

3.3 Final recipients supported

As at the end of 2019, FIs supported over 4,175 final recipients⁷², of which 2,065 were microenterprises and 1,912 individuals (Table 10). Four out of five final recipients were provided with loans.

⁷⁰ Payments from ESF, YEI and national resources were reported to exceed OP amounts paid to one FI in IT. Less YEI resources were reported paid to FIs in BG compared to last year reporting exercise. OP Bund Deutschland could not report on the amounts committed and paid to final recipients.

⁷¹ Information on the type of products an FI offers is not provided at the fund of funds level, but only at the level of payments to final recipients.

⁷² OP Bund Deutschland could not report on supported final recipients. Although resources were paid to final recipients by OP ESF Sachsen, the programme reported that no final recipients were supported.

Table 10 Number and type of final recipients supported by product, end 2019

Product	Large enterprises	SMEs	of which microenterprises	Individuals	Other	Total
Loans	-	2,260	2,065	1,161	1	3,422
Guarantees	-	0	0	751	0	751
Equity	-	2	0	0	0	2
Other	-	0	0	0	0	0
Total	-	2,262	2,065	1,912	1	4,175

Support was provided only to SMEs in HU and LT, while BG and PL also strongly focused on SMEs. MT and PT only supported individuals by providing guarantees⁷².

Table 11 Number of final recipients supported by Member State, end 2019

Member State	BG	HU	IT	LT	MT	PL	PT	Total
Number of final recipients	113	87	1,497	851	56	876	695	4,175

3.4 Management costs and fees

Member States reported almost EUR 7 million of management costs and fees paid from OPs. Of these, EUR 3.6 million or 51% was paid as performance-based remuneration.

In 2007-2013, management costs paid to implementing bodies were calculated on the basis of amounts contributed to the FI and were, in many cases, decoupled from performance. Based on lessons learned, management costs and fees in 2014-2020 are linked to performance in delivering funds to final recipients. Applicable thresholds and criteria for determining management costs and fees on the basis of performance are set out in Articles 12 and 13 of Commission Delegated Regulation (EU) No 480/2014. These aim at increasing the efficiency and effectiveness of investments and avoiding undesirable practices such as double charging costs to both final recipients as well as ESF and YEI.

The performance-based approach should consider disbursement of contributions provided by ESF and YEI, resources paid back from investments or from the release of resources committed for guarantees, as well as the quality of measures before and after the investment decision to maximise its impact and the contribution of the FI to the objectives and outputs of the programme.

FIs indicating that management costs and fees have not yet been paid to implementing bodies by the end of 2019 were paid EUR 78 million of OP resources, most of which in DE and IT. Overall, of the OP resources paid to these FIs, EUR 33 million were disbursed to FIs having signed a funding agreement by the end of 2018. A FI in IT did not report on management costs and fees⁷³, possibly indicating that no management costs and fees were to be paid from the OP contributions.

3.5 Interest and gains from treasury management, and amounts repaid and reinvested

By the end of 2019, accrued interest and gains attributable to ESF totalled EUR 7.5 million. Negative interest and gains were reported by some FIs in BG, DE and IT. FIs with EUR 28 million of paid OP resources did not report on interest and gains attributable to ESF thus the overall figure for interest and gains could be underestimated. Of these, EUR 23 million was paid to FIs in PT.

Article 43 of the CPR clarifies how managing authorities should deal with interest or other gains from the investment of ESF and YEI contributions to FIs. The 2014-2020 rules provide for reporting on this from the outset. For 2007-2013, information about treasury management was reported only at closure.

An important characteristic of FIs, in comparison to grants, is that they can generate reflows. These include capital repayments, such as loan principal, an exit from an equity participation as well as the release of amounts set aside for guarantees. Other gains include interest, guarantee fees, dividends and other gains.

According to Article 43a and Article 44 of the CPR resources attributable to ESIF support paid back to FIs should be used for:

- Further investments through the same or other FIs;
- Differentiated treatment of investors operating under the market economy principle;
- Reimbursement of management costs and fees of the FIs;
- Covering the losses in the nominal amount of the ESI Funds contribution to the financial instrument resulting from negative interest.

⁷³ 'Fondo Regionale Occupazione, Inclusione e Sviluppo' under the 'Calabria ERDF ESF' programme.

As at the end of 2019, 22 FIs reported that EUR 11 million had been returned which was attributable to support from ESF, or 19% of the ESF amount paid to final recipients. Most of the returns attributable to support from ESF were in LT (almost EUR 4 million) and PL (EUR 3.5 million).

3.6 Value of equity participation

The value of equity participations made by venture capital funds or co-investment facilities depends on the performance of the enterprises in which they invest. The value may increase or decrease but reflows are only available with an exit, which may happen many years after the initial investment.

In order to have information on progress, managing authorities report on the value of equity participations. This is the book value of the investment at the end of the reporting year. Depending on the applicable accounting rules: ‘Book value = nominal value of investments adjusted for fair-value movement, less impairments of assets’.

By the end of 2019, only a FI in PL had made equity investments in final recipients⁷⁴. This FI had paid EUR 250,000 to SMEs and this was also the value of its equity investment as of end of 2019.

3.7 Leverage

Reporting on non-OP resources mobilised through FIs and expected leverage is only obligatory in annual implementation reports in 2017, 2019 and the final report. While such reporting was optional this year, many FIs still did report on their expected leverage. Overall, EUR 350 million of OP resources were committed to these reporting FIs. Achieved leverage figures could be calculated for FIs to which over EUR 280 million of OP resources were committed. These were FIs having made payments to final recipients by the end of 2019.

The ability to attract additional resources is a key characteristic of FIs and one of the arguments for promoting their use to deliver ESIF policy objectives. A definition of leverage is provided in the Financial Regulation (EU, Euratom 2018/1046) in Article 2(38) as ‘*the*

⁷⁴ OP Bund Deutschland could not report on amounts committed and paid to final recipients.

amount of reimbursable financing provided to eligible final recipients divided by the amount of the Union contribution’.

The CPR refers to the 'expected leverage effect', which is established on the basis of the ex-ante assessment and signature of the funding agreement with the body implementing the FI. After launching the FI, there is an 'achieved leverage effect'. Additional resources, and hence leverage, can be accumulated at the levels of fund of funds (if applicable), specific funds and final recipients.

In the reporting, managing authorities provide the expected leverage stipulated in the funding agreement for each FI. Achieved leverage is calculated under SFC2014 to ensure coherence across OPs and FIs. The formula for achieved leverage is:

$$\text{Achieved leverage effect} = \frac{\text{Total amount which reached eligible final recipients as at the end of a reported year}}{\text{Eligible ESIF support which contributed to the total amount indicated in the numerator}}$$

The total finance which reached eligible final recipients is the sum of the (1) ESIF contribution; (2) national co-financing (public or private); (3) contributions from other investors, and (4) other forms of support combined in a single FI operation.

ESIF support, which contributed to the amount reaching final recipients, includes ESIF resources invested in final recipients and the ESIF share of management costs and fees.

Expected leverage for loan FIs ranged between 0.9 and 2, with the typical i.e., median value being 1.2. Achieved leverage for loan FIs showed the same range and typical values, showing that FI capacity to mobilise additional finance was aligned with initial managing authority expectations. Loan FIs mobilised EUR 6 million of private resources at the level of the final recipients, mostly in PL.

Expected leverage was also reported for three guarantee FIs (2, 5 and 7.8) and two equity FIs (1.1 and 2). Where achieved leverage could be calculated for some of these FIs - two guarantee and an equity FI – it was broadly in line with expected leverage stipulated in the funding

agreement. Overall, EUR 170 000 was committed in guarantees for EUR 1.3 million loans paid to final recipients in MT and PT.

3.8 Indicators and achievements

Information concerning the FI contribution to priority axis indicators is compulsory in 2017, 2019 and at closure. Indicator information was therefore optional for this reporting exercise.

Of 37 specific funds, under or without a fund of funds, 14 reported on contribution to the priority axis using common indicators. These FIs supported 684 unemployed people, including long-term unemployed (CO01), or 5% of their 13,026 target. These FIs also intend to support 150 employed, including self-employed (CO05), and 50 other disadvantaged persons⁷⁵ (CO17). However, no progress has so far been reported on achieving these targets.

Specific targets should be fixed in the funding agreements against which progress is reported. Reporting is no longer limited to only one indicator 'jobs created' as in the 2007-2013 programming period. Managing authorities can choose from a list of output indicators approved in the OPs.

Overall, 118 SMEs (including cooperative and social economy enterprises) were supported (CO23), or 2% of the respective target (5,189). The reported achieved value was only a tiny fraction of the supported SMEs (see section 3.3). This can be attributable to optional reporting and some FIs not using common indicators, as well as due to approaches used by managing authorities to report on indicators.

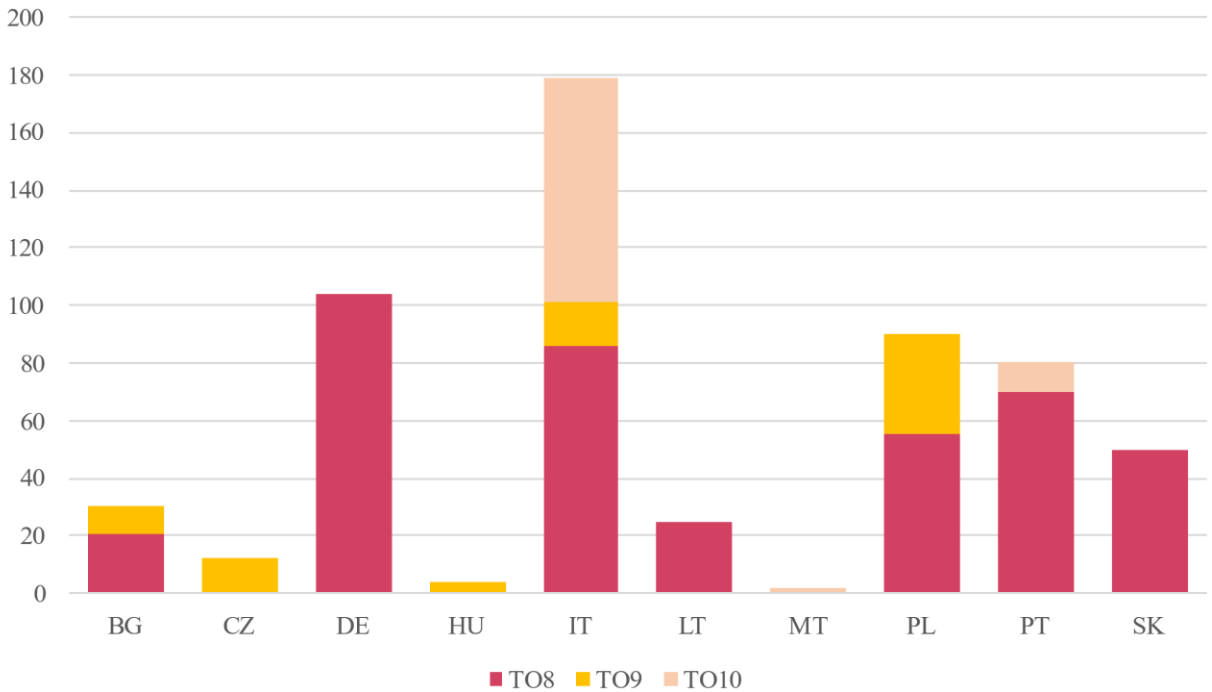
⁷⁵ This refers to any disadvantages not covered by other common indicators.

4. Reporting by thematic objectives

Although reporting on specific amounts under TOs is not a legal obligation under the CPR, this information was reported for all funds of funds and specific funds without a fund of fund structure.

Almost EUR 410 million or over two thirds of ESF commitments to FIs were for TO8, while EUR 89 million and EUR 76 million were committed for TO10 and TO9. The highest ESF resources committed to TO10 and TO9 were in IT and PL respectively (see Figure 22).

Figure 22 ESF amounts committed per TO and Member State, end 2019 (EUR million)



With EUR 16 million of ESIF resources paid to final recipients by the end of 2019, TO9 had the highest rate of disbursement of committed resources (21%). FIs with ESF and YEI resources committed to TO8 paid little over a tenth of their committed amounts to final recipients (EUR 42 million out of EUR 410 million commitment. FIs addressing TO10 reported almost no progress, with most resources having being committed only in late 2018.

5. Conclusions

By the end of 2019, EUR 820 million of OP resources were committed to FIs, of which EUR 575 million were ESF. This is about 0.6% of the ESF and YEI resources for the 2014-2020 programming period and below the amount indicatively planned for FIs (EUR 917 million). Indicatively planned resources exceeded ESF and YEI committed amounts especially in IT and RO, for a total of EUR 270 million.

First time commitments of OP resources to FIs were made in CZ and MT, while OP amounts committed to FIs decreased by EUR 17 million in PL compared to the last reporting exercise. Of the committed resources, EUR 265 million were paid to FIs, including EUR 197 million of ESF and 10 million YEI contributions.

Both ESF and YEI commitments and disbursements to final recipients showed a modest increase, also when compared to the respective amounts committed to the FI. There were no payments to final recipients yet in CZ and SK, while very limited progress - less than EUR 1 million of additional payments to final recipients - was reported in BG and PT. FIs with resources committed to TO9 had the highest rate of disbursement to final recipients.

While Member States reported that almost EUR 7 million of management costs and fees had been paid from OP resources, accrued interest and gains from treasury management attributable to ESF totalled EUR 7.5 million. Overall, EUR 11 million had been repaid to FIs which was attributable to support from ESF, or 19% of the ESF amount paid to final recipients.

Information reported on leverage indicates a limited capacity of ESF and YEI contributions to mobilise additional finance, in line with managing authority expectations. Overall, loan FIs mobilised EUR 6 million of private resources at the level of the final recipients or about 10% of the respective ESF and YEI resources paid to the final recipients.

Substantial efforts have been made over the years by the Commission to improve the quality of data by providing guidance. Nonetheless, quality checks identified some potential issues concerning the completeness and accuracy of data. ESF managing authorities are invited to pay particular attention to these elements for the next reporting exercise.

EAFRD

1. Executive summary

In 2019, managing authorities (MAs) of rural development programmes (RDPs) continued with the implementation and set-up of financial instruments under the European Agricultural Fund for Rural Development (EAFRD). Though the number of EAFRD FIs only increased by two between 2018 and 2019, the implementation did gain a substantial progress. Some MAs continued preparing their FIs and did not manage to launch them in 2019.

By the end of the reporting period (31/12/2019), MAs of 47 RDPs - out of the total 112 - have initiated an ex-ante assessment for FIs as required by Article 37 CPR. From these, 39 have completed their assessment. By end of 2019, FIs were programmed in 30 RDPs in 11 Member States (MSs) with a total public budget of EUR 805 million, out of which EUR 599 million EAFRD (for details per MS see Table 12), which is a 15% increase compared to 2018.

By end of 2019, 29 MAs had launched selection of implementing bodies and 25 of them have signed 28 funding agreements, in 10 Member States. The total RDP commitments under the signed funding agreements amount to EUR 651 million, out of which EUR 488 million (or 75%) was from EAFRD (remaining EUR 163 million being national public co-financing; see Figure 24 and Table 12). All EAFRD FIs are tailor-made loan and guarantee instruments. Equity instruments were not set up till end of 2019.

Till the end of 2019, there were 27 FIs which were already operational (payments were made by the paying agency (PA) to the financial instrument) under 24 RDPs. By end of 2019, EUR 286 million of RDP contribution has been paid by the PAs to FIs, out of which the EAFRD contributions constituted 74% (EUR 211 million). Overall, 44% of the RDP commitments were paid out to FIs till end of 2019 (Table 13).

By the end of 2019, 18 out of the 27 operational FIs signed contracts with final recipients (meaning 10 additional FIs entered into the roll-out phase in 2019 in comparison with 2018). MAs have reported EUR 123 million of RDP contributions committed for final recipients in loan contracts or set aside for guarantees (55% increase compared to 2018). The actual payments made to final recipients amounted to EUR 109 million (out of which EUR 81 million from the EAFRD).

The number of final recipients supported increased fourfold, from 310 in 2018 to 1372 by end of 2019, receiving support through 1494 loan and/or guarantee contracts. The proportion of

SMEs (including micro-enterprises) remained 98% of all final recipients, while the share of micro-enterprises increased by almost 20% to reach 84% of all final recipients.

The vast majority of the running FIs reported data on the uptake of the FIs according to the size category of the holdings and their agricultural branch. Size-wise, the largest proportion of final recipients belong to the largest farm size category with above 50 hectares, while together with second largest category of 20-50 hectares, they make up 75% of all the final recipients supported by FIs; 13% of the final recipients belong to the size category of below 5 hectare. Figure 30 shows the distribution per RDPs.

Sector-wise, there has been a significant shift in the distribution to the benefit of the primary agricultural sector (including wine), reaching 85% of the number of financed projects (up from 55% in the end of 2018) and 77% of the total financing (up from 53% last year). For details per RDP see Figure 32.

Till end of 2019, 21 MAs paid EUR 3.9 million for management costs and fees (MCF) to 15 funds of funds, 8 specific funds implemented under a fund of funds and 5 specific funds without fund of funds. Out of this, EUR 2.8 million was reported to have been paid as base remuneration and EUR 0.3 million as performance based remuneration (see Figure 35 and Figure 36).

Reporting on treasury management is fulfilled only by 5 specific funds and 5 funds of funds. By end of 2019, the amount from interest and other gains generated through treasury operations was EUR 0.82 million (decreasing from EUR 1.4 million as of end of 2018), generated mostly in one MS. Repaid resources are reported to amount to EUR 4.1 million, out of which one MS alone reported EUR 3 million, consisting of EUR 1 million capital repayments and EUR 2 million interest payment.

Achieved leverage was given by 10 loan and 12 guarantee FIs under 15 RDPs. Loan FIs' achieved leverage value varied between 1.11 and 6.95, with a median achieved leverage of 2.09. Guarantee FIs' achieved leverage value varied between 2.1 and 9.92, with a median achieved leverage of 8.28. For details see Figure 37.

Loan FIs provided EUR 91.2 million RDP loans to final recipients, together with additional national public (excluding the RDP national co-financing) and private financing amounting to EUR 77.28 million, reaching in total EUR 168.48 million loan financing for final recipients. RDP guarantees on the other hand generated a loan portfolio of EUR 102.83 million with just EUR 17.83 million from RDP resources.

In summary, EUR 109.03 million RDP contribution generated a financing of EUR 271.31 million to final recipients till end of 2019.

The steadily growing interest in FIs is expected to continue in 2020 and 2021 due to the COVID-19 health crisis in 2020, and the added flexibilities offered under FIs, such as the provision of standalone working capital finance for affected SMEs. Furthermore, the additional two-year transitional period under EAFRD extending the eligibility period, and the strengthened possibilities for setting up FIs, which can be implemented across programming periods, are also encouraging some MSs to launch FIs still in this programming period. Because of all this, further increase in the number and budget of EAFRD FIs, and thus in their achievements, can be expected in the coming years.

2. Reporting exercise 2019

2.1 Data submission and collection

EAFRD MAs report on the implementation of FIs within the annual implementation report (AIR) of RDPs, in accordance with Article 46 of Regulation 1303/2013 and via the dedicated module in SFC2014. In year 2020, due to the coronavirus pandemic the deadline for the submission of the AIR under all ESI Funds was exceptionally on 30 September in 2020 in accordance with Article 25a(9) CPR.

Data on the EAFRD FIs are reported in SFC2014 on three levels: level of RDP (introduction module), level of the financial instrument (per measure) and at the level of the product(s) provided by the FI. The RDP 2014-2020 measures relevant for this summary of data are:

M04 - Investments in physical assets (Article 17),

M06 - Farm and business development (Article 19), and

M08 - Investments in forest area development and improvement of the viability of forests (Articles 21-26).

2.2 Quantity and quality of the data provided

Under EAFRD, it is requested from all 112 RDPs to provide basic information on the implementation of FIs (see results in Figure 23). The detailed reporting was compulsory for 28 RDPs, where the funding agreements for FIs were signed by the end of 2019. The quality checks of the AIRs by the Commission revealed some discrepancies in FIs data and missing information, which can be due to the high number of MAs with FIs entering into the roll-out

phase. Where necessary, the Commission has informed the EAFRD MAs about the quality checks of data through the letters used for the quality assessment process of the AIR. Thanks to the close collaboration between DG AGRI services and RDP MAs, the majority and most important missing or inaccurate data could be, respectively, completed or corrected.

Areas with the highest error rates or no data reported:

- identification of the implementing bodies in case of FoF structures;
- identification of the EFSI-EAFRD type of instrument;
- differentiation between the data for the layer of the FoF versus the SF/FoF (selection procedure, commitments, payments, MCF, additional resources);
- additional national financing amount mistakenly included in the RDP contribution (latter should include only the EAFRD and the national co-financing amount);
- management cost and fees, broken down by base and performance based remuneration;
- interest and other gains, repaid amounts;
- reporting individual farmers and family farms under the “Individuals” category (it should be reported under one of the enterprises category, usually as “microenterprise”).

Following the exchanges with the MAs and all subsequent corrections, the data on FIs reported in the 2019 AIRs can be considered reliable and comparable with the 2018 data.

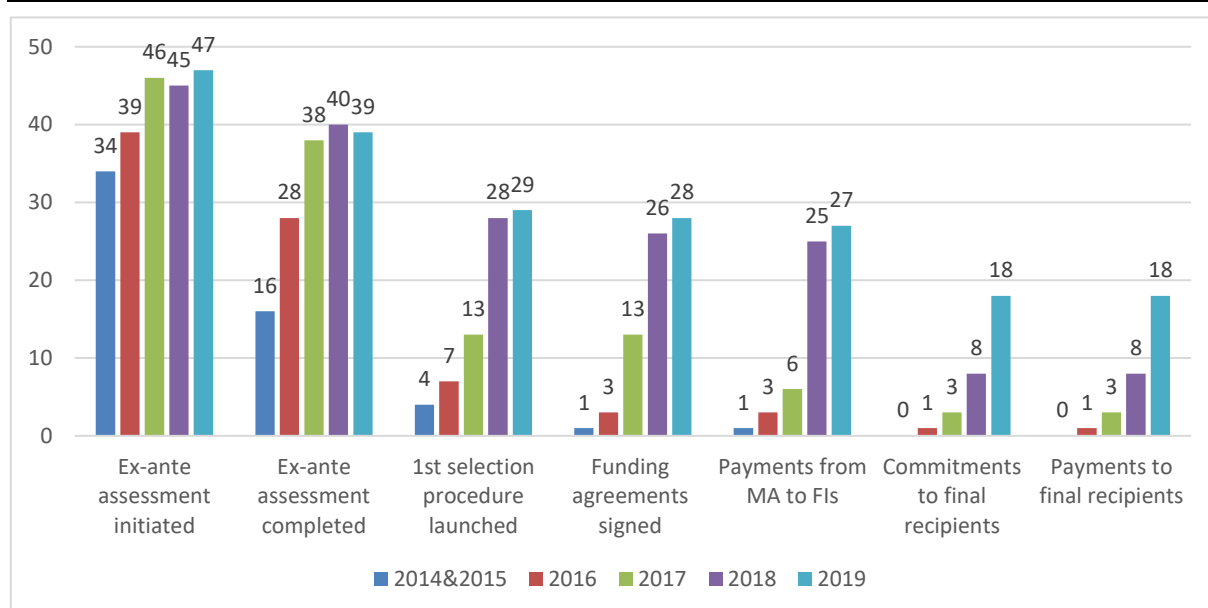
3. Summary of data collected on the set-up of FIs under EAFRD

3.1 Progress in set-up of FIs and in selection of implementing bodies

- **Programming, ex-ante assessment, selection procedure and funding agreements**

By end of 2019, in total 47 MAs out of the 112 RDP MAs had started ex-ante assessments required for setting up financial instruments, out of which 39 assessments were completed (Figure 23). At the end of 2019, 30 RDPs in 11 MSs contained allocations for FI type of support amounting to EUR 805 million (out of which EUR 599 million EAFRD), which is a 15% increase compared to 2018. By end of 2019, 29 MAs had launched selection of implementing bodies, out of which 25 signed 28 funding agreements in 10 MSs.

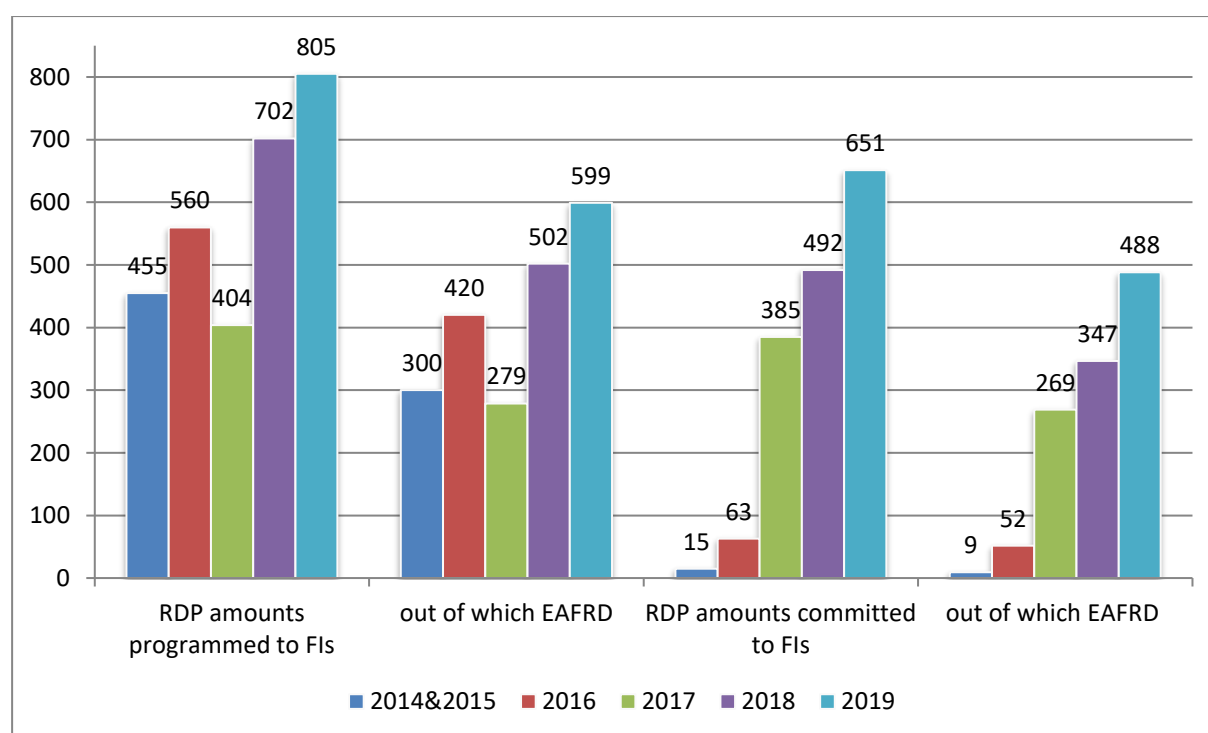
Figure 23. Progress in setting-up of FIs under EAFRD until end of 2019 (number of RDPs/FIs)



Note: Data on ex-ante assessments and selection procedure show number of RDPs, while data on funding agreements, payments and commitments show number of FIs

Compared to 2018, there has been a sharp increase in commitments made by MAs in signed funding agreements, reaching the level of EUR 651 million total RDP commitment (out of which EUR 488 million EAFRD) (Figure 24), which is 81% of the total programmed FI allocations. For details per RDP, see Table 12 .

Figure 24 Development of programming FIs and amounts committed in funding agreements, by end of reporting years (EUR million)



Under the 28 signed funding agreements, MAs reported to have paid out 44% (amounting to EUR 286 million) of the committed RDP resources to the implementing bodies till end of 2019.

93% of EAFRD commitments in funding agreements were made under measure 4 *Investments* (2% increase compared to previous year), while 5% were allocated to measure 6 *Business start-up and development*, and 1% was allocated under measure 8 *Investments in forestry*. See Figure 25.

Figure 25 EAFRD commitments to FIs per measure, as of end of 2019 (in million EUR and %)

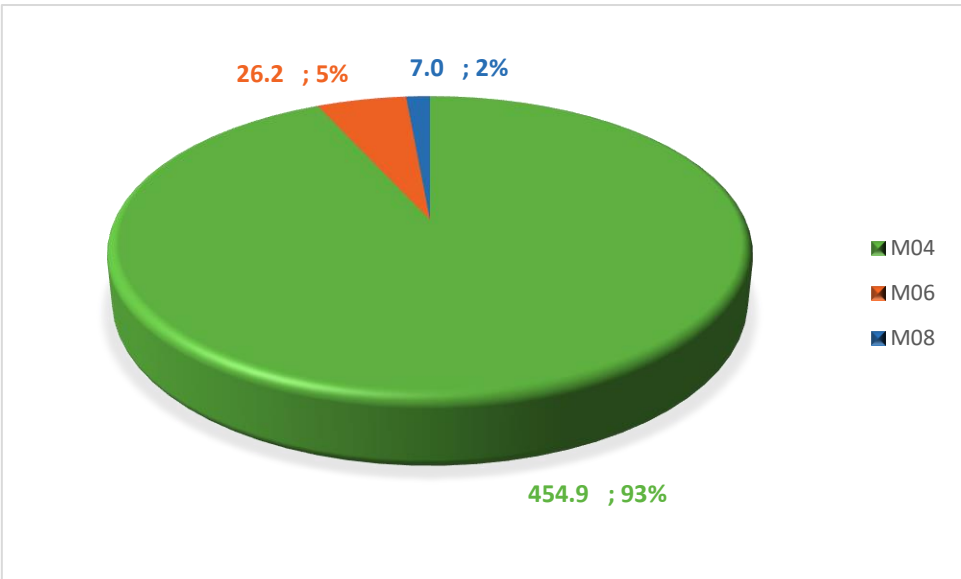


Table 12 RDP amounts programed to FIs and committed in the funding agreements as of end of 2019 (in million EUR)

MS	RDP	RDP programmed for FIs	out of which EAFRD	RDP amounts committed to FIs	out of which EAFRD	RDP committed/programmed
DE	Mecklenburg-Vorpommern	5.9	5.0	5.9	5.0	100%
EE	Estonia	39.5	35.5	39.5	35.5	100%
EL	Greece	113.9	110.0	80.0	80.0	70%
ES	Castilla y León	90.0	58.1	90.0	58.1	100%
	Castilla La Mancha	21.6	18.8			0%
	Canarias	43.4	36.9			0%
	Extremadura	5.1	3.8	5.1	3.8	100%
	Navarra	22.6	7.0			0%
FR	Midi-Pyrénées	12.0	6.4	12.0	6.4	100%
	Languedoc-Roussillon	15.0	9.5	15.0	9.5	100%
	Aquitaine	15.9	10.0	15.9	10.0	100%
	Limousin	4.1	3.0	4.1	3.0	100%
	Poitou-Charentes	2.7	2.0	2.7	2.0	100%
	PACA	8.0	5.0	8.0	5.0	100%
HR	Croatia	70.6	60.0	85.8	73.0	122% ⁷⁶
IT	Basilicata	5.0	3.0			0%
	Calabria	10.0	6.1	10.0	6.1	100%
	Campania	10.0	6.1	10.0	6.1	100%
	Emilia Romagna	6.0	2.6	6.0	2.6	100%
	FVG	16.1	6.9	16.1	6.9	100%
	Lombardia	35.4	15.2	33.2	14.3	94%
	Piemonte	5.0	2.2	5.0	2.2	100%
	Puglia	15.0	9.1	13.0	7.9	87%
	Toscana	9.8	4.2	9.8	4.2	100%
	Umbria	19.0	8.2	5.0	2.2	26%
Veneto	15.1	6.5	15.0	6.5	100%	
PL	Poland	50.0	31.8	50.0	31.8	100%
PT	Continente	29.1	26.9	20.1	18.5	69%
RO	Romania	94.0	87.8	93.9	87.8	100%
SI	Slovenia	15.0	11.3			0%
	Total	804.7	598.6	651.1	488.1	81%

⁷⁶ Programmed figures indicate the financing plans of the adopted RDPs as of end of 2019. Croatia submitted RDP modification in the end of 2019 (adopted in 2020), based on which they rightfully increased the commitment to the financial instrument in the funding agreement (still in 2019).

- **Implementation arrangements and legal status of FIs**

All EAFRD FIs are set-up at national or regional level, 23 FIs in accordance with Article 38(1)(b) CPR, while another 5 FIs (Portugal, Greece, regions of FR Nouvelle Aquitaine) combine resources of EFSI and EAFRD in accordance with Article 38(1)(c) CPR. EAFRD MAs did not contribute to the SME Initiative or other EU level instruments under Article 38(1)(a) CPR.

Instead of investing in capital or managing directly, all EAFRD MAs decided to entrust implementation tasks, either through the direct award of a contract in the case of 17 FIs, or through entrustment to body under public or private law in 11 cases.

EIF has been entrusted to implement 16 FIs out of the 28, while 9 FIs are implemented by bodies governed by public or private law and 3 FIs are implemented by publicly owned bank or institution.

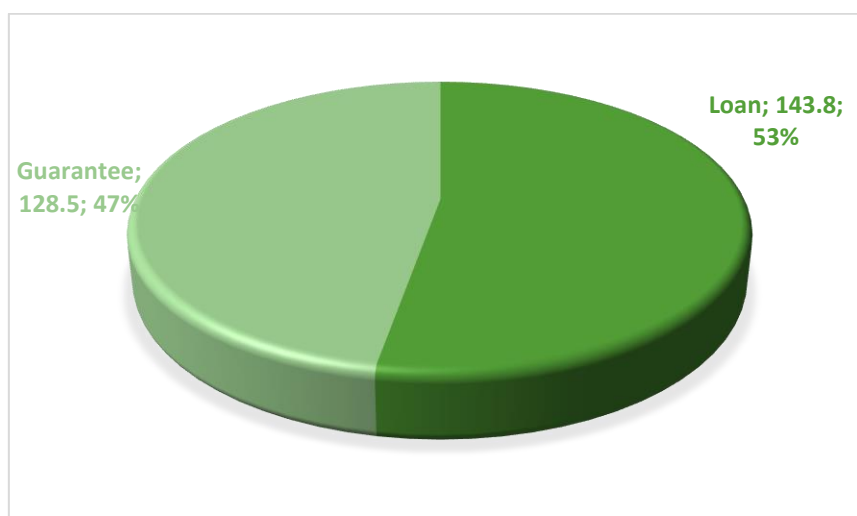
The implementation is arranged through a fund of funds structure under 19 FIs (EUR 449 million of RDP commitment, out of which EUR 345 million is EAFRD), having 15 specific funds (SF/FoF) till end of 2019.

Single-layer specific funds are entrusted for the implementation of 9 FIs (EUR 208 million RDP resources, out of which EUR 143 million is EAFRD).

Only Croatia and the managing authority of Italy Puglia implement FIs both through a fund of funds and through specific funds. The French region of PACA implements two specific funds.

Looking at the instruments which are up and running (established specific funds and specific funds under FoFs), after a slow start, the share of guarantee instruments is increasing, reaching EUR 129 million (47%) of EAFRD commitments by end of 2019. The running loan instruments receive 53% of the EAFRD commitments, amounting to EUR 144 million, as of end of 2019. Interestingly, looking at the total RDP commitments (including the national public co-financing amounts), the amounts committed to guarantee instruments even exceeded the commitments to loan instruments (EUR 213 million versus EUR 190 million), suggesting that guarantee instruments are slightly more likely to be set up under RDPs with lower EAFRD contribution rates (see Figure 26).

Figure 26 Distribution of EAFRD commitments to financial products under FIs with completed implementation structure, as of end of 2019 (in million EUR, %)



3.2 Investments in final recipients, performance of financial instruments

Till end of 2019, 18 instruments (under 17 RDPs) committed EUR 123 million RDP support to final recipients, which is twice as more FIs as well as double the committed amount, when compared to 2018. Similarly, disbursements – or in the case of guarantees set aside for guaranteeing disbursed loans - to final recipients reached EUR 109 million of RDP resources (see Table 13). Compared to the total RDP payments made to implementing bodies, this implies an overall disbursement rate of 38% by end 2019.

The Italian Friuli-Venezia-Giulia (loan fund) already absorbed all its budget by end of 2018, while the oldest operational EAFRD FI, the Estonian loan fund, reached 80% disbursement of the total RDP resources committed to the FI by end of 2019.

The French regions of Languedoc Roussillon and Midi-Pyrénées (guarantee), as well as the Italian region of Lombardia (loan) disbursed around 25% of the total committed RDP amount by end of 2019.

By the end of their first full year of implementation in 2019, the Croatian FIs (loans and guarantees) disbursed to final recipients over 21% of all RDP FI allocations. Similarly, the first

full year of implementation under the Romanian loan FI also reached a disbursement rate of 18% of the total RDP allocation.

The guarantee FI launched in the Spanish region of Castilla y Leon reached disbursements amounting to almost EUR 6 million by the end of its first full year of implementation (6.3% of all RDP FI commitments).

After a long preparation phase, the regions in the Italian multi-regional guarantee platform are also entering the roll-out phase, with Emilia Romagna in the lead with 10.6% disbursement rate compared to the RPD commitments to the FI. Similarly, the Polish guarantee instrument started disbursements to final recipients by end of 2019.

Table 13 Take-up of FIs, investments in final recipients (in million EUR)

RDP	RDP amounts committed to FIs	out of which EAFRD	RDP amount paid to FIs	out of which EAFRD	Payment rate to FIs (vs total RDP commitment)	RDP amount committed to final recipients or set aside for guarantees	out of which EAFRD	RDP amount invested in final recipients or set aside for guarantees	out of which EAFRD	Disbursement rate		
										in relation to RDP commitments to FIs	in relation to RDP payments to FIs	in relation to RDP comm. to fin. recip.
DE Mecklenburg-Vorpommern	5.9	5.0	2.5	2.1	42%	0.7	0.6	0.7	0.58	11.6%	27.4%	100.0%
Estonia	39.5	35.5	39.5	35.5	100%	33.1	29.8	31.7	28.59	80.5%	80.5%	95.9%
Greece	80.0	80.0	20.0	20.0	25%	-	-	-	-	-	-	-
ES Castilla y León	90.0	58.1	22.1	13.9	25%	5.7	3.6	5.7	3.58	6.3%	25.7%	100.0%
ES Extremadura	5.1	3.8	-	-	-	-	-	-	-	-	-	-
FR Midi-Pyrénées	12.0	6.4	7.2	1.6	60%	3.2	1.7	3.2	1.68	26.5%	43.9%	98.6%
FR Languedoc-Roussillon	15.0	9.5	7.9	2.4	53%	4.4	2.8	4.0	2.52	26.7%	50.5%	91.5%
FR Aquitaine	15.9	10.0	15.9	10.0	100%	-	-	-	-	-	-	-
FR Limousin	4.1	3.0	4.1	3.0	100%	-	-	-	-	-	-	-
FR Poitou-Charentes	2.7	2.0	2.7	2.0	100%	-	-	-	-	-	-	-
FR PACA	8.0	5.0	2.2	0.0	27%	0.3	0.00	-	-	-	-	-
Croatia	85.8	73.0	42.7	36.3	50%	18.4	15.6	18.4	15.64	21.4%	43.1%	100.0%
IT Calabria	10.0	6.1	2.5	1.5	25%	-	-	-	-	-	-	-
IT Campania	10.0	6.1	2.5	1.5	25%	0.1	0.1	-	-	-	-	-
IT Emilia Romagna	6.0	2.6	1.5	0.6	25%	0.6	0.3	0.6	0.27	10.6%	42.5%	100.0%
IT FVG	16.1	6.9	16.1	6.9	100%	16.1	6.9	16.1	6.94	100.0%	100.0%	100.0%
IT Lombardia	33.2	14.3	16.6	7.2	50%	17.9	7.7	9.3	4.00	27.9%	55.9%	51.8%
IT Piemonte	5.0	2.2	1.3	0.5	25%	0.1	0.1	0.1	0.06	2.8%	11.0%	100.0%
IT Puglia	13.0	7.9	3.3	2.0	25%	0.3	0.2	0.3	0.19	2.4%	9.6%	100.0%
IT Toscana	9.8	4.2	2.5	1.1	25%	0.2	0.1	0.2	0.09	2.0%	8.0%	100.0%
IT Umbria	5.0	2.2	1.3	0.5	25%	-	-	-	-	-	-	-
IT Veneto	15.0	6.5	3.8	1.6	25%	0.1	0.03	0.1	0.03	0.4%	1.7%	100.0%
Poland	50.0	31.8	16.1	11.8	32%	1.9	1.2	1.9	1.2	3.7%	11.5%	100.0%
Portugal	20.1	18.5	5.0	4.6	25%	-	-	-	-	-	-	-
Romania	93.9	87.8	46.9	43.9	50%	19.4	18.1	16.4	15.32	17.5%	35.0%	84.5%
Total	651.1	488.1	286.1	210.7	44%	122.5	88.73	109.0	80.72	16.7%	38.1%	89.0%

The number of final recipients supported continued to increase sharply reaching 1372 (through 1494 financing contracts) by end of 2019, which is more than 4 times higher than in the end of 2018. About 76% of the financing contracts were made under loan FIs, while 24% of them originated from guarantees (see Table 14), which indicates that loan instruments are generally faster to deploy than guarantee instruments.

Table 14 Final recipients supported by EAFRD FIs, by end of 2019

RDP	Large enterprises A	SMEs B	out of which micro-enterprises	Other C	Total nr of final recipients supported A+B+C	Total nr of loan contracts signed with final recipients	Total nr of guarantee contracts for final recipients	Total nr of financing contracts signed
DE Mecklenburg-Vorpommern		2	2		2	4		4
Estonia	1	159	142		160	160		160
FR Midi-Pyrénées		127	120		127		146	146
FR Languedoc-Roussillon		151	129		151		178	178
FR PACA*		8	8		8	6	2	8
Croatia*		420	411		420	422	3	425
IT Emilia Romagna		11	3		11		11	11
IT FVG		57	31		57	57		57
IT Lombardia	7	4			11	12		12
IT Piemonte		2			2		2	2
IT Toscana		5	4		5		5	5
IT Umbria					0			0
IT Veneto		2	2		2		2	2
IT Campania		1			1		1	1
IT Puglia		3	2		3		5	5
Poland		6	5		6	6		6
Romania	3	230	163		233	275		275
ES Castilla y León	2	153	129	18	173	197		197
Total	13	1341	1151	18	1372	1139	355	1494
percentage	1%	98%	84%	1%	100%	76%	24%	100%

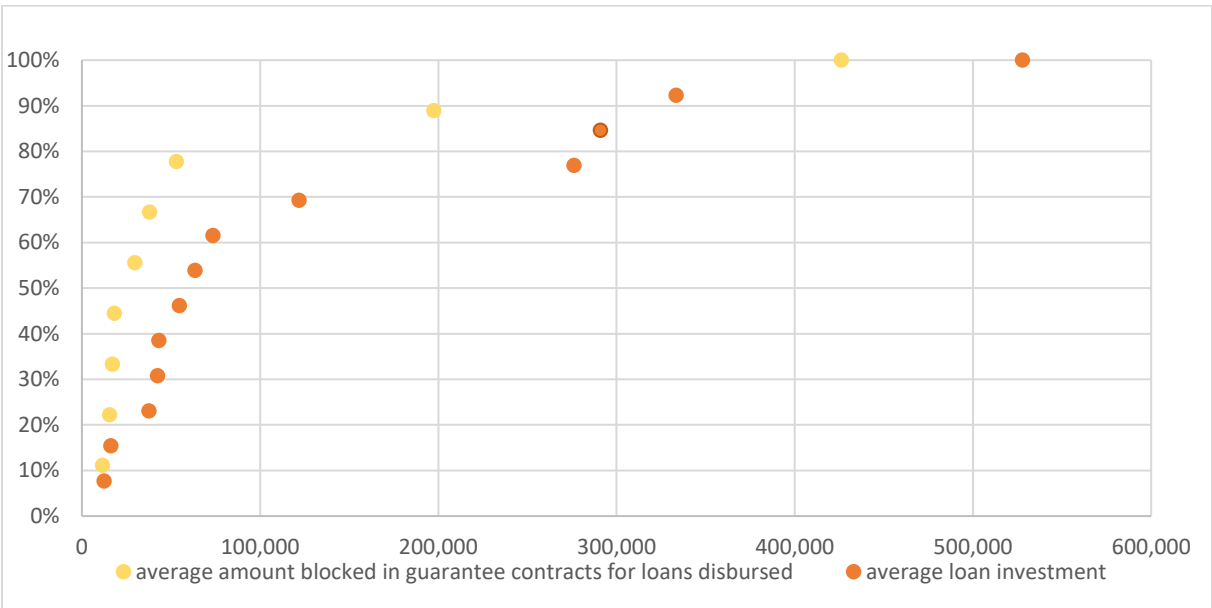
* FR PACA and Croatia have two funding agreements for implementing FIs.

Estonia with 160 final recipients (till end of 2019) lost the long-standing leading position in the number of supported final recipients, since FIs with larger programme contributions are catching up quickly. Croatia reached a staggering number of 420 final recipients (out of which 411 microenterprises), Romania reached 233 final recipients (out of which 163 microenterprises) and Castilla y Leon reached 173 final recipients with its guarantee instrument by end of 2019.

The guarantee instrument in the new region of Occitanie supported 151 final recipients in Languedoc-Roussillon till end of 2019, while the instrument in Midi-Pyrénées also entered into the roll-out phase reaching 127 final recipient in a single year.

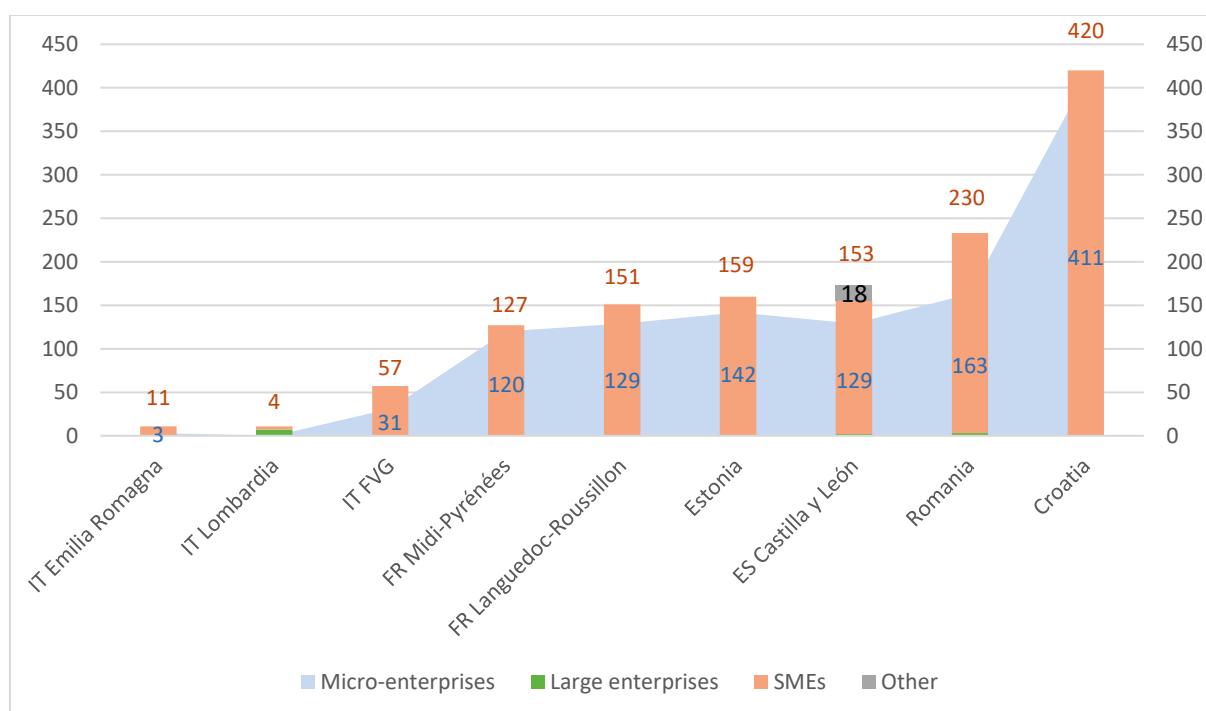
Figure 27 shows the average EAFRD contribution to final recipients under loan and guarantee FIs. 100% indicates the highest average contribution among all FIs, and the rest of the data is shown in comparison to that.

Figure 27 Average EAFRD contribution per product type in EUR



The final recipients of EAFRD FIs are predominantly (98%) from the SME category, and 84% of all final recipients fall under the micro-enterprise category (which includes also the family farms and individual farmers without legal entity). Only 13 large enterprises received finance from EAFRD FIs, while the guarantee FI in Castilla y Leon provided finance to 18 final recipients under the “Other” category (described as “Comunidades de bienes; Entidades de Titularidad Compartida” referring to essentially non-profit oriented entities under shared ownership or shared management). See Figure 28 on FIs with final recipients above 10.

Figure 28 Final recipients supported under EAFRD FIs, by RDP and size category



Figures on top show number of SMEs (incl. microenterprises), figures in blue show number of microenterprises, grey show number of “Other” final recipients in ES CyL. FIs under RDPs with less than 10 or less final recipients are not shown on the graph (see Table 14).

Due to the EAFRD-specific monitoring framework, the MAs are also required to report on the sub-sector and size category of the final recipients supported by the FIs under measure 4 *Investments* and 6 *Business start-up and development*. Data was reported for the vast majority of the running FIs.

Size-wise, the distribution of support among the size categories reflect similar proportions when looking at the number of supported projects and the related public expenditure disbursed. For example, 54% of the supported projects belong to a farm holding in the category above 50 hectare. Similarly, 57% of the total public expenditure was disbursed to the farm holdings in the size category above 50 hectare. A quarter of the supported projects (24%) fall in the size category below 20 hectare and are receiving 28% of the FI support (related public expenditure; see Figure 29). Figure 30 shows the distribution per RDPs.

Figure 29 Distribution of FI support among the different holding size categories under EAFRD, by end of 2019 (based on number of supported projects)

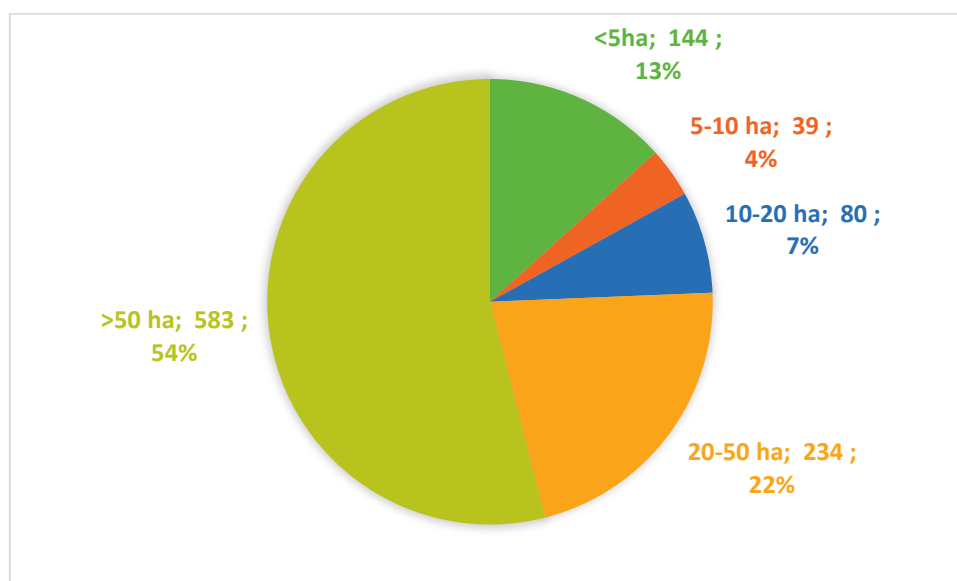
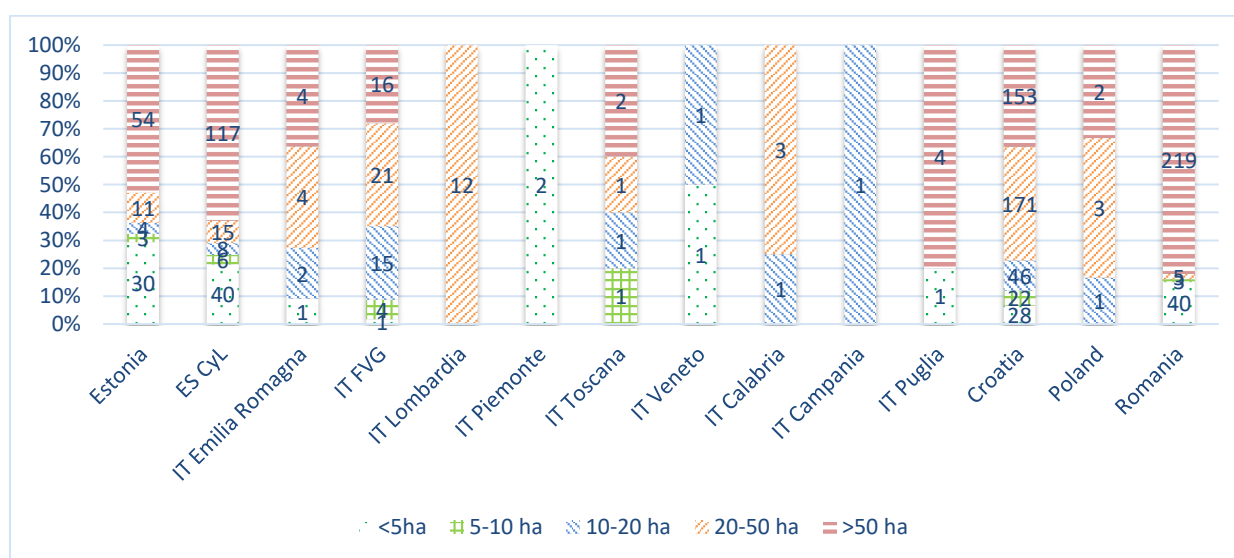


Figure 30 Distribution of FI support according to the holding size categories, by RDP (based on number of supported projects)



Sector-wise, there has been a significant shift in the distribution of FI payments in favour of the primary agricultural sector (incl. field crops, granivores, horticulture, milk, mixed, other grazing livestock, other permanent crops and wine) versus the non-agricultural sector. As of end of 2019, 85% of all financed projects belong to the primary agricultural sector (up from 55% in the end of 2018) receiving 77% of the total financing (up from 53% last year). Consequently, the share of non-agricultural activities decreased from 47% in 2018 to 15 % in 2019. The share of projects linked to field crops grew from 10% to 36%, dairy sector remained more or less on the same level, granivores, mixed crops and wine increased with a couple of

percentages, too. The share of the other grazing and other permanent crops decreased. See Figure 31. The varying distribution of FI financing among the sub-sectors under the RDPs is demonstrated in Figure 32.

Figure 31 Distribution of FI support among the different sub-sectors under the EAFRD, by end of 2019

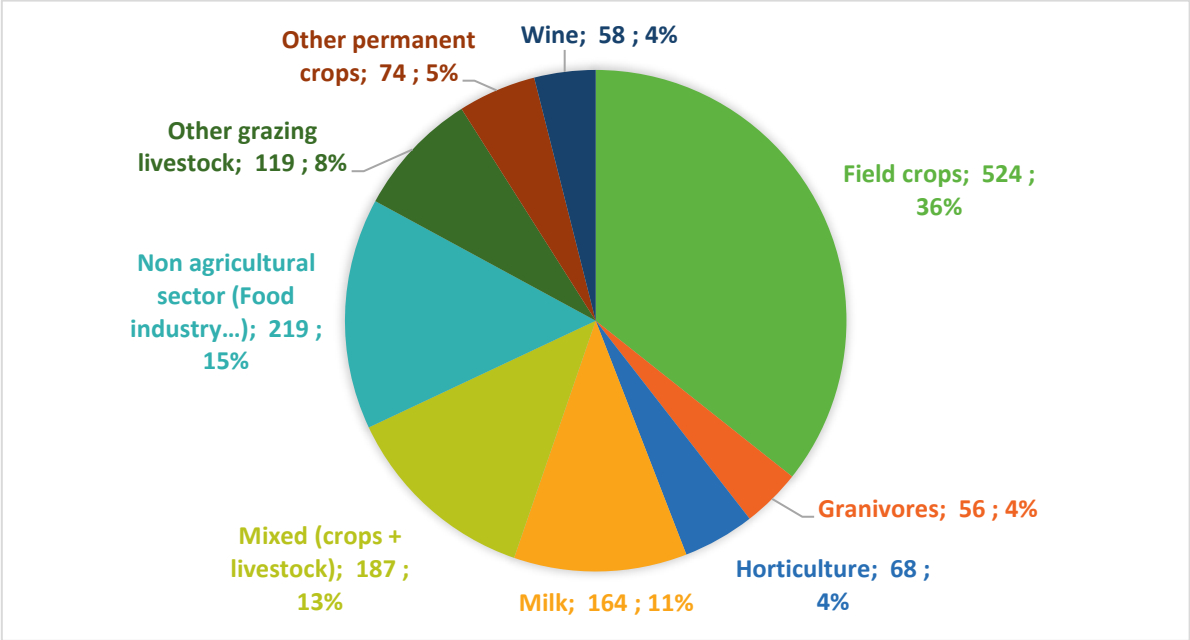
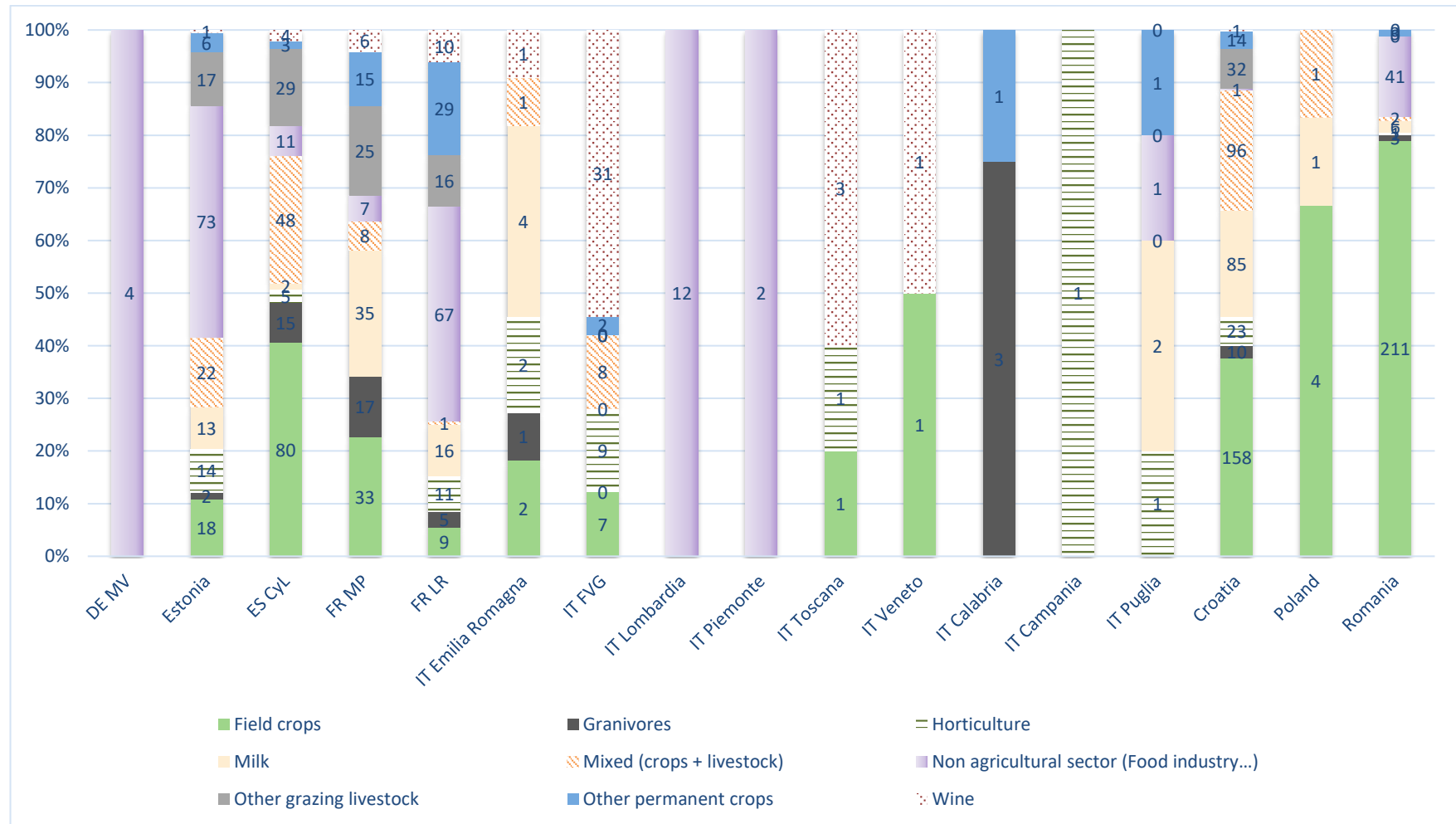


Figure 32 Distribution of FI support among the different sub-sectors, by RDP (based on nr of supported projects)



Payments to final recipients under measure 4 amounted to EUR 101 million total RDP resources (out of which EUR 74 million EAFRD). Payments to final recipients under measure 6 amounted to EUR 7.4 million total RDP resources (out of which EUR 6.7 million EAFRD). Payments to final recipients under measure 8 amounted to EUR 0.49 million total RDP resources (out of which EUR 0.41 million EAFRD). Figure 33 shows the disbursement rate to final recipients compared to the total EAFRD commitments in funding agreements.

Figure 33 Amounts paid to final recipient (FR) as percentage of commitments per measure (EAFRD)

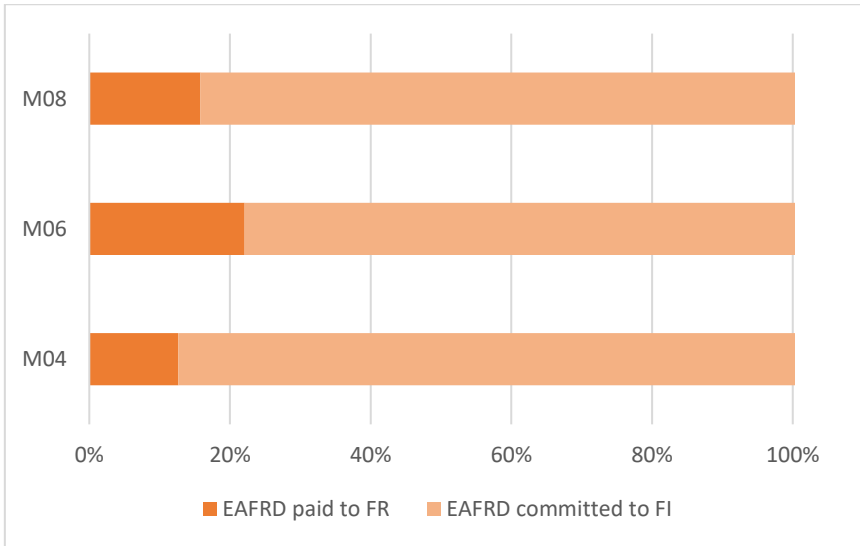
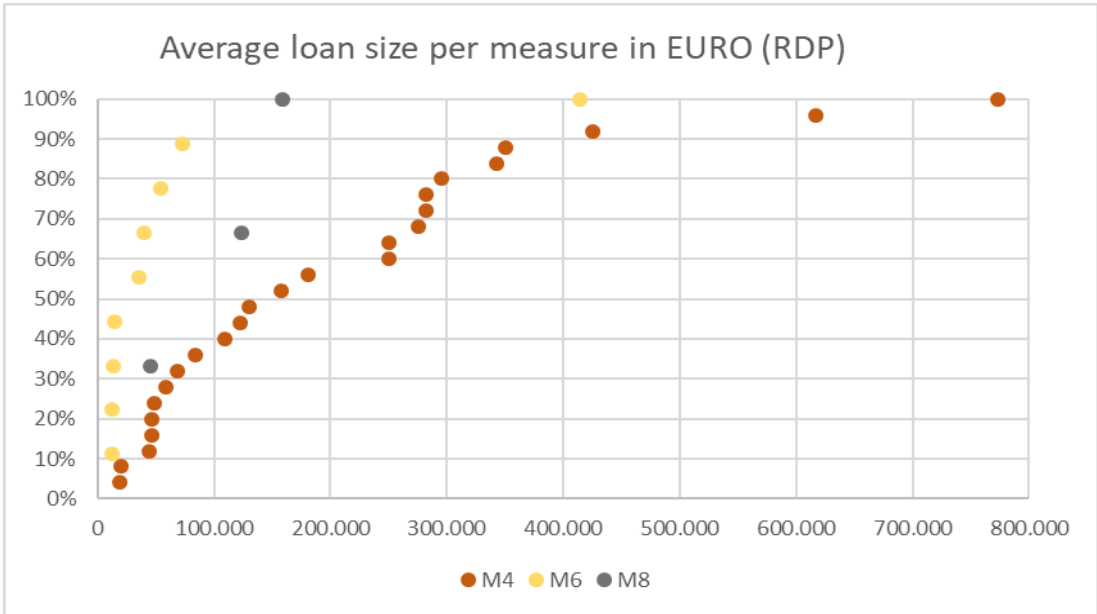


Figure 34 shows the average financing amount under the different measures under the different FIs (in the case of loan FIs it shows the RDP loan amount, while in case of guarantee FIs it shows the average loan amounts guaranteed). 100% indicates the highest average loan financing amount among all FIs, and the rest of the data is shown in comparison to that.

Figure 34 Average loan size per measure in EUR (total RDP contribution)

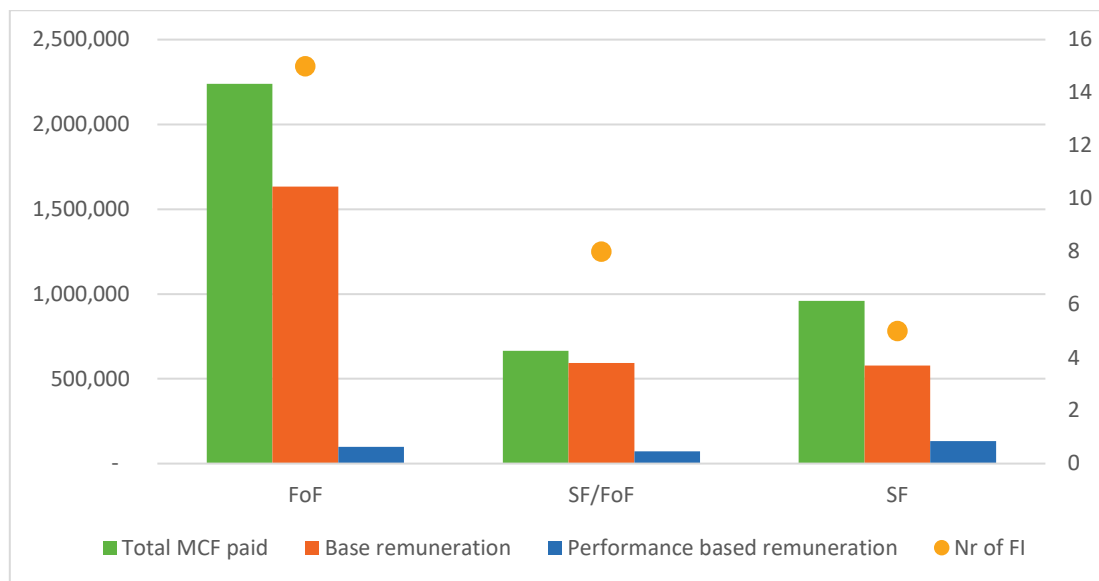


This graph does not show investments by a Croatian guarantee instrument as its average guaranteed loan size of EUR 3,5 million would distort the graph.

- **Management costs and fees**

21 MAs reported on management cost and fees (MCF). In total, MCF amounted to EUR 3.9 million, of which EUR 2.8 million were reported as base remuneration and EUR 0.3 million as a performance base remuneration. In total, 15 funds of funds (FoFs) reported MCF totalling EUR 2.24 million, 8 specific funds under FoFs reported EUR 0.66 million and 5 specific funds reported EUR 0.96 million (Figure 35).

Figure 35 Management costs and fees paid in EUR, by type of FI, and number of reporting FIs

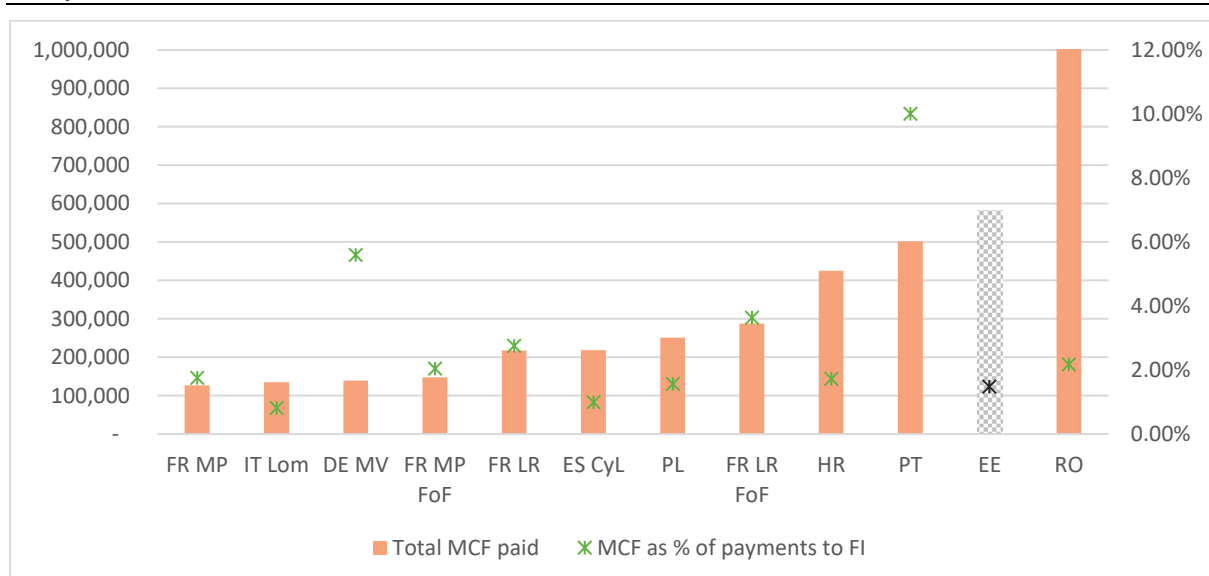


Though the regulatory ceilings are defined per annum by closure, it can be stated that the EAFRD FIs are majorly far below the legal ceilings⁷⁷, as of end of 2019. Romania paid most for management costs and fees totalling little over EUR 1 million, however, being the largest EAFRD FI, this fee still constitutes only 2.17% of the RDP amount paid to the FI. Portugal and DE Mecklenburg Vorpommern paid relatively high amounts for MCF, but assumedly it is due to the initial set-up costs and, in the German case, due to the highly targeted nature of the FI on innovative projects. See Figure 28.

Greece and IT Friuli Venezia Giulia did not report management costs and fees, while Estonia reported to have paid EUR 0.58 million from re-paid resources (indicated in grey colour in Figure 36, as not subject to the regulatory ceilings).

⁷⁷ Defined in Article 13 of Commission Delegated Regulation (EU) 480/2014.

Figure 36 Amount of total management costs and fees paid in EUR and as percentage of payments to the FI, by end of 2019



Note:

* The graph shows the paid management costs and fees and the percentages compared to the payment to the FI separately for FoF and SF/FoF layer. The graph does not show the operational FIs receiving less than EUR 100 000 in fees, for all of which the paid management costs and fees was less than 1.5% of the total RDP amount received from MA or FoF.

** Estonia is indicated in a different colour, because it paid out management costs and fees from re-paid resources.

- **Interest and other gains generated by support from the EAFRD to the financial instrument, resources paid back to financial instrument and amounts repaid and reinvested**

Reporting on treasury management is fulfilled by 5 specific funds and 5 funds of funds, and they reported in total EUR 0.82 million generated interest (decreasing from EUR 1.4 million as of end of 2018). Out of this amount Romania alone reported EUR 0.75 million.

Repaid resources are equalling EUR 4.1 million, out of which Estonia alone reported EUR 3 million (double the amount reported by end of 2018), consisting of EUR 1 million capital repayments and EUR 2 million interest payment. The rest of the repayments were reported by DE Mecklenburg Vorpommern, IT FVG and IT Lombardia, all as capital repayments.

Estonia reported the reuse of EUR 0.86 million from re-payments, out of which EUR 0.58 million for paying management costs and fees, as mentioned above already. IT FVG also reported the reuse of EUR 0.38 million from repayments.

- **Performance of the financial instrument, including leverage**

At the end of the reporting period, all EAFRD FIs were still operational and no instruments reported defaulted cases.

In line with Article 2(38) of the Financial Regulation, “leverage effect” is defined as the amount of reimbursable financing provided to eligible final recipients divided by the amount of the Union contribution. Thus, the smaller the share of Union funding in a financial instrument and in the final financial product reaching the final recipient, the higher the potential leverage effect of the instrument. Consequently, the expected leverage of the loan type of FIs are significantly lower than that of the capped portfolio guarantee FIs. Note, that on the other hand low contribution also results in much lower reflows than what can be expected, for example, in the case of loan funds with higher public contribution (see example of the Estonian loan fund above).

Leverage was reported under 18 RDPs for 11 loan FIs and 14 guarantee FIs. For the loan FIs, the expected leverage values are reported in the range of 1.07 and 8.9, with a median⁷⁸ expected leverage of 1.97. This median value means that within the expected leverage range of 1.07 and 8.9 reported for all loan instruments, 50% of the instruments is expected to have a lower leverage than 1.97, while 50% of instruments is expected to reach higher leverage. That is, the distribution of leverages skew to the lower end of the range (i.e. the majority of loan FIs are expected to have a lower leverage within that range). For the guarantee FIs, the expected leverage values are reported in the range of 3 and 11.92, with a median expected leverage of 4.

Achieved leverage was generated by 10 loan and 12 guarantee FIs under 15 RDPs. Loan FIs’ achieved leverage value varied between 1.11 and 6.95, with a median achieved leverage of 2.09. Comparing the expected median leverage of 1.97 for loans to the achieved median leverage of 2.09, indicates that in general the loan FIs are reaching higher leverage than expected (as 50% of the instruments leverage is not below 1.97, but below 2.09), even if the higher end of the range decreased from the 8.9 expected to the 6.95 achieved.

Guarantee FIs’ achieved leverage value varied between 2.1 and 9.92, with a median achieved leverage of 8.28. Outside these ranges, FR PACA did not report payment of EAFRD resources yet, therefore its leverage value is zero at the end of 2019 (represented by the two dots on the

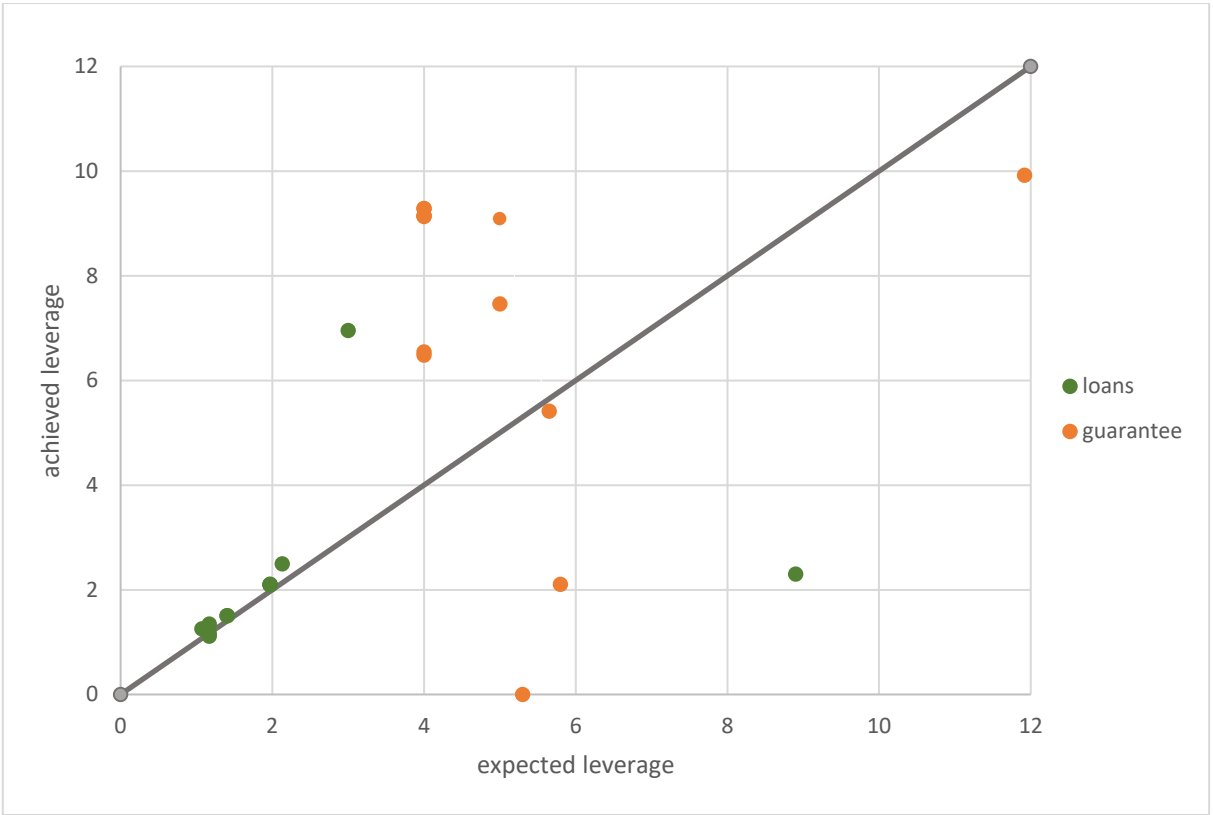
⁷⁸ The median is the middle number in a sorted list of values and can be more descriptive in certain cases than the average. In the case of the leverage of different sized and different structured instruments, the median of leverages can better demonstrate the overall picture.

horizontal axis on Figure 30). For details see Figure 37. Comparing the achieved median of guarantees to the expected median leverages leads to a similar (or actually far) better than expected results for guarantee instruments, as it indicates that 50% of the instruments reached 8.28 or below leverage (nearly double the value than expected with the expected median leverage of 4).

Loan FIs provided EUR 91.2 million RDP loans to final recipients, together with additional national public (excluding the RDP national-cofinance) and private financing amounting to EUR 77.28 million, reaching in total EUR 168.48 million loan financing for final recipients. RDP guarantees on the other hand generated a loan portfolio of EUR 102.83 million with just EUR 17.83 million from RDP resources.

In summary, EUR 109.03 million RDP contribution (out of which EUR 80.72 million EAFRD) generated a financing of EUR 271.31 million to final recipients till end of 2019. This means that taking all FIs under the RDPs into account, EAFRD resources generated an aggregated leverage of 3.36 till end of 2019.

Figure 37 Achieved leverage versus expected leverage per type of FI (EAFRD)



Note:

- * Leverage is calculated per product and per specific fund, therefore FIs under RDPs might have more than one leverage figures.
- ** The graph displays the values for FIs where payments were made to final recipients. The zero achieved leverage is zero in FR PACA, because they reported zero EAFRD amounts paid till end of 2019.

3.3 Contribution of FIs to the achievements and indicators

3.3.1 Contribution to rural development focus areas

Six EU rural development policy priorities covering 18 focus areas provide the basis for rolling out support from the EAFRD to rural areas. By end of 2019, MSs signed funding agreements for the implementation of FIs with EAFRD commitments under the following priorities and focus areas:

- Union Priority 2 *Farm viability and competitiveness*:
 - FA 2A *Improving the economic performance of all farms and facilitating farm restructuring and modernisation*;
 - FA 2B *Generational renewal*;
 - FA 2C+ *Improvement of the sustainability and competitiveness of forest enterprises*.
- Union Priority 3 *Food chain organisation and risk management*:
 - FA 3A *Improving competitiveness of primary producers by better integrating them into the agri-food chain*.
- Union Priority 4 *Restoring, preserving and enhancing ecosystems related to agriculture and forestry*:
 - FA 4A *Restoring, preserving and enhancing biodiversity and high nature value farming*.
- Union Priority 5 *Resource-efficient, climate-resilient economy*:
 - FA 5A *Increasing efficiency in water use by agriculture*;
 - FA 5C *Facilitating the supply and use of renewable sources of energy*;
 - FA 5D *Reducing greenhouse gas and ammonia emissions from agriculture*.
- Union Priority 6 *Social inclusion and economic development*:
 - FA 6A *Facilitating diversification, creation and development of small enterprises, as well as job creation*.

The indicative allocations in funding agreements by end of 2019 shows that MAs further increased the allocations to projects aiming at improving competitiveness both under FA 2A and 3A, reaching the level of 52% and 37% respectively, and together with FA 2C+ they represent 90% of all EAFRD commitments (6% increase compared to 2018). Consequently, commitments to focus areas FA 6A *Diversification and rural businesses* and FA 5C *Renewable energy* both decreased by 3-3% compared to 2018, down to the level of 5% and 2% respectively. Commitments to FA 2B *Generational renewal* remains on the level of 2%. For further details see Table 15 and Figure 38.

Figure 38 EAFRD amounts committed under FIs funding agreements to rural development focus areas (%)

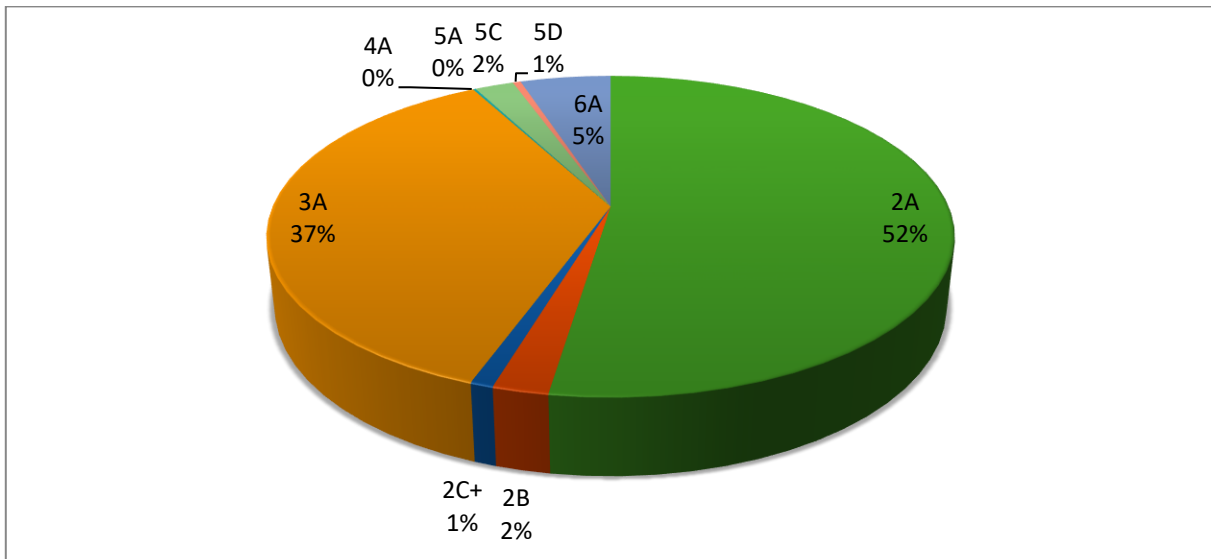


Table 15 EAFRD amounts committed under FIs funding agreements to rural development focus areas (in million EUR)

RDP/FA	2A	2B	2C+	3A	4A	5A	5C	5D	6A	Total
DE Mecklenburg-Vorpommern				1.50					3.50	5.00
Estonia	19.01			5.17			1.25		10.09	35.51
ES Castilla y León	14.99	4.50		35.91		0.76			1.89	58.05
ES Extremadura	1.00	1.00		1.29	0.50					3.79
FR Midi-Pyrénées				6.36						6.36
FR Languedoc-Roussillon	3.10			6.15					0.20	9.45
FR Aquitaine	10.00									10.00
FR Limousin	3.00									3.00
FR Poitou-Charentes	2.00									2.00
FR PACA		5.04								5.04
Greece	32.00			48.00						80.00
Croatia	42.48		4.49	6.35			9.39	2.15	8.11	72.97
IT Calabria	3.63			2.42						6.05
IT Campania	3.03			3.03						6.05
IT Emilia Romagna	0.86			1.72						2.59
IT FVG	3.75			3.19						6.94
IT Lombardia				14.32						14.32
IT Piemonte	0.86			1.29						2.16
IT Puglia	5.41	0.38		2.08						7.87
IT Toscana	1.70			2.55						4.25
IT Umbria	0.86			1.29						2.16
IT Veneto	0.86			5.61						6.47
Poland	9.54			22.27						31.82
PT Continente	18.53									18.53
Romania	78.96			7.84					0.97	87.77
Total	255.57	10.92	4.49	178.33	0.50	0.76	10.64	2.15	24.76	488.12

3.3.2 Contribution to thematic objectives

In order to contribute to the Union strategy for smart, sustainable and inclusive growth, including economic, social and territorial cohesion, each ESI Fund shall provide support to a number of thematic objectives defined in the CPR. EAFRD FIs are reported to pursue the following thematic objectives, with TO5 being reported the first time, even if with a low amount:

- TO3 - Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF)
- TO4 - Supporting the shift towards a low-carbon economy in all sectors
- TO5 - Promoting climate change adaptation, risk prevention and management
- TO6 - Preserving and protecting the environment and promoting resource efficiency
- TO8 - Promoting sustainable and quality employment and supporting labour mobility

See the data for end of 2019 in Figure 39 and Table 12 below. Similarly to the tendency demonstrated in relation to the rural development focus areas, the EAFRD FI allocations are predominantly committed to competitiveness related SME financing (TO3), receiving 92% of the total funding amounting to EUR 449 million as of end of 2019 (an increase of EUR 155 million and 6% compared to 2018). Consequently, commitments to both TO6 and TO8 decreased by 3-3% in the last year.

Figure 39 EAFRD amounts committed to FIs by Thematic objective, as of end of 2019 (in %)

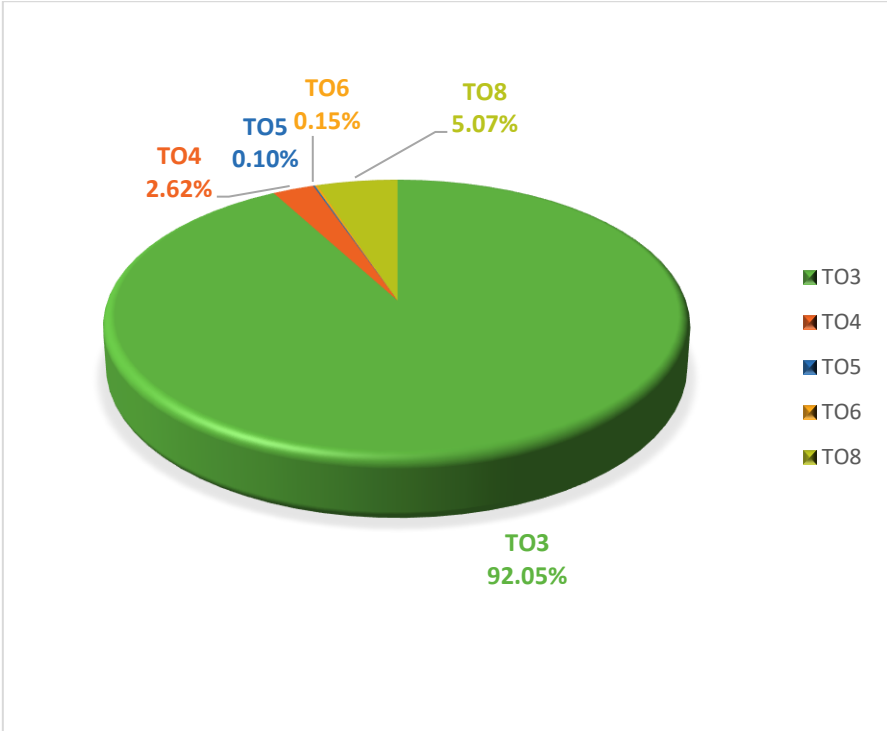


Table 16 EAFRD amounts committed by thematic objective, as of end of 2019 (in million EUR and %)

RDPs/TOs	Smart Growth	Sustainable Growth			Inclusive Growth	Total
	TO3	TO4	TO5	TO6	TO8	
DE Mecklenburg-Vorpommern	1.50				3.50	5.00
Estonia	24.18	1.25			10.09	35.51
ES Castilla y León	55.40			0.76	1.89	58.05
ES Extremadura	3.29		0.50			3.79
FR Midi-Pyrénées	6.36					6.36
FR Languedoc-Roussillon	9.25				0.20	9.45
FR Aquitaine	10.00					10.00
FR Limousin	3.00					3.00
FR Poitou-Charentes	2.00					2.00
FR PACA	5.04					5.04
Greece	80.00					80.00
Croatia	53.31	11.54			8.11	72.97
IT Calabria	6.05					6.05
IT Campania	6.05					6.05
IT Emilia Romagna	2.59					2.59
IT FVG	6.94					6.94
IT Lombardia	14.32					14.32
IT Piemonte	2.16					2.16
IT Puglia	7.87					7.87
IT Toscana	4.25					4.25
IT Umbria	2.16					2.16
IT Veneto	6.47					6.47
Poland	31.82					31.82
PT Continente	18.53					18.53
Romania	86.80				0.97	87.77
Total	449.31	12.79	0.50	0.76	24.76	488.12

3.3.3 FIs contributions to the achievement of output indicators

The information concerning contribution of the FI to the achievement of the programme indicators was not compulsory in the annual implementation report submitted in year 2020 (AIR 2019), consequently only 10 RDPs report on them. Table 17 indicates the aggregated target and achieved output indicators for the FIs under the RDPs of EE, FR PACA, DE MV, IT ER, IT FVG, IT Lombardia, IT Umbria, IT Campania, IT Puglia and RO.

Table 17 FI Contributions to the achievement of output indicators till end of 2019

Measure 4	Target value	Achieved value	Achievement rate (%)
O1 -Total public expenditure (EUR)	678,392,938	76,797,204	11%
O2 -Total investment (EUR)	1,126,805,811	117,298,280	10%
O3 -Nr of actions/operations supported	2,250	192	9%
O4- Nr of holdings/beneficiaries supported	3,073	380	12%
Measure 6	Target value	Achieved value	Achievement rate (%)
O1 -Total public expenditure (EUR)	18,666,196	7,101,676	38%
O2 -Total investment (EUR)	5,893,406	4,576,426	78%
O3 -Nr of actions/operations supported	10	-	0%
O4- Nr of holdings/beneficiaries supported	71	85	120%

Reporting on Indicators was voluntary for this year, above figures include data from 10 RDPs.

4. Conclusions

The data presented in this chapter represent the information on the progress in setting up and operating of FIs under rural development programmes at the end of 2019. A significant progress in the implementation could be noticed.

Here are the key figures reported by the managing authorities for state of play on 31/12/2019:

- **11 Member States (DE, EE, EL ES, FR, HR, IT, PL, PT, RO and SI)** have programmed under **30 RDPs**, EUR 805 million for FIs, out of which EUR 599 million of the EAFRD contribution.
- **10 out of the 11 Member States (i.e. DE, EE, EL, ES, FR, HR, IT, PL, PT, RO)** committed EUR 651 million (EUR 488 million EAFRD) in the funding agreements setting up **28 FIs**.
- The EAFRD **support allocated to the thematic objectives and RDP focus areas** show the dominant position of the competitiveness related SME financing, which even further increased compared to 2018.
- **27 FIs were operational** at the end of 2019, where the MAs paid EUR 286 million (44%) of RDP contributions (EUR 211 million EAFRD) in EE, DE, ES, EL, FR, HR, IT, PL, PT, RO.
- **18 FIs (under 17 RDPs) made payments, or in the case of guarantees set aside resources, to final recipients** totalling EUR 55 million, including EUR 38 million of the EAFRD resources. In addition, the guarantee FIs in FR LR and Croatia reported to have generated loan financing of EUR 14.4 million till end of 2018.
- **1372 final recipients** (98% of which is SME) were supported by the FIs in form of a loan or a guarantee. The share of the agricultural and non-agricultural activities from the financing were 85% and 15%, respectively, which indicates a major shift to the benefit of the primary agricultural producers.
- **Management costs and fees paid to FIs** amounted to EUR 3.9 million i.e. overall 1.35% of the RDP amounts paid to FIs till end of 2019.
- In summary, **EUR 109.03 million RDP contribution (out of which EUR 80.72 million EAFRD) to FIs generated a financing of EUR 271.31 million to final recipients** till

end of 2019 (implying a rough estimation of EU level leverage of EAFRD resources at the level of 3.36 till end of 2019).

Despite the slow start in 2015-2017, EAFRD MAs continue steadily to familiarise and create new FIs, which was also supported in some cases by the potential of attracting further EFSI resources to the policy area. This trend is expected to continue in 2020 and 2021 due to the Corona-19 health crisis in 2020, and the added flexibilities offered under FIs, such as the provision of standalone working capital finance for affected SMEs. Furthermore, the additional two-year transitional period, which extends the eligibility period of the RDPs until the end of 2025; and the strengthened possibilities for setting up FIs, which can be implemented across programming periods, are also encouraging some MSs to launch FIs still in this programming period. Because of all this, further increase in the number and budget of EAFRD FIs, and thus in their achievements, can be expected in the coming years.

EMFF

Under the EMFF, Estonia is the only Member State currently operating a financial instrument for the 2014-20 programming period. At the end of 2019:

1. Growth loan for micro-enterprises and small enterprises that are launching or engaged in fish processing:
 - An amount of EUR 1.6 million has been paid out to the body implementing the financial instruments - Estonian Rural Development Foundation (the total amount committed in the funding agreement is EUR 3.5 million). There are nine loan recipients, who have received a total of around EUR 0.6 million.
2. Long-term investment loan for enterprises launching or engaged in fish processing:
 - An amount of EUR 4 million has been paid out to the Estonian Rural Development Foundation (the total amount committed in the funding agreement is EUR 4.3 million). There are seven loan recipients, who have received a total of EUR 3.2 million.
3. Investment loan for enterprises launching or engaged in the production of aquaculture products:
 - An amount of EUR 2 million has been paid out to the Estonian Rural Development Foundation (the total amount committed in the funding agreement is EUR 4.3 million). There are six loan recipients, who have received a total of EUR 0.7 million.

The use of financial instruments in Estonia was rather positive, although there is room for improvement. The relatively low uptake under the EMFF is linked with the small scale of the sector and the uncertain economic environment in the recent years.

Key figures reported by managing authorities for state of play at 31/12/2019

EUR 13 million planned to support the processing of fisheries products and the aquaculture sector through financial instruments.

Three agreements were signed for a total amount of **EUR 12.1 million** (EUR 9.1 million from EMFF and national EUR 3.0 million), of which **EUR 7.6 million** were already paid the body implementing the FI.

Payments to final beneficiaries (22 loan recipients) amount to **EUR 4.5 million**, EMFF contributing with EUR 3.4 million.

