



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 of 31 December 2022

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PART I: Overview

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 2022. 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.

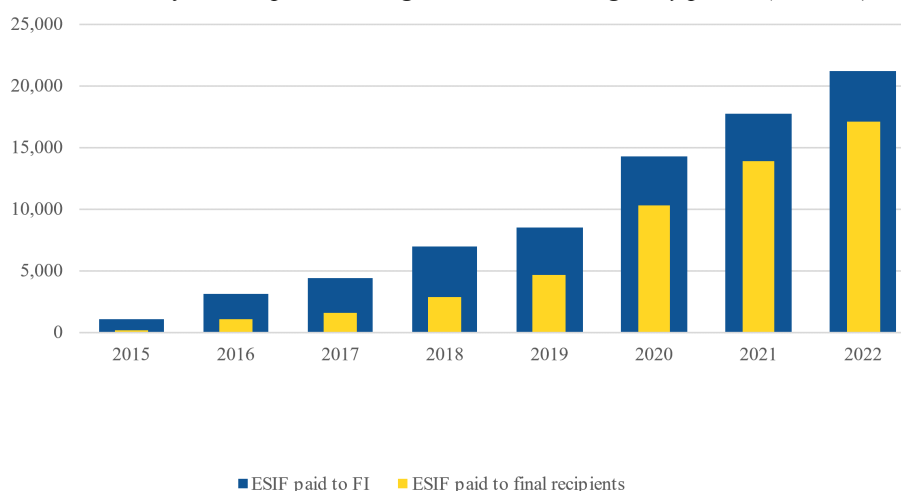
This edition of Annual Summaries follows the standard regulatory schedule set out in Article 46(4) CPR – managing authorities submitted the data on FIs as of 31 December 2022 in the annual implementation reports by the end of May 2023, and the actual publication of the Summaries takes place within six months after this date i.e., by the end of November 2023.

FIs are implemented using all ESI Funds in 25 Member States (MSs) including the UK¹.

From the beginning of the 2014-2020 period, the ESIF programme contributions (including national co-financing) committed to FIs by the end of 2022 were nearly EUR 33 billion (EUR 31 billion at the end of 2021), of which EUR 25 billion was ESIF. The approaching end of the eligibility period explains why programme contributions committed to FIs only grew in a modest pace.

Out of the programme contributions committed to FIs, over EUR 27 billion of programme contributions had been paid to FIs (EUR 23 billion at the end of 2021), including EUR 21 billion of ESIF (84% of all committed amounts). Of these, around EUR 23 billion (of which EUR 17 billion was ESIF) had been invested in or committed for guarantee contracts for the disbursed underlying loans to final recipients (EUR 13.8 billion at the end of 2021), leveraging over EUR 62 billion of investments (+21% year-on-year change) at the level of final recipients (EUR 49.3 billion at the end of 2021). The disbursement rate of all ESI Funds has thus increased from 78% to 81%, which is a satisfactory level at this stage of the eligibility period.

Figure 1 Payments to FIs and to final recipients during the 2014-2020 eligibility period (all ESIF), EUR million



¹ All MSs except for DK, IE, LU. Although the United Kingdom was no longer an EU Member State during the reporting year, the text will include the UK when referring to Member State for the sake of readability and consistency with previous reports.

Key messages:

- The data for 2022 show that **FIs under ESIF have leveraged over EUR 62 billion worth of financing** contributing to the policy objectives of the European Union, which almost quadruples (leverage of 3.8) the contribution from the EU budget. This amount represents 15% of the total Cohesion budget for the 2014-2020 period.
- The persistent dominance of support to SMEs of 66% of all FIs has addressed the consequences of the COVID pandemic and the war against Ukraine. Support EUR 2 billion in TO4 contributes to reaching of objective of the Green Deal and FI under TO1 in the amount of EUR 1.9 billion contributes to the aims of STEP.
- **Moreover, some 22% of the funds or EUR 3.2 billion attributable to support from ERDF and CF have already been paid back in reflows and can thus be reused in accordance with the CPR.**
- European Regional Development Fund (ERDF) and Cohesion Fund (CF) FIs have proved to be a cost-efficient delivery mechanism of Union policies. The reported **management costs and fees (MCFs) of 7.4% of the payment to final recipients lie significantly below the regulatory ceilings** defined in the ESIF legal framework.
- In total, ERDF FIs supported 665,000 SMEs, of which 502,500 qualified as microenterprises.
- **81% of the ERDF and CF paid to financial instruments have been disbursed to final recipients.** Support from ERDF and CF provided to final recipients together with the management costs and fees represents **85% of the contributions to financial instruments.**
- It is expected that by the end of the eligibility period all the resources will be fully absorbed. As compared to the 2007-2013 programming period when in the penultimate year before closure the absorption was only 57%, the 2014-2020 programming period with 85% demonstrates a significant improvement with the implementation of financial instruments.
- ESF FIs supported the social economy in Europe by paying EUR 384 million to final recipients. Over 17,000 recipients were supported, including over 9,200 microenterprises and 7,000 individuals.
- EAFRD supported 33 FIs in 13 MS with a total public budget of EUR 860 million (EUR 666 million EAFRD). EIF is managing 16 FIs.
- In total 12 912 final recipients were supported (52% increase) through 16 171 signed financing contracts (64% increase). Almost all final recipients of the EAFRD FIs are SMEs (99.9%).
- Overall, EUR 302 million EAFRD contributions generated EUR 1.33 billion reimbursable financing paid to final recipients. Guarantee products account for much higher share than loan products. The median leverage of the Guarantee FIs is 7.8x, while for Loan FIs it was 2x.
- Under the European Maritime and Fisheries Fund (EMFF) payments to final recipients slightly increased.

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 2022, in million EUR (programme contributions out of which ESIF)

	ERDF and CF	ESF and YEI	EAFRD	EMFF	All ESIF			
					2022	2021	Change	Change in %
Number of MSs reporting on FIs	25	11	13	1	25	25	0	-
Programme amounts committed to FIs	30,973	866	827	6	32,672	30,831	1,841	6%
<i>out of which ESIF</i>	23,894	629	655	5	25,183	22,984	2,199	9%
Programme amounts paid to FIs	26,097	449	562	6	27,114	23,261	3,853	14%
<i>out of which ESIF (A)</i>	20,402	362	436	5	21,205	17,661	3,544	17%
Percentage of ESIF commitments paid	85%	58%	67%	100%	84%	77%	+7%	-
Financing disbursed to final recipients²	60,713	430	1,135	5	62,283	49,302	12,981	21%
Programme amounts committed to final recipients	25,156	427	430	5	26,018	22,122	3,896	15%
<i>out of which ESIF</i>	17,788	308	321	4	18,421	17,445	976	5%
Programme amounts invested in final recipients³	22,139	384	402	5	22,930	19,074	3,856	17%
<i>out of which ESIF (B)</i>	16,540	283	301	4	17,128	13,819	3,309	19%
Disbursement rate of ESIF contribution (B)/(A)	81%	78%	69%	80%	81%	78%	+3%	-

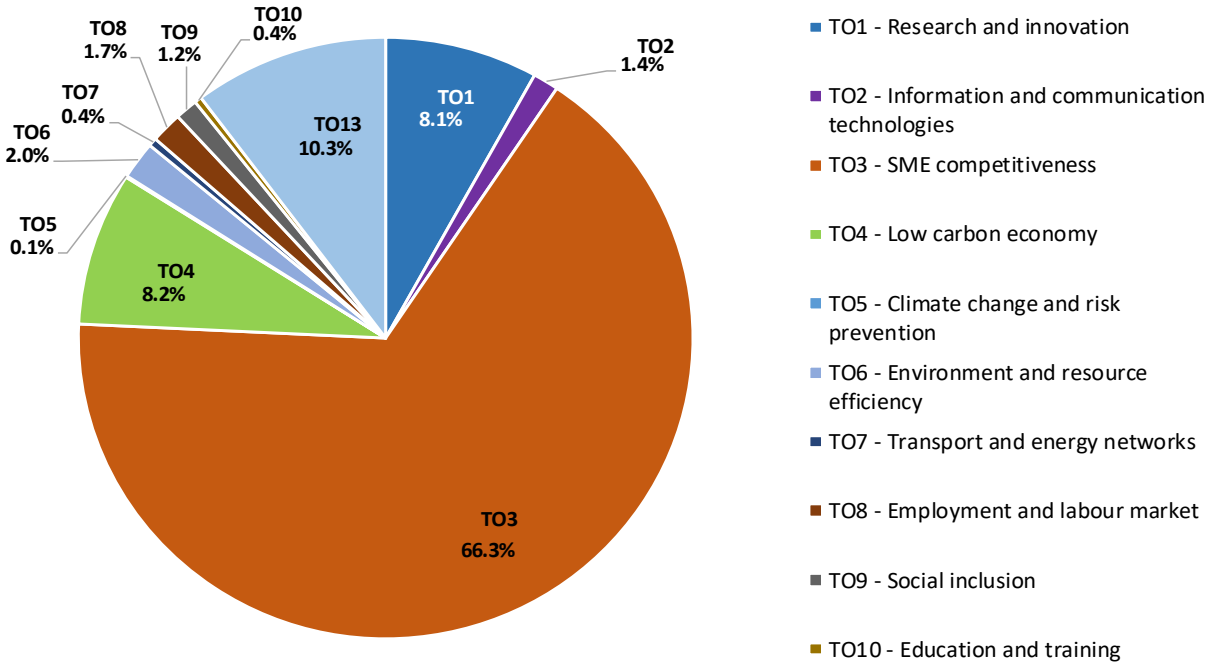
² The full amount of loans, guaranteed loans and equity support provided to final recipients with the support of ESIF (including non-programme resources, when reported).

³ The amount includes programme resources disbursed to final recipient or for their benefit and the programme resources set aside for guarantee contracts for the disbursed underlying new loans.

The reporting on ESIF FIs by commitments to thematic objectives (Figure 2)⁴ shows a small increase in an already very high share allocated to TO3 (SME competitiveness) in 2022 as the total allocation grew by EUR 677 million (4%) over the reporting year. The committed amounts to TO3 now equal to almost EUR 16.2 billion. The persisting dominance of TO3 is most likely attributable to the continued need to support SMEs to address the consequences of the health crisis and the war against Ukraine.

The two other thematic objectives that account for important shares of FI allocations – TO1 in research and innovation investment and TO4 including energy efficiency support – reported a further decrease compared to the previous years, as TO1 dropped by 9% and TO4 7%. This decrease was also recorded in absolute terms as the overall commitments to TO1 dropped by EUR 176 million and to TO4 by EUR 146 million.

Figure 2 Commitments to FIs in the funding agreements as percentage of total commitment by thematic objective (TO) at the end of 2022 (all ESIF)



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

⁴ There are 11 thematic objectives, which are defined in Article 9 of CPR. FIs are used in 10 of them. The summaries cover the React-EU resources used in the form of FI. For the purpose of the summaries, we identify them as TO 13. Where a FI addresses multiple thematic objectives, in the reported data the breakdown by TO was not provided in all cases.

PART II: Chapters by funds

ERDF and CF

1. Key figures and trends

Table 2 Key progress indicators reported by managing authorities as of the end of 2022⁵ (financial figures in EUR million)

	2022	2021	Change
Number of MS reporting on FIs	25	25	0
Number of programmes reporting on FIs	161	160	1
Programme amounts committed to FIs	30,973	29,296	1,677
<i>Of which ERDF or Cohesion Fund</i>	23,894	21,868	2,026
Programme amounts paid to FIs	26,097	22,398	3,699
<i>Of which ERDF or Cohesion Fund</i>	20,402	16,995	3,408
Programme amounts committed to final recipients	25,156	21,484	3,672
<i>Of which ERDF or Cohesion Fund</i>	17,788	16,085	1,703
Programme resources paid to final recipients	22,139	18,533	3,605
<i>Of which ERDF or Cohesion Fund</i>	16,540	13,429	3,111
<i>Of which loans</i>	11,234	9,498	1,736
<i>Of which guarantees</i>	6,949	5,802	1,148
<i>Of which equity</i>	3,348	2,743	605
<i>Of which other</i>	607	490	117
Financing (loans, guaranteed loans, and equity) disbursed to final recipients ⁶	60,713	48,266	12,447
Programme resources paid to FIs as management costs and fees	1,202	934	268
Amount attributable to ERDF&CF support paid back to FIs	3,193	1,895	1,298
Final recipients supported	771,489	678,368	93,121
<i>Of which SMEs</i>	664,755	592,551	72,204

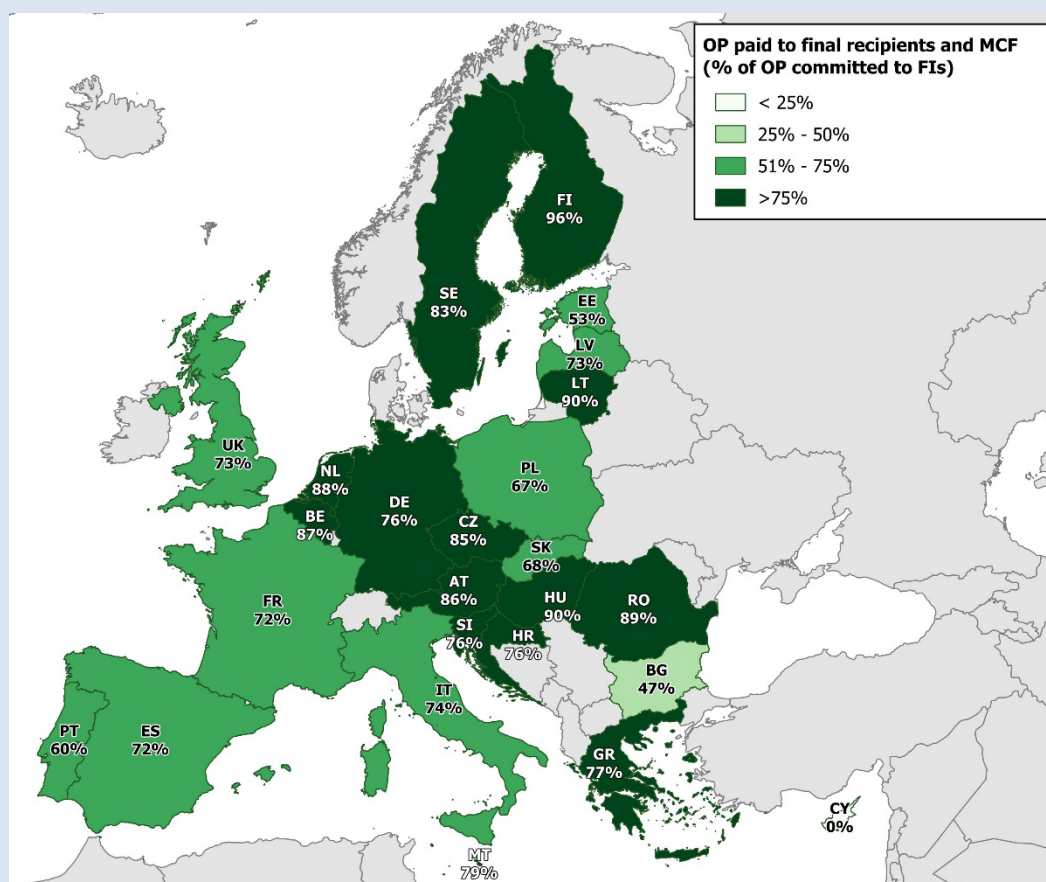
⁵ This summary is based on information submitted by managing authorities on the progress made in implementing FIs by the end of 2022. Programme contributions refer to ERDF, CF and related national co-financing. ESF and ESF-related national co-financing are considered in the respective section.

⁶ Due to additional funding attracted by the FIs (see footnote 58 for FIs included in the calculation).

Absorption rate of ERDF&CF FIs⁷

Programme contributions either paid to final recipients or to the benefit of final recipients or set aside for guaranteed loans disbursed to final recipients, and reimbursement of management costs or payment of management fees contribute to eligible expenditure at closure, as stipulated in Article 42 CPR⁸.

By the end of 2022, aggregate eligible expenditure incurred by the Member States was 74% of the respective programme resources committed to FI. There was a large variation across the Member States in terms of the eligible expenditure incurred - according to the above components - as a share of funds committed to FI (see map).



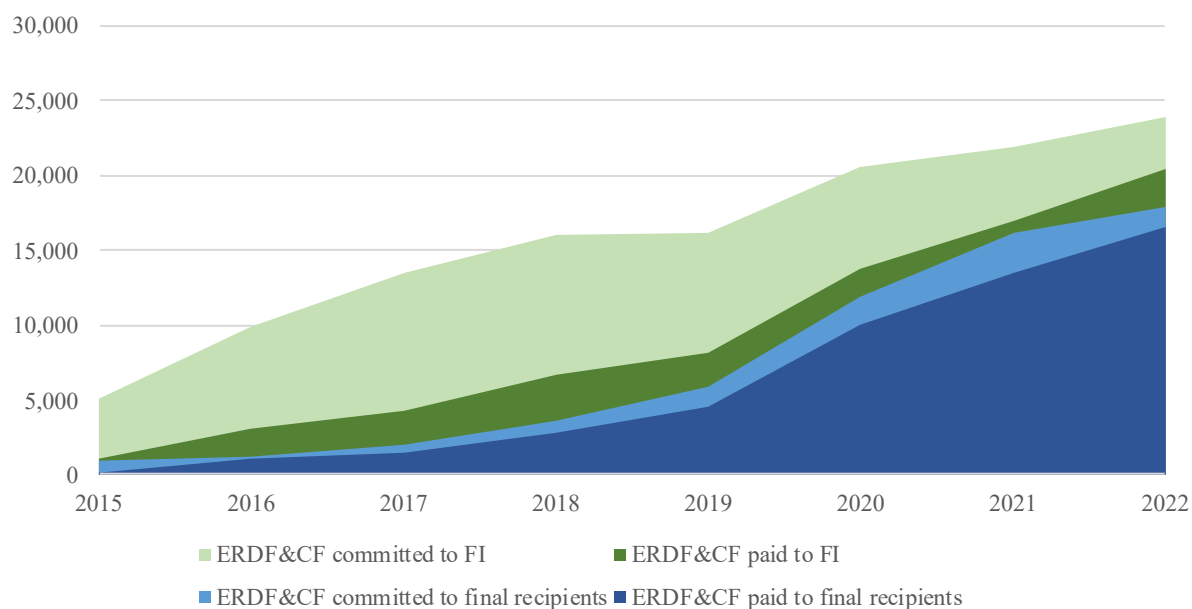
Overall, 89 OPs reported that eligible expenditure incurred was over 75% of the respective programme resources committed to FI, while it was between 50 and 75% for another 34 OPs. There were 32 OPs reporting that eligible expenditure incurred was less than 50%. These OPs were in BG, CY, CZ, ES, FR, IT, MT, NL, PL, PT, SK, and the UK.

⁷ The figures reported in this box do not consider FIs where the managing authorities undertake implementation directly.

⁸ The reported figures do not include other eligible expenses.

The overall progress in terms of ERDF and CF committed and paid to FI and to final recipients since 2015 is shown in Figure 33.

Figure 3 Overall progress since the beginning of the 2014-2020 period, EUR million



More detailed data about specific instruments as reported by the managing authorities is available on <https://cohesiondata.ec.europa.eu>.

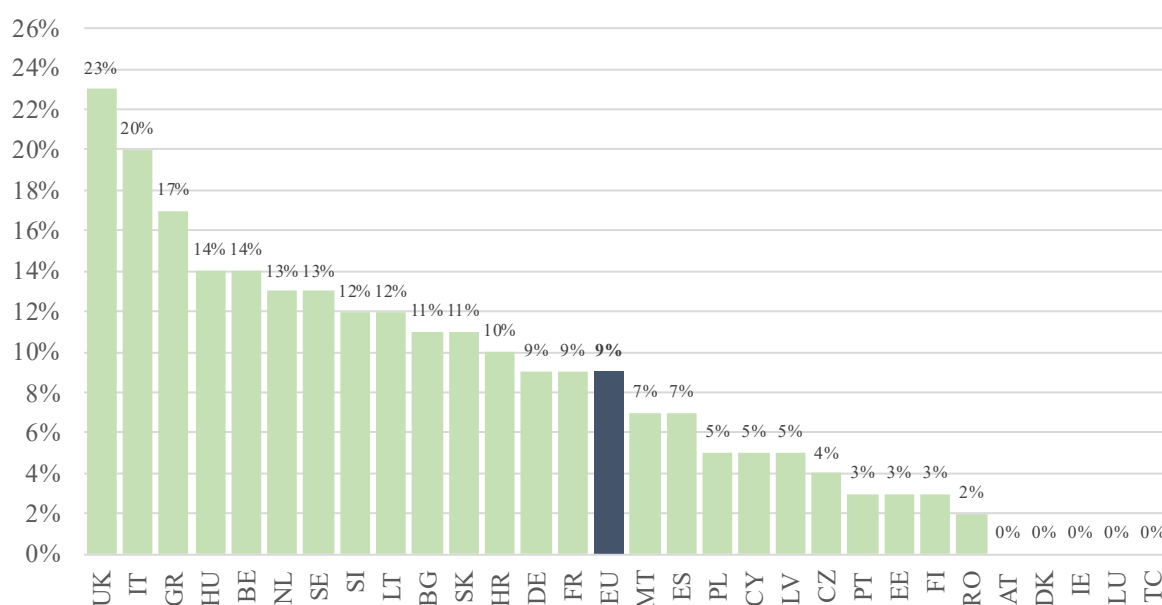
2. Summary of data collected on FIs implemented under ERDF and CF

2.1 Planned use and commitments to financial instruments.

As at the end of 2022, indicative ERDF and Cohesion Fund allocation for FIs in the submitted programmes was **EUR 25.1 billion**⁹ or about **9%** of the ERDF and Cohesion Fund envelope in the 2014-2020 period.

The share of FIs varies, with the highest allocation planned in the UK (23%), IT (20%) and GR (17%), and no allocations in DK, IE, and LU (Figure 4). No FIs were planned under the European Territorial Cooperation (TC) goal.

Figure 4 ERDF and CF allocated to FIs as percent of the ERDF and CF allocated to the Member States

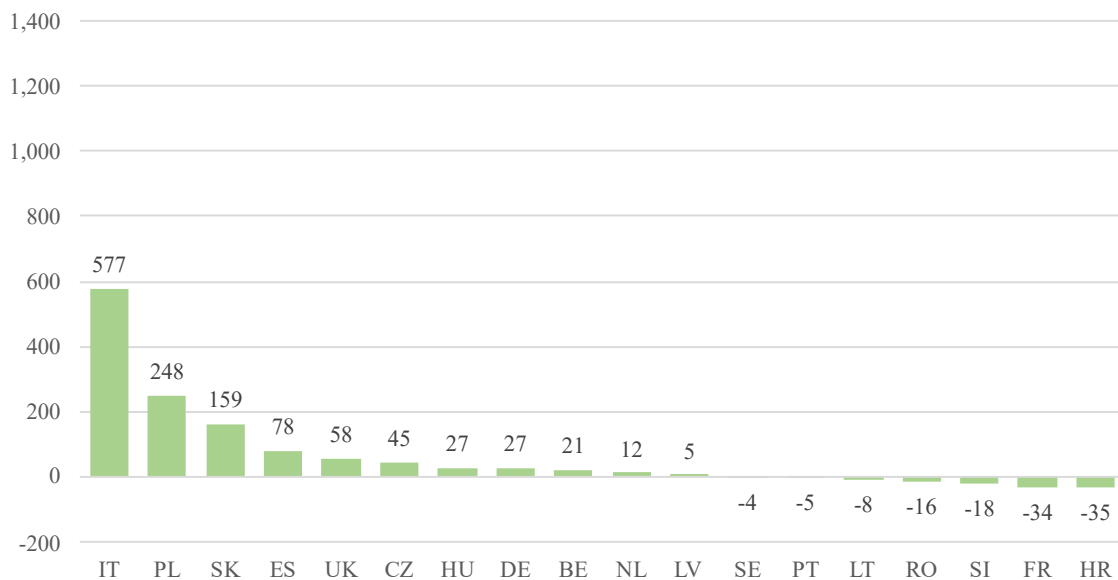


The ERDF and Cohesion Fund planned for FIs in the programmes increased by about **EUR 1.1 billion** - or 5% - by the end of 2022 compared with a year earlier. IT reported the largest increase of planned allocations to FIs (EUR 577 million, see Figure 5), while PL and SK also reported a considerable increase i.e., almost EUR 250 and EUR 160 million respectively. The largest reduction in planned allocations to FIs was in HR and FR.

⁹ The amount submitted to the Commission based on 2013 CPR Article 112 was EUR 23.2 billion. This was corrected to reflect higher commitments to FIs than indicatively planned in some Member States, as reported according to 2013 CPR Article 46.

However, the share of the ERDF and CF allocated to financial instruments - out of the ERDF and CF allocated to all forms of finance - still exceeded the corresponding EU overall percentage in both Member States.

Figure 5 Indicative FI ERDF and CF allocation: change 2021-2022 (EUR million, only MS reporting a difference)

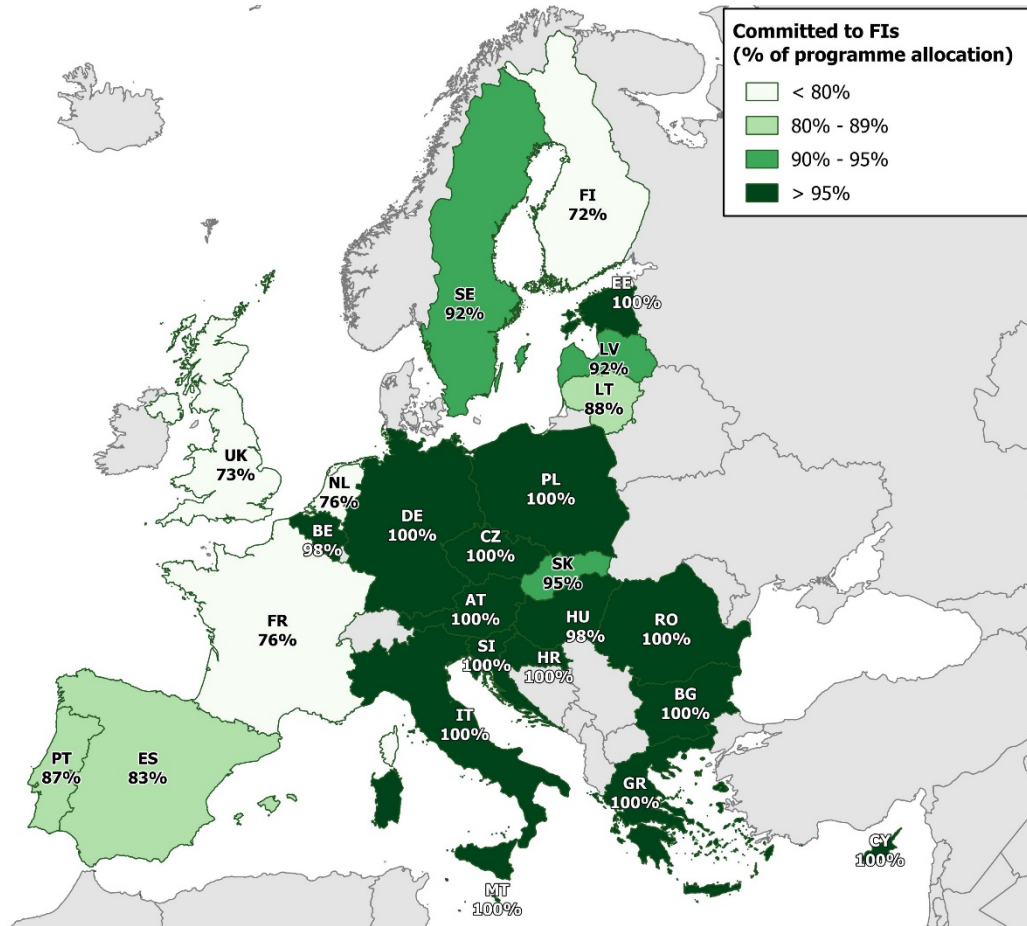


Programme amounts committed to FIs operations¹⁰ reached over **EUR 31.0 billion**, covering **95%** of the ERDF and CF planned in the programmes for this form of finance. Figure 6 shows how each Member State performed. The amounts allocated to forms of finance in the programmes are only indicative, so the managing authorities could commit funds without waiting for amendment of the programmes. Thus, shares that are significantly lower than 100% might indicate that decrease in planned allocation has not been included in the submitted programme amendments.

A substantial increase of over **EUR 1.7 billion** of programme resources committed to FIs was reported compared to the end of 2021. IT (EUR 901 million) had the largest additional programme amount committed to FIs, accounting for over half of the total. FR (EUR 235 million), PL (EUR 210 million) and ES (EUR 180 million) also reported a considerable increase.

¹⁰ 'Programme contributions committed to FIs' means 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 6 Amounts committed to FIs (% of indicative programme allocation), as of end 2022



Programme contributions were committed to FIs in funding agreements in 25 Member States, including EUR 23.6 billion of ERDF and EUR 0.3 billion of the Cohesion Fund. As shown in Figure 7, the ten largest programmes committed over EUR 16.0 billion of programme resources or over half of the EU total.

Figure 7 Ten largest OPs by amount committed to FIs as of end 2022 (EUR million)

Member State	CCI	OP name	OP amount committed to FI
IT	2014IT16RFOP003	PON Imprese e competitività	3,437.2
GR	2014GR16M2OP001	Ανταγωνιστικότητα Επιχειρηματικότητα και Καινοτομία	2,880.0
HU	2014HU16M0OP001	Gazdaságfejlesztési és Innovációs Operatív Program	2,360.8
PL	2014PL16RFOP001	Program operacyjny Inteligentny rozwój	1,998.6
UK	2014UK16RFOP001	United Kingdom -ERDF England	1,498.5
SK	2014SK16M1OP001	Integrovaná infraštruktúra	953.9
HR	2014HR16M1OP001	Operational programme competitiveness and cohesion 2014 - 2020	833.6
CZ	2014CZ16RFOP001	Operační program podnikání a inovace pro konkurenceschopnost	763.5
ES	2014ES16RFSM001	Iniciativa PYMEs FEDER 2014-20 PO	735.0
LT	2014LT16MAOP001	2014-2020 metų Europos Sąjungos struktūrinių fondų investicijų veiksmų programa	583.3

Managing authorities in 18 Member States¹¹ committed EUR 14.7 billion to funds of funds, or 47% of programme commitments to FIs. Of this, EUR 11.1 billion was from ERDF and EUR 270 million from the Cohesion Fund. Programme resources committed in funding agreements with specific funds under a fund of funds, which is the necessary next step to provide financing to final recipients, was EUR 13.8 billion or 94% of programme funding committed to funds of funds¹² (92% in 2020). The entire amount committed to funds of funds was yet to be committed to financial intermediaries in CY (EUR 40 million). Nearly all additional programme resources committed to FIs compared to the end of 2021 were committed to specific funds without a fund of fund i.e., EUR 1.7 billion.

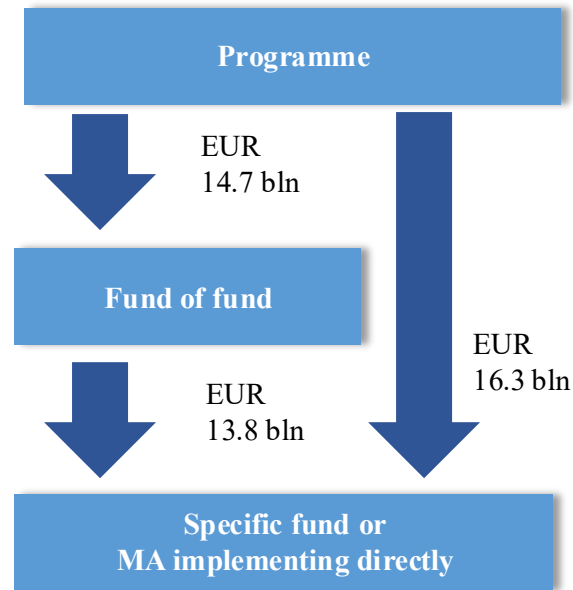
Nine programmes in DE, ES, and FR reported undertaking implementation tasks directly according to Article 38(4)(d) CPR¹³.

¹¹ There were 19 Member States reporting resources committed to funds of funds as part of the last year's reporting. Saarland was the only OP that reported committing resources to a fund of funds in DE. However, the same FI was reported as a specific fund in this year's reporting exercise.

¹² This includes possible programme resources committed at the level of financial intermediaries. It should also be noted that some resources committed to funds of funds were to be paid as management costs and fees to the respective fund managers.

¹³ While this refers to the FI type, a higher number of programmes reported undertaking implementation directly as type of set up, or a body undertaking implementation task directly.

Figure 8 Overview of programme resources committed by type of FI, as of end 2022



Over EUR 3.6 billion of programme resources - or 12% of the total - was committed to FIs managed by the EIB (EUR 1.4 billion) or the EIF (EUR 2.2 billion) in 14 Member States. In RO, CY, and MT all FIs are managed by the EIB or the EIF. Six Member States contributed to the SME Initiative option under Article 39 CPR (BG, ES, FI, IT, MT, and RO) for a total of almost EUR 1.5 billion of committed programme amounts.

2.2 Payments to financial instruments

The current reporting exercise shows a substantial increase of payments to FIs. At the end of 2022, **EUR 26.1 billion** - of which EUR 20.4 billion of ERDF and CF - had been paid to FIs. OP resources paid to funds of funds over the 2014-2020 programming period were EUR 12.2 billion, while payments to specific funds under a fund of funds structure reached EUR 10.8 billion, or 88% of payments to funds of funds (85% in 2021).

ERDF and CF paid to FIs was 85% of the respective committed amount (78% in 2021). Excluding the SME Initiative, which follows a different payment schedule under Article 39(7) CPR¹⁴, the payment progress stands at 84%.

National co-financing paid to FIs was almost EUR 5.7 billion, of which EUR 4.3 billion was from public sources and EUR 1.4 billion from private sources, especially in the UK (over EUR 60 million), PL (over EUR 320 million) and Slovenia (over EUR 100 million).

Before being invested into final recipients, resources paid to financial instruments are subject to treasury management, with any gains increasing the amount available for investment. By the end of 2022, as a result of such treasury operations, FIs had accrued net gains attributable to ERDF and CF¹⁵ of about EUR 217 million. FIs to which EUR 9.3 billion of ERDF and CF 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 (EUR 9.0 billion in 2021).

¹⁴ 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.

¹⁵ Article 43 of the CPR clarifies how interest or other gains from the investment of ERDF and CF contributions to FIs should be handled.

Figure 9 ERDF and CF committed in the funding agreements and paid to FIs as of end 2022, EUR million

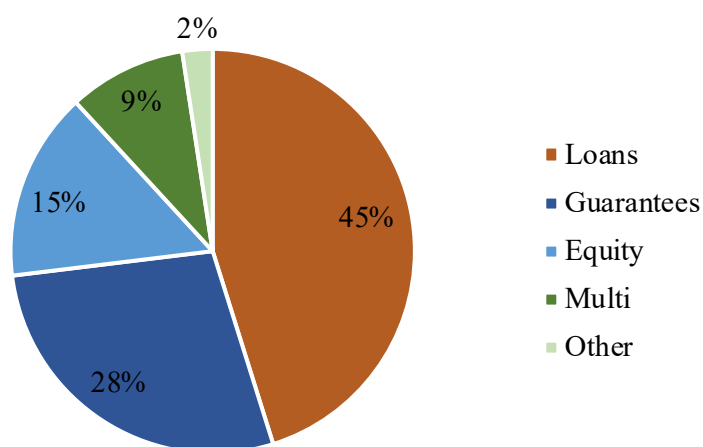
MS	OP amount committed to FI	ERDF&CF committed to FI	OP amount paid to FI	ERDF&CF paid to FI	Percentage of commitments paid (ERDF&CF)
AT	9.0	3.0	9.0	3.0	100%
BE	332.8	146.8	295.8	126.2	86%
BG	740.4	652.3	419.2	372.5	57%
CY	40.0	33.5	10.0	8.5	25%
CZ	852.4	834.1	773.1	758.7	91%
DE	1,784.9	1,154.2	1,463.1	954.9	83%
EE	145.2	100.0	82.2	69.6	70%
ES	1,861.2	1,590.8	1,680.4	1,435.4	90%
FI	41.4	20.7	41.4	20.7	100%
FR	1,561.8	739.9	1,164.5	539.4	73%
GR	3,003.3	2,382.6	2,724.3	2,165.8	91%
HR	833.6	721.1	680.0	672.5	93%
HU	2,440.3	2,400.6	2,369.3	2,116.5	88%
IT	6,681.0	5,375.3	5,705.0	4,593.2	85%
LT	583.3	583.3	559.4	559.4	96%
LV	231.6	182.2	203.9	154.8	85%
MT	44.0	41.0	43.3	40.3	98%
NL	206.4	79.6	126.1	49.6	62%
PL	4,094.6	3,513.7	3,484.5	3,068.2	87%
PT	840.1	464.0	388.1	318.7	69%
RO	364.0	346.5	328.5	316.4	91%
SE	239.6	116.9	231.9	115.5	99%
SI	401.1	299.7	401.1	299.7	100%
SK	1,415.4	1,134.9	1,091.9	873.6	77%
UK	2,225.7	977.0	1,821.1	769.2	79%
Total	30,973.1	23,893.8	26,097.1	20,402.5	85%

2.3 Products offered

Member States provided information about products offered by 1,006 specific funds¹⁶, with or without a fund of fund structure, and FIs managed directly by the managing authority. The largest amount of programme resources - EUR 13.4 billion - was committed to FIs providing loans, while EUR 8.3 and EUR 4.5 billion was committed to FIs providing guarantees and equity, respectively. Most resources of multi-product FIs were committed to provide loans and equity (EUR 1.8 billion). Compared with a year earlier, additional committed resources were reported especially for loan and guarantee FIs – EUR 0.9 and EUR 1.0 billion, respectively.

Loan FIs were especially important in HU and HR, representing well over two thirds of the respective programme amounts committed to FIs. AT and SE only provided equity or quasi-equity and MT only guarantees. The average programme amount committed ranged between EUR 20 million for equity FIs and EUR 71 million for guarantee FIs.

Figure 10 Programme amounts committed to FIs by product, as of end 2022, percent



Fifteen Member States reported other support¹⁷ combined with FIs in one FI operation based on Article 37(7) CPR. At the end of 2022, EUR 7.2 billion of programme resources was committed to FIs providing other support combined within the FI. The largest amount committed to FIs providing other support combined within the FI was in HU (over

¹⁶ Information on the products an FI offers is not provided at the level of funds of funds, but only at the level of the specific fund that makes payments to final recipients.

¹⁷ Other support combined with FIs in one FI operation is a grant support in the form of an interest rate or guarantee fee subsidy or technical support.

EUR 1.7 billion), PL (over EUR 1.3 billion) and GR (almost EUR 1.2 billion).

In most cases, other support combined within the FIs provided interest rate or guarantee fee subsidies. Technical support subsidies were provided in combination with equity in FR and loans in LT and CZ. In CZ, a loan instrument was combined with an energy audit subsidy.

2.4 Support to final recipients

By the end of 2022, all reporting Member States except CY had committed programme resources in loan and guarantee agreements or equity to final recipients.

Since the beginning of the 2014-2020 period, over **EUR 22.1 billion** of programme resources had been used to support final recipients i.e., financing either paid to final recipients or to the benefit of final recipients or set aside for guaranteed loans disbursed to final recipients. This is an increase of **EUR 3.6 billion (+19%)** compared to the programme amount used to support final recipients by the end of 2021. Over EUR 16.5 billion of ERDF and CF had been used to support final recipients by the end of 2022, i.e., 81% of ERDF and CF paid to FIs, compared to 79% as of the end of 2021.

Equity instrument for Bulgarian software company

Tokwise is a Sofia-based software company specializing in green energy portfolio optimization, backed by ERDF equity instrument. It empowers renewable producers and suppliers to excel in the energy market and bridges the gap between physical assets and complex electricity markets, centralizing renewable portfolio management and offering scalable, secure data management with embedded automation. TokWise's AI-driven SaaS trading engine employs custom proprietary models, tailored to each client's portfolio, risk profiles, and market trends.

Tokwise received investments from two Seed and Acceleration funds, structured by Bulgarian Fund of Funds FMFIB with resources from OPIC 14-20 under Priority Axis 2 "Entrepreneurship and capacity for growth of SMEs" and its investment priority 2.1 "Access to finance for supporting entrepreneurship". The received ERDF funding is EUR 164 747 under priority 2.1 "Access to finance for supporting entrepreneurship". The financial instrument is threefold: Innovation Capital Fund EUR 50 000 invested in 2020 (**EUR 41 072 ERDF**); Vitosha Venture Partners Fund – EUR 150 000 invested in 2021 (**EUR 123 786 ERDF**). Additional ERDF funding of EUR 142 524 is provided in 2023 and EUR 2.600.600 was added as private investment.

Following those investments, TokWise achieved an impressive tenfold increase in revenue and successfully entered key European markets. The company's rapid growth is set to continue with plans to increase sales and operations by 2025.

By the end of 2022, ERDF and CF disbursed to final recipients covered **69% of the respective amount committed to FIs¹⁸** (61% in 2021). The total co-financing paid to final recipients was EUR 5.6 billion, of which EUR 1.6 billion from private sources.

Figure 11 Payments to FIs, commitments and payments to final recipients¹, as of end 2022, EUR million

MS	OP amount paid to FI	ERDF&CF paid to FI	OP amounts committed to final recipients	ERDF&CF committed to final recipients	OP amounts paid to final recipients	ERDF&CF paid to final recipients	ERDF&CF disbursement rate
AT	9.0	3.0	7.8	2.6	7.8	2.585	86%
BE	295.8	126.2	321.4	122.1	288.2	119.8	95%
BG	419.2	372.5	418.7	359.1	318.3	276.0	74%
CY	10.0	8.5	-	-	-	-	0%
CZ	773.1	758.7	1,824.7	760.4	698.8	686.7	91%
DE	1,463.1	954.9	1,414.7	899.4	1,325.6	827.6	87%
EE	82.2	69.6	72.6	60.0	71.3	58.7	84%
ES	1,680.4	1,435.4	1,716.7	1,164.2	1,400.6	1,082.9	75%
FI	41.4	20.7	38.4	19.2	38.4	19.2	93%
FR	1,164.5	539.4	1,342.8	505.9	1,082.7	400.4	74%
GR	2,724.3	2,165.8	2,352.7	1,803.4	2,254.9	1,735.5	80%
HR	680.0	672.5	659.4	599.7	615.6	564.2	84%
HU	2,369.3	2,116.5	1,877.3	1,855.3	2,052.5	2,028.7	96%
IT	5,705.0	4,593.2	5,296.2	4,261.6	5,016.2	4,013.6	87%
LT	559.4	559.4	540.8	540.8	497.1	495.3	89%
LV	203.9	154.8	206.1	125.8	153.0	107.4	69%
MT	43.3	40.3	32.5	31.2	32.5	31.2	77%
NL	126.1	49.6	204.5	50.6	171.4	42.9	87%
PL	3,484.5	3,068.2	2,747.3	2,260.9	2,495.9	2,050.4	67%
PT	388.1	318.7	606.3	283.3	484.5	193.1	61%
RO	328.5	316.4	293.2	283.7	292.7	283.2	90%
SE	231.9	115.5	164.8	79.9	164.8	79.9	69%
SI	401.1	299.7	288.4	214.4	283.3	210.6	70%
SK	1,091.9	873.6	942.6	741.8	900.3	603.9	69%
UK	1,821.1	769.2	1,785.9	762.4	1,492.3	626.1	81%
Total	26,097.1	20,402.5	25,155.8	17,787.8	22,138.6	16,539.9	81%

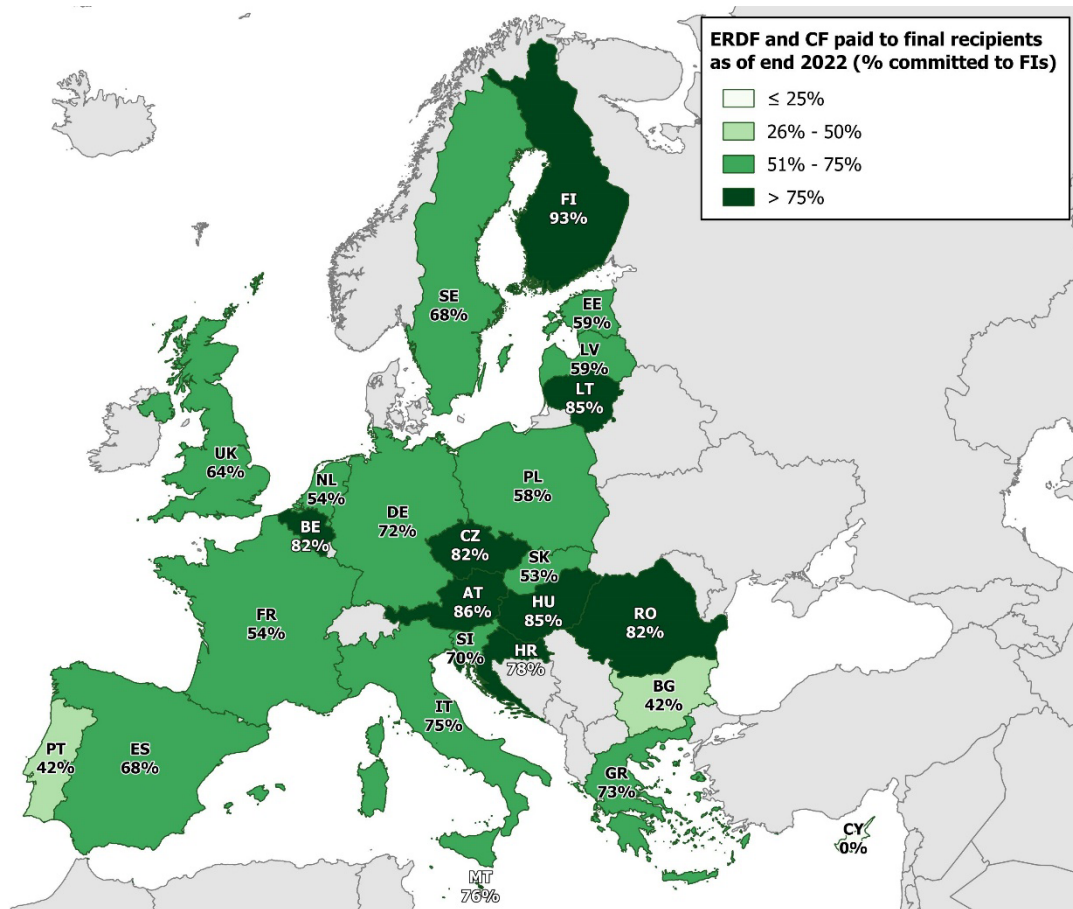
¹⁸ Programme contributions effectively paid to final recipients or, in the case of guarantee, committed for loans paid to final recipients, contribute to eligible expenditure at closure, together with other expenditure as stipulated in Article 42 CPR.

Programme resources committed and not yet paid to final recipients were EUR 3.0 billion or 12% of the amounts committed to final recipients.

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.

At the EU level, the share of ERDF and CF committed to FI that reached final recipients stood at 69%. However, there were notable differences among the Member States, as shown in Figure 12.

Figure 12 ERDF and CF paid to final recipients as of end 2022, percent of ERDF and CF committed to FIs



There has been a substantial increase in the ERDF and CF disbursed to final recipients compared with the year earlier (from EUR 13.4 to EUR 16.5 billion). IT had the largest increase, with nearly EUR 1.5 billion of additional ERDF paid to final recipients.

The increase in payments to final recipients compared to the end of 2021 was relatively modest in certain Member States, especially when considering the substantial ERDF and CF amount committed to FIs that was still to be spent as eligible expenditure (see Figure 13 and Figure 14). This was particularly the case in BG (EUR 103 million increase in payments to final recipients compared to EUR 650 million of ERDF and CF committed to FIs), ES (EUR 58 million and nearly EUR 1.6 billion), FR (EUR 80 and EUR 740 million), PL (EUR 270 million and EUR 3.5 billion), PT (EUR 36 and EUR 465 million), and SK (EUR 200 million and EUR 1.1 billion). Small increases in some other Member States are due to a faster implementation in the years before, implying that very little or no resources were left to be paid.

Figure 13 ERDF and CF paid to final recipients in 2022 as percent of ERDF and CF committed to FIs

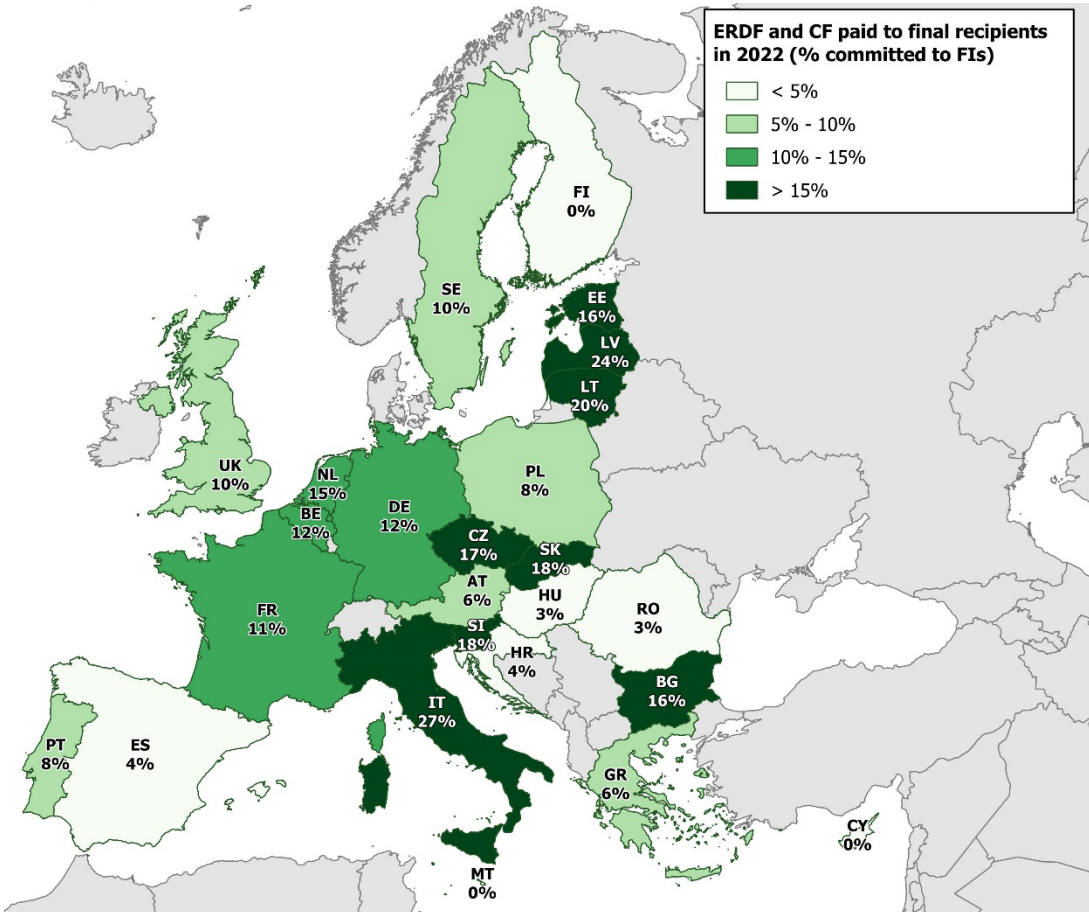
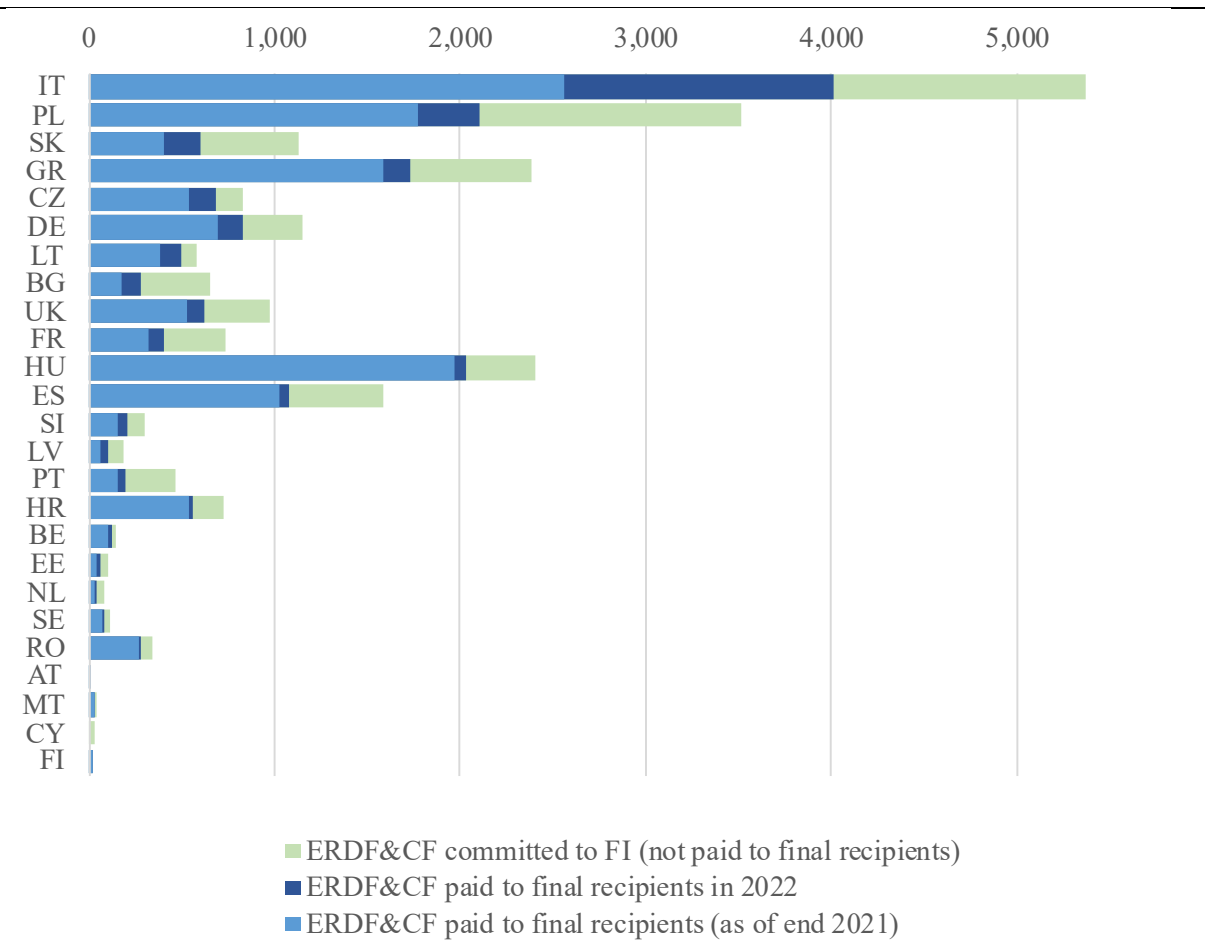


Figure 14 ERDF and CF paid to final recipients as at end 2021 and in 2022¹⁹, EUR million



As of the end of 2022, loans totalling EUR 11.2 billion and equity amounting to EUR 3.3 billion had been disbursed to final recipients. Additionally, EUR 6.9 billion was set aside for guaranteed loans that were disbursed to final recipients and EUR 600 million of other support combined within FI operations was paid to final recipients. Compared with earlier reporting i.e., data as at the end of 2021, additional EUR 1.7 billion of loans was disbursed as well as over EUR 600 million in equity. Additional EUR 1.1 billion was set aside for guarantees for disbursed loans and nearly EUR 120 million of other support combined within the FIs was paid to the benefit of final recipients.

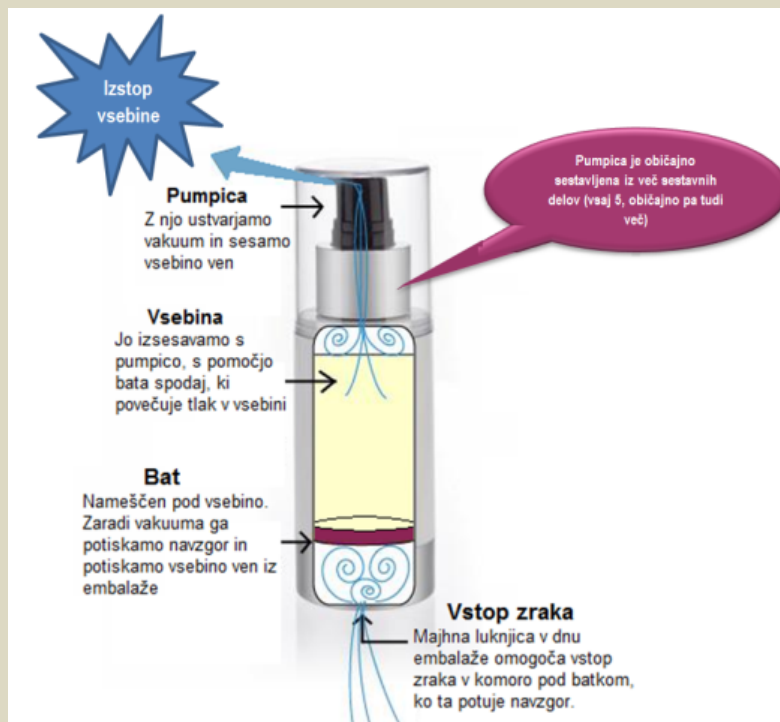
¹⁹ In the chart, ERDF&CF paid in 2022 is the difference between ERDF&CF paid as of end 2022 and 2021.

Loans to finance investments in development, research and innovation in Slovenia

Slovenia has an extensive experience with financial instruments and managed to implement large number of successful projects under EU Cohesion Policy. One of the best performing examples is the Slovenian company Plastika Virant which has received project funding in a form of a 185 625 EUR loan representing financial leverage of 37.5%. (485 625 EUR out of 495 000 EUR public investment). The company additionally contributed approximately with EUR 27 000 EUR of its own funds. The total cost of the project was 521 949 EUR.

The ERDF-funded loan supports research and innovation in the plastics industry with the aim of reducing environmental impact and waste. The company developed, innovative cosmetic packaging technology enabling complete product recycling. The product is recognised in the entire EU market due to increasing ecological awareness and compliance with legislation. Plastika Virant has invested in a solar power plant, providing up to 30% of the electricity needed for the production operations. Thanks to the purchase of high-tech machines and devices, the estimated energy savings are at least 15 to 20%.

Thanks to the funding the company have modernized the production processes, creating a more energy-efficient and environmentally friendly working environment. The project ran from 2018 and has now been completed. At this stage the final beneficiary expects up to a 15 % increase in revenue.



The average loan²⁰ was over EUR 45,000, ranging from EUR 15,000 in GR to over EUR 1.1 million in BG²¹. The average loan investment was also quite diverse across TOs, with the smallest average amount being provided under TO4 (EUR 21,000). Under TO7, EUR 30 million was disbursed as a loan in SK²². The average amount set aside for guarantees for disbursed loans was EUR 12,000, ranging from nearly EUR 7,000 in IT to over EUR 92,000 in PL²³. The average equity investment was EUR 380,000, ranging from about EUR 100,000 in FI to over EUR 2.4 million in NL.

FIs supported over 771,000^{24,25} final recipients (about 678,000 at end 2021). SMEs were the largest group with nearly 665,000, of which 502,500 qualified as microenterprises. There were 485 large enterprises supported. Most SMEs received support through guarantees (490,000), while nearly 6,650 SMEs were supported through equity investments. Supported final recipients also included over 100,000 individuals and over 5,100 other final recipients, mostly receiving loans²⁶. Compared to the end of 2021, over 72,000 additional SMEs were supported, of which more than 50,650 microenterprises. The OPs ‘Enterprises and Competitiveness’ and ‘SME Initiative’ in IT reported that over 33,000 and 9,750 more SMEs were supported respectively, compared with a year earlier.

²⁰ This analysis only considers FIs that offered a single type of financial product.

²¹ The high average amount in BG is due to loans disbursed by a FI co-financed by the OP ‘Environment’.

²² This loan, disbursed under the OP ‘Integrated Infrastructure’, purchased technical rolling stock for rail monitor/repair.

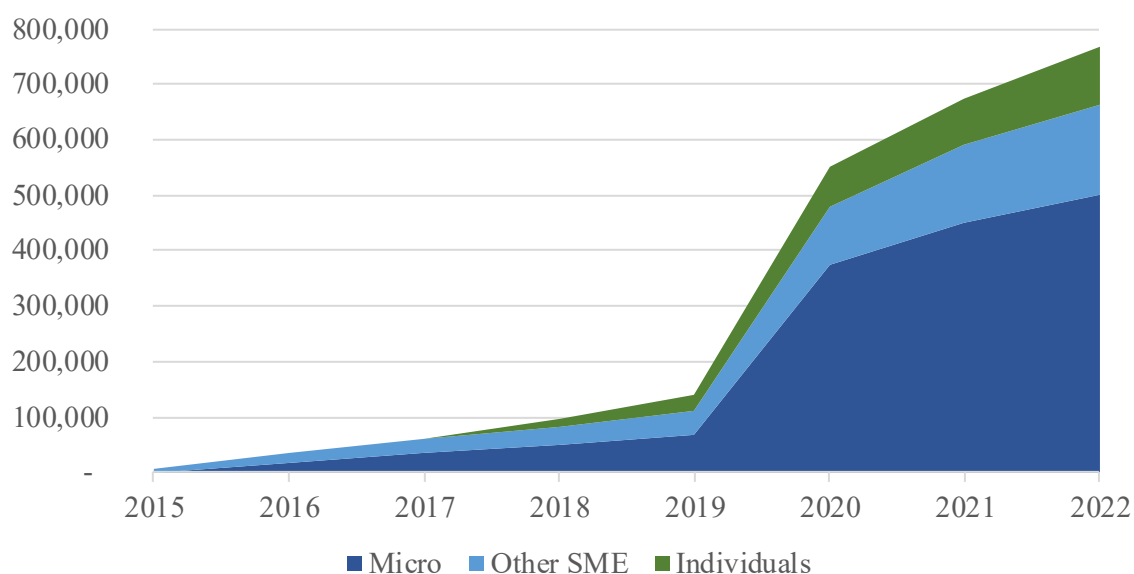
²³ With an average loan actually paid to final recipients of nearly EUR 460,000 in PL. Within PL, OP ‘Smart growth’ paid the largest loans (EUR 630,000 on average).

²⁴ Some FIs provided final recipients with different financial products or other support combined within the FI. In these cases, the reporting structure does not allow to clarify the extent to which the same final recipients received more products. For this reason, the actual number of supported final recipients may be lower than reported, with a minimum of 710,500 in the case where multiple financial products were always provided to the same final recipients. At least 637,000 SMEs and 68,000 individuals were supported.

²⁵ There were 769,000 investments made in final recipients. Investments were not reported, or no investments were reported for FIs that paid over EUR 1.1 billion of programme resources to 7,580 final recipients. The difference between the number of investments and final recipients is also due to individual investments benefiting more final recipients as well as final recipients receiving more investments.

²⁶ Data on final recipients other than SMEs is strongly influenced by support provided in a few Member States: of the individuals supported, 66,500 received loans and other support combined within the financial instrument for energy efficiency in GR and 22,600 loans for research and innovation in HU. Of the ‘Other’ final recipients, over 3,500 received loans under TO4 - mainly in LT, but also in PL and SK - and 380 under TO3 - in FR.

Figure 15 Number of final recipients supported, 2015-2022 (main types)



ERDF investment for modernisation of stators-components factory in Estonia

Interesting example combining different instruments in less traditional areas for FI implementation is the Estonian project Waldchnep OÜ factory which received ERDF finance through the financial intermediary Kredex.

The Waldchnep factory produces stators which are components for electric motors, used in industry in lifting mechanisms and for cargo handling in ports, as well as for assembling electric panels. It is the only company of its kind in Ida-Virumaa. It has been operating in the city of Narva (Ida-Viru, JTF region) for 15 years. The finished products are sent to its industry partners ABB and Konecranes for export.



The project was supported from Estonian "Operational programme for Cohesion Policy Funds 2014-2020" Priority Axe number 5 "ERDF development of SMEs and regional entrepreneurship". The aim of the funding was to increase competitiveness on export market (100% of company's production is exported). The project received

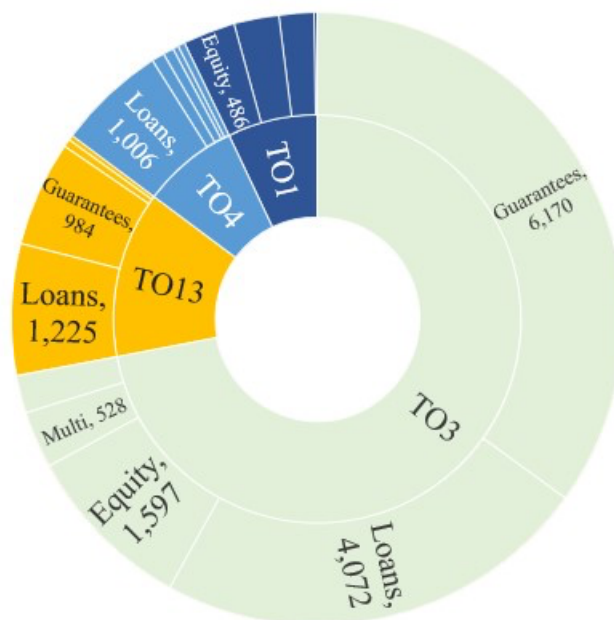
two ERDF investments in the form of a loan guarantee EUR 984 000 concluded on 06.09.2018 and an industrial loan EUR 408 000 concluded on 31.08.2018, the total investment is EUR 2 040 000. The ERDF investment was used to move production from old Kreenholm factory building to modern facilities, modernising production lines and expanding production. Currently, 120 people work in the factory.

The company's economic results are very satisfactory, despite covid negative export impact. The KredEx guarantee is now waived, and the investment loan was extended.

2.5 Thematic objectives²⁷

Overall²⁸, 23 Member States committed EUR 15.5 billion of ERDF to FIs supporting SMEs (TO3). This is followed by support to FIs implementing crisis response and crisis repair measures under REACT-EU (TO13), to which nearly EUR 2.4 billion of ERDF was committed in twelve Member States. Nearly EUR 2.0 billion each was committed to FIs supporting the low carbon economy (TO4) and R&D and innovation (TO1) in respectively 20 and 17 Member States. While the amounts committed to FIs significantly increased under TO3 (+EUR 0.6 billion, +4%) compared to the previous reporting exercise, reduced amounts committed to FIs were reported especially under TO1 (- EUR 175 million, -8%) and TO4 (- EUR 150 million, -7%).

Figure 16 ERDF and CF committed by TO and financial product²⁹, EUR million



²⁷ There is no legal obligation to report on ERDF and CF committed to FI per TO, but the SFC makes it possible for MAs to submit such information voluntarily. This information was reported for all but 15 OPs in BG, CY, CZ, DE, ES, FR, IT, PL, and the UK. In most cases where it was missing, a priority axis is clearly linked to a single TO, therefore the amounts for a given TO could be calculated based on the information provided under the priority axis. The amounts could also be derived for multi-TO priority axes when reporting under Article 46 CPR 2013 indicates a single TO for a given FI. In addition to missing amounts, ERDF and CF committed per TO by some FIs in CZ, DE, FI, FR, GR, HU, IT, LT, PL PT, RO and SK exceeded the respective amount committed to the FI, for a total of about EUR 920 million. In these cases, the amount by TO was reduced proportionally to match the respective amount that was reported to be committed to the FI. Based on these calculations, nearly EUR 23.1 billion could be classified by TO, or 98% of the ERDF and CF committed to FIs. Breakdown of committed amounts by TOs could not be derived by other data reported by the Member States for some FIs in BG, CY, DE, IT, PL, and the UK.

²⁸ The amounts do not include FIs where the managing authorities undertake implementation directly.

²⁹ Information on the product offer is not provided at the level of funds of funds, but only at the level that makes payments to final recipients.

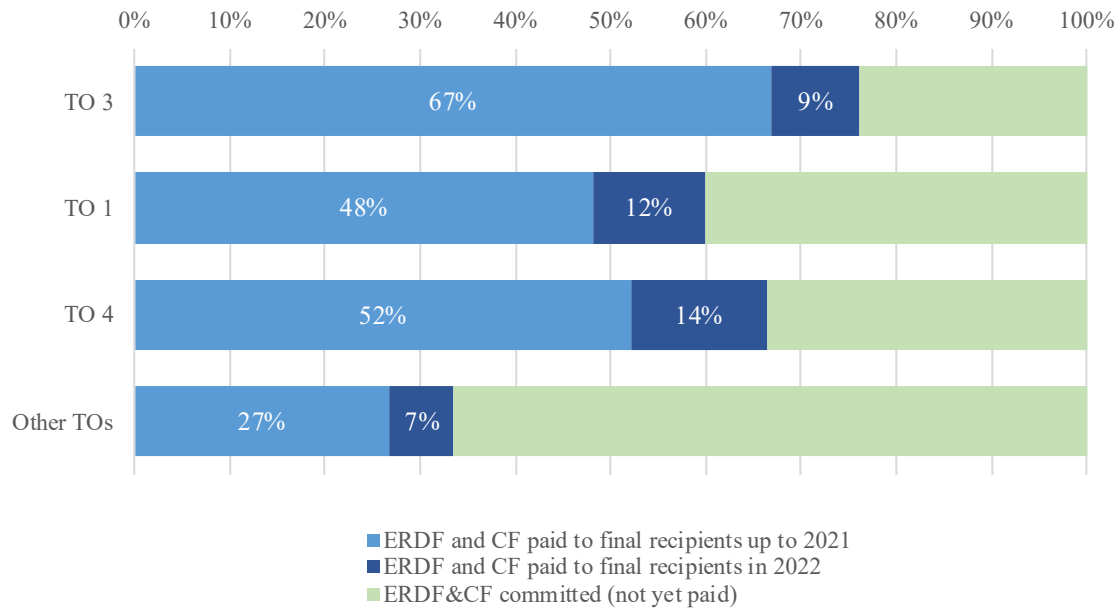
Under both TO3 and TO13, guarantees and loans were the main financial products in terms of ERDF and CF committed to the respective FIs. Under TO1, most resources were committed to provide both loans and equity, whereas loans were the main financial product under TO4.

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

- Seven Member States committed EUR 490 million of ERDF and CF for environment and resource efficiency (TO6), with the highest amount (over EUR 180 million) in BG;
- HU (over EUR 140 million), PL (EUR 160 million) and ES (almost EUR 30 million) committed nearly EUR 330 million of ERDF for ICT (TO2) FIs;
- PL committed considerable ERDF resources to social inclusion (TO9, EUR 160 million), while ES, NL, and SK also committed a more limited ERDF amount to this thematic objective;
- SK is the only Member State with resources committed to the transport sector (TO7), for a total of EUR 108 million ERDF and CF;
- Limited ERDF amounts were committed to address climate change and risk prevention and management in CZ, and employment and labour mobility in HU and SK.

Figure 17 shows that there are differences in the implementation speed of TOs up to the end of 2022. When compared to last year reporting, additional payments to final recipients as a share of ERDF and CF committed to FIs were similar across the TOs with most ERDF and CF committed to FIs i.e., TO1, TO3, TO4. Progress under the other TOs was more limited. By the end of 2022, the ERDF and CF paid to final recipients under REACT-EU was about 45% of the respective amount committed to FIs.

Figure 17 ERDF and CF amounts paid to final recipients as percentage of commitments, per TO³⁰



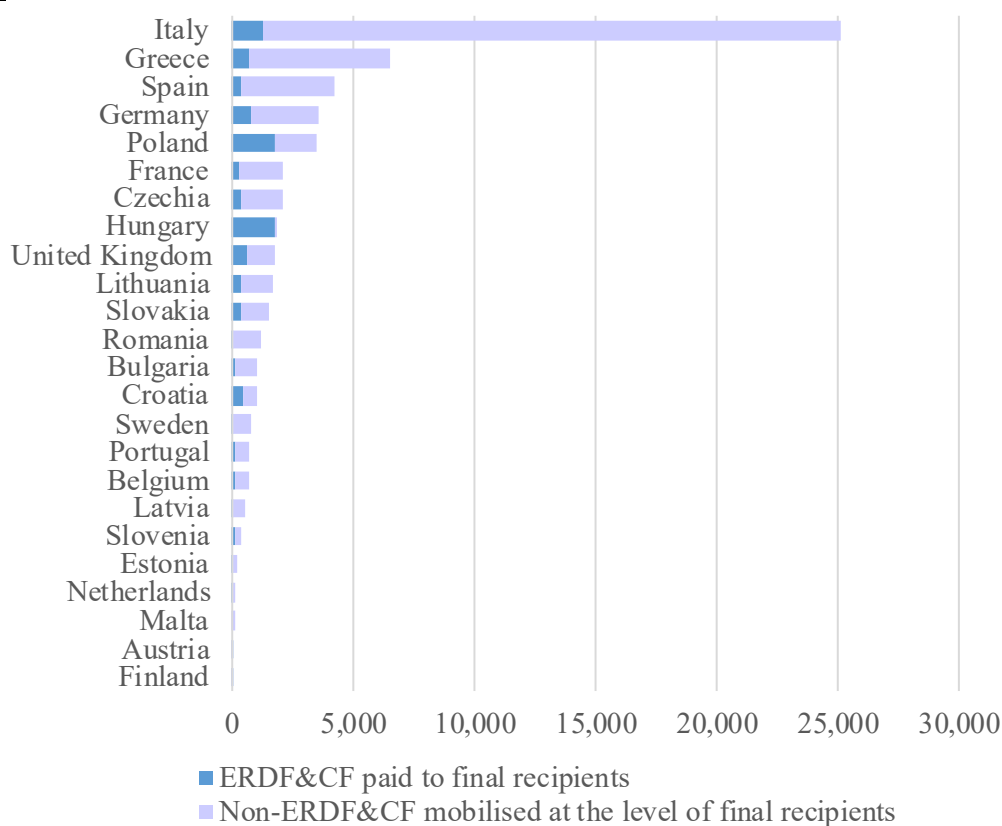
³⁰ The analysis does not consider FIs with resources committed to more TOs, accounting for about a sixth of ERDF and CF committed to FIs. Payments to final recipients or, in the case of guarantee, resources set aside for loans paid to final recipients, contribute to eligible expenditure at closure, together with other expenditure as stipulated in Article 42 CPR.

2.6 Leverage

By the end of 2022, EUR 15.8 billion of ERDF and CF paid to final recipients or set aside for guaranteed loans disbursed to final recipients mobilised **EUR 60.7 billion of financing** (loans, loans backed by guarantees supported from programme resources, and equity support or similar)³¹. This means that each euro of ERDF and CF paid to final recipients or set aside for guaranteed loans disbursed to final recipients mobilised 3.8 of financing on average. In comparison to the end of 2021, additional EUR 12.4 billion financing was disbursed to final recipients. Mobilised resources vary across the Member States, depending on their co-financing rates, the local market conditions and the financial products provided.

The largest mobilised financing was in IT (EUR 25.1 billion), GR (EUR 6.5 billion), ES (EUR 4.3 billion), DE and PL (EUR 3.5 billion each). Figure 18 provides the breakdown of reimbursable financing provided to final recipients in each Member State.

Figure 18 Amount of reimbursable financing provided to final recipients as of end 2022, EUR million³²



³¹ The calculation excludes particularly high leverage figures, as described in footnote 58.

³² In addition to loans and equity, non-ERDF and CF mobilised at the level of final recipients includes guaranteed

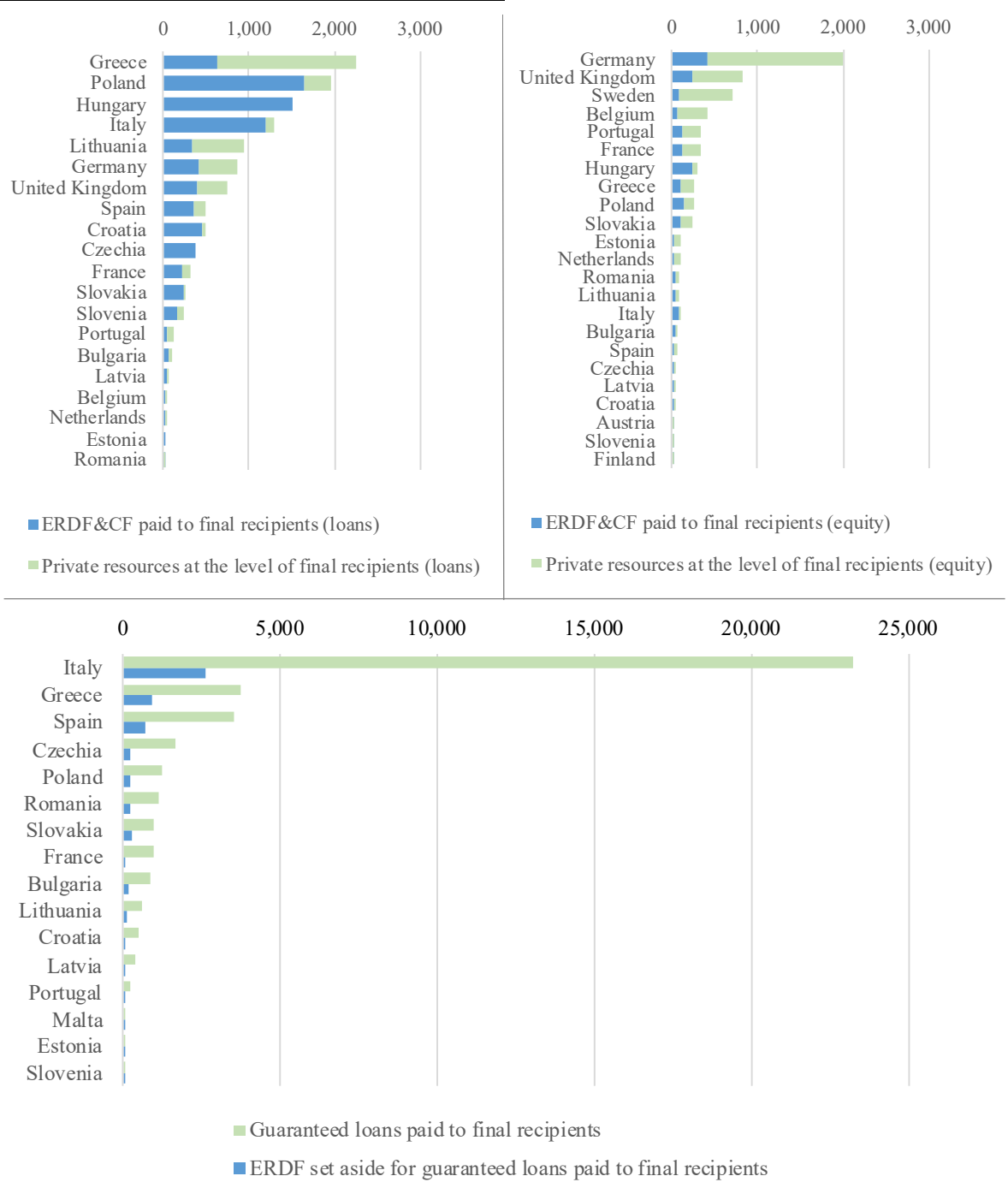
Most resources were paid as guaranteed loans, for a total of EUR 39.3 billion. In addition, EUR 4.0 billion of private contributions were mobilised at the level of final recipients through loans and over EUR 4.4 billion through equity. Private resources mobilised at the level of final recipients³³ through loans exceeded ERDF and CF paid to final recipients in six Member States, with the largest private amounts mobilised in GR (EUR 1.6 billion), LT (EUR 600 million), DE and the UK (both over EUR 350 million). In the case of equity, private resources mobilised at the level of final recipients exceeded ERDF and CF paid to final recipients in 13 Member States, with the largest private amounts mobilised in DE (EUR 1.6 billion) and the UK (EUR 585 million) and considerable amounts also mobilised in SE (EUR 635 million) and BE (EUR 340 million). Figure 19 details the private contribution mobilised at the level of final recipients by financial product and Member State.

Compared to the end of 2021, over EUR 8.9 billion of additional guaranteed loans was paid to final recipients, of which EUR 7.5 billion in IT and over EUR 400 million each in CZ and PL. Contributions mobilised at the level of final recipients increased by about EUR 470 million through loans and nearly EUR 1.1 billion through equity.

loans paid to final recipients. ERDF&CF paid does not include ERDF&CF set aside for guaranteed loans disbursed to final recipients. Guaranteed loans paid to final recipients also includes new debt finance created by the SME Initiative – see CPR Article 39(10).

³³ Including both national co-financing and non-programme resources.

Figure 19 Private resources mobilised at the level of final recipients by financial product and Member State as of end 2022, EUR million



The data to calculate achieved leverage has been provided for³⁴:

- 613 loan FIs, with a median achieved leverage of 1.3 (571 and 1.3 in 2021);
- 89 guarantee FIs, with a median achieved leverage of 5.2 (87 and 5.3 in 2021);
- 241 equity FIs, with a median achieved leverage of 2.0 (223 and 1.9 in 2021).

The ability to attract additional resources is one of the key characteristics 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 on the basis of 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.

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 benefited final recipients.

³⁴ Achieved leverage figures include FIs of which managing authorities undertake implementation directly. Particularly high leverage figures, as defined in footnote 58, are not taken in account in the calculation.

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.

2.7 Management costs and fees

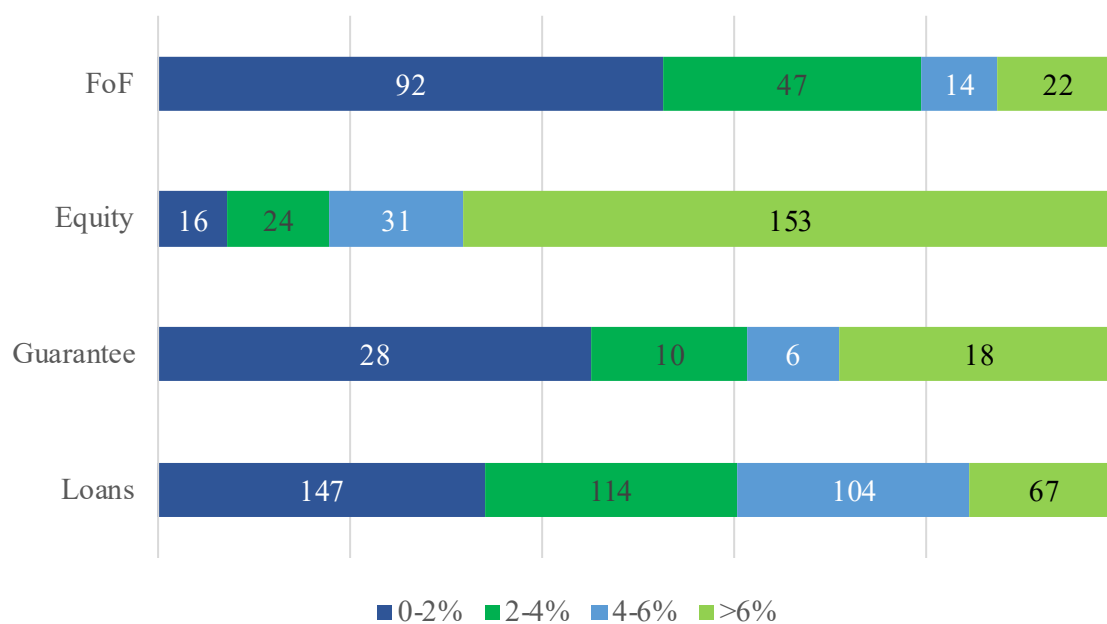
23 Member States reported that EUR 1.2 billion of MCFs had been paid to FIs by the end of 2022 using programme resources. Of the total MCFs, EUR 403 million or 33% was paid as performance-based remuneration³⁵.

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 with at least some MCFs paid, these were 2.8% and 3.8% of the programme resources committed to fund of funds and specific funds, including fund of funds specific funds, respectively (Figure 20 provides a more detailed breakdown by type of financial product). This is below the thresholds stipulated by Article 13 of Commission Delegated Regulation 480/2014. MCFs were 7.4% of the amount paid to final recipients.

³⁵ This underestimates the share of performance fees, as FIs that paid more than EUR 110 million of MCF, representing 9% of the total, did not report on the corresponding performance fee.

Figure 20 Breakdown of FIs by type of financial instrument and financial product, and MCFs paid cumulatively as a share of programme resources committed to FIs³⁶



³⁶ FIs providing more or other financial products are not included in the figure.

2.8 Amounts repaid and reinvested

By the end of 2022, resources were repaid to FIs in 21 Member States³⁷. In total EUR 3.2 billion attributable to support from ERDF and CF had been paid back (EUR 1.9 billion at the end of 2021), or 22% of the reimbursable ERDF and CF paid to final recipients.

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.

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

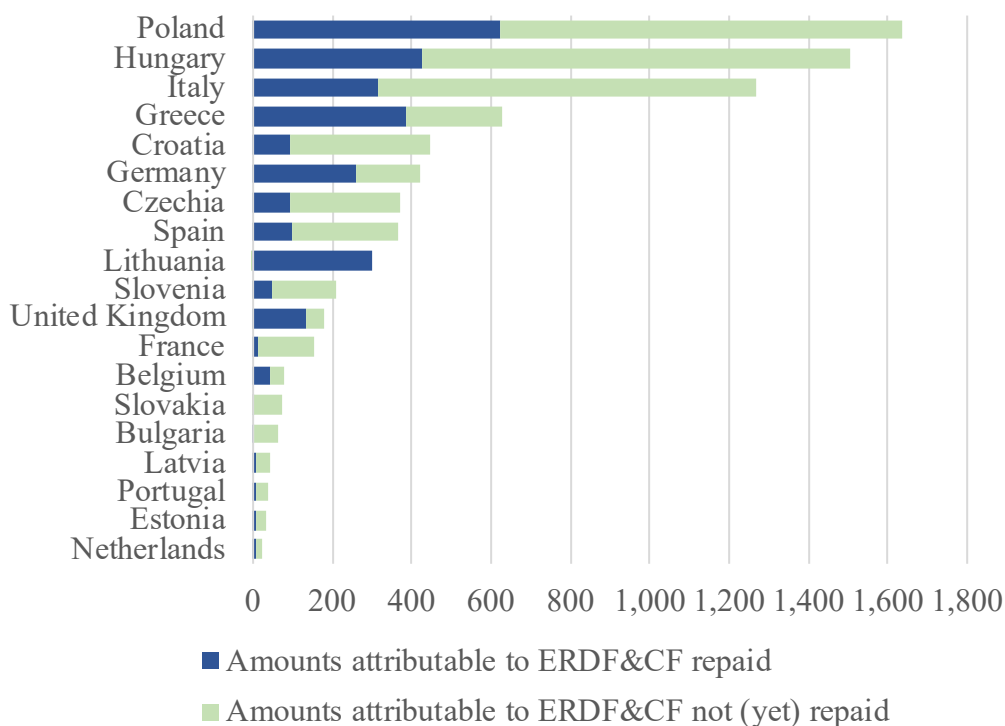
Repayments primarily consisted of capital repayments, amounting to EUR 2.8 billion. Also, the largest share of resources was repaid to financial instruments that offered loans³⁸, amounting to EUR 2.9 billion in 19 Member States. The highest repayment from loan investments was in PL (EUR 620 million), HU (EUR 425 million) and GR (over EUR 385 million). As shown in Figure 21, loan amounts attributable to ERDF and CF not

³⁷ I.e., all Member States with reimbursable ERDF&CF resources paid to FIs, except for FI, MT and RO. FIs having provided EUR 1.8 billion of ERDF and CF support to final recipients (or 11% of ERDF and CF paid to final recipients), did not report on the amounts repaid. Other FIs reported that no resources had yet been repaid, covering EUR 4.2 billion - or about a fourth - of ERDF and CF paid to final recipients.

³⁸ I.e., FIs providing loans as their only financial product or providing loans as well as other financial products.

(yet) repaid³⁹ were the highest in HU (nearly EUR 1.1 billion), PL and IT (about EUR 1.0 billion each).

Figure 21 Amounts attributable to ERDF and CF repaid by end 2022 (loan products)⁴⁰, EUR million



Of the amounts repaid to FIs and attributable to support from ERDF and CF, EUR 400 million or 14% had been reused by the end of 2022. Most of the ERDF and CF reused was in LT (EUR 205 million or 75% of the respective amount repaid). Overall, over EUR 2.4 billion or 86%⁴¹ of support attributable to ERDF and CF repaid to FI had not yet been reused, most of which in PL (EUR 600 million), HU (EUR 425 million) and GR (EUR 405 million).

³⁹ Loan amounts attributable to ERDF&CF not (yet) repaid refer to the ERDF and CF paid to the final recipients that was not returned to the financial instrument but can be expected to be partly returned at some point. It is calculated as the difference between ERDF and CF paid to final recipients and the amounts repaid to the financial instrument attributable to support from ERDF and CF.

⁴⁰ The chart only considers FIs providing loans - not necessarily as the only financial product being provided - and reporting on resources attributable to ERDF&CF being repaid (or not). LT reported that the amount repaid to FIs providing loans and attributable to support from ERDF&CF was higher than the respective ERDF&CF paid to final recipients. This could be due to gains, other earnings and yields attributable to ERDF&CF or it might indicate inaccurate information.

⁴¹ FIs to which EUR 400 million attributable to ERDF and CF was repaid (or 13% of ERDF and CF repaid), did not report on the amounts reused. FIs that did not report on reused resources are excluded from the figure.

Overall, over EUR 205 million or 4% of the loan amounts disbursed by the respective FIs was reported as defaulted⁴². There was also over EUR 205 million or 6% of the amount committed by the respective FIs for guarantees provided called due to loan defaults⁴³. 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.

2.9 Value of equity participation

At end of 2022, equity participations were valued at over EUR 2.4 billion, or 77% of the programme resources paid to final recipients by those FIs (nearly EUR 3.2 billion or 95% of total equity investments⁴⁴). The value of equity participations as a share of investment value varied widely across FIs (see Figure 22). The amount attributable to ERDF support repaid to FIs providing only equity investments was EUR 200 million or 12% of the respective ERDF paid to final recipients.

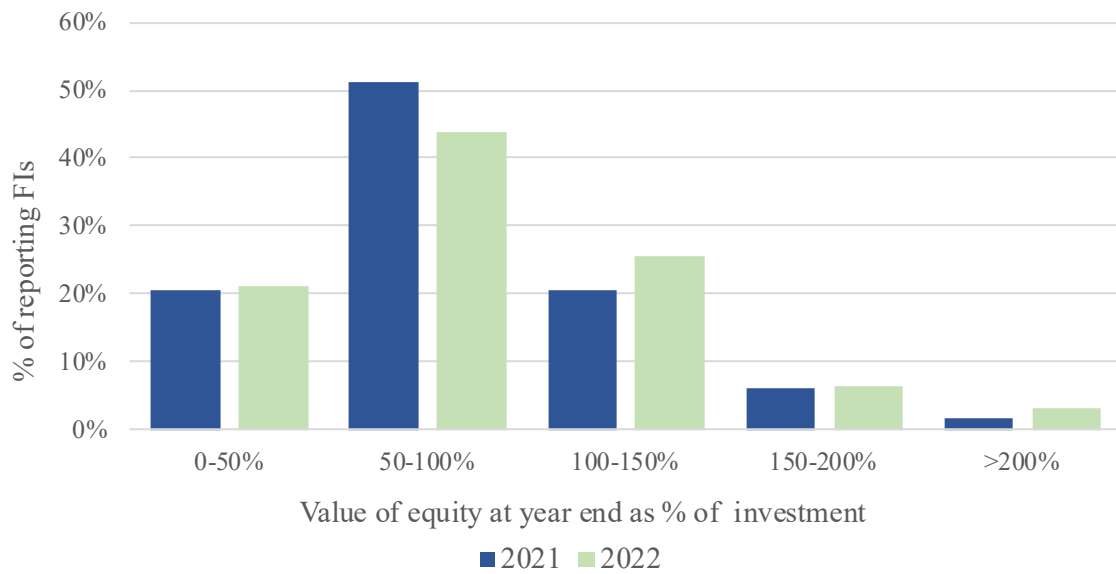
The value of equity participations in enterprises made by venture capital funds or co-investment facilities depends on the performance of the enterprises and may increase or decrease over the period of investment. Actual reflows from the capital investment will only be available with an exit, which may 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."

⁴² Default data was missing for many FIs having paid EUR 2.4 billion loans to final recipients or 21% of such OP amount. Also, FIs having paid EUR 3.2 billion in loans to final recipients, or nearly 30% of the total, reported that no loans had yet defaulted. Although it is theoretically possible that some FIs had no loans defaulted, this may indicate a lack of reporting in some cases.

⁴³ Default data was missing for over EUR 1.4 billion or 20% of the programme amount committed in guarantee for loans paid to final recipients. Also, FIs having committed EUR 2.0 billion in guarantees for loans paid to final recipients, or 29% of the total, reported that no amount committed for guarantees had been called due to loan defaults.

⁴⁴ FIs that did not report the value of their equity investments as of the end 2022 were not considered, nor FIs that reported a null value of their equity investments, as this also indicates a lack of reporting. The amount of programme resources invested in equity by these FIs was EUR 165 million or 5% of the total equity investments by the end of the reporting period, with the highest amounts in BE, ES, SK, and the UK.

Figure 22 Reporting FIs by value of equity participations as a share of investment value⁴⁵



⁴⁵ Resources repaid to the FIs attributable to ERDF support are not considered in the figure. Additionally, 12% of the FIs reported the same value for the initial investment and the equity participations, possibly indicating that an updated evaluation of the participations had still to be carried out. These FIs, represented in the '100-150%' column of the chart, made EUR 171 million of equity investments in final recipients or 5% of the total.

3. Conclusions

The data in this summary shows an increase of resources committed to FIs together with further implementation progress in 2022. Programme contributions committed to FIs increased by almost EUR 1.7 billion to reach EUR 31.0 billion, including EUR 23.9 billion from ERDF and CF. Programme resources committed increased especially in IT (over EUR 900 million of additional resources), while considerable additional resources were committed also in FR and PL (over EUR 200 million each). A total of EUR 26.1 billion (or 84%) of the programme amounts committed had been paid to FIs, including EUR 20.4 billion of ERDF and CF.

By the end of 2022, nearly EUR 25.2 billion of programme resources was committed to final recipients, of which almost EUR 17.8 billion of ERDF and CF. About EUR 22.1 billion of that committed amount had been paid to final recipients, of which EUR 16.5 billion was ERDF and CF - or 69% of the ERDF and CF committed to FIs i.e., EUR 23.9 billion (61% by the end of 2021).

The reported data indicates a notable increase of the ERDF and CF paid to final recipients. Compared to the end of 2021, this increased by 23% or over EUR 3.1 billion when compared to reported payments to final recipients as of the end of 2021. The largest increase was in IT, with nearly EUR 1.5 billion of additional ERDF paid to final recipients, while PL also reported a substantial increase i.e., over EUR 270 million.

Compared with earlier reporting i.e., data as of the end of 2021, additional EUR 1.7 billion of loans was disbursed as well as about EUR 600 million equity. Additional EUR 1.1 billion was set aside for guarantees for disbursed loans and over EUR 150 million of other support combined within the financial instruments was paid to final recipients. Notwithstanding the continued progress, there were significant differences across Member States in the pace of FIs implementation.

This reporting exercise confirms previous encouraging findings in terms of the capacity of FIs to attract additional resources. By the end of 2022, EUR 60.7 billion of reimbursable financing had been provided to final recipients, with an increase of almost

EUR 12.5 billion compared with a year earlier⁴⁶. The largest mobilised financing was in IT (over EUR 25.1 billion), GR (EUR 6.5 billion), ES (EUR 4.3 billion), DE and PL (over EUR 3.5 billion each).

Most resources were paid as guaranteed loans, for a total of EUR 39.3 billion (or additional EUR 9.0 billion as compared to the end of 2021). In addition, EUR 4.0 billion of private contributions was mobilised at the level of final recipients through loans (EUR 3.5 billion by the end of 2021) and over EUR 4.4 billion through equity (EUR 3.3 billion by the end of 2021).

Supported final recipients increased by 93,000 to reach over 771,000⁴⁷. Of these, SMEs were the largest group with nearly 665,000, of which 502,500 qualified as microenterprises. SMEs were supported mostly through guarantees (490,000). Supported final recipients also included over 100,000 individuals and over 5,100 other final recipients, mostly receiving loans.

The reported data also indicates increasing reflows as EUR 3.2 billion attributable to support from ERDF and CF had been paid back to FIs (EUR 1.9 billion by the end of 2021), mostly to FIs providing loans. This was about 22% of reimbursable ERDF and CF paid to final recipients. Of the amounts repaid to FIs and attributable to the ERDF and CF, EUR 400 million⁴⁸ or 14% was reported to have been reused.

Notwithstanding the guidance and support provided by the Commission to the Member States, gaps and inconsistencies in the data demonstrate that there is still scope for improving the quality of data reported. Some of the information has already been corrected in the versions resubmitted by the managing authorities and available on cohesion policy open data platform⁴⁹. Learning from previous reporting exercises, it is crucial to ensure the highest quality of the data in the final reports, as this will need to provide a complete and

⁴⁶ The calculation excludes particularly high leverage figures, as described in footnote 58.

⁴⁷ Some FIs provided final recipients with different financial products or other support combined within the FI. In these cases, the reporting structure does not allow to clarify the extent to which the same final recipients received more products. For this reason, the actual number of supported final recipients may be lower than reported, with a minimum of 710,500 in the case where multiple financial products were provided to the same final recipients in all cases.

⁴⁸ This is below the value reported based on data as of the end of 2020 (EUR 225 million), mainly due to LT reporting a lower figure.

⁴⁹ cohesiondata.ec.europa.eu

accurate view of FI implementation during the 2014-2020 period.

Annex 1: Methodological assumptions

ERDF and CF FI data was submitted based on the reporting model in line with Commission Implementing Regulation (EU) No 821/2014 through the SFC2014⁵⁰, as part of the annual implementation reports. Based on the initial quality checks, the Commission sent requests to MAs to re-check certain potentially inaccurate data. The complete dataset was downloaded from SFC2014 on 8 June 2023, and it has been corrected based on inputs from managing authorities which have been received by 27 July 2023.

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 Member States submitted data to the Commission, that is all Member States with indicatively planned amounts to FIs. All these Member States are implementing FIs under ERDF, while BG, CY, LT, PT, SI and SK also reported on FIs under CF.

The data covers 161 programmes or one more than last year reporting. Of these, one is only CF, five bring together CF and ERDF, 15 combine ERDF and ESF and one combines the three Funds⁵¹. The data covers 97% of ERDF and CF programmes with indicative planned allocations to FIs⁵². In 6 Member States, 36 programmes implement instruments covering multiple programmes.

Member States reported 1,195 FIs either being set up or already operational. These included 154 funds of funds, 713 specific funds under funds of funds, 326 specific funds

⁵⁰ SFC2014 ensures the electronic exchange of information concerning shared fund management between Member States and the European Commission.

⁵¹ ESF contributions to FIs are reported in the chapter on ESF and YEI.

⁵² Five OPs reported indicative planned allocations to FIs but did not report on FI implementation progress. Another six OPs reported based on Article 46 CPR but did not report on indicative planned allocations to FIs.

without funds of funds and 12 FIs directly implemented by the managing authorities⁵³.

Automatic and manual quality checks on both compulsory and optional data identified some inconsistencies⁵⁴ and potential inaccuracies, as detailed under the relevant sections of this 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 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 BG, CZ, DE, GR, IT, MT, PL, RO, and SI;
- FIs with the same name receiving contributions from more than one priority axis or more than one programme were counted as one FI;
- The dataset used to prepare the annual summaries included 14 FIs with no reported ex ante assessment completion date⁵⁵;
- Commitments and payments to final recipients were used as a proxy for commitments and payments to FIs of which managing authorities undertake implementation directly⁵⁶;
- ERDF/CF commitments/payments to FIs were used as a proxy for ERDF/CF commitments/payments to final recipients, for FIs with larger ERDF/CF commitments/payments to final recipients than to FIs. In these cases, national co-financing was increased accordingly to keep the respective programme commitments/payments to final recipients⁵⁷;
- Particularly high figures for expected and achieved leverage were not considered⁵⁸.

⁵³ 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).

⁵⁴ Inconsistencies in data series sometimes indicate that previously inaccurate information has been corrected.

⁵⁵ Three of these FIs were included only in the total count of FIs, as they did not report any further detail. The other FIs were included in the dataset as they reported signing a funding agreement.

⁵⁶ Managing authorities are not required to report this data.

⁵⁷ There were 77 FIs reporting higher ERDF/CF committed to final recipients than to FIs, for a total of EUR 1.4 billion. FIs reporting higher ERDF/CF paid to final recipients than to FIs were 161, for a total of over EUR 890 million. Where final recipients were only paid ERDF/CF, the additional national co-financing was assumed to be entirely public.

⁵⁸ 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 20 for guarantee and equity instruments, and 10 for loan instruments respectively were excluded.

ESF and YEI

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ESF and YEI

1. Executive summary

Table 3 Key figures reported by managing authorities as of the end of 2022 (financial figures in EUR million)⁵⁹

	2022	2021	Change
Number of MS reporting on FIs	11	11	-
Number of programmes reporting on FIs	31	31	-
Programme amounts committed to FIs	866	758	+108
<i>Of which ESIF</i>	<i>629</i>	<i>521</i>	<i>+108</i>
Programme amounts paid to FIs	449	371	+78
<i>Of which ESF and YEI</i>	<i>362</i>	<i>286</i>	<i>+76</i>
Programme amounts committed to final recipients	427	312	+115
<i>Of which ESF and YEI</i>	<i>308</i>	<i>210</i>	<i>+98</i>
Programme resources paid to final recipients	384	247	+137
<i>Of which ESF and YEI</i>	<i>283</i>	<i>168</i>	<i>+115</i>
<i>Of which loans or microloans</i>	<i>280</i>	<i>167</i>	<i>+113</i>
Financing (loans, guaranteed loans and equity) disbursed to final recipients⁶⁰	430	265	+165
Programme resources paid as management costs and fees	14	11	+3
Amount attributable to ESIF support paid back to FIs	57	38	+19
Final recipients supported	17,014	10,822	+6,192
<i>Of which microenterprises</i>	<i>9,239</i>	<i>5,224</i>	<i>+4,015</i>

⁵⁹ ES reported that EUR 7 million of OP resources was committed to FI with no amount committed or paid to final recipients. This FI was included in the calculations presented in this report. However, after further verification, it resulted no longer operations.

⁶⁰ This is calculated as: for loan and equity FIs, the sum of ESF/YEI paid to final recipients and non-ESIF contribution mobilised at the level of final recipients; for guarantee FIs, the total value of the guaranteed loans paid to final recipients.

1.1 Main findings and key figures

For this year reporting, managing authorities in 11 Member States reported on the progress of 31 OPs with setting up and implementing ESF and YEI co-funded FIs by the end of 2022.

Overall, 94 FIs were reported as being set up or already operational (85 in 2021). OP contributions of EUR 866 million was committed to these FIs, including EUR 629 million of ESF (see Figure 23). EUR 449 million was paid to FIs, including EUR 347 million of ESF and EUR 15 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 PL⁶¹. TO 10 ‘investing in education, training and lifelong learning’ was addressed by FIs in IT, MT, and PT, while FIs using REACT-EU⁶² resources were set up in DE. Managing authorities mainly established loan or micro-loan schemes with a few exceptions, including equity FIs in DE, PL, PT and SK, and guarantees in BG, MT, PT and SK.

FIs in all reporting Member States had committed resources to final recipients⁶³, for a total of EUR 427 million of OP resources, of which EUR 308 million of ESF. These FIs had paid EUR 384 million to final recipients, including EUR 283 million of ESF.

By the end of 2022, FIs supported 17,014 final recipients, of which 9,239 were microenterprises and 7,041 individuals⁶⁴.

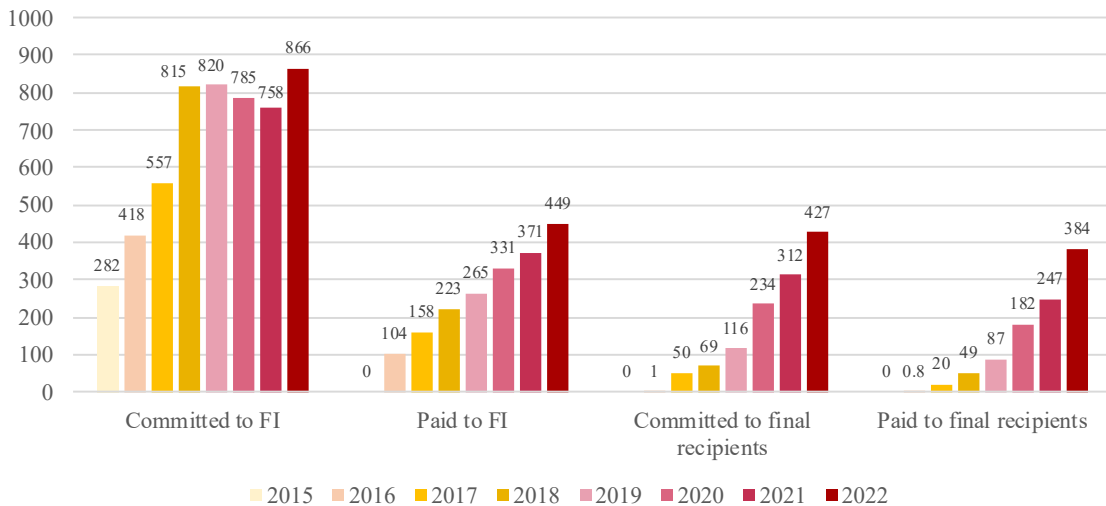
⁶¹ Member States are identified by ISO Alpha-2 code.

⁶² A bridge to the long-term recovery plan, the Recovery assistance for cohesion and the territories of Europe (REACT-EU) extended the crisis-response and crisis-repair measures delivered through the coronavirus response investment initiative (CRII) and the coronavirus response investment initiative plus (CRII+). REACT-EU is not a new funding source, but a top-up to 2014-2020 ESF - and ERDF – allocations, which can be used until end 2023.

⁶³ ES reported that EUR 7 million of OP resources was committed to FI with no amount committed or paid to final recipients. This FI was included in the calculations presented in this report. However, after further verification, it resulted no longer operations.

⁶⁴ The figures are calculated with the assumption that all the 1,560 recipients of other support combined within the FI, also received repayable support. Therefore, these recipients are not included in the total figures.

Figure 23 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 10 Member States plan⁶⁵ to commit over EUR 880 million from ESF and YEI to FIs or less than 1% of the ESF and YEI allocations. Figure 24 highlights the variations between Member States, with the highest percentage allocations planned in LT, DE, and RO.

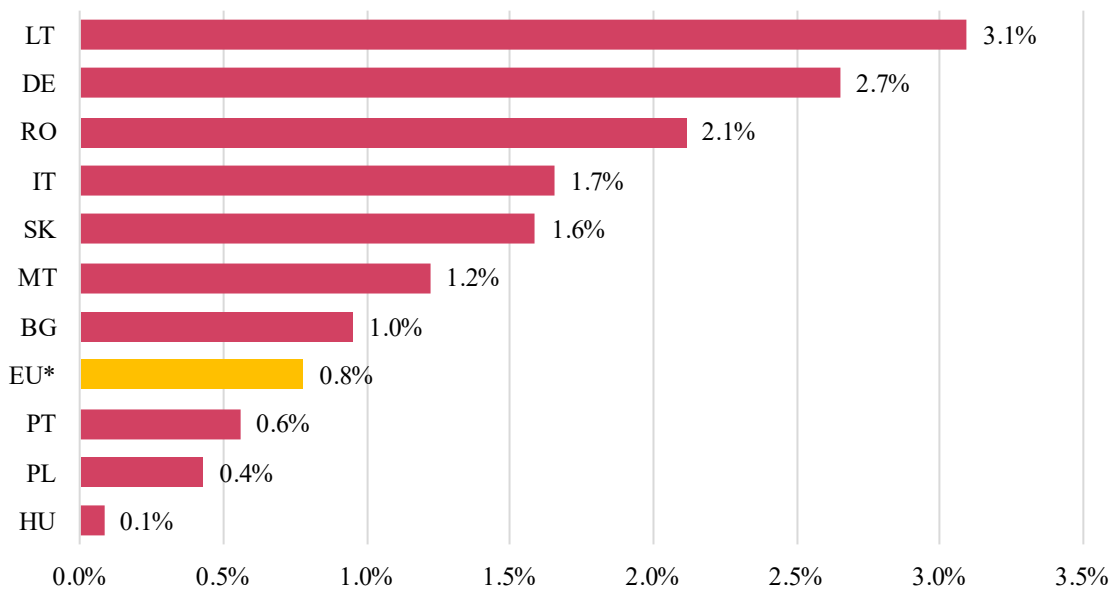
Article 96(2)(b)(vi) CPR requires OPs to set out, for each priority axis other than technical assistance, the corresponding categories of intervention and an indicative breakdown of the programmed resources. Nomenclature for the categories of intervention are provided in Annex I of CIR No 215/2014, including codes for the forms of finance. On this basis, managing authorities include indicative amounts planned for FIs in their programmes. These are subject to variation during the programming period, including based on mandatory ex-ante assessments, which may recommend different allocations or not to proceed with FIs.

⁶⁵ Planned amounts are subject to variation during the programming period. Additionally, planned allocations in the programmes should also be considered in the context of mandatory ex-ante assessments, which may recommend corrections in allocations or not to proceed with FIs.

The reported data indicates that, in comparison to the previous reporting exercise, the planned ESF and YEI allocations to FIs remained unchanged across all Member States. The main exception was HU, where there was a reduction of the planned amount of EUR 21 million. Additionally, there were minor reductions, each less than EUR 5 million, in both PL and IT.

The data in this summary also shows that a considerable difference remains in some Member States between the indicative planned amounts and the resources committed to FIs⁶⁶ by the end of 2022. According to the indicative plans, over EUR 270 million of ESF and YEI had not been committed to FIs, or 31% of the total. The highest planned amount that was not committed to FIs was in IT (EUR 145 million) and RO (EUR 109 million). While these differences might be a sign of delay, it is more probable that the planned amounts for FIs have not yet been decreased in the submitted programme amendments.

Figure 24 Share of ESF and YEI 2014-2020 allocations to FI per country, end 2022⁶⁷



* EU share refers to all Member States

⁶⁶ Indicative planned amounts refer to resources programmed for FIs as set out based on Article 96(2)(b)(vi) CPR. Resources committed to FIs refers to data transmitted by managing authorities according to Article 46 CPR.

⁶⁷ Only Member States reporting on indicative planned amounts for FIs based on Article 96(2)(b)(vi) CPR are included in the chart.

Overall, ESF and YEI commitments and disbursements to final recipients showed a modest increase when compared with the corresponding amount committed to the FI.

While Member States reported that over EUR 14 million of management costs and fees had been paid from OP resources, accrued interest and gains from treasury management attributable to ESF totalled almost EUR 13 million. Additionally, almost EUR 57 million had been repaid to FIs that was attributable to support from ESF, or 20% of the ESF amount paid to final recipients.

ESF and YEI FIs showed a limited capacity to attract additional finance. While this is in line with managing authority expectations, it also reflects the risks involved in financing the type of final recipients supported by these FIs, which makes it harder to attract investors. Overall, EUR 14 million of private resources were mobilised by loan FIs and EUR 49 million through equity FI, most of which in PL, and DE and SK respectively. The amount of loans actually paid to final recipients that were guaranteed with the programme resources was nearly EUR 31 million.

Figure 25 FI implementation progress by Member State, end 2022 (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	15,000,910	7,410,011	93,967	7,611,930	7,450,348
CZ	1	12,397,643	6,022,818	-	5,072,757	3,141,494
DE	2	221,895,306	129,729,912	-	108,671,938	112,803,662
ES ⁶⁸	1	3,500,000	900,000	-	-	-
HU	1	3,480,877	2,849,065	-	3,263,298	2,849,065
IT	8	188,275,382	83,138,763	14,712,363	82,724,238	68,015,741
LT	1	24,546,803	24,546,803	-	23,222,806	23,222,806
MT	1	3,600,000	3,600,000	-	2,426,411	1,528,512
PL	12	61,640,296	56,457,160	-	44,181,848	43,909,448
PT	2	45,000,000	20,000,000	-	9,585,571	8,976,055
SK	1	49,725,000	12,431,250	-	21,390,177	11,475,203
EU	31	629,062,217	347,085,782	14,806,330	308,150,974	283,372,333

⁶⁸ ES reported that EUR 7 million of OP resources was committed to FI with no amount committed or paid to final recipients. This FI was included in the calculations presented in this report. However, after further verification, it resulted no longer operations.

2. Reporting exercise 2022

Data were submitted based on the reporting template prepared by the Commission and submitted through the SFC2014⁶⁹ 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 this reporting period, which refers to the end of 2022, eleven Member States using FIs under ESF submitted data to the Commission. BG and IT also reported co-financing FIs using both ESF and YEI. Out of the 31 OPs that had allocated funds for FIs, of which 27 of these reported FI data in accordance with Article 46 CPR⁷⁰. There were also four 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-programme FI implemented through a specific fund structure ('Fondo Rotativo Nazionale SELFIEmployment').

The complete set of data up to 31 December 2022 was downloaded from SFC2014 on 27 July 2023. Automatic and manual quality checks on both compulsory and optional data identified some inconsistencies 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.

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.

⁶⁹ SFC2014's main function is the electronic exchange of information concerning funds in shared management between Member States and the European Commission.

⁷⁰ OPs reporting based on Article 46 CPR were: 2014BG05M9OP001, 2014CZ05M9OP001, 2014DE05SFOP002, 2014DE05SFOP012, 2014ES05SFOP020, 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.

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

Member States reported on 94 FIs as at the end of 2022. Of these, 20 were funds of funds, 17 were specific funds without a fund of fund and 57 were specific funds under a fund of funds structure. PL reported the most FIs (51), followed by IT (12).

Figure 26 Overview of implementation by Member State, end 2022 (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	-	4	2	6
CZ	-	1	-	1	1
DE	-	4	-	4	4
ES ⁷¹	1	-	-	1	1
HU	1	-	4	1	5
IT	1	9	2	10	12
LT	1	-	1	1	2
MT	-	1	-	1	1
PL	12	1	38	13	51
PT	1	1	2	2	4
SK	1	-	6	1	7
EU	20	17	57	37	94

Comprehensive reporting requirements allow Member States 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 2022, ex-ante assessments had been completed for all 37 funds of funds or specific funds without a fund of funds structure. Managing authorities had signed funding agreements with all 94 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.

⁷¹ ES reported that EUR 7 million of OP resources was committed to FI with no amount committed or paid to final recipients. This FI was included in the calculations presented in this report. However, after further verification, it resulted no longer operations.

3.1 Amounts committed and paid to FIs

At the end of 2022, 11 Member States had committed EUR 866 million of OP contributions to FIs in funding agreements, including EUR 629 million of ESF (Figure 28). Most OP resources were committed to FIs in IT (EUR 308 million) and DE (EUR 289 million). Compared to the end of 2021, OP amount committed to FI increased considerably in DE (EUR 118 million). Overall, EUR 104 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 4 million). This is 12% of the programme resources committed to FIs.

Managing authorities in all reporting Member States except CZ, DE and MT committed resources to funds of funds, for a total of EUR 334 million of OP resources including EUR 268 million ESF. About 57 million of OP resources had not been committed to specific funds within the funds of funds structure⁷², especially in PT (EUR 31 million). Ten funds of funds committed less than EUR 5 million each, all in PL except one in HU.

Figure 27 OP amounts committed to funds of funds per Member State (EUR million)⁷³



Subsequent payments had been made to each of the FIs where managing authorities had committed programme contributions in funding agreements. OP resources of EUR 449 million were paid to

⁷² Part of this amount can serve as compensation for the fund of funds managers.
⁷³ ES reported that EUR 7 million of OP resources was committed to FI with no amount committed or paid to final recipients. This FI was included in the calculations presented in this report. However, after further verification, it resulted no longer operations.

FIs, including EUR 347 million ESF and EUR 15 million YEI. National co-financing of FIs was EUR 102 million⁷⁴, of which EUR 93 million was from public resources and EUR 9 million from private sources. Private co-financing was reported by 12 FIs in LT and PL.

Figure 28 Amounts committed in the funding agreements and paid to FIs, end 2022 (EUR)

MS	OP amount committed to FI	ESF committed to FI	OP amount paid to FI	of which ESF	of which YEI
BG	17,639,840	15,000,910	8,725,954	7,410,011	93,967
CZ	15,984,069	12,397,643	7,765,116	6,022,818	-
DE	288,514,306	221,895,306	165,980,612	129,729,912	-
ES ⁷³	7,000,000	3,500,000	1,800,000	900,000	-
HU	3,664,081	3,480,877	2,999,015	2,849,065	-
IT	307,690,006	188,275,382	126,769,272	83,138,763	14,712,363
LT	27,644,589	24,546,803	27,578,634	24,546,803	-
MT	4,500,000	3,600,000	4,500,000	3,600,000	-
PL	72,610,518	61,640,296	65,153,620	56,457,160	-
PT	62,291,319	45,000,000	23,529,412	20,000,000	-
SK	58,500,000	49,725,000	14,625,000	12,431,250	-
EU	866,038,728	629,062,217	449,426,634	347,085,782	14,806,330

3.2 Support to final recipients

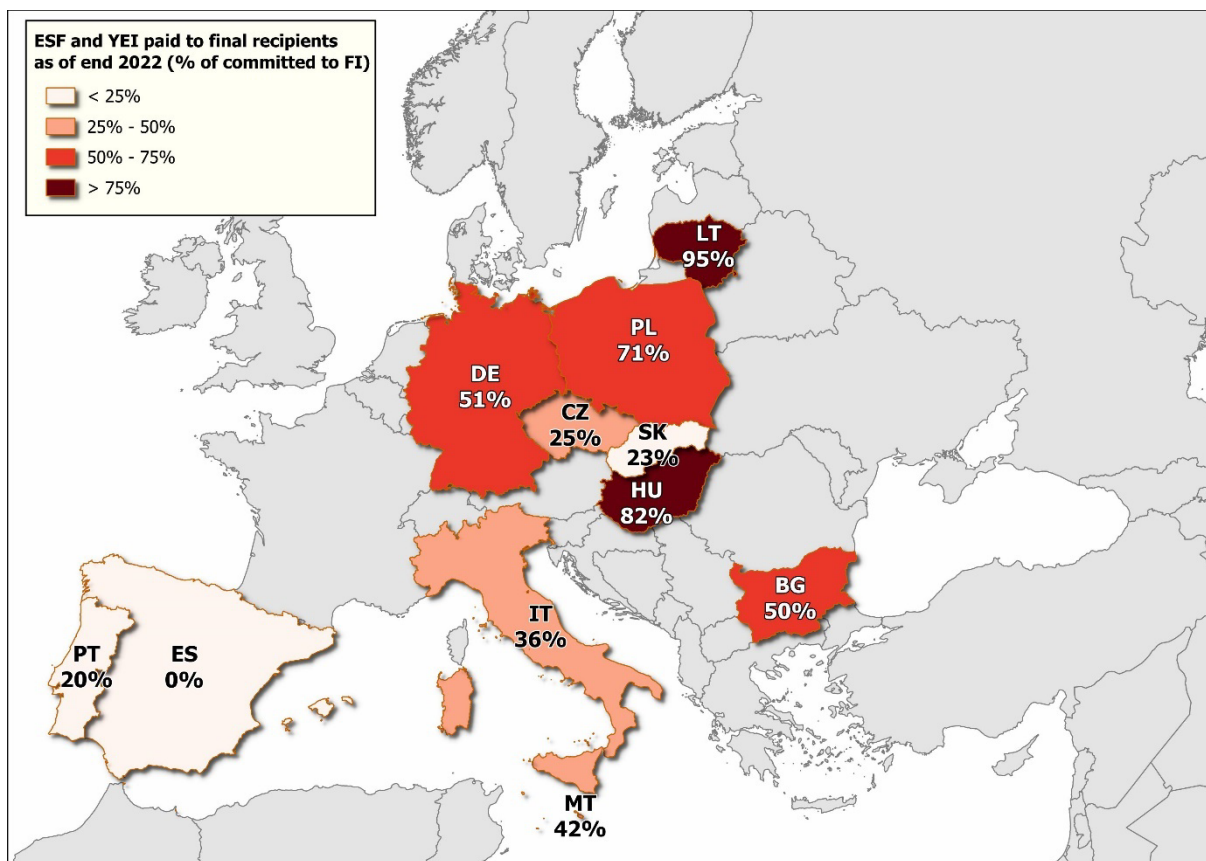
By the end of 2022, 67 FIs in ten⁷⁵ Member States had committed EUR 427 million to final recipients, including EUR 308 million of ESIF. There were 18,259 contracts signed, each committing over EUR 23,000 of OP resources on average.

Each of these FIs had also made payments to final recipients, totalling EUR 384 million of OP resources, of which EUR 283 million was ESIF. Overall, ESF and YEI paid to final recipients was 45% of the respective amount committed to FIs, with large differences between Member States (see Figure 29). National co-financing of EUR 84 million was paid from both public and private sources).

Figure 29 ESF and YEI paid to final recipients as of end 2022, percent of ESF and YEI committed to FI⁷⁵

⁷⁴ Payments from ESF, YEI and national resources were reported to exceed OP amounts paid to one FI in IT.

⁷⁵ ES reported that EUR 7 million of OP resources was committed to FI with no amount committed or paid to final recipients. This FI was included in the calculations presented in this report. However, after further verification, it resulted no longer operations.



There were 15,155 investments, which paid over EUR 21,000 of OP resources on average, with the highest average investment⁷⁶ in DE (around EUR 25,000) and the lowest in MT (about EUR 4,000 set aside for guaranteed loans under TO10).

Programme resources paid to final recipients increased by EUR 137 million since the end of 2021, of which EUR 116 million was ESF and YEI, or 18% of ESF and YEI committed to FI. The highest increase reported in DE (EUR 75 million of programme resources) and IT (EUR 34 million).

⁷⁶ This only considers FIs reporting on both payments to final recipients and the respective number of investments.

Figure 30 Payments to FIs, commitments and payments to final recipients, end 2022 (EUR)⁷⁷

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	8,725,954	7,410,011	93,967	8,947,774	7,611,930	8,757,678	7,450,348
CZ	7,765,116	6,022,818	-	5,072,757	5,072,757	4,050,274	3,141,494
DE	165,980,612	129,729,912	-	137,929,184	108,671,938	141,377,175	112,803,662
ES	1,800,000	900,000	-	-	-	-	-
HU	2,999,015	2,849,065	-	3,435,050	3,263,298	2,999,015	2,849,065
IT	126,769,272	83,138,763	14,712,363	145,765,431	82,724,238	114,863,106	68,015,741
LT	27,578,634	24,546,803	-	26,274,427	23,222,806	26,254,637	23,222,806
MT	4,500,000	3,600,000	-	3,033,013	2,426,411	1,910,640	1,528,512
PL	65,153,620	56,457,160	-	54,144,916	44,181,848	53,441,171	43,909,448
PT	23,529,412	20,000,000	-	17,290,780	9,585,571	16,724,863	8,976,055
SK	14,625,000	12,431,250	-	25,164,914	21,390,177	13,500,239	11,475,203
EU	449,426,634	347,085,782	14,806,330	427,058,246	308,150,974	383,878,797	283,372,333

The vast majority of FIs⁷⁸ provided loans or micro-loans, for a total of EUR 280 million. FIs only providing micro-loans paid EUR 150 million to final recipients in BG, DE, IT, LT and PL. This included EUR 60 million disbursed by the FI ‘Mikrokreditfonds Deutschland’ under REACT-EU. Guarantees were provided in BG, MT, PT and SK, and equity in DE, PL, PT and SK.

Overall, 22 FIs in CZ, DE, IT, MT, PL, PT and SK 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 2022, these FIs paid over EUR 45 million of OPs resources to final recipients and only a tiny amount of support combined within the FI i.e., in one operation. CPR rules for the 2021-2027 programming period extend the combination options and allow disbursement of the combined support directly to final recipients. This will make it easier for managing authorities to expand the reach of FI support through such combinations.

⁷⁷ Payments from ESF, YEI and national resources were reported to exceed OP amounts paid to one FI in IT. ES reported that EUR 7 million of OP resources was committed to FI with no amount committed or paid to final recipients. This FI was included in the calculations presented in this report. However, after further verification, it resulted no longer operations.

⁷⁸ 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.

3.3 Final recipients supported

As at the end of 2022, FIs supported 17,014 final recipients⁷⁹, of which 9,239 were microenterprises and 7,041 individuals (Figure 31). Out of every ten SMEs that received support, over nine were microenterprises. With regard to financial products, approximately eight out of every ten final recipients received loans.

Figure 31 Number and type of final recipients supported by product, end 2022

Product	Large enterprises	SMEs	of which microenterprises	Individuals	Other	Total
Loans	-	8,278	7,741	5,283	1	13,562
Guarantees	-	89	88	1,758	-	1,847
Equity	12	1,592	1,410	-	1	1,605
Total	12	9,959	9,239	7,041	2	17,014

FI support focused on SMEs in BG, CZ, DE, HU, LT, and PL, while IT, MT and PT mainly supported individuals. Large enterprises are only supported by SK.

Figure 32 Number of final recipients supported by Member State, end 2022

Member State	BG	CZ	DE	HU	IT	LT	MT	PL	PT	SK	Total
Number of final recipients	707	24	4,916	150	5,918	1,500	418	2,008	1,352	21	17,014

3.4 Management costs and fees

Member States reported over EUR 14 million of management costs and fees paid from OP resources. Of these, EUR 7.7 million or 54% 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

⁷⁹ The figures are calculated with the assumption that all the 1,560 recipients of other support combined within the FI, also received repayable support. Therefore, these recipients are not included in the total figures. In addition, although resources were paid to final recipients by OP ESF Sachsen, the programme reported that no final recipients were supported.

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 2022 were paid over EUR 200 million of OP resources, most of which in DE and IT.

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

By the end of 2022, accrued interest and gains attributable to ESF totalled almost EUR 13 million. FIs that received EUR 13 million in payments from OP resources did not report on interest and gains attributable to ESF. FIs having been paid over EUR 73 million of OP resources reported no interest and gains generated by ESF payments.

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.

As at the end of 2022, 54 FIs reported that almost EUR 57 million had been returned which was attributable to support from ESF⁸⁰, or 20% of the ESF amount paid to final recipients. Most of the reflows attributable to support from ESF were in PL (EUR 20 million) and LT (almost EUR 16 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 at the moment of 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 2022, DE, PL, PT and SK had made equity investments in final recipients. Investments were by far the largest in DE (almost EUR 65 million or 70% of the total). Overall, the value of equity participations was EUR 66 million or over two thirds of the respective amount invested. SK reported the same value for the investment and the equity participations, possibly indicating that an updated evaluation of the participations had still to be carried out.

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, nearly EUR 789 million of

⁸⁰ Mikromezzaninfonds under the OP 'ESF Bund Deutschland 2014-2020' reported that about EUR 2 million was repaid to FI attributable to support from ESF and almost EUR 14 million of ESF reused, which is likely inaccurate.

OP resources was committed to FIs reporting on expected leverage. Achieved leverage figures could also be calculated for FIs to which over EUR 762 million of OP resources was committed⁸¹.

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 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 0.83 and 2.4, with the typical i.e., median value being 1.2. Achieved leverage for loan FIs showed a similar range and typical value, showing that FI capacity to mobilise additional finance was aligned with initial managing authority expectations.

⁸¹ The loan FI ‘Fondo Microcredito FSE’, set-up under the OP ‘Sardegna FSE’ in IT, was excluded from the analysis, as its reported achieved leverage of above 20 was considered to be possibly inaccurate.

Loan FIs mobilised EUR 14 million of private resources at the level of the final recipients, mostly in PL.

Expected leverage was also reported for eight guarantee FIs, ranging from 2.0 to 7.8, and seven equity FIs (between 1.1 and 2). Achieved leverage could be calculated for some of these FIs - five guarantee FIs, ranging from 5.5 to 14.5, and five equity FIs (between 1.0 and 2.2). Overall, EUR 5.5 million was set aside for over EUR 30 million of guaranteed loans paid to final recipients in BG, MT, PT and SK. Equity FIs mobilised about EUR 49 million of private resources at the level of the final recipients, mostly in DE and SK.

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 74 specific funds, under or without a fund of funds, 22 reported on contribution to the priority axis using common indicators. These FIs supported 1,346 unemployed people, including long-term unemployed (CO01), or 5% of their 24,795 target, and 2,808 inactive people (CO03) of the 3,720 targeted (75%). These FIs also supported 142 employed, including self-employed (CO05) or 4% of the respective target (3,782). In addition, 11 participants (0.4% of target) with primary or lower secondary education (ISCED 1 and 2), 1,058 participants (41% of target) with secondary or post-secondary education (ISCED 3 and 4) and 1,750 participants (36% of target) with tertiary education (ISCED 5 to 8) were supported.

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.

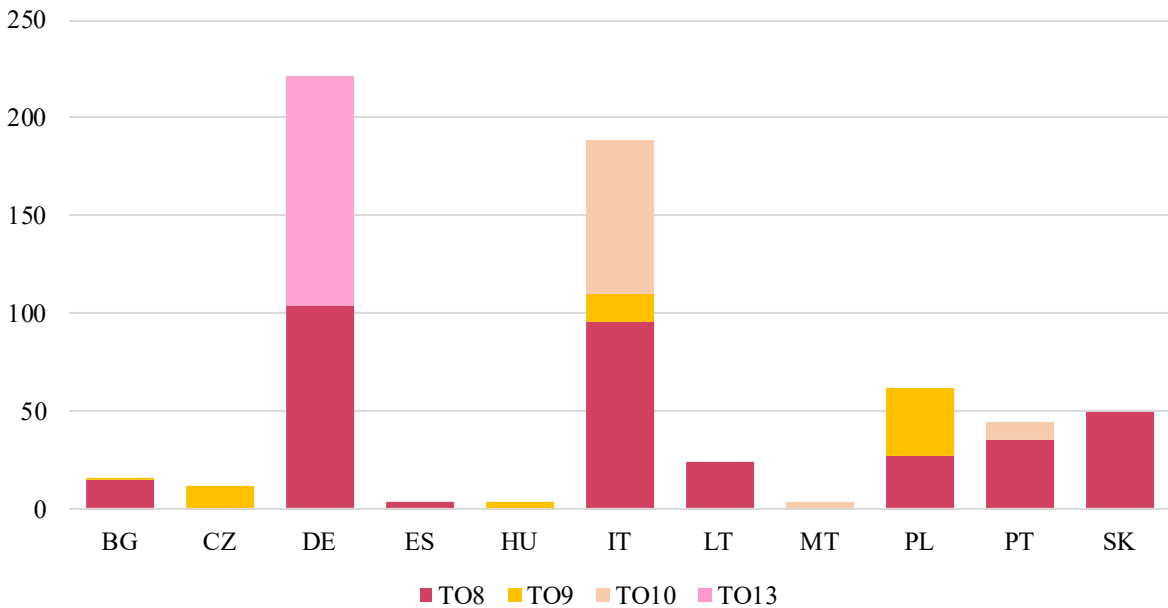
Overall, 184 SMEs (including cooperative and social economy enterprises) were supported (CO23), or 4% of the respective target (4,517). The reported achieved value was only a tiny fraction of the supported SMEs (see section 3.3). In addition to optional reporting, this can also be attributable to approaches used by managing authorities to report on indicators e.g., reporting on indicators only at a later stage of FI implementation, as well as potentially due to some FIs not using 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.

Approximately EUR 354 million, which accounts for more than half of ESF committed to FIs, was for TO8, while EUR 91 million and EUR 65 million was committed for TO10 and TO9. The highest ESF resources committed to TO10 and TO9 were in IT and PL respectively (see Figure 33). About EUR 118 million was committed to FIs using REACT-EU resources in DE (TO13).

Figure 33 ESF amounts committed per TO and Member State, end 2022 (EUR million)⁸²



In terms of disbursement of ESIF resources by the end of 2022, TO13 had the highest rate with EUR 67 million paid to final recipients, accounting for 57% of the committed resources. TO9 was following closely, with EUR 33 million disbursed to final recipients, equivalent to 50% of the committed resources. FIs under TO8 disbursed 40% of their ESF and YEI commitments, totaling EUR 143 million out of the EUR 354 million committed. Similarly, FIs addressing TO10 disbursed EUR 40 million of ESIF resources to final recipients, representing 44% of the respective committed amount.

⁸² ES reported that EUR 7 million of OP resources was committed to FI with no amount committed or paid to final recipients. This FI was included in the calculations presented in this report. However, after further verification, it resulted no longer operations.

5. Conclusions

By the end of 2022, EUR 866 million of OP resources was committed to FIs, of which EUR 629 million was 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 880 million). Indicatively planned resources exceeded ESF and YEI committed amounts especially in IT and RO.

Overall, OP amounts committed to FIs increased by EUR 108 million compared to the latest reporting exercise, with a considerable increase in DE (EUR 118 million) and minor reductions in PL and BG. Of the committed resources, EUR 449 million was paid to FIs, including EUR 347 million of ESF and 15 million of YEI.

ESF and YEI paid to final recipients was 45% of the respective amount committed to FIs, with a modest increase compared to the previous reporting exercise (32% as of the end of 2021) and large differences between Member States. Progress with payments to final recipients was limited - less than 30% of ESF committed to financial instruments - in CZ, PT and SK.

Member States indicated that management costs and fees amounting to over EUR 14 million were disbursed from OP resources. At the same time, accrued interest and gains from treasury management attributable to ESF reached EUR 13 million. Furthermore, approximately EUR 57 million was repaid to FIs which was attributable to support from ESF, representing 20% of ESF paid to final recipients.

Information reported on leverage indicates a limited capacity of ESF and YEI contributions to mobilise additional finance. While this is in line with managing authority expectations, it also reflects the risks involved in financing the type of final recipients supported by these FIs, such as unemployed people. In addition, a small average investment size implies higher transaction costs, which makes it harder to attract investors. Overall, EUR 14 million of private resources were mobilised by loan FIs at the level of the final recipients and EUR 49 million through equity FIs. Over EUR 30 million of guaranteed loans was paid to final recipients.

Significant efforts have been made over the years by the Commission to improve data quality through the provision of guidance. Nevertheless, quality checks have highlighted potential concerns regarding the completeness and accuracy of data. ESF managing authorities are encouraged to pay particular attention to these aspects when preparing their final implementation reports.

EAFRD

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1. EXECUTIVE SUMMARY

The implementation of financial instruments under the European Agricultural Fund for Rural Development (EAFRD) achieved very good progress by the end of 2022, despite the consequences from the Covid-19 health crisis and the emerged high inflation and energy crisis that hit agriculture and economies in the EU. The majority of the financial instruments (FIs) were under implementation and gaining speed (eg Greece, French and Spanish regions, Portugal, Romania, etc.), while others reached almost full exhaustion of the budget (eg Estonia, Poland, etc.). Those that re-programmed budgets back to the RDPs are few and mostly under the Italian guarantee platform. Few were also the newly started FIs, such as in Latvia.

By the end of the reporting period (31st December 2022), the EAFRD Managing Authorities have set up financial instruments under 33 RDPs in 13 Member States with total public allocation amounting to EUR 860 million (out of which EUR 666 million EAFRD).

45 Managing Authorities have completed their ex-ante assessments. Under 34 RDPs the selection or designation process has been started, and under 31 RDPs were signed 33 Funding Agreements. In total 28 FIs were created in accordance with Article 38(1)(b) of the CPR, while another 5 FIs (Portugal, Greece, and the region of Nouvelle Aquitaine in France covering 3 RDPs) combine resources of EFSI and EAFRD in accordance with Article 38(1)(c) of the CPR. EAFRD Managing Authorities did not contribute to the SME Initiative or other EU level instruments under Article 38(1)(a) of the CPR.

All EAFRD MAs have decided to entrust the implementation tasks, either through a direct award of a contract (21 FIs) or through entrustment to a body under public or private law (12 cases). EIF has been entrusted to implement 16 FIs out of the 33, while EIB manages 1.

The implementation is arranged through a Fund of Funds structure under 20 FIs (EUR 389 million of RDP commitment, out of which EUR 338 million is EAFRD), having 24 Specific Funds (SF/FoF). Single-layer Specific Funds are entrusted for the implementation of 13 FIs (EUR 439 million RDP resources, out of which EUR 317 million is EAFRD).

The EAFRD FI committed EUR 430 million RDP support to final recipients, which is an increase of 34% compared to year 2021. Disbursements – or in the case of guarantees, amounts set aside for guaranteeing disbursed loans - to final recipients increased to a similar extent reaching EUR 402 million of RDP resources. This overall RDP disbursement equals 72% of the total RDP payments made to all financial instruments.

By the end of 2022, the number of final recipients supported by the EAFRD FIs increased by 52% to reach 12912 (through 16171 signed financing contracts, an increase by 64%), continuing the growing trend from the previous years. Almost all final recipients of the EAFRD FIs are SMEs (99.9%) and 92% are, in fact, micro-enterprises according to the SME definition, though farms are not measured normally in this way, but rather via the land they cultivate and various assets, such as animal heads.

Compared to 2021, there has been a significant and rather important changes in the allocation of support among the different farm size categories. For the first time in the reporting period less than half of the supported final recipients (46%) fall under the largest farm-size category (50 ha+), and they received 55% of the total support, a decline by 5%p.p. compared to year 2021. About 29% of the FI support was for final recipients between 20-50ha and 25% for final recipients of size below 20ha. It is expected this trend of reduction of the share of the larger farms of above 50ha (according to the size categorization in the reporting structure) and increase of the shares of farms below 10-20 ha to continue in the next few years and until the end of the eligibility period.

Both types of products, Loan FIs and Guarantee FI performed very well. Loan FIs' achieved leverage value varied between 1 and 2.67⁸³, with a median achieved leverage of 2.04, which is a progress compared to year 2021. The achieved leverage value of the Guarantee FIs (both uncapped and capped) varied between 3.08 and 10.39, with a median achieved leverage of 7.83⁸⁴. It is worth noting that from the reported 21 guarantee funds (excl. PACA, France), 16 had a leverage above 6x and 9 funds had a higher than 8x. Only in two cases was the leverage below 5x.

Loan FIs provided EUR 241 million RDP resources (including national co-finance) via loans to final recipients, out of which the EAFRD contribution is EUR 196 million. RDP guarantees generated a loan portfolio of EUR 894 million with EUR 106 million from RDP resources. In total, EUR 302 million EAFRD contributions generated EUR 1.33 billion reimbursable financing paid to final recipients by the end of 2022.

With regards the distribution of EAFRD resources according to focus areas, there is a clear dominance of the financing under focus areas 2A (competitiveness of primary production; 60%) and 3A (competitiveness of processing; 30%), which continues from previous years and shows the attention paid to the agro-food supply chain needs and financing. The distribution under Thematic

⁸³ The only exception being the fully public loan fund of IT FVG reached a very high leverage value of 17.32 due to additional national financing of EUR 104 million to its RDP resources of EUR 16 million and disbursing all to the final recipients.

⁸⁴ The leverage for PACA (France) is excluded as it is an outlier with a reported very high number.

objectives also remains like previous years with 92% falling under TO3 “Enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD)”.

2. SUMMARY OF DATA COLLECTED ON THE SET-UP OF FINANCIAL INSTRUMENTS UNDER EAFRD

2.1 PROGRESS IN SET-UP OF FINANCIAL INSTRUMENTS AND IN SELECTION OF THE IMPLEMENTING BODIES

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

By the end of 2022, 33 RDPs in 13 Member States had allocations for FI type of support amounting to EUR 860 million (out of which EUR 666 million EAFRD), which is the same as in 2021. With approaching the end of the eligibility period, Member States are focused on the final implementation phase of the instruments rather than programming new resources, also because investment budgets from RDPs are getting exhausted. In total, 33 funding agreements⁸⁵ were signed for both loan and guarantee funds.

By the end of 2022, 45 Managing Authorities have completed their ex-ante assessments (from 51 that have started). Under 34 RDPs the selection or designation process has been started, and under 31 RDPs were signed 33 Funding Agreements.

Similarly to the past years, there was an increase in the commitments to the FIs made by Managing Authorities. By the end of 2022, a total of EUR 827 million RDP money were committed in funding agreements (96% of all programmed resources), of which EUR 654 million was EAFRD (for comparison, the figures by end 2021 were respectively EUR 755 and EUR 589 million). For details per RDP, see Table 4.

Under the signed Funding Agreements, MAs reported to have paid out to the implementing bodies EUR 562 million (or 68%) of the committed RDP resources till end of 2022 (of which EUR 436 million EAFRD).

The distribution of the RDP (and EAFRD) commitments in funding agreements per measure show a similar split throughout the whole programming period. About 93.5% of the RDP commitments were made under Measure 4 “Investments” (EUR 605.4 million EAFRD), while 5% were allocated to Measure 6, “Business start-up and development” (EUR 38.4 million EAFRD), 1.1% was allocated to Measure 8, “Investments in forestry (EUR 8.4 million EAFRD) and 0.4% under Measure 19 “Support for leader local development” (EUR 2.5 million EAFRD).

⁸⁵ For instance, Croatia and FR PACA had two funding agreements.

Table 4 RDP amounts programmed to FIs and committed in the funding agreements as of end of 2022 (in million EUR)

MS	RDP	RDP amount programmed for FIs	Out of which EAFRD	RDP amounts committed to FIs	Out of which EAFRD
BG	Bulgaria	20	17	20	17
DE	Mecklenburg-Vorpommern	6	5	6	5
EE	Estonia	54	51	54	51
EL	Greece	80	80	80	80
ES	Andalucía*	23	20	50	43
	Asturias	6	6	0	0
	Castilla la Mancha	19	17	0	0
	Castilla y León	40	27	40	27
	Extremadura	6	5	6	5
	Galicia	18	14	18	14
FR	Poitou-Charentes	5	5	5	5
	Aquitaine**	13	10	10	10
	Midi-Pyrénées	20	11	19	10
	Limousin*	6	5	6	5
	Languedoc-Roussillon	15	9	15	9
	PACA	8	5	8	5
HR	Croatia	126	107	126	107
IT	Emilia Romagna	6	3	6	3
	FVG	23	10	16	7
	Lombardia*	35	15	51	22
	Piemonte	1	1	0	0
	Toscana	7	3	1	1
	Umbria*	1	1	5	2
	Veneto	15	7	1	0
	Basilicata	5	3	0	0
	Calabria	10	6	1	0
	Campania	10	6	0	0
Puglia	5	3	5	3	
LT	Lithuania	16	14	16	14
LV	Latvia	30	24	30	30
PL	Poland	119	76	119	76
PT	Continente	20	19	20	19
RO	Romania	94	88	94	88
	Total	860	666	827	655

Note:

* The figures in the first two columns for these RDPs diverge from the figures in the last two columns due to a time lag in re-aligning the values of money programmed and committed to the FI.

** The figure for RDP resources committed to the FI in Aquitaine has been corrected by deducting the reported non-ESIF resources committed to the RDP.

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

All EAFRD FIs are set up at either at national or at regional level. In total 28 FIs were created in accordance with Article 38(1)(b) of the CPR, while another 5 FIs (Portugal, Greece, and the region of Nouvelle Aquitaine in France) combine resources of EFSI and EAFRD in accordance with Article 38(1)(c) of the CPR. EAFRD Managing Authorities did not contribute to the SME Initiative or other EU level instruments under Article 38(1)(a) of the CPR.

All EAFRD MAs have decided to entrust the implementation tasks, either through a direct award of a contract (21 FIs, and 5 of them used direct award of contract to combine EFSI-EAFRD resources), or through entrustment to a body under public or private law (12 cases). Investments in capital or direct management by the MA was not noticed.

EIF has been entrusted to implement 16 FIs out of the 33, while another 9 FIs are implemented by bodies governed by public or private law, 7 FIs are implemented by publicly owned bank or institution, and 1 FI are implemented by the EIB.

The implementation is arranged through a Fund of Funds structure under 20 FIs (EUR 389 million of RDP commitment, out of which EUR 338 million is EAFRD), having 24 Specific Funds (SF/FoF). Single-layer Specific Funds are entrusted for the implementation of 13 FIs (EUR 439 million RDP resources, out of which EUR 317 million is EAFRD).

In terms of implementation modes, for instance, Croatia implements its FIs both through Fund of Funds and through Specific Funds (SFs), while the French region of PACA implements two SFs.

2.2 INVESTMENTS IN FINAL RECIPIENTS AND PERFORMANCE OF FINANCIAL INSTRUMENTS

In 2022, the EAFRD FIs committed EUR 430 million RDP support to final recipients, which is an increase of 34% compared to year 2021. Disbursements – or in the case of guarantees, amounts set aside for guaranteeing disbursed loans - to final recipients increased to a similar extent reaching EUR 402 million of RDP resources (see Table 5). This overall RDP disbursement equals 72% of the total RDP payments made to all financial instruments, while compared to the total commitment to financial instruments the disbursement rate to final recipients reached 49% (11%p.p increase compared to end 2021).

Year 2022 was the first one when Managing authorities decided to either introduce new amounts or launch their FIs, or re-programme unused resources back to the programmes. As a result, and as example, we saw Latvia going ahead with a new FI and commitment of EUR 30 million, while Poland and Croatia increasing their overall commitment, respectively to EUR 119 and EUR 128.5 million following a significant demand by farmers. The Lombardy region (IT) also raised its commitment to reach EUR 50.4 million. On the opposite side were, for example, some Italian regions (eg Veneto, Calabria, Campania, Toscana and Piemonte) that re-programmed and returned to their RDPs the majority of the resources that were initially programmed for FIs.

In terms of amounts invested in final recipients, the best performing financial instruments are Friuli Venecia Giulia region (Italy), Croatia and Estonia, followed by the French regions of Aquitaine, Poitou Charentes, Midi-Pyrenees, Limousin, the Spanish region of Castilla y Leon, Poland, Romania and the Italian region of Lombardy. These FIs are managed by national, regional bodies and EIF.

At the same time, difficulties and rather low performance have the financial instruments in Bulgaria, Lithuania and Galicia region (Spain). The Italian guarantee platform based on guarantee funds under few Italian regions stopped its implementation and no further development is expected as budgets got returned to the RDPs. In a process of progressing through the last few years are the instruments in Portugal, Greece and Latvia, for instance, which were launched on the ground very late in the programming period.

Table 5 Take-up of FIs, investments in final recipients as of end of 2022 (in million EUR)

MS	RDP	RDP amounts committed to FIs	out of which EAFRD	RDP amounts paid to FIs	out of which EAFRD	Payment rate to FIs (vs total RDP commitments)	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		
											vs. RDP commitments to FIs	vs. RDP payments to FIs	vs. commitments to final recipients
BG	Bulgaria	20.0	17.0	5.00	4.25	25%	0.5	0.4	0.5	0.4	3%	10%	100%
DE	Mecklenburg-Vorpommern	5.6	5.0	2.99	2.55	54%	1.6	1.4	1.6	1.3	28%	53%	100%
EE	Estonia	54.5	50.5	52.56	48.6	97%	47.3	43.4	47.0	43.0	86%	89%	99%
EL	Greece	80.0	80.0	20.00	20.0	25%	5.8	5.8	5.3	5.3	7%	27%	91%
ES	Andalucía	50.0	42.5	12.50	10.6	25%	0.0	0.0	0.0	0.0	0%	0%	0%
	Castilla y León	39.9	26.7	36.46	24.5	91%	22.3	14.3	22.3	14.3	56%	61%	100%
	Extremadura	5.7	4.8	1.13	0.9	20%	0.6	0.5	0.6	0.5	10%	53%	100%
	Galicia	18.0	13.5	3.00	2.3	17%	0.6	0.4	0.6	0.4	3%	19%	100%
FR	Poitou-Charentes	5.4	4.7	5.39	4.7	100%	4.2	3.5	3.8	3.2	71%	71%	91%
	Aquitaine*	9.7	9.7	9.7	9.7	100%	12.3	9.4	10.8	8.0	111%	111%	88%
	Midi-Pyrénées	19.0	10.1	19.00	10.1	100%	11.0	5.8	10.6	5.6	56%	56%	96%
	Limousin	5.7	5.3	5.67	5.2	100%	3.3	3.0	2.9	2.6	52%	52%	89%
	Languedoc-Roussillon	15.0	9.5	15.00	9.5	100%	11.3	7.1	10.3	6.5	69%	69%	91%
	PACA	8.0	5.0	2.68	0.6	34%	6.6	0.6	6.2	0.6	78%	232%	94%
HR	Croatia	125.8	107.0	107.56	91.4	85%	99.2	84.3	98.2	83.5	78%	91%	99%
IT	Emilia Romagna	6.0	2.6	1.50	0.7	25%	1.34	0.3	0.6	0.3	10%	40%	45%
	FVG	16.1	6.9	16.10	6.9	100%	16.1	6.9	16.1	6.9	100%	100%	100%

	Lombardia	50.8	21.9	25.44	11.0	50%	34.5	14.9	21.3	9.2	42%	84%	62%
	Piemonte	0.3	0.1	0.31	0.1	97%	0.2	0.1	0.2	0.1	53%	55%	100%
	Toscana	1.3	0.6	1.31	0.6	100%	0.5	0.2	0.5	0.2	35%	35%	100%
	Umbria	5.0	2.2	1.25	0.5	25%	0.0	0.0	0.0	0.0	0%	0%	0%
	Veneto	0.6	0.3	0.63	0.3	98%	0.3	0.1	0.3	0.1	39%	40%	100%
	Calabria	0.7	0.4	0.69	0.4	100%	0.5	0.3	0.5	0.3	75%	75%	100%
	Campania	0.4	0.2	0.28	0.2	74%	0.2	0.1	0.2	0.1	42%	57%	100%
	Puglia	4.5	2.7	2.25	1.4	50%	1.0	0.6	1.0	0.6	23%	46%	100%
LT	Lithuania	16.0	13.6	4.00	3.4	25%	1.0	0.9	1.0	0.8	6%	24%	97%
LV	Latvia	30.0	30.0	7.50	5.1	25%	4.5	4.5	4.1	2.8	14%	55%	91%
PL	Poland	119.0	75.7	92.75	59.0	78%	73.7	46.9	73.7	46.9	62%	79%	100%
PT	Continente	20.1	18.5	15.05	13.9	75%	13.0	12.0	8.1	7.5	40%	54%	62%
RO	Romania	93.9	87.8	93.88	87.7	100%	56.9	53.1	54.0	50.3	57%	57%	95%
	Total	827.0	654.8	561.6	436.1	68%	430.1.	320.7.	402.1	301.4	49%	72%	93%

Note: * The discrepancy between the amount reported committed/paid to FI and the amount reported committed/paid to FR is due to the inclusion of non ESIF resources in the original figures for the resources committed /paid to FI but it was not possible to correct the figures committed/paid to FR.

The number of final recipients supported by the EAFRD FIs increased by 52% to reach 12912 (through 16171 signed financing contracts, increase by 64%) by end of 2022, continuing the growing trend from the previous years. As expected, and similarly to previous years, guarantee products have a higher impact on the final total figure given that they are many more than Loan products, have higher total budget and have the implementation specificity for attracting more financing and final recipients (eg when designed as portfolio guarantees). In this context, guarantee products account for 80% of all signed contracts (see Table 6). This will remain the case until the end of the eligibility period. However, this shall not be understood as underassessment of the value-added from having Loan funds. They simply cannot reach to so many final recipients as they provide EAFRD resources directly to the final recipient, but, at the same time, may significantly reduce the interest rate of any loan, opposite to what guarantee funds may achieve on the ground. As a conclusion, the ratio between guarantee and loan products for the overall signed contracts (and some other indicators like leverage, overall volume of supported loans, etc.) is only a statistical and reporting aspect. Attention has to be paid to each product separately, to its design, economic situation for which it has been developed, and many other additional factors to allow for its correct assessment as well as of its impact and value-added.

Table 6 Final recipients supported by EAFRD FIs, by end of 2022

RDP	large enterprises A	SMEs B	out of which are micro-enterprises	Total nr of final recipients supported A+B	Total nr of loan contracts signed with final recipients	total nr of guarantee contracts for final recipients	Total nr of financing contracts signed
Bulgaria	0	2	2	2	4	0	4
Mecklenburg-Vorpommern	0	3	3	3	6	0	6
Estonia	0	279	253	279	306	0	306
Greece	0	484	449	484	0	499	499
Castilla y León	4	759	659	763	0	905	905
Extremadura	0	34	34	34	0	34	34
Galicia	0	34	6	34	0	40	40
Poitou-Charentes	0	150	150	150	0	195	195
Aquitaine	0	492	482	492	0	611	611
Midi-Pyrénées	0	384	376	384	0	488	488
Limousin	0	170	168	170	0	237	237
Languedoc-Roussillon	0	414	376	414	0	519	519
PACA	0	137	0	137	96	51	147
Croatia	0	1,679	1,601	1,679	1754	13	1767
Emilia Romagna	0	11	2	11	0	11	11
FVG	0	57	31	57	57	0	57
Lombardia	8	12	0	20	23	0	23
Piemonte	0	3	1	3	0	3	3

Toscana	0	10	7	10	0	11	11
Umbria	0	0	0	0	0	0	0
Veneto	0	3	2	3	0	3	3
Calabria	0	6	3	6	0	8	8
Campania	0	2	0	2	0	2	2
Puglia	0	20	5	20	0	25	25
Latvia	0	152	152	152	168	0	168
Lithuania	0	26	26	26	26	0	26
Poland	0	6,763	6,486	6763	0	8,968	8968
Portugal Continente	1	171	126	172	0	248	248
Romania	6	636	474	642	860	0	860
Total	19	12893	11874	12912	3300	12871	16171
Percentage	0.1%	99.9%	92.0%	100.0%	20.4%	79.6%	100.0%

Note: MS states reported an additional 69 individuals as having benefitted from support, which should have been reported as microenterprises. This brings the total to 12 981 final recipients supported.

Across the EU, where EAFRD financial instruments are operational, Poland remains to be with the financial instrument with the highest number of final recipients reaching 6763 SMEs (52% of all supported businesses under the EAFRD FIs and a 67% increase compared to year 2021) with 8968 signed guarantee contracts (55% of all signed financing contracts and an increase of 88% compared to year 2021). Croatia (respectively with a share of 35% and increase of 38%), Romania (15% and 17%, respectively) and Castilla y Leon (Spain; 23% and 29%) follow suit, also with a significant total number of recipients supported until now (between 642 and 1679) and yet more potential for the latter two to develop further by the end of the eligibility period in 2025. Importantly, the two instruments with the highest increase compared to year 2021 are Greece, with a growth of 114% of all supported businesses and 119% of all signed contracts within 1 year in 2022, and Limousin (France), respectively with 102% and 128%. The French regions Aquitaine and Poitou-Charentes (France) are close to this group with a growth of around 61 – 74% for the various indicators.

Almost all final recipients of the EAFRD FIs are SMEs (99.9%) and 92% are, in fact, micro-enterprises. This is a normal reflection of the criteria behind the SMEs categories and the fact that agriculture is normally not measured in this way, but rather with regards its size in terms of cultivated land and various assets, such as animal heads. Only 19 large enterprises have received support, which is negligible and is spread across various Member States (eg, IT Lombardia with 8 as it had a very specific food supply chain FI, followed by Romania, ES Castilla y Leon and Romania).

The average loan amount provided by loan EAFRD FIs varied between EUR 12 344 (FR PACA; EUR 8 800 in 2021) and EUR 925 000 (IT Lombardy where a specific FI was deployed). Importantly, the average amounts for half of the reported loan funds are above 90,000 euro and easily going beyond 150,000 – 220,000 euro and up to EUR 537,761, for all

measures under which they have been created (for investments in agricultural holdings, setting up of young farmers and forestry investments). Those with an average amount between EUR 20,000 - 50,000 have the lowest share.

Under guarantee EAFRD FIs, the average loan amount (backed by an EAFRD guarantee) varied between EUR 40 834 (Poland) and EUR 919 906 (Croatia).

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 their FIs under Measure 4, “Investments” and Measure 6, “Business start-up and development”.

Compared to 2021, there has been a significant and rather important changes in the allocation of support among the different size categories. First, for the first time in the reporting period less than half of the supported final recipients (46%) fall under the largest farm-size category (50 ha+), and they received 55% of the total support, a decline by 5%p.p. compared to year 2021. About 29% of the FI support goes to final recipients between 20-50ha and 25% are for final recipients of size below 20ha (see Figures 1, 2 and 3). It is expected this trend of reduction of the share of the larger farms of above 50ha (according to the size categorization in the reporting structure) and increase of the shares of farms below 10-20 ha to continue in the next few years and until the end of the eligibility period.

Figure 34 Distribution of FI support among the different holding size categories under EAFRD, by end of 2022 (based on number of supported projects)

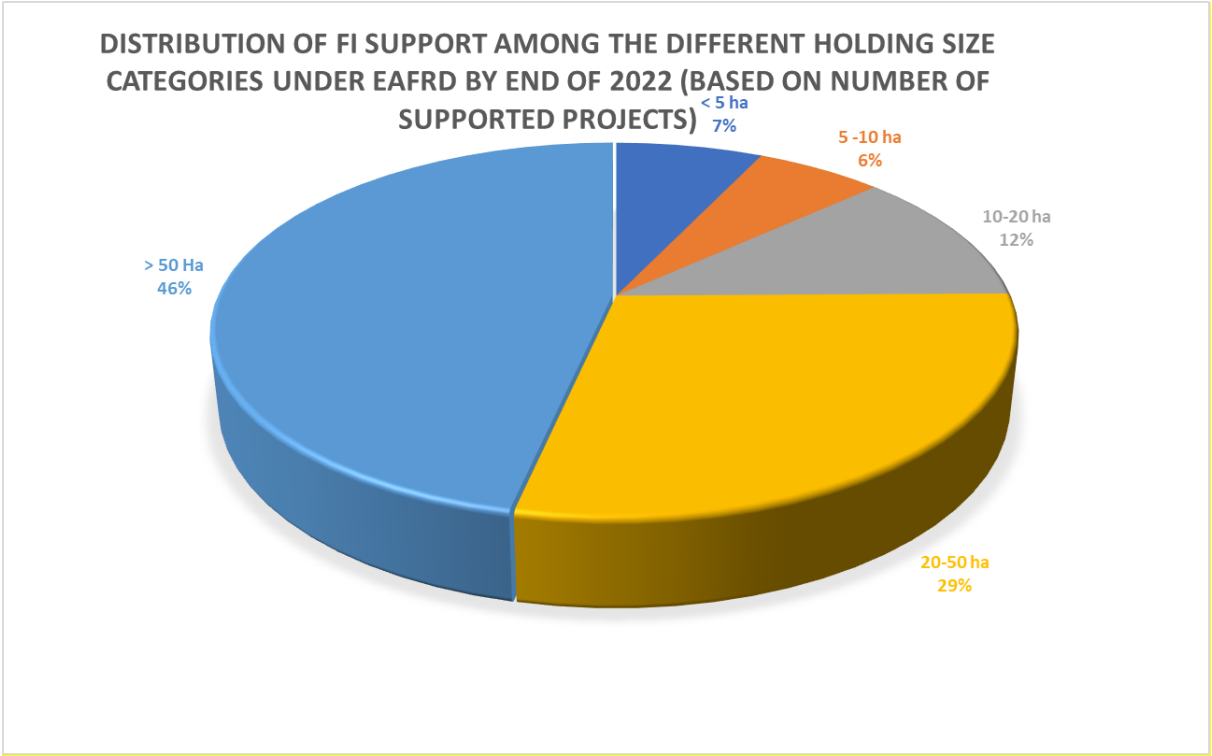


Figure 35 Distribution of FI support according to the holding size categories, by RDP, by end 2022 (based on the number of supported projects)

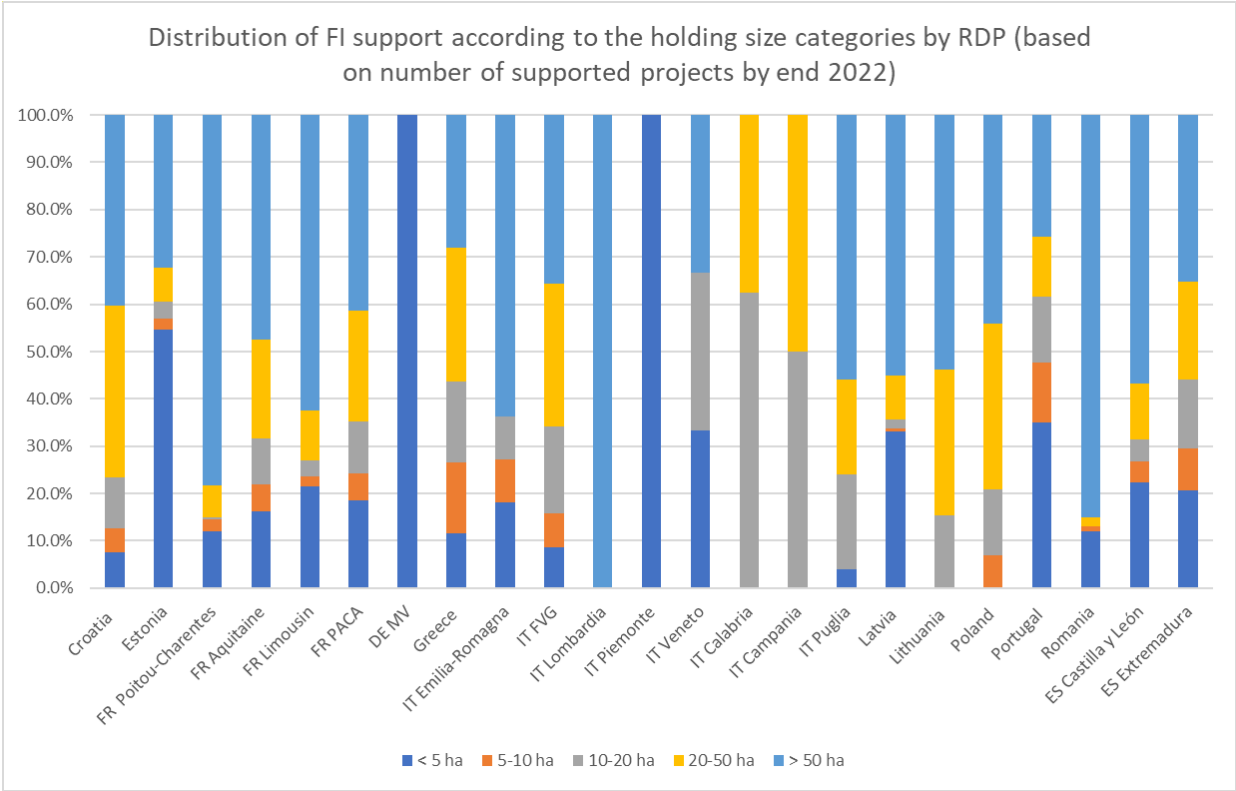
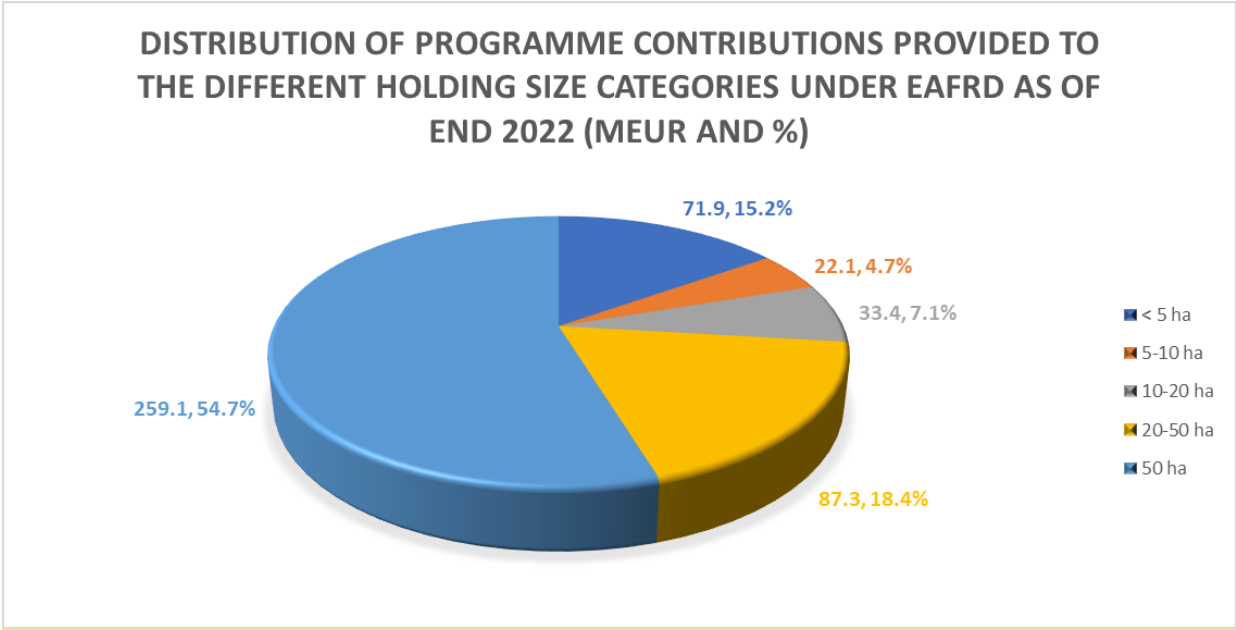


Figure 36 Distribution of programme contributions provided to the different holding size categories under EAFRD, as of end of 2022 (MEUR and %)



In 2022, 91% of all final recipients were agricultural enterprises, a result that reflects the targeting of the EAFRD FIs. The reported by MS data for the agricultural final recipients show a considerable diversity in their production specialization. Field crops (35% of all recipients), dairy (15%) and mixed farms (14%) are the leading categories among the final recipients.

Horticulture and wine producers remain with the lowest shares of just 3% slightly outraced by those specialized in granivores (5%) and other permanent and grazing livestock farmers (with 8% each). Non-agricultural final recipients are just 9% of all.

Figure 37 Distribution of FI support among the different sub-sectors under the EAFRD, by end of 2022 (based on the number of supported projects)

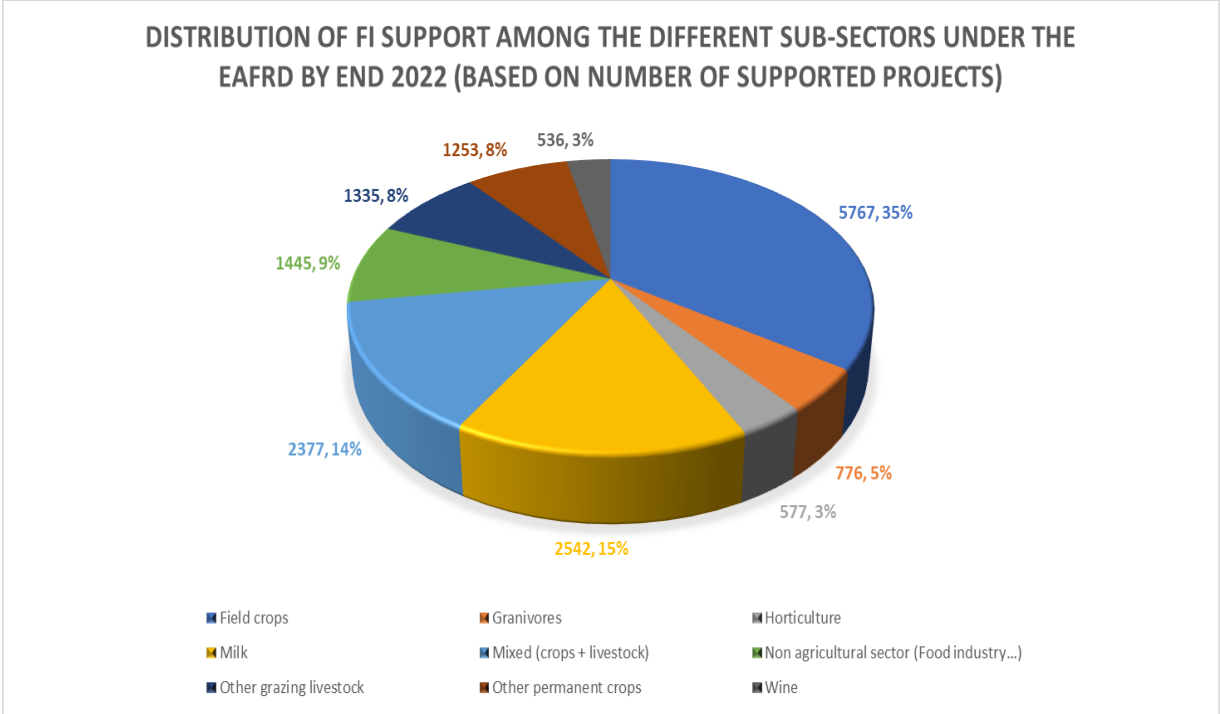
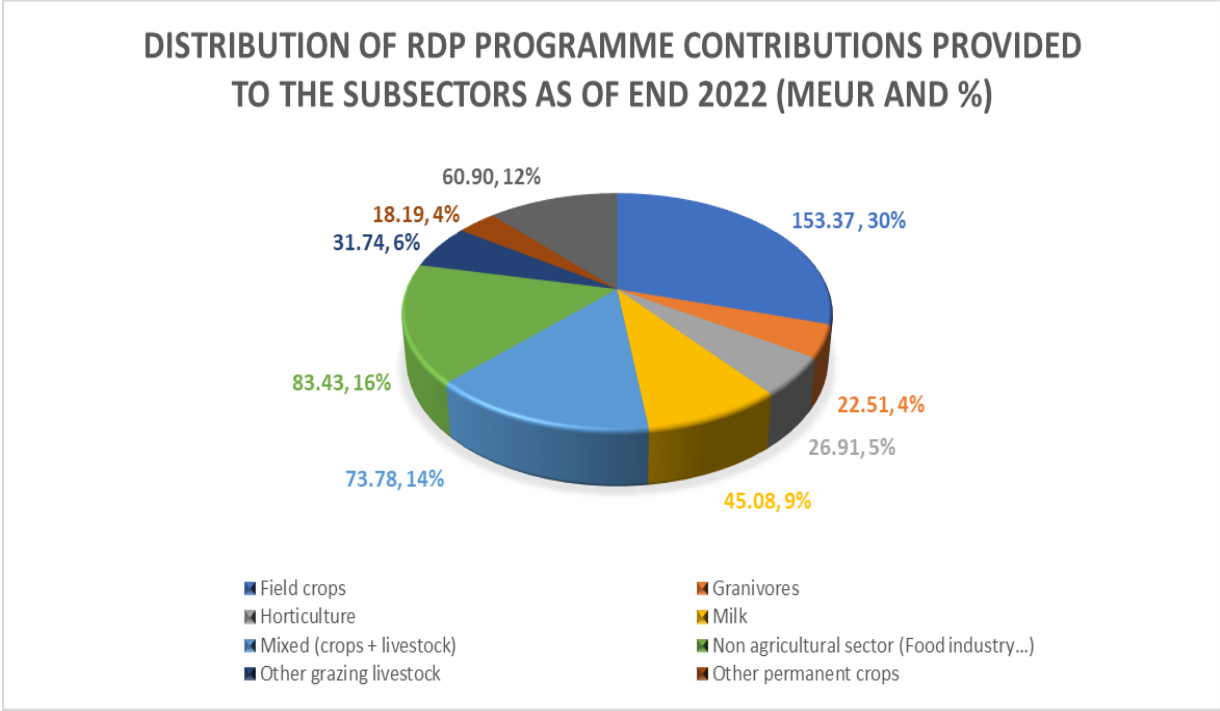


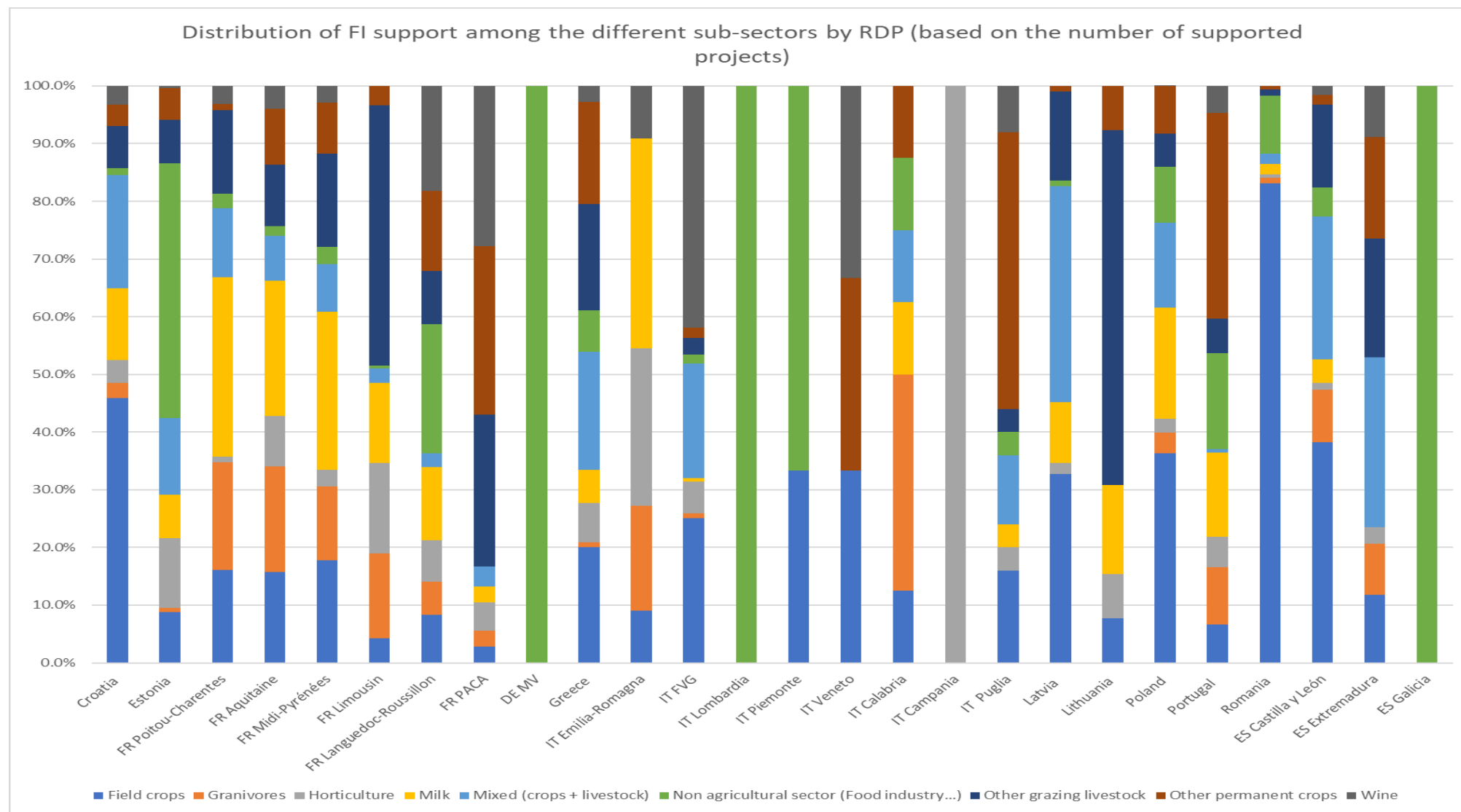
Figure 38 Distribution of RDP programme contributions provided to the subsectors, as of end of 2022 (MEUR and %)



On the other hand, when it comes to the programme contribution provided, non-agricultural activities has a lower than in year 2021 share of 16% of all resources (20% in year 2021) and it is likely this reduction to continue in the coming years as more funds are being taken up by

farmers. It is also interesting to note that wine growers count for 12% of all resources although they had a very low share of just 3%. Field crops producers dominate the group by counting for 30%, see Figures 4 and 5.

Figure 39 Distribution of FI support among the different sub-sectors by RDP, by end 2022 (based on nr of supported projects)



When it comes to payments to final recipients, those under Measure 4 (Investments in agricultural holdings) amounted to EUR 379 million total RDP resources (out of which EUR 281 million EAFRD), with EUR 100 million more than in year 2021. Payments to final recipients under Measure 6 (supporting business start-up and mostly the setting-up of young farmers) amounted to EUR 20 million total RDP resources (out of which EUR 18 million EAFRD), an increase by 3 times compared to year 2021. Payments to final recipients under Measure 8 (investments in forestry) amounted to EUR 2.9 million total RDP resources (out of which EUR 2.5 million EAFRD), which also more than doubled. As in year 2021, there were no payments to final recipients under Measure 19 (LEADER; see Figures 7 and 8).

Figure 40 Amounts paid to final recipient (FR) as percentage of commitments per measure, by end 2022 (RDP)

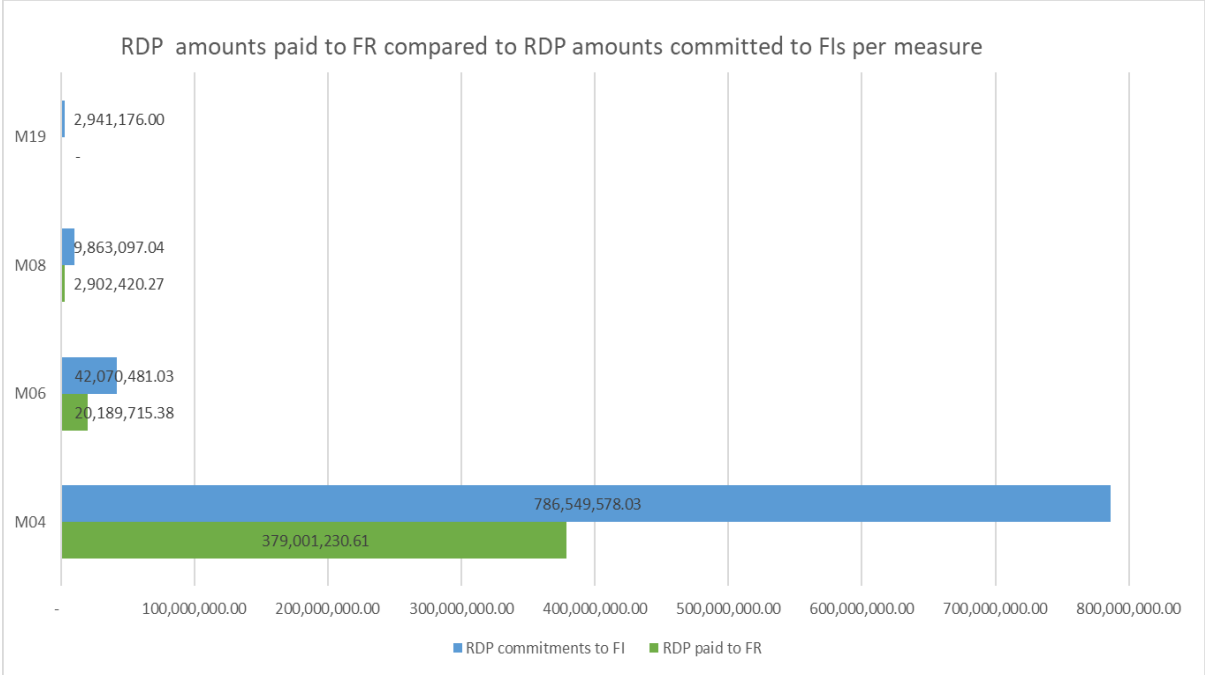


Figure 41 Amounts paid to final recipient (FR) as percentage of commitments per measure, by end 2022 (EAFRD)

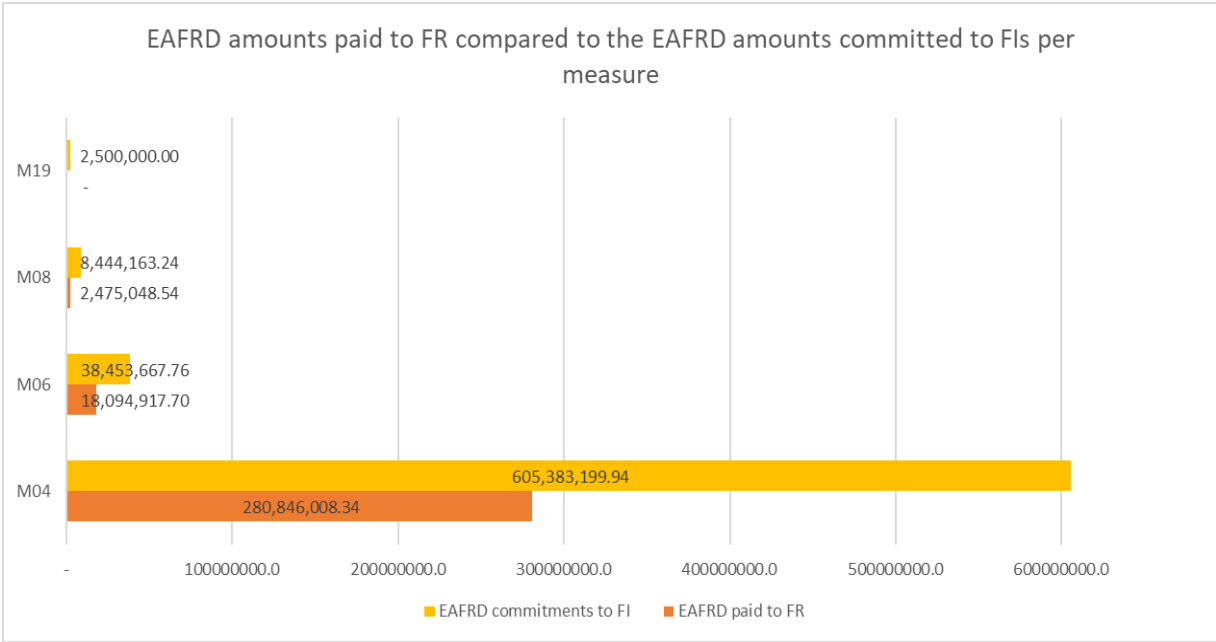
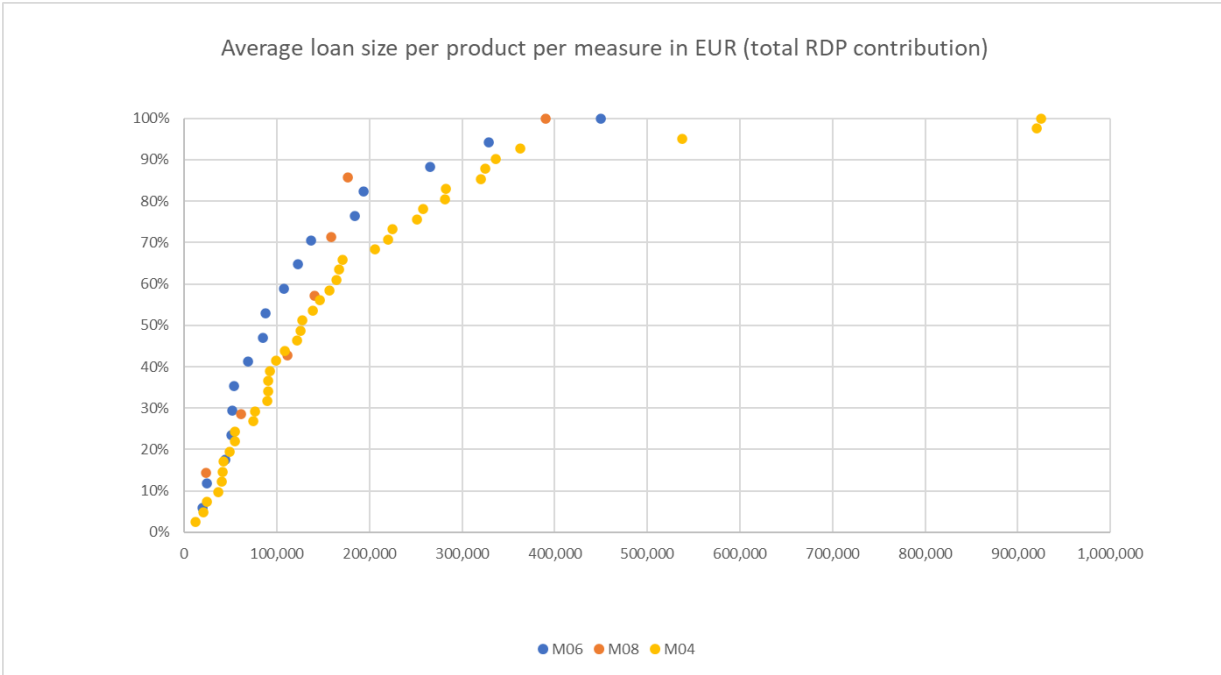


Figure 9 shows the average financing amount under the different measures under the different FIs (in the case of loan FIs it shows the average amount of the loans, while in case of guarantee FIs it shows the average loan amount that is guaranteed). There is a clear trend showing that farmers need to invest significant amounts going, on average, beyond the 100,000 threshold in the majority of the cases. This is just an additional indication, as discussed in the previous subsection, that agriculture is need of strong financial support to achieve its investment targets towards its contribution to the economic development and green transition in the EU. What characterizes the financing at the lower end close to the beginning of the axes (i.e. below 50,000 euro) is in most of the cases short-term financing for working capital needs.

Figure 42 Average loan size per product per measure in EUR in year 2022 (total RDP contribution)



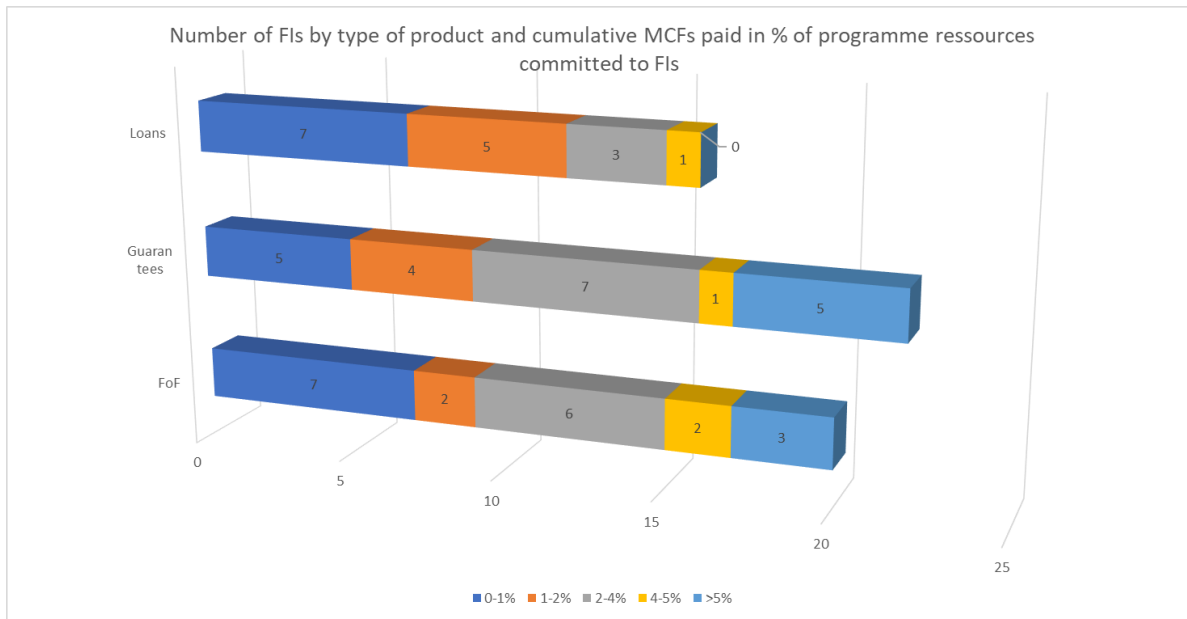
- **Management costs and fees**

In total, MAs reported to have paid EUR 16 million for management costs and fees (MCF) out of which, EUR 9.8 million was reported to have been paid as base remuneration and EUR 6.4 million as performance-based remuneration. Compared to year 2021, the total amount for MCF has increased by 33%.

Though the regulatory ceilings are defined per annum by closure, it can be stated that the payments for management costs and fees for the EAFRD FIs remain far below the EU legal ceilings⁸⁶, as of end of 2022 (see Figure 10). In addition, they seem distributed in a rather balanced way between FoF and specific funds, the former accounting for EUR 7.4 million.

⁸⁶ Defined in Article 13 of Commission Delegated Regulation (EU) No 480/2014.

Figure 43 Number of FIs by type of financial product, and MCFs paid cumulatively as a share of programme resources committed to FIs, by end of 2021



- **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**

There is a significant change in this category as the interest and gains generated by payments from ESI Funds to FIs have risen from EUR 1.5 million in year 2021 to EUR 5.7 million in year 2022, i.e. more than 3 times. This, of course, is associated with the boost of implementation and the launch of some new FIs.

The amounts repaid to FI attributable to support from ESFI Funds by end 2022 were reported to be EUR 57.9 million, more than double the figure for year 2021 (EUR 27 million). From these resources, EUR 51.4 million were capital repayments and EUR 6.5 gains, other earnings and yields. The amount of re-used EAFRD resources also increased to EUR 6.7 million without a change in the Managing Authorities that were doing that (mostly Estonia and Friuli Venezia Giulia (IT), accompanied by Castilla y Leon (ES), the latter having a very low amount being re-used).

- **Performance of the EAFRD-supported financial instruments, including leverage**

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 capped portfolio guarantee of FIs

are significantly higher than that of an uncapped guarantee FIs and much higher than any loan type FIs, because of the nature of the products.

Loan FIs' achieved leverage value varied between 1 (for Bulgaria) and 2.67 (PACA, France)⁸⁷, with a median⁸⁸ achieved leverage of 2.04 (or 2.06 including IT FVG), which is a progress compared to year 2021. The achieved leverage value of the Guarantee FIs (both uncapped and capped) varied between 3.08 and 10.39, with a median achieved leverage of 7.83⁸⁹. The variations between the leverage values can be explained mostly by the product-specific design (portfolio guarantee or individual guarantee schemes; fully-funded or risk-sharing loans), but the level of the market conformity of the instruments can be also influential. At the same time, it is worth noting that from the reported 21 guarantee funds (excl. PACA, France), 16 had a leverage above 6x and 9 funds had a higher than 8x. Only in two cases was the leverage below 5x and in another 5 it has been between 5.3x and 6.6x. Overall, it can easily be concluded that the performance was excellent for almost all guarantee funds, no matter whether managed by the EIF or national promotional institutions. For the loan funds, in 11 cases out of 19, the leverage was above 2x, which is also a positive result.

Loan FIs provided EUR 241 million RDP resources (including national co-finance) via loans to final recipients, out of which the EAFRD contribution is EUR 196 million. In addition to that, loans from non-ESIF resources provided another 240 million of loans to final recipients (also including national co-finance), leading to a total of 481 million of loan financing. Correcting for national co-finance, which was counted twice EUR 436 million loan financing was provided to final recipients. RDP guarantees generated a loan portfolio of EUR 894 million with EUR 106 million from RDP resources. **In total, EUR 302 million EAFRD contributions generated EUR 1.33 billion reimbursable financing paid to final recipients by the end of 2022.** See Figures 11 and 12.

⁸⁷ The only exception being the fully public loan fund of IT FVG reached a very high leverage value of 17.32 due to additional national financing of EUR 104 million to its RDP resources.

⁸⁸ The median is the middle number in a sorted list of values. In the case of the leverage of different sized and different structured instruments, the median of leverages can better demonstrate the overall picture.

⁸⁹ The leverage for PACA (France) is excluded as it is an outlier, with a reported very high number.

Figure 44 Total EAFRD and non-EAFRD contribution mobilised at the level of the final recipients under loan products as of end of 2022, EUR

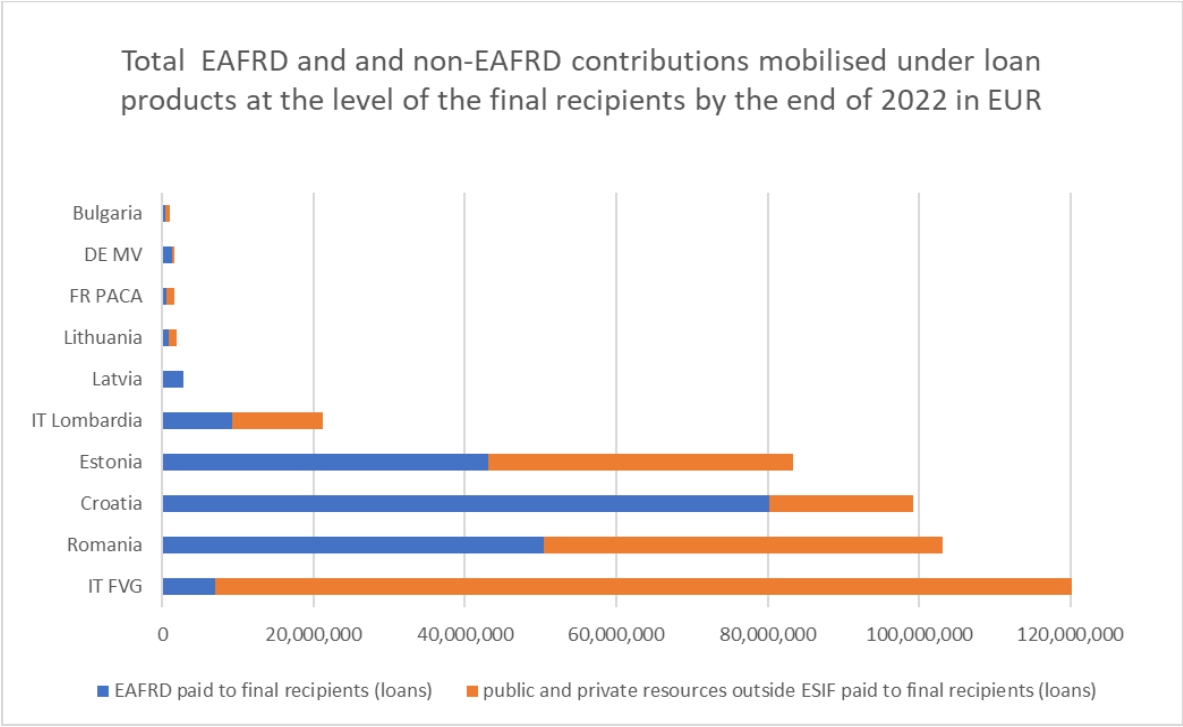
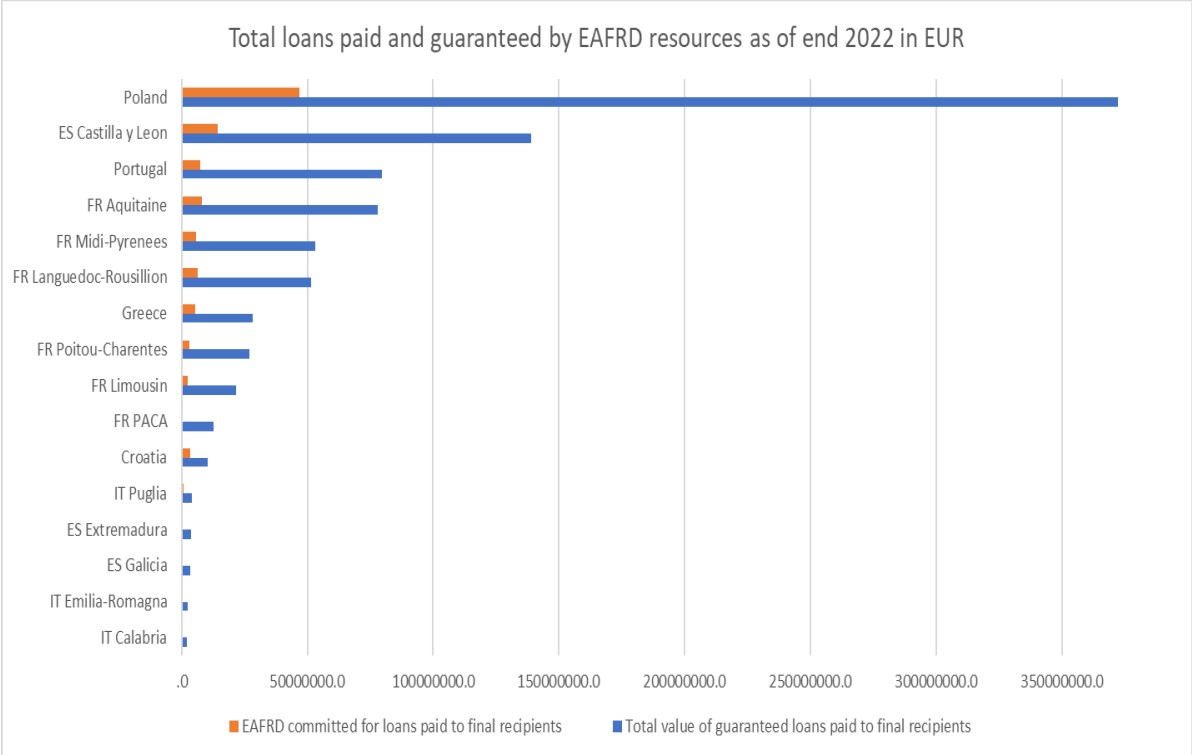


Figure 45. Total loans paid and guaranteed by EAFRD resources as of end of 2022, EUR*



Note: *For better visibility, instruments with less than EUR 2 million disbursed loans are not displayed.

2.3 CONTRIBUTION OF FINANCIAL INSTRUMENTS TO FOCUS AREAS AND OBJECTIVES UNDER THE CAP

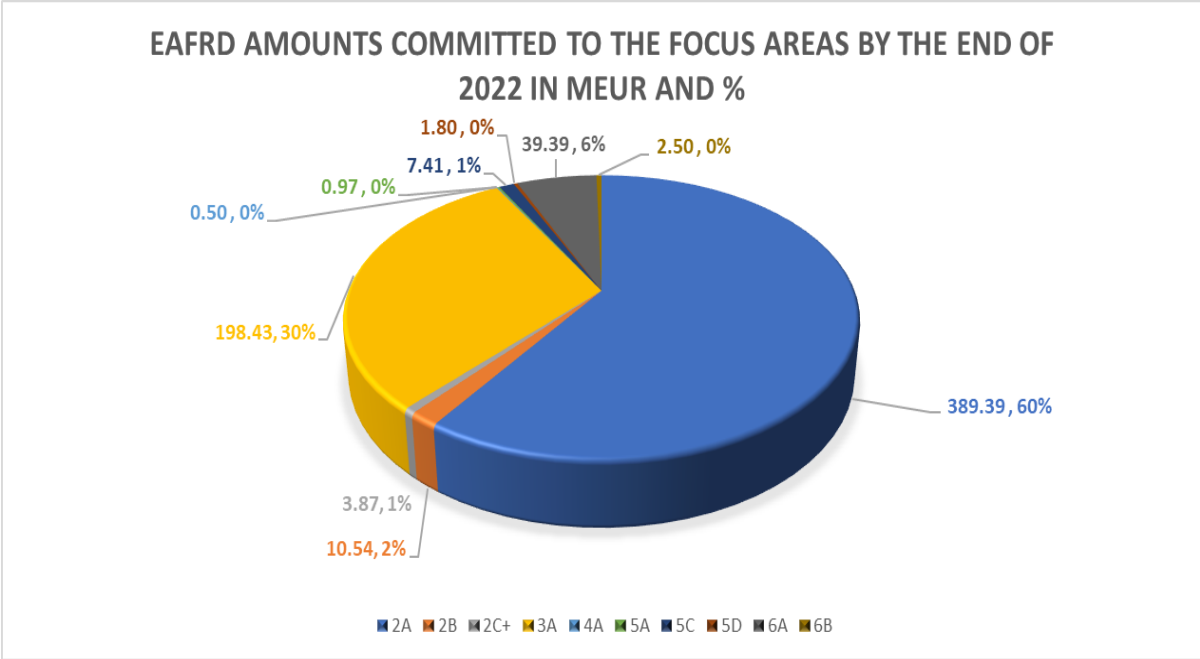
2.3.1 Contribution to rural development focus areas

Six EU Rural Development policy priorities covering 18 focus areas provide the basis for rolling out support from the European Agricultural Fund for Rural Development (EAFRD) to rural areas. By end of 2022, Member States 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 green house 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;
 - FA 6B Fostering local development in rural areas.

The indicative allocations in Funding Agreements by end of 2022 shows a similar distribution as in the past year, with financing leading under FA 2A (competitiveness of primary production) and FA 3A (competitiveness of processing). Both account for 90% of all EAFRD amounts under FIs committed by the end of year 2022 (see Figure 13).

Figure 46 EAFRD amounts committed under FIs funding agreements to rural development focus areas, end 2022 (%)



2.3.2 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 Common Provisions Regulation. EAFRD FIs are reported to pursue the following thematic objectives, with TO9 being newly reported this year, whereas the use of TO5 was not reported anymore.

- 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
- TO9 –Social Inclusion

Similarly to the tendency demonstrated in relation to the RD focus areas, the EAFRD FI allocations are predominantly committed to competitiveness related SME financing (TO3) with EUR 602 million (92%). TO8 funding remains the one ahead of all others with its EUR 35.8 million (5.5%), but yet much behind the TO3 funding. (see Table 4).

**Table 47 EAFRD amounts committed to FIs by Thematic objective in million EUR and in % , as of end of 2020
2021**

Thematic Objective	EAFRD committed (MEUR)	Share (%)
TO3	602,230,016	91.97%
TO4	9,217,598	1.41%
TO6	1,474,653	0.23%
TO8	35,857,992	5.48%
TO9	6,000,770	0.92%
Total	654,781,030	100.00%

3. CONCLUSIONS

The data presented in this chapter represent the information on the progress of setting up and operating FIs under Rural Development Programmes by 31st December 2022. A significant progress in the implementation could be observed as financial instruments mature and implementation progresses, alongside a rather turbulent economic year depicted with high inflation and energy crisis affecting agriculture and the economies in general. The extended eligibility period until 2025 will help these instruments deploy better their resources. However, some FIs have already completely disbursed their initial budgets, which is a sign that the demand for financing is much larger than what is already available under the CAP for investments through FIs and maybe even grants. Member States where the FI could not find a reasonable ground for implementation, returned the resources to their RDPs to spend them as grants. In the meantime, the leverage of the EAFRD FIs remains very high. In the case of guarantee products it surpassed 8x for most of the FIs and there are just 2 examples with a leverage below 5x. Progress could also be seen for loan funds, although not everywhere. Priority for the EAFRD FIs remains to be agriculture and farm investments. They support all sub-sectors allowing for diversity in the final recipients and proving that they can be of help for the whole sector. Working capital finance is gaining share, but other products, when well designed and properly targeted reach their goals as well. Overall, the extensive use of financial instruments by almost half of the EU Member States is a clear signal that there is a potential in this type of support for future investments and agricultural development in the EU.

EMFF

Until the end of 2022, only Estonia has implemented financial instruments under the EMFF 2014-2020. Although several other Member States made procedural steps to start implementing financial instruments, it did not materialize.

However, for the programming period 2021-2027, several Member States carried out ex-ante assessment for the use of financial instruments under their European Maritime, Fisheries and Aquaculture Fund (EMFAF) 2021-2027 programmes and they are planning to implement financial instruments (e.g. Bulgaria, Estonia, Finland, Croatia, Italy and Lithuania). Other Member States committed to perform ex-ante assessment for the use of financial instruments during the first years of the EMFAF implementation.

The implementation of financial instruments in Estonia, by the end of 2022, shows the following:

1. Growth loan for micro-enterprises and small enterprises that are launching or engaged in fish processing:

- An amount of EUR 0.8 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 0.8 million). There are eleven loan recipients, who have received a total of around EUR 0.7 million.

2. Long-term investment loan for enterprises launching or engaged in fish processing:

- An amount of EUR 4.1 million has been paid out to the Estonian Rural Development Foundation (the total amount committed in the funding agreement is EUR 4.5 million). There are seven loan recipients, who have received a total of EUR 3.5 million.

3. Investment loan for enterprises launching or engaged in the production of aquaculture products:

- An amount of EUR 1.1 million has been paid out to the Estonian Rural Development Foundation (the total amount committed in the funding agreement is EUR 1.1 million). There are seven loan recipients, who have received a total of EUR 0.8 million.

The use of financial instruments in Estonia has been rather positive, although the take-up from the sector was low during 2022. This was due to the small scale of the sector, the lower demand for investments in aquaculture (as a similar loan product was successfully implemented in the past under the EFF 2007-2014) and the uncertain economic environment over the recent years.

Key figures reported by managing authorities for state of play at 31/12/2022:

- **EUR 6.5 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 6.5 million** (EUR 4.9 million from EMFF and national EUR 1.6 million), of which **EUR 6 million** were already paid to the body implementing the FI.
- Payments to final beneficiaries amount to almost **EUR 5 million**, EMFF contributing with EUR 3.8 million.

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