

TAKING
COOPERATION
FORWARD



Block 3: *Development of Financial Instruments*



Module 3.3. ERDF & Financial Instruments



Katerina Maneva Mitrovikj, Pavel Ruzicka, ENVIROS, Czech Republic

The module introduces financial instruments with specific focus on schemes that combine ERDF funding in form of grants and soft loans



- European Regional Development Fund (ERDF)
- Combination of ERDF funding and financial instruments
 - Financing through development banks
 - Credit lines of international financial institutions
- ERDF funding in project partners regions
- Examples of use of Innovative financial instruments within ERDF



ERDF is one of the European Structural and Investment Funds that contributes to smart, sustainable and inclusive growth, as well as aims to reinforce economic, social and territorial cohesion in EU regions and cities¹

At the level of the EU Member States, ERDF is implemented through national and/or regional Operational Programs

The key thematic priorities of the ERDF are:

- Strengthening research, innovation and technological development
- Enhancing the competitiveness of SMEs
- Supporting the shift towards the low-carbon economy
- Enhancing quality and access to ICT



European Regional Development Fund is intended for support of investment projects and is provided primarily in a form of grants

The intention of the European Commission is to provide the ERDF funding through financial instruments which will enable to support a wider range of projects as the financial sources will be used repeatedly



COMBINATION OF ERDF FUNDING AND FINANCIAL INSTRUMENTS

Financial instruments within ERDF funding represent a modern way of providing support from the European Structural and Investment Funds. Through provision of such instruments, financial products such as loans, guarantees or other risk-sharing instruments are created from public sources.

The main benefits of financial instruments compared to grants can be seen in the following areas:

- **more efficient allocation of public funds:** supported projects need to demonstrate better financial results (return on investment) than subsidized projects
- **revolving of funds:** invested funds return back and an operator earns additional money from interests; the returned funds serve to finance further projects
- **leverage effect:** In the case of certain financial instruments, private equity is attracted and directly involved to finance projects, which reduces a burden on public budgets



Financing situation in EU Member States

- **New Member States (EU-13)**

The regions from the EU-13 mostly rely on grants distributed from ERDF via Operational Programs (e.g. Poland, Hungary, Czech Republic)

- **Old Member States (EU-15)**

Funds are available from national or regional sources and commonly are provided in a form of financial instruments, such as soft loans or revolving funds (e.g. Austria, Italy, Germany)

The budget available from ERDF/OPs still prevails in the EU Member States

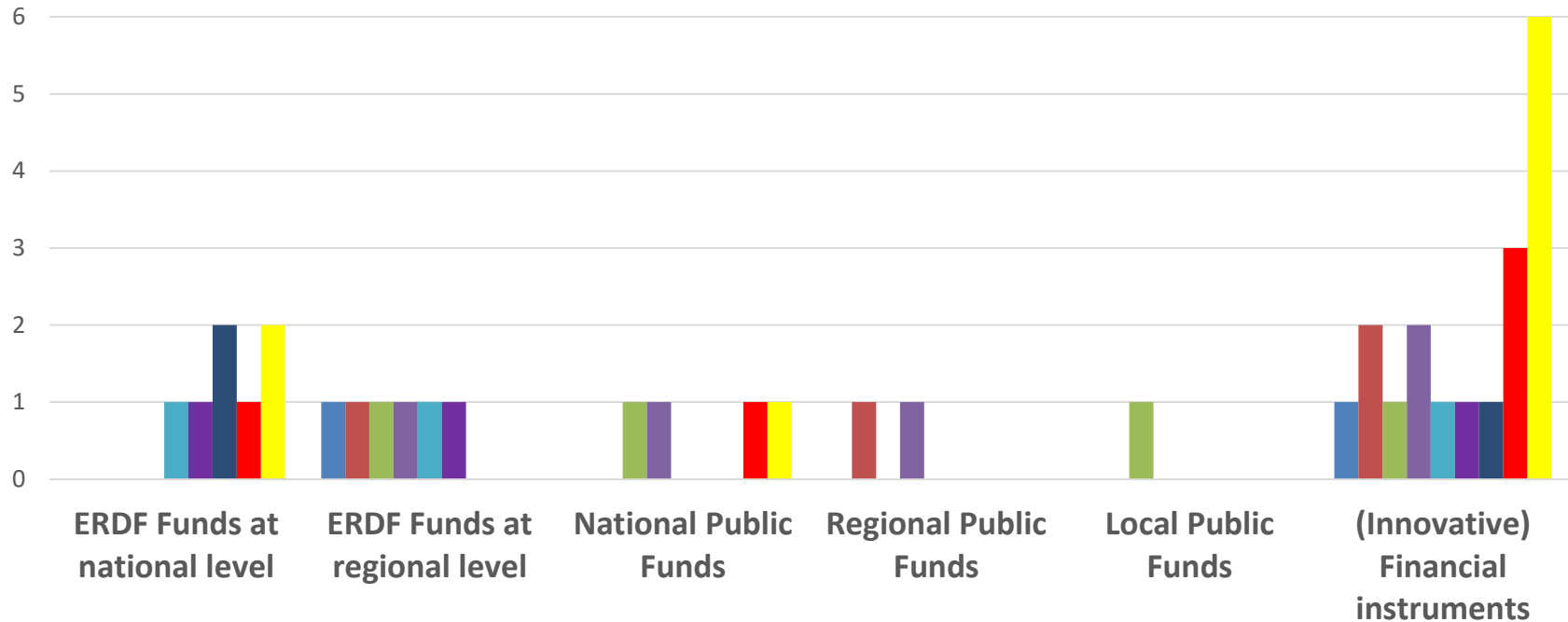


ERDF FUNDING IN PROJECT PARTNERS REGIONS

Country	ERDF Funds at national level	ERDF Funds at regional level	National Public Funds	Regional Public Funds	Local Public Funds	Financial Instruments
Italy (Veneto)		1				1
Italy (Emilia-Romagna)		1		1		2
Germany		1	1		1	1
Austria		1	1	1		2
Poland (Lower Silesia)	1	1				1
Poland (Lubelskie)	1	1				1
Hungary	2					1
Czech Republic	1		1			3
Croatia	2		1			6



ERDF FUNDING IN PROJECT PARTNERS REGIONS



Italy (Veneto)

Italy (Emilia-Romagna)

Germany

Austria

Poland (Lower Silesia)

Poland (Lubelskie)

Hungary

Czech Republic

Croatia



Revolving Fund for investments aimed at limiting energy consumption

Type of financial scheme: Innovative Instruments: grants, loans, tax-credits

Financial scheme operator: Veneto Region, Italy + ERDF

Level of implementation: Regional level

Financing source: Public Quote: € 32,800,000,00
• € 12.127.731,09 allocated for capital grants
• € 20.672.268,91 allocated for subsidized loans

Private Quote: € 20.672.268,91
(funding made available from affiliated banks)

Budget: € 53.472.268,91

Dates of operation: April 2013 - June 2015



EXAMPLES OF USE OF INNOVATIVE FINANCIAL INSTRUMENTS WITHIN ERDF

Thematic focus of the program:

- Energy efficiency of existing plants (e.g. installation of high efficiency electric motors, power factor correction of power lines, etc.)
- Combined cogeneration of thermal and electrical energy
- Production of electricity by fuel cells
- Production of energy from renewable sources

Eligible applicants:

Small and Medium Enterprises with operational headquarters in Veneto (also in associated form)



EXAMPLES OF USE OF INNOVATIVE FINANCIAL INSTRUMENTS WITHIN ERDF

Revolving fund established in Emilia Romagna, Italy

Multiscope Regional Fund: **Section Starter Fund**
Section Energy Fund

Type of financial scheme: Innovative Instruments: soft loans

Financial scheme operator: Private bank institution

Level of implementation: Regional level

Financing source: ERDF/ROP - starting finance
Regional budget

Budget: € 36.000.000,00 (Energy Fund)

Dates of operation: 2017 - 2020



EXAMPLES OF USE OF INNOVATIVE FINANCIAL INSTRUMENTS WITHIN ERDF

Thematic focus of the program

Innovative Financial Tool for Finance Interventions:

- to improve energy efficiency and reduce climate-changing gases
- to produce energy from renewable sources, favoring those in self-consumption, as well as high efficiency cogeneration plants, complying with the EU Directive 2012/27 (EU Parliament and Council)

Eligible applicants: Small and Medium Enterprises
 Large Enterprises



INFORMATION ON NATIONAL LEVEL IN PROJECT'S PARTNER REGIONS



AUSTRIA

Source of information	Link / PDF / Video document



INFORMATION ON NATIONAL LEVEL IN PROJECT'S PARTNER REGIONS



CROATIA

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INFORMATION ON NATIONAL LEVEL IN PROJECT'S PARTNER REGIONS



CZECH REPUBLIC

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INFORMATION ON NATIONAL LEVEL IN PROJECT'S PARTNER REGIONS



CZECH REPUBLIC

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INFORMATION ON NATIONAL LEVEL IN PROJECT'S PARTNER REGIONS



GERMANY

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INFORMATION ON NATIONAL LEVEL IN PROJECT'S PARTNER REGIONS



HUNGARY

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INFORMATION ON NATIONAL LEVEL IN PROJECT'S PARTNER REGIONS



ITALY

Veneto (LP)

Source of information	Link / PDF / Video document

Emilia Romagna

Source of information	Link / PDF / Video document



INFORMATION ON NATIONAL LEVEL IN PROJECT'S PARTNER REGIONS



POLAND

Legnica

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INFORMATION ON NATIONAL LEVEL IN PROJECT'S PARTNER REGIONS



POLAND

Lubelskie

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Thank you for your attention

