Die Wirkung der Finanzinstrumente – ein Erfolgsmodell?

The impact of the financial instruments - a success model?

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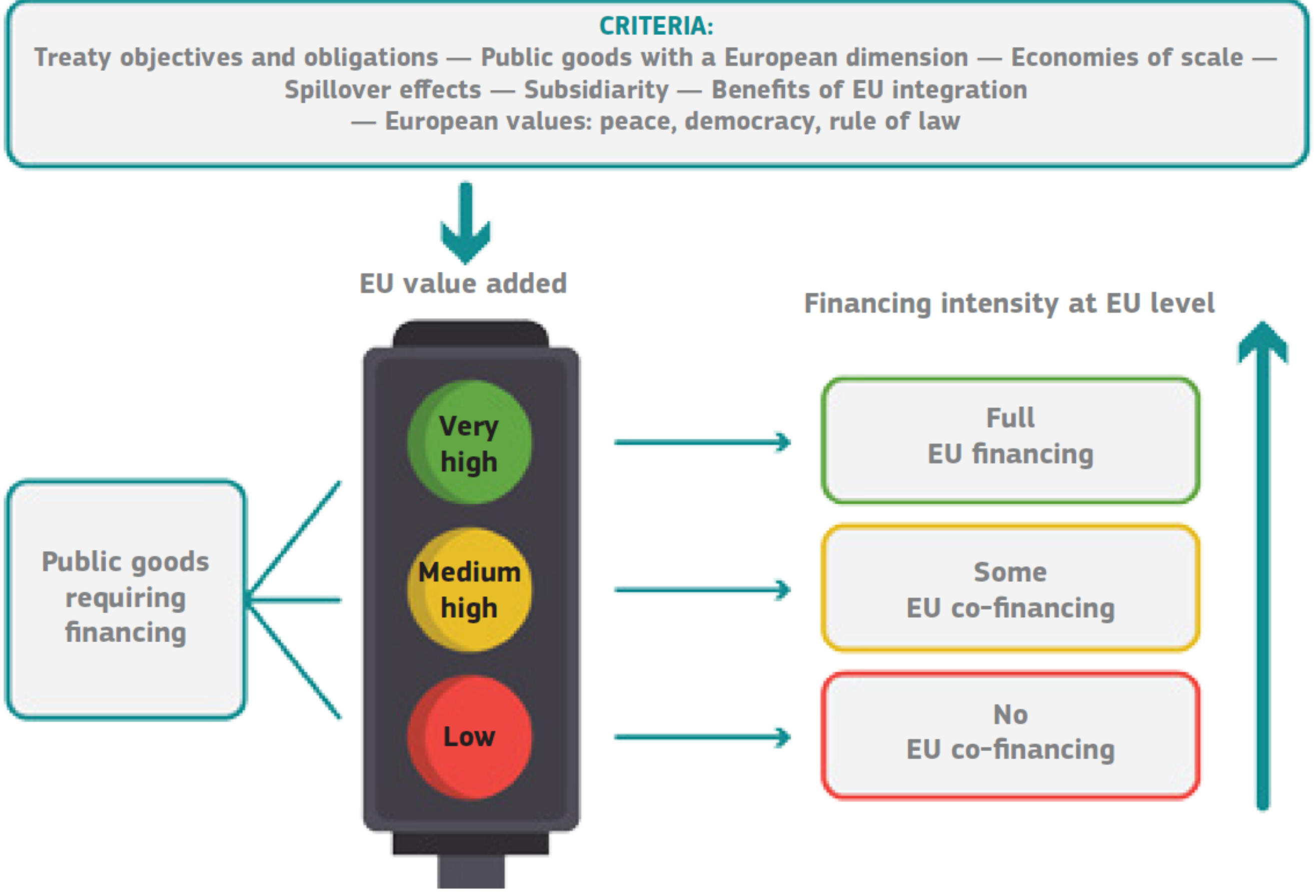
Implications for the large EU spending areas according to the five scenarios

SCENARIOS	1 Carrying on	2 Doing less together	3 Some do more	4 Radical redesign	5 Doing much more together
POLICY PRIORITIES	Taking forward current reform agenda	Mainly financing of functions needed for the single market	As in scenario 1; additional budgets are made available by some Member States for the areas where they decide to do more	Financing of priorities with very high EU value added	Doing much more across policy areas
VOLUME	Broadly stable	Significantly lower	Somewhat higher	Lower	Significantly higher
COMPETITIVENESS	Slightly higher share	Same as in scenario 1 but significantly lower amount	Same as in scenario 1	Higher share	Higher share
ECONOMIC, SOCIAL AND TERRITORIAL COHESION	Lower share	Lower amount	Same as in scenario 1	Lower share	Higher amount
AGRICULTURE	Lower share	Lower amount	Same as in scenario 1	Lower share	Higher amount
SECURITY, DEFENCE, MIGRATION	Higher share	No funding	Higher share partly covered by willing Member States	Significantly higher share	Significantly higher share
EXTERNAL ACTION	Higher share	Lower amount	Higher share partly covered by willing Member States	Significantly higher share	Significantly higher share
ECONOMIC AND MONETARY UNION			Macroeconomic stabilisation function for euro area Member States		Macroeconomic stabilisation function and a European Monetary Fund
REVENUE	Current system without rebates; other sources of revenue or fees finance the EU budget	Current system without rebates	Same as scenario 1; plus new policies financed only by participating Member States	Scenario 1 further simplified; new own resources	In-depth reform beyond scenario 4; new own resources finance significant share of the EU budget

Better spending!

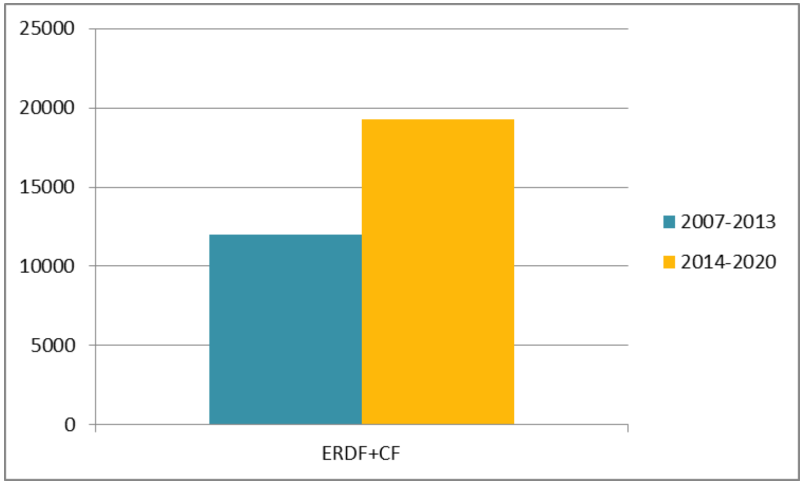
EU value added and funding from the EU budget

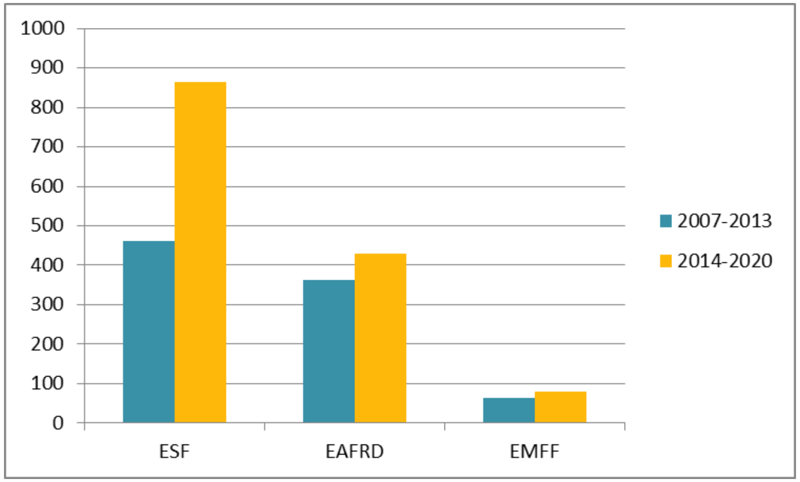


Source: European Commission

- **EU value added:** funding should be concentrated on the areas of highest value added.
- **Accountability:** the debate on the future EU budget will follow a democratic and transparent process - understanding of the budget and democratic control, transparency and good management.
- **More flexibility within a stable framework:** certainty and predictability are a prerequisite for long-term investment, but more flexibility is essential to respond to crises and unforeseen events. So more flexible structure and a larger share of the budget should be left unallocated.
- **Simplified rules:** citizens should not be discouraged from applying for EU funding as a result of excessive bureaucracy. Efforts to cut red tape and further simplify the rules of implementation should therefore continue. Moving towards a **single set of rules** would help achieve this.

THE RATIONALE OF FINANCIAL INSTRUMENTS





- *Revolving nature*
- *Long-term sustainability*
- *Increase of available capital*
- *Use of private sector expertise*
- *Better quality investments*
- *Efficient use of public resources*
- *Replacement of traditional grants*

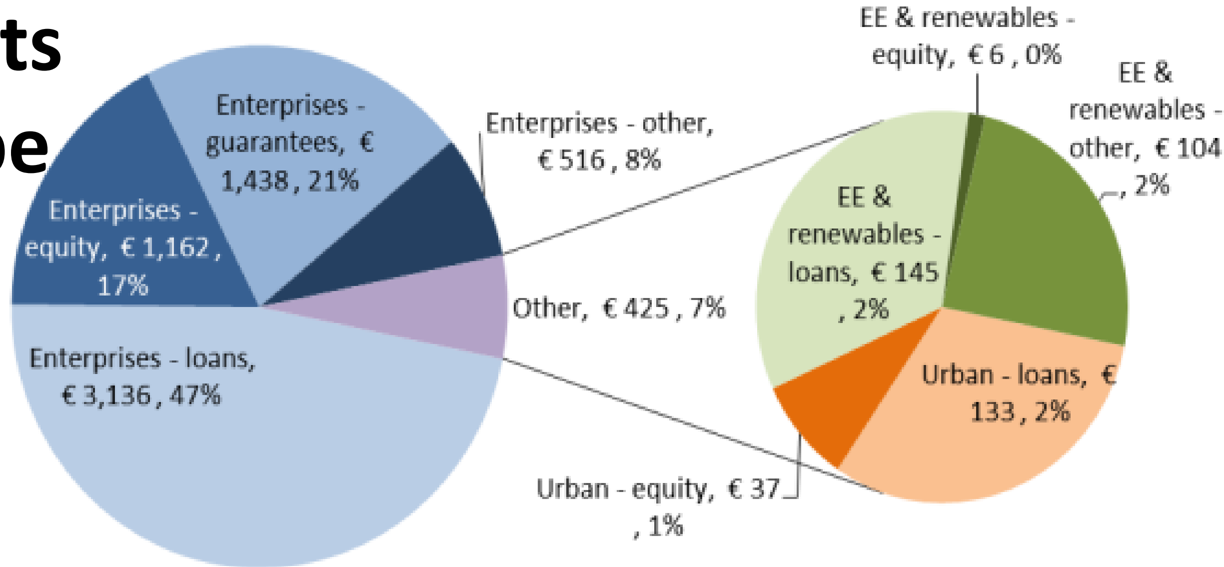
BUT

financial instruments are used to provide finance in response to **market failure**

And

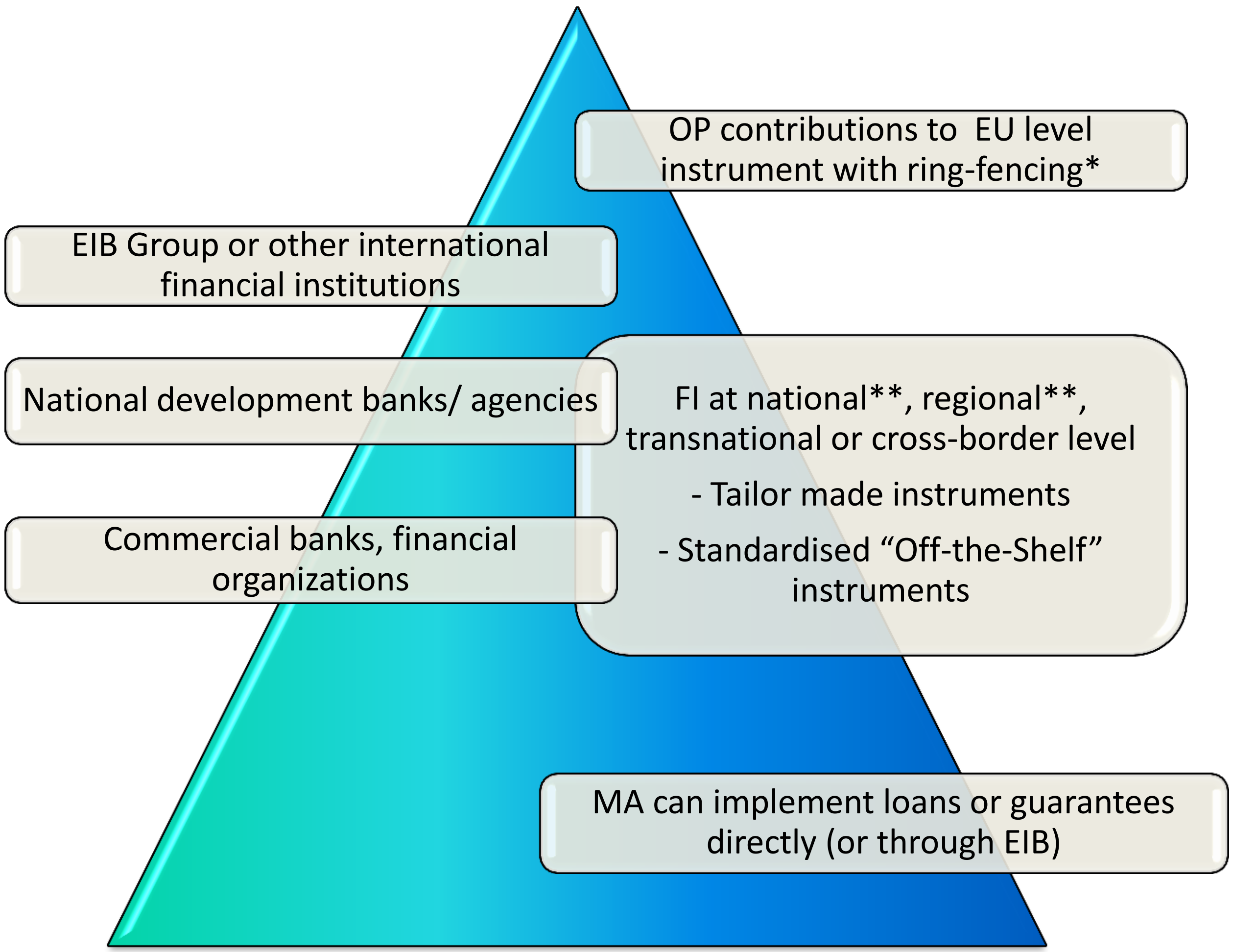
the project must be **income generating**

Financial Instruments by specific fund-type classification (2007-2013)

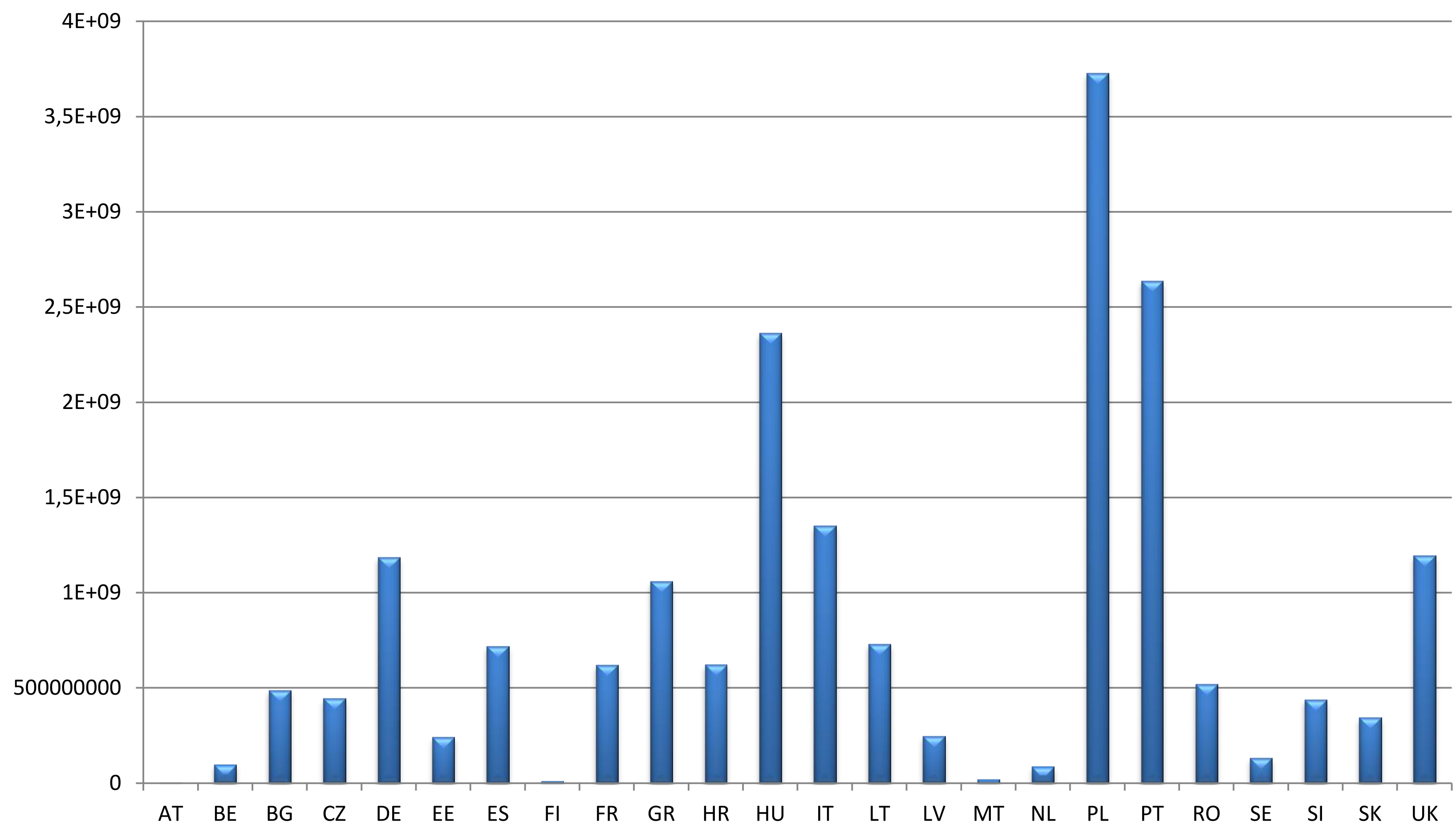


Form	Description
Equity	Direct investment in the share capital of an undertaking. Involves ownership and capacity to influence governance of the investee firm. May cover seed, start-up and expansion capital. May also be known as venture capital, which is a subset of private equity, strictly defined. Can take various forms, with different levels of risk. Risks for investors may be high (depending on security); so may be returns (depending on performance).
Loan	Borrowing to finance businesses or projects over a period of time and at an agreed rate of return, typically on the basis of the quality of cash flow and strength of the underlying assets; may be on commercial or subsidized terms.
Guarantee	Underwriting funds to provide security for firms that are unable to obtain financing otherwise; may cover all or part of the capital. May take the form of guarantees on bank loans, micro-credit or equity. May involve a fee or higher interest rate for the borrower.

Different types of FIs at different levels and the possible intermediaries in 2014-2020



FIs in 2014-2020 period (ESIF in EUR)



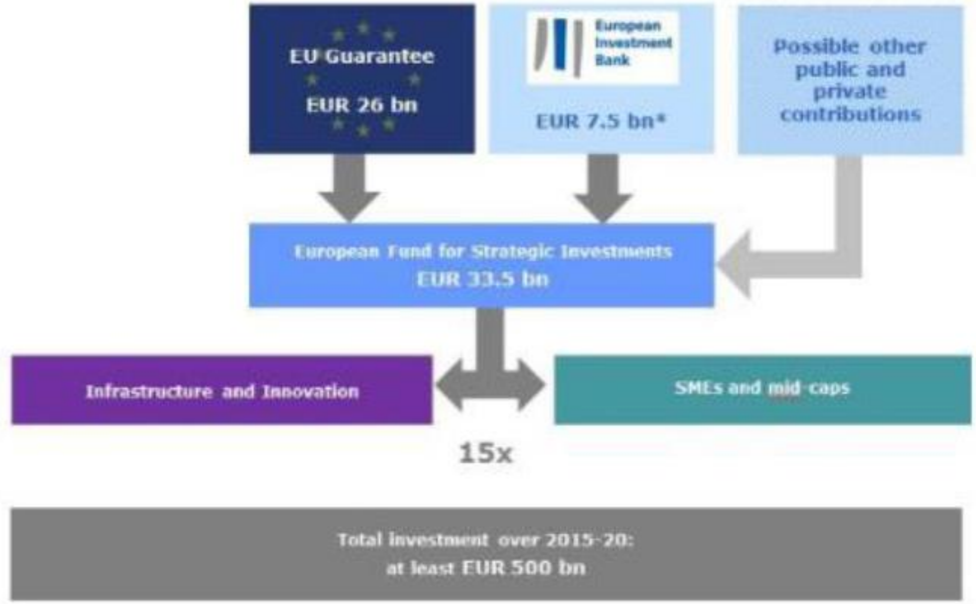
Risks affecting the performance of FIs

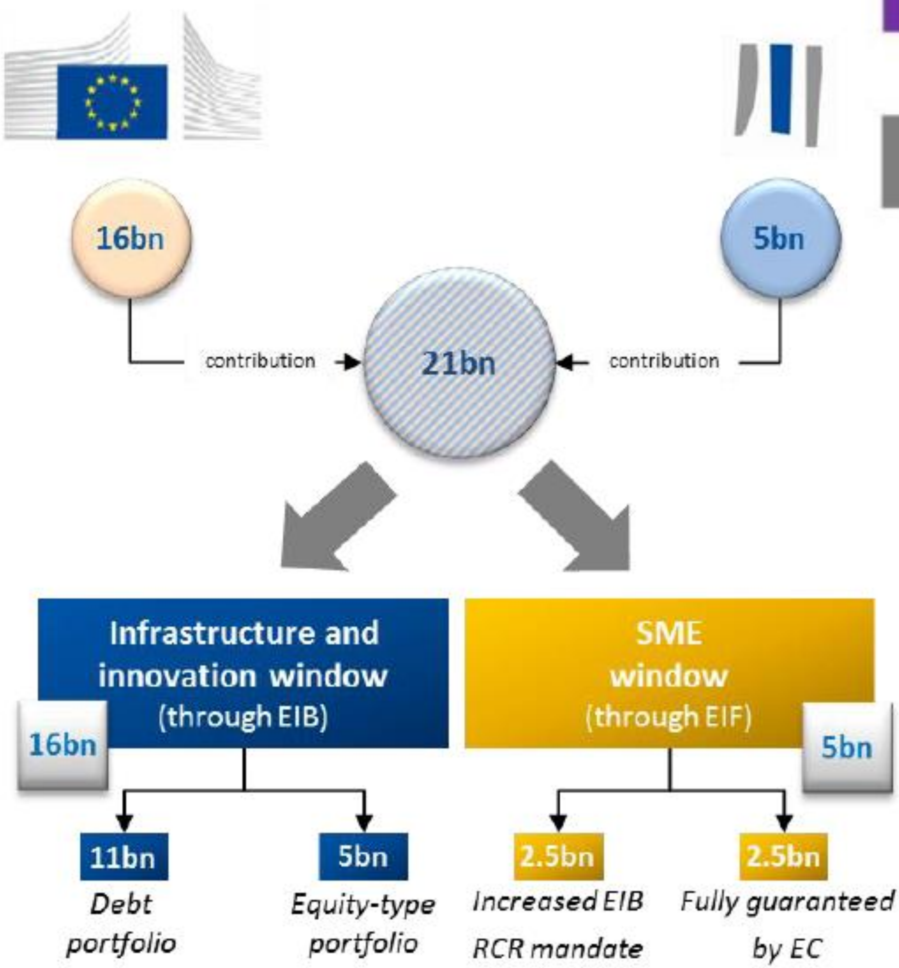
Risk category	Examples of types of risks
Executive and governance risk	Lack of commitment, support or sponsorship; insufficient alignment with other initiatives;
Management risk	Insufficient project/programme management; unsatisfactory planning, monitoring or controls; inadequate scope; or inappropriate decision-making process;
Financial risk	Credit risk (defaulting loans or mezzanine loans, defaulting underlying loans covered by guarantees), counterpart risk (final recipient or financial intermediary), treasury risk, or operational risk, costs of the FI;
Organisational risk	Inadequate organisational alignment; change management; insufficient communication; lack of competences; insufficient staffing; lack of training; ineffective business continuity plan; or IT risks (related to hardware, software, security, availability, disaster recovery, etc.).

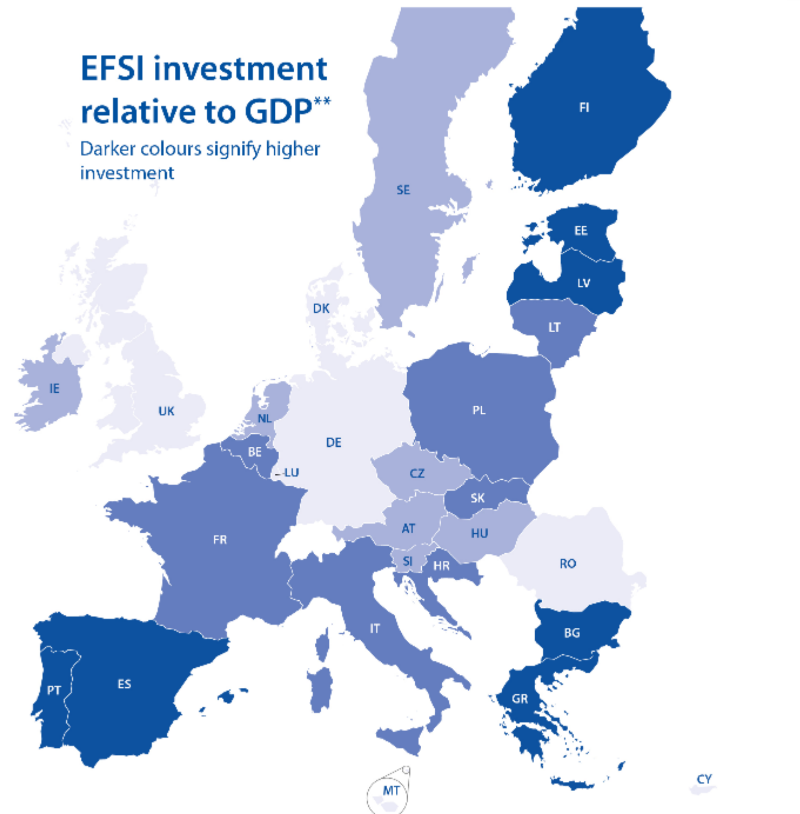
Role of the EIB in the analysed Member States

Member State	Advisory	(B)lending			Management			Co-financing for projects	Capacity building and TA	Other	No role
		enterprises	urban	energy	enterprises	urban	energy				
Bulgaria											
Czech Rep.											
Hungary											
Ireland											
Italy											
Poland											
Slovakia											
UK (England)											
UK (Scotland)											

European Funds for Strategic Investment



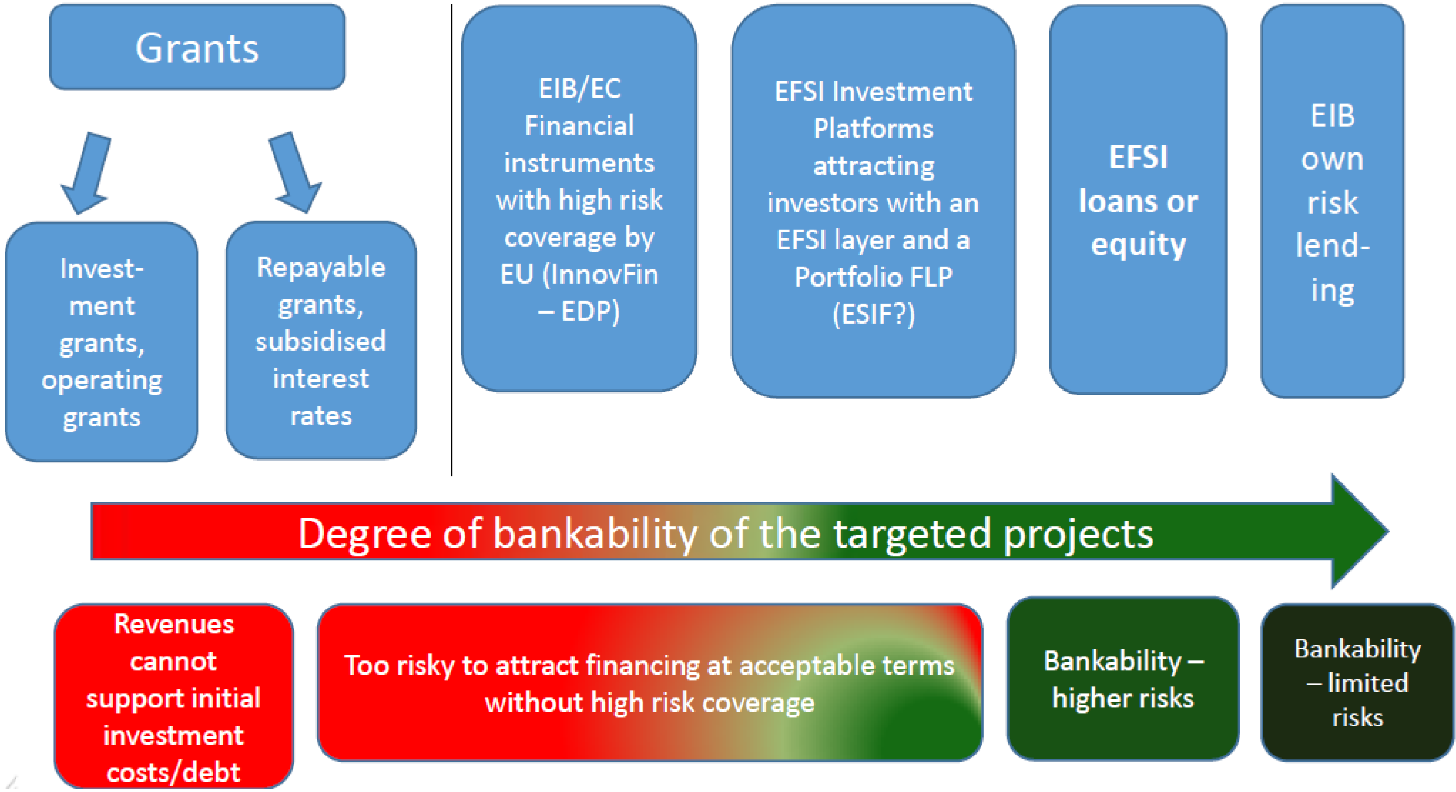




EIB – NPB cooperation possibilities under EFSI

Infrastructure and Innovation Window (IIW) - EIB:					SME Window(SMEW) - EIF:	
Bilateral cooperation (with higher EIB risk-taking)			Investment platform	Advisory cooperation	Bilateral cooperation	SME finance platform
Re-finance (e.g.: EIB Global Loan)	Project co-finance	Portfolio risk-sharing	Common investment platform (thematic and/or geographical)	European Investment Advisory Hub EIAH	Cooperation in the preparation and co-finance of tailor-made SME products	Joining multilateral platform (e.g.: Equity Platform)

Conclusion



Repayable grants and FIs *have a beneficial impact on project preparation, in particular in terms of quality. The obligation of repayment is a clear motivation for better planning.*

*However **grants** are still more appropriate for those projects where financial returns are not realistic or rather limited. Also projects realised in underdeveloped areas are justified to receive grant assistance.*

Thanks for your kind attention!