



Financial instruments under the European Structural and Investment Funds

**Summaries of the data on the progress made in financing and
implementing the financial instruments for the programming period**

2014-2020

**in accordance with Article 46 of Regulation (EU) No
1303/2013**

of the European Parliament and of the Council

Situation as at 31 December 2021

December 2022

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EUROPEAN COMMISSION

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PART I: Overview

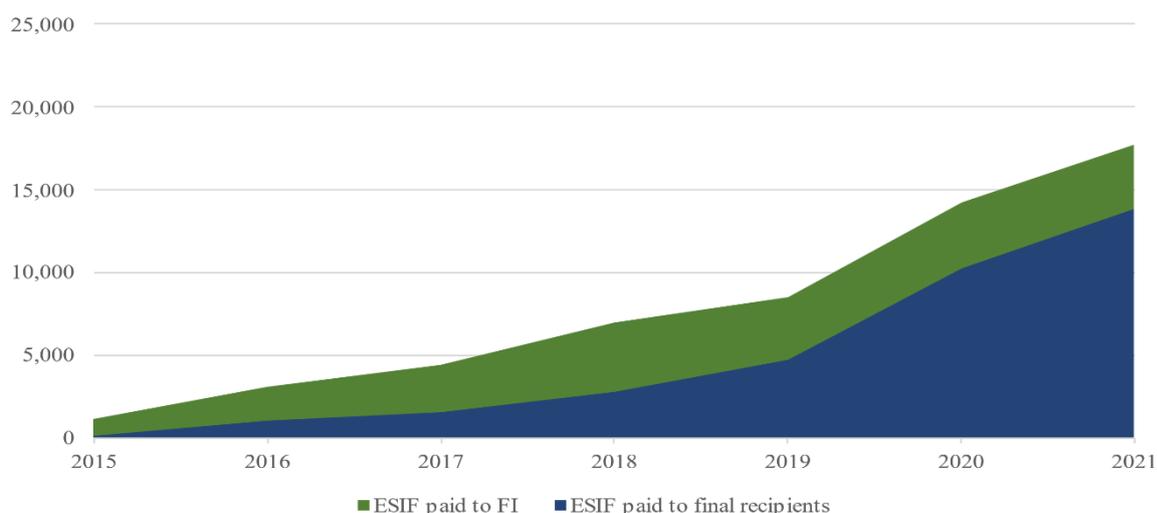
The summaries present data on the progress made in financing and implementing financial instruments (FIs) supported by European Structural and Investment Funds (ESIF) in the 2014-2020 programming period as of 31 December 2021. They are based on data reported by the managing authorities in accordance 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 2021 in the annual implementation reports by the end of May 2022, and the actual publication of the Summaries takes place within six months after this date i.e., by the end of November 2022.

FIs are implemented using all ESI Funds in 25 Member States (MSs) including the UK¹. By the end of 2021, programme contributions committed to FIs were nearly EUR 31 billion (EUR 29 billion at the end of 2020) of which EUR 23 billion was ESIF. The approaching end of the eligibility period on 31 December 2023 explains why programme contributions only grew at a modest pace.

From the beginning of the 2014-2020 period, over EUR 23 billion of programme contributions had been paid to FIs (EUR 18.4 billion at the end of 2020), including EUR 17.6 billion of ESIF (77% of all committed amounts). Around EUR 19 billion (of which EUR 13.8 billion was ESIF) had been invested in or committed to final recipients (EUR 13.8 billion at the end of 2020), leveraging EUR 49.3 billion of investments (+29% year-on-year change) at the level of final recipients (EUR 38 billion at the end of 2020). The disbursement rate of all ESI Funds has thus increased from 72% to 78%, which is a satisfactory level at this stage of the eligibility period.

Figure 1 Payments to FIs and to final recipients in the course of the 2014-2020 eligibility period (all ESIF)



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 2021 show that **FIs under ESIF have leveraged almost 50 billion worth of financing** contributing to the policy objectives of the European Union, which almost quadruples (leverage of 3.7) the contribution from the EU budget.
- Managing authorities and financial intermediaries have managed to progress with the implementation of financial instruments in the course of 2021, although the **pace varies considerably across the Member States**.
- The 2014-2020 regulatory framework has ensured a smooth and orderly implementation of ESIF financial instruments. As Figure 1 on the previous page shows, the pace of payments to FIs was consistent with payments to final recipients. This means that **the existing rules ensured sound management of the funds**, which have thus been efficiently used for supporting the objectives of the EU Cohesion Policy during the programming period.
- 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 and in the legal framework of centrally managed financial instruments**. Moreover, some 15% of the funds have already been paid back in reflows and can thus be reused in accordance with the CPR.
- **ERDF FIs allocated EUR 7 billion for working capital for SMEs in the COVID-19 context, which is double what the MSs allocated to working capital in the form of grants**². In total, ERDF FIs supported 592,500 SMEs, of which 452,000 qualified as microenterprises;
- **ESF FIs supported the social economy in Europe by paying EUR 247 million to final recipients**. Over 10,800 recipients were supported, including about **5,200 microenterprises and 5,200 individuals**.
- **The implementation of EAFRD financial instruments is progressing well**, also taking into account that the eligibility period for EAFRD FIs has been extended till the end of 2025. 27 FIs are committing and paying programme contributions to final recipients, an increase of 40% in 2021 compared to 2020.³
- Under the EMFF financial instruments, despite the challenges present in 2021, payments to final recipients still rose by 6%.

² Sum of target values of COVID-19 indicators CV21 in programmes approved by the Commission as in September 2021.

³ As reported previously, as of August 2021, 13 Rural Development Programmes (RDP) in 8 MSs offer support for stand-alone working capital, an option that was introduced by the CRII+. In total, RDP amendments added a total of EUR 94.1 million, covering also non-COVID needs. Since MSs are not obliged to report on the use of EAFRD FIs for COVID purposes, there is no later information.

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 2021, in million EUR (programme contributions out of which ESIF)								
	ERDF and CF	ESF and YEI	EAFRD	EMFF	All ESIF			
					2021	2020	Change	Change in %
Number of MSs reporting on FIs	25	11	12	1	25	25	0	-
Programme amounts committed to FIs	29.296	758	768	9	30.831	28.947	1.884	7%
<i>out of which ESIF</i>	21.868	521	589	6	22.984	21.610	1.374	6%
Programme amounts paid to FIs	22.398	371	485	7	23.261	18.489	4.772	26%
<i>out of which ESIF (A)</i>	16.995	286	375	5	17.661	14.223	3.438	24%
Percentage of ESIF commitments paid	78%	55%	63%	83%	77%	66%	+11%	-
Financing disbursed to final recipients⁴	48.266	265	766	5	49.302	38.190	11.112	29%
Programme amounts committed to final recipients	21.484	312	321	5	22.122	17.312	4.810	28%
<i>out of which ESIF</i>	16.995	210	236	4	17.445	12.237	5.208	43%
Programme amounts invested in final recipients	18.533	247	289	5	19.074	13.808	5.266	38%
<i>out of which ESIF (B)</i>	13.429	168	218	4	13.819	10.254	3.565	35%
Disbursement rate of ESIF contribution (B)/(A)	79%	59%	58%	68%	78%	72%	+6%	-

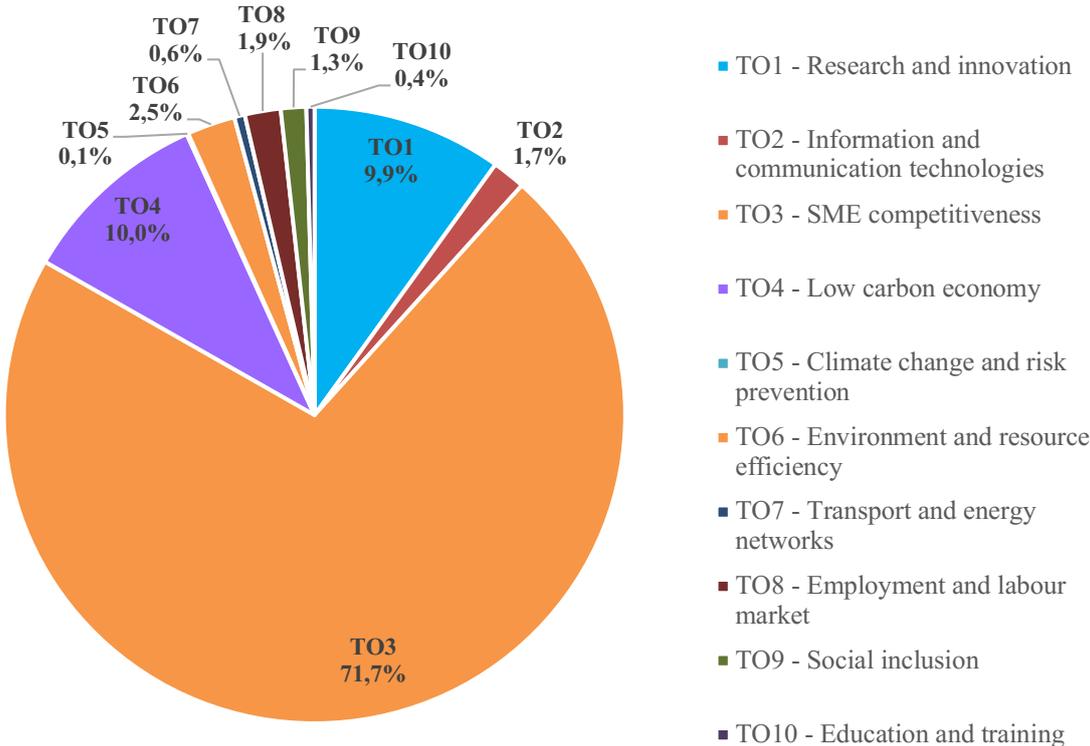
The reporting on ESIF FIs by commitments to thematic objectives (Figure)⁵ shows a small increase in an already very high share allocated to TO3 (SME competitiveness) in 2021 as the total allocation grew from 70.3% to 71.9% over the reporting year. The total committed amounts to TO3 now equal to almost EUR 15.5 billion. The persisting dominance of TO3 is most likely attributable to the continued need to support SMEs in the context of COVID-19 crisis which was still impacting the European economy in 2021.

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

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

The two other thematic objectives that typically account for important shares of FI allocations – TO1 in research and innovation investment and TO4 including energy efficiency support – reported a decrease compared to the previous year as TO1 dropped from 10.3% to 9.9% and TO4 from 11% to 10%. This decrease was also recorded in absolute terms as the overall commitments to TO1 dropped by EUR 50 million and to TO4 by EUR 185 million.

Figure 2 Commitments to FIs in the funding agreements as percentage of total commitment by thematic objective (TO) at the end of 2021 (all ESIF)



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

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 2021⁶ (financial figures in EUR million)

	2021	2020	Change
Number of MS reporting on FIs	25	25	0
Number of programmes reporting on FIs	160	158	+2
Programme amounts committed to FIs	29,296	27,451	+1,845
<i>Of which ERDF or Cohesion Fund</i>	<i>21,868</i>	<i>20,523</i>	<i>+1,345</i>
Programme amounts paid to FIs	22,398	17,784	+4,614
<i>Of which ERDF or Cohesion Fund</i>	<i>16,995</i>	<i>13,681</i>	<i>+3,313</i>
Programme amounts committed to final recipients	21,484	16,843	+4,640
<i>Of which ERDF or Cohesion Fund</i>	<i>16,085</i>	<i>11,916</i>	<i>+4,169</i>
Programme resources paid to final recipients	18,533	13,420	+5,114
<i>Of which ERDF or Cohesion Fund</i>	<i>13,429</i>	<i>9,980</i>	<i>+3,449</i>
<i>Of which loans</i>	<i>9,498</i>	<i>6,855</i>	<i>+2,643</i>
<i>Of which guarantees</i>	<i>5,802</i>	<i>3,987</i>	<i>+1,815</i>
<i>Of which equity</i>	<i>2,743</i>	<i>2,045</i>	<i>+698</i>
<i>Of which other</i>	<i>490</i>	<i>312</i>	<i>+179</i>
Financing (loans, guaranteed loans, and equity) disbursed to final recipients⁷	48,266	37,439	+10,827
Programme resources paid to FIs as management costs and fees	934	663	+271
Amount attributable to ESIF support paid back to FIs	1,895	948	+947
Final recipients supported	678,368	556,427	+121,941
<i>Of which SMEs</i>	<i>592,551</i>	<i>477,915</i>	<i>+114,636</i>

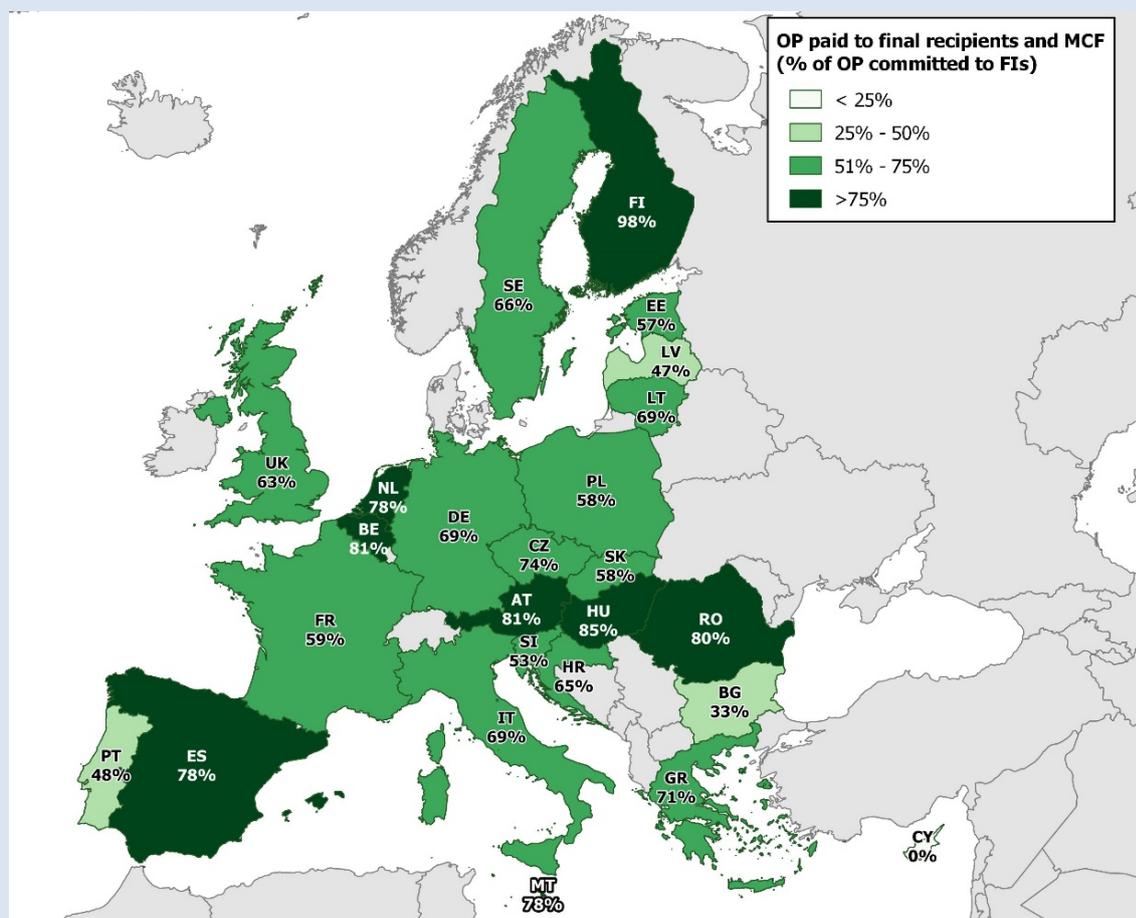
⁶ This summary is based on information submitted by managing authorities on the progress made in implementing FIs by the end of 2021. Programme contributions refer to ERDF, CF and related national co-financing. ESF and ESF-related national co-financing are considered in the respective section.

⁷ Due to additional funding attracted by the FIs (see footnote 52 for FIs included in the calculation).

Absorption rate of ERDF&CF FIs

Eligible expenditure at closure, as stipulated in Article 42 CPR, consist of the programme contributions paid to final recipients or to the benefit of final recipients or set aside for guaranteed loans disbursed to final recipients, and of reimbursement of management costs or payment of management fees.

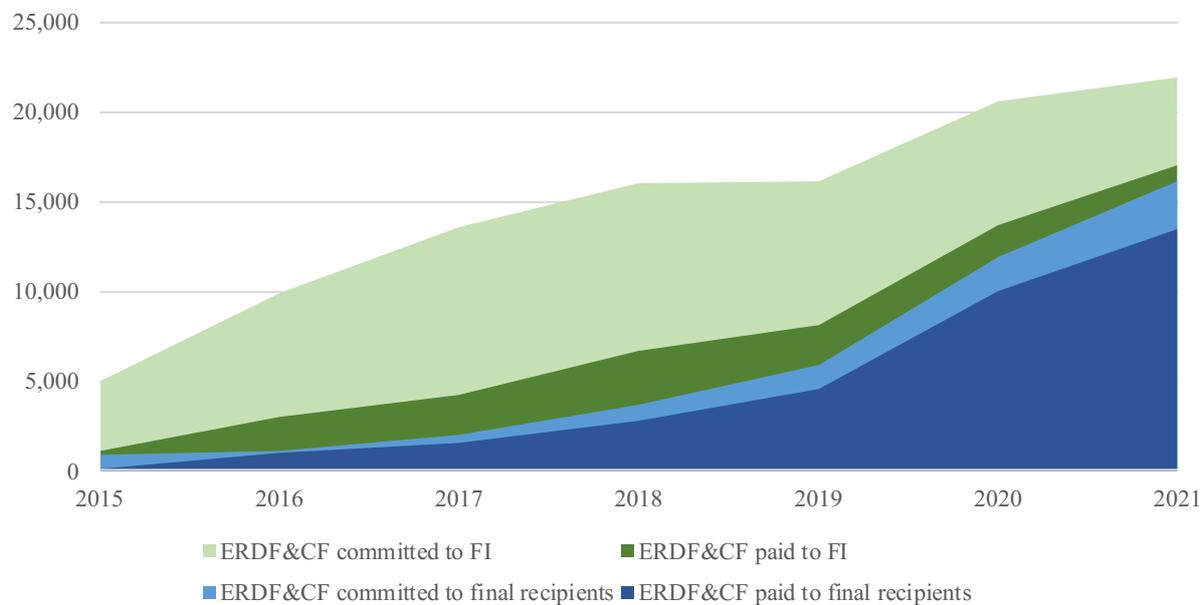
By the end of 2021, aggregate eligible expenditure incurred by the Member States was 66% of the respective programme resources committed to FI. There was a large variation across Member States in terms of the eligible expenditure incurred - according to the above components - as a share of funds committed to FI (see map).



Overall, 67 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 45 OPs. OPs reporting that eligible expenditure incurred was less than 50% were 48. As part of the AIR review process, DG REGIO encouraged MAs of OPs with FIs absorption rates below 50% to speed up FI implementation through observation letters.

The overall progress in terms of ERDF and CF committed and paid to FI and to final recipients since 2015 is shown in Figure 2.

Figure 2 Overall progress from 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>.

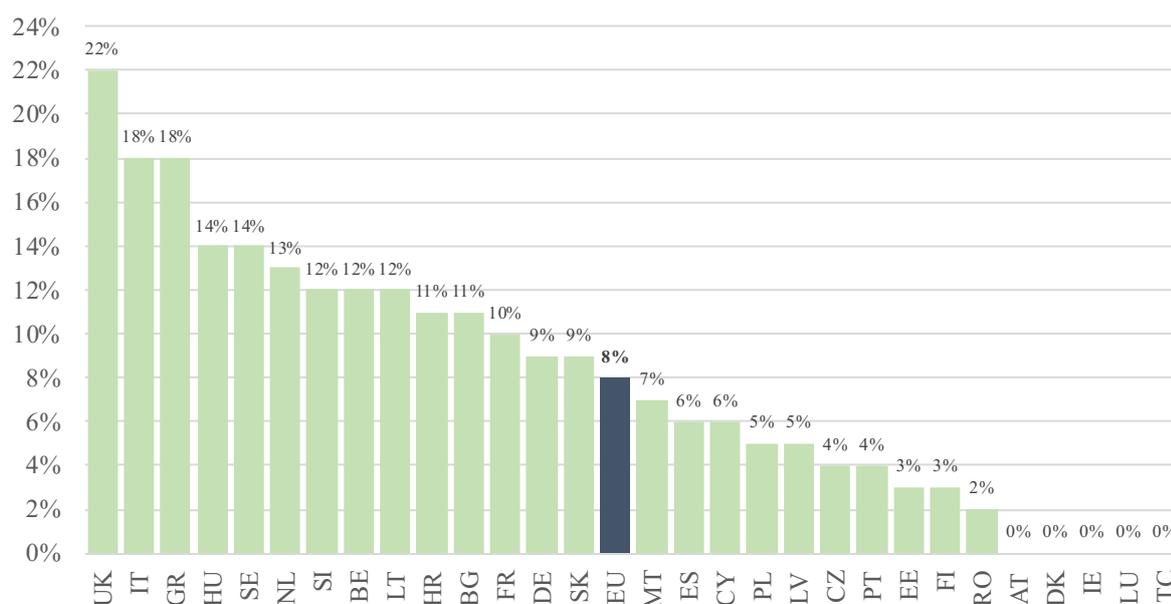
2. Summary of data collected on FIs implemented under ERDF and CF

2.1 Planned use and commitments to financial instruments.

As at the end of 2021, indicative ERDF and Cohesion Fund allocation for FIs in the submitted programmes was **EUR 24.0 billion**⁸ or about **8%** of the total ERDF and Cohesion Fund envelope in the 2014-2020 period.

The share of FIs varies, with the highest allocation planned in the UK (22%), IT and GR (both at 18%), and no allocations in DK, IE, and LU (Figure 3). No FIs were planned under the European Territorial Cooperation (TC) goal.

Figure 3 ERDF and CF allocated to FIs as percent of the ERDF and CF allocated to the Member States

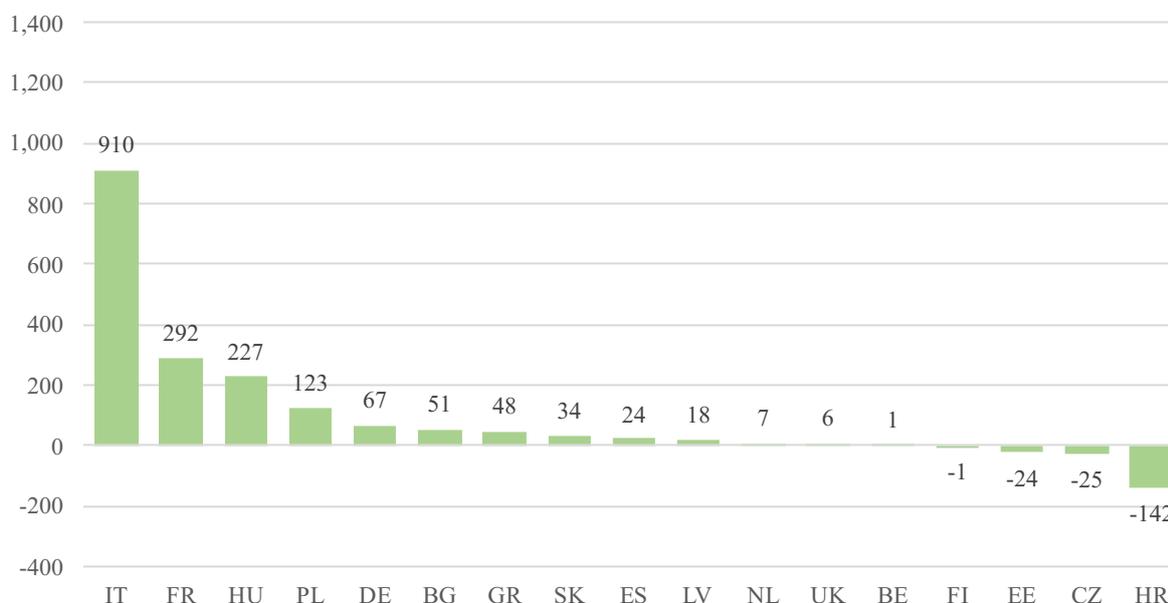


COVID-19 crisis continued to have a significant impact on the allocation planned for FIs in the programmes, as the amount increased by about **EUR 1.6 billion** by the end of 2021 compared with a year earlier. This is a remarkable increase given the late stage of the programming period. IT reported the largest increase of planned allocations to FIs (EUR 910 million, see Figure 4), while FR, HU and PL also reported a significant increase (over

⁸ The amount submitted to the Commission based on 2013 CPR Article 112 was EUR 22.7 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.

EUR 100 million each). Planned allocations to FIs decreased considerably in HR, although they remain larger than the EU average when considered as percentage of the respective ERDF and CF allocated to all forms of finance.

Figure 4 Indicative FI programme allocation: change 2020-2021 (only MS reporting a difference)

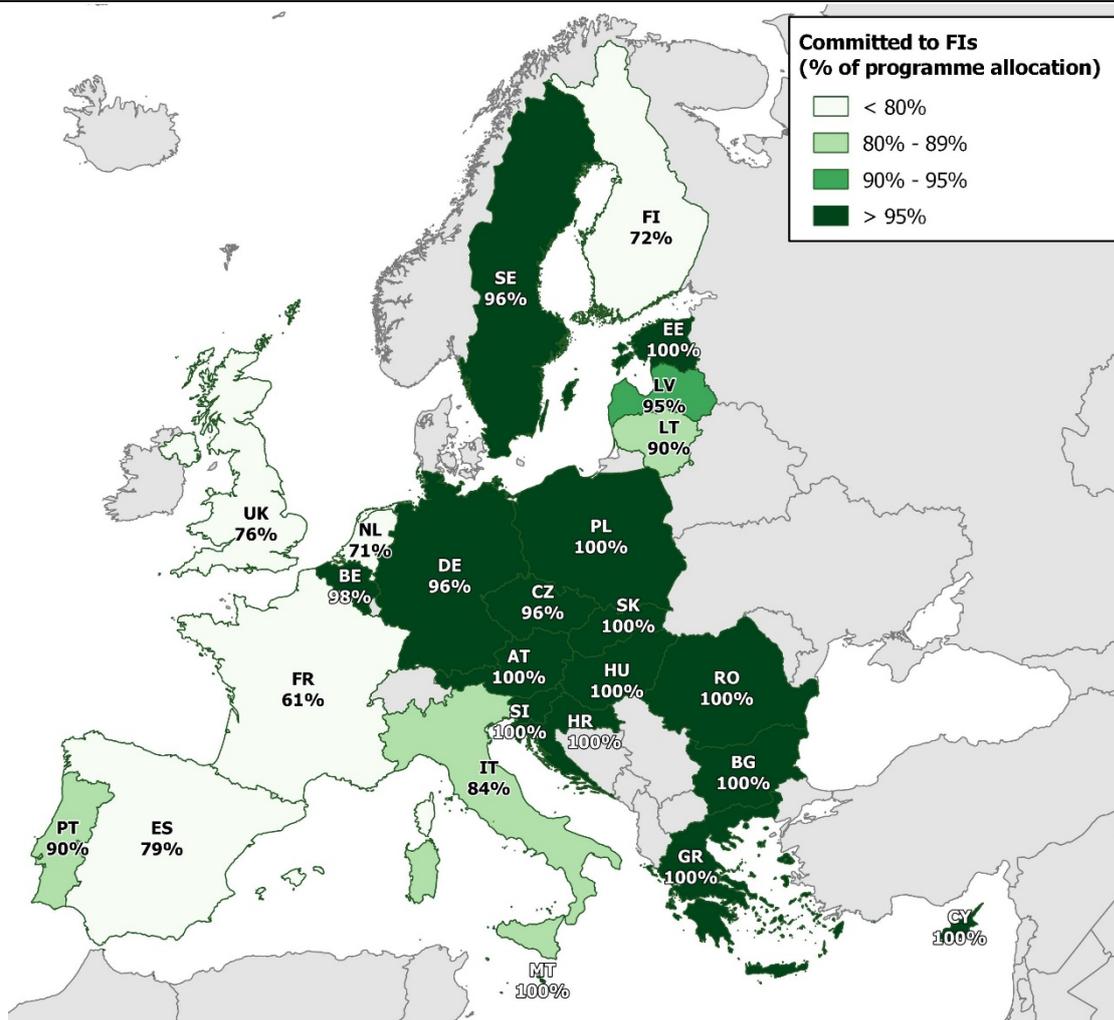


Programme amounts committed to FIs operations⁹ reached over **EUR 29.3 billion**, covering **91%** of the ERDF and CF planned in the programmes for this form of finance. Figure 5 shows how each Member State performed. The amounts allocated to forms of finance in the programmes are only indicative, so the managing authorities could commit funds without waiting for amendment of the programmes. Thus, shares that are significantly lower than 100% might be a sign of delay or they might indicate that decrease in planned allocation has not yet been included in submitted programme amendments. However, the figures should converge when the relevant priority axes are amended in the future.

A substantial increase of over **EUR 1.8 billion** of programme resources committed to FIs was reported compared to the end of 2020. IT (EUR 778 million) and FR (EUR 345 million) had the largest additional programme amount committed to FIs, accounting for over half of the total. GR (EUR 312 million) and HU (EUR 296 million) also reported a significant increase.

⁹ '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 5 Amounts committed to FIs (% of indicative programme allocation), as of end 2021



Programme contributions were committed to FIs in funding agreements in 25 Member States, including EUR 21.5 billion of ERDF and EUR 0.3 billion of the Cohesion Fund. The ten largest programmes committed at least EUR 600 million each, and over EUR 14.7 billion of programme resources in total (Figure 6) i.e., about half of the EU aggregate figure.

Figure 6 Ten largest OPs by amount committed to FIs as of end 2020 (EUR million)			
Member State	CCI	OP name	OP amount committed to FI
GR	2014GR16M2OP001	Ανταγωνιστικότητα Επιχειρηματικότητα και Καινοτομία	2,880
IT	2014IT16RFOP003	PON Imprese e competitività	2,432
HU	2014HU16M0OP001	Gazdaságfejlesztési és Innovációs Operatív Program	2,387
PL	2014PL16RFOP001	Program operacyjny Inteligentny rozwój	1,776
UK	2014UK16RFOP001	United Kingdom -ERDF England	1,470
HR	2014HR16M1OP001	Operational programme competitiveness and cohesion 2014 - 2020	916
SK	2014SK16M1OP001	Integrovaná infraštruktúra	860
ES	2014ES16RFSM001	Iniciativa PYMEs FEDER 2014-20 PO	735
CZ	2014CZ16RFOP001	Operační program podnikání a inovace pro konkurenceschopnost	689
LT	2014LT16MAOP001	2014-2020 metų Europos Sąjungos struktūrinių fondų investicijų veiksmų programa	599

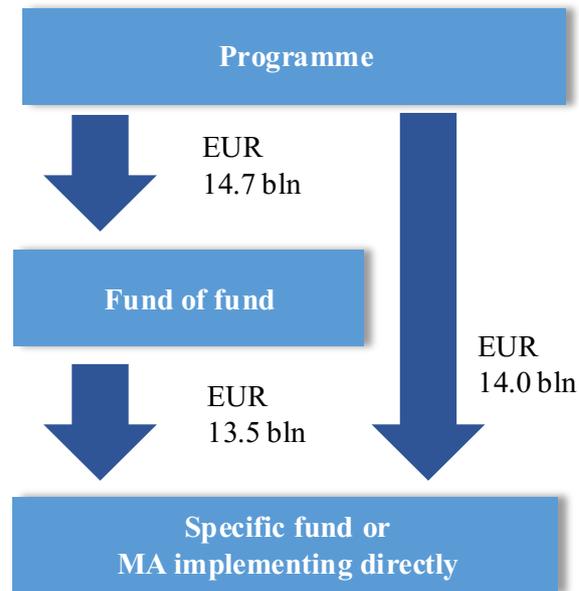
Managing authorities in 19 Member States committed EUR 14.7 billion to funds of funds, or 50% of programme commitments to FIs. Of these, EUR 11.1 billion was from ERDF and EUR 290 million from the Cohesion Fund. Programme resources committed in funding agreements with specific funds under a fund of funds, which is the necessary next step to provide financing to final recipients, was EUR 13.5 billion or 92% of programme funding committed to funds of funds¹⁰ (88% in 2020). Most programme resources yet to be committed to financial intermediaries by the funds of funds were in PL (EUR 495 million; EUR 790 million in 2020) and GR (EUR 155 million; EUR 200 million in 2020). The entire amount committed to funds of funds was yet to be committed to financial intermediaries in CY (EUR 40 million) and DE (EUR 22 million). Compared with a year earlier, most additional programme resources committed to FIs were for specific funds without a fund of fund i.e., EUR 1.2 billion out of EUR 1.8 billion.

Nine programmes in DE, ES, and FR reported undertaking implementation tasks directly according to Article 38(4)(d) CPR¹¹.

¹⁰ This includes possible programme resources committed at the level of financial intermediaries.

¹¹ 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 7 Overview of programme resources committed by type of FI, as of end 2021



About EUR 3.5 billion of programme resources - or 12% of the total - was committed to FIs managed by the EIB (EUR 1.3 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 EIF. Six Member States contributed to the SME Initiative option under Article 39 (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 2021, **EUR 22.4 billion** - of which EUR 17.0 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 10.4 billion, while payments to specific funds under a fund of funds structure reached EUR 8.8 billion, or 85% of payments to funds of funds (80% in 2019).

ERDF and CF paid to FIs was 78% of the respective committed amount (67% in 2020). If SME Initiative, for which different payment schedule is applied (Article 39(7) CPR)¹² is excluded, the payment progress amounts to 77%.

National co-financing paid to FIs was almost EUR 5.4 billion, of which EUR 4.1 billion was from public sources and EUR 1.3 billion from private sources, especially in the UK (over EUR 600 million) and PL (over EUR 280 million).

ProFIT Loans in Brandenburg, Germany

ProFIT is a successful financial instrument supporting research, development, and innovation projects in the category of experimental development as well as market preparation and market launch in the German *Land* Brandenburg. Besides loans, the ProFIT programme also offers grants as well as combinations of both forms of support in two separate operations, depending on the needs of the project.

Support from the ProFIT programme is limited to a maximum of €3 million in loans (and €3 million in grants) per project. For market preparation/market launch measures related to the R&D project, project funding is granted exclusively in the form of a loan that complies with the requirements of the *de minimis* regulation, up to a maximum of €200,000 (grant equivalent).

The ProFIT loan is implemented by the *Investitionsbank Brandenburg*, which has so far paid loans to 71 final recipients in the total volume of EUR 75 million. The positive impact of the ProFIT loan on innovation in Brandenburg results in the continuation of the instrument also in the 2021-27 period.

¹² 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.

Figure 8 ERDF and CF committed in the funding agreements and paid to FIs as of end 2020, 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	312.2	126.3	283.9	115.1	91%
BG	740.4	652.3	301.7	272.6	42%
CY	40.0	33.5	10.0	8.5	25%
CZ	776.4	758.3	684.2	669.8	88%
DE	1,697.2	1,083.9	1,309.3	842.6	78%
EE	110.0	100.0	81.0	63.0	63%
ES	1,681.3	1,444.3	1,339.1	1,143.6	79%
FI	41.4	20.7	41.4	20.7	100%
FR	1,326.9	615.4	1,058.6	481.0	78%
GR	3,003.3	2,382.6	2,646.7	2,105.3	88%
HR	915.8	756.1	695.9	650.0	86%
HU	2,474.0	2,430.4	2,226.0	2,108.5	87%
IT	5,780.0	4,015.6	4,572.3	3,082.5	77%
LT	598.6	597.7	492.1	491.9	82%
LV	241.6	182.2	144.5	114.3	63%
MT	44.0	41.0	43.3	40.3	98%
NL	184.5	65.8	99.5	33.6	51%
PL	3,884.3	3,266.1	2,859.9	2,489.5	76%
PT	895.4	484.5	293.2	272.5	56%
RO	383.3	362.8	379.5	359.6	99%
SE	257.7	125.7	232.9	114.2	91%
SI	422.6	318.0	339.3	254.8	80%
SK	1,290.2	1,032.8	778.9	616.3	60%
UK	2,186.0	969.3	1,476.0	641.7	66%
Total	29,296.1	21,868.2	22,398.3	16,994.8	78%

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 2020, as a result of such treasury operations, FIs had accrued net gains attributable to ERDF and CF¹³ of about EUR 139 million. FIs to which EUR 9.0 billion of ERDF and CF resources were paid either did not report on gains or losses

¹³ Article 43 of the CPR clarifies how interest or other gains from the investment of ERDF and CF contributions to FIs should be handled.

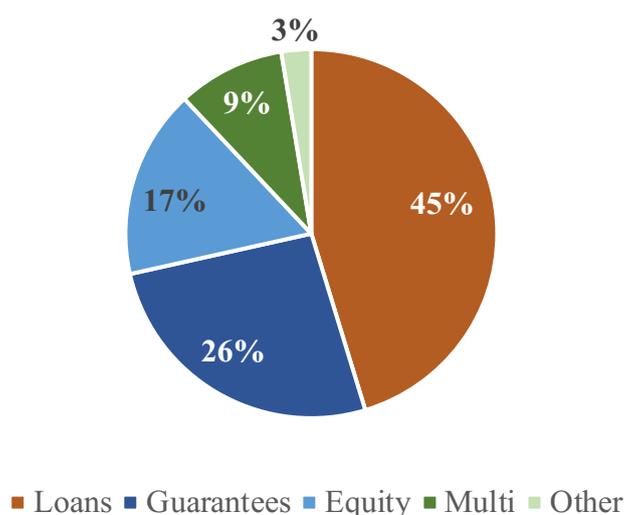
from treasury operations or reported that the treasury operations had generated neither gains nor losses (EUR 6.6 billion in 2020).

2.3 Products offered

Member States provided information about products offered by 965 specific funds¹⁴, with or without a fund of fund structure, and FIs managed directly by the managing authority. The largest amount of programme resources - EUR 12.5 billion - was committed to FIs providing loans, while EUR 7.2 and EUR 4.6 billion was committed to FIs providing guarantees and equity, respectively. Most resources of multi-product FIs were committed to provide loans and equity (EUR 1.6 billion). Compared with a year earlier, additional committed resources were reported especially for loan and guarantee FIs - EUR 1.7 and EUR 0.8 billion, respectively.

Loan FIs were especially important in HU and HR, representing over two thirds of their 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 21 million for equity FIs and EUR 62 million for guarantee FIs.

Figure 9 Programme amounts committed to FIs by product, as of end 2021, percent



¹⁴ 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.

Fifteen Member States reported other support¹⁵ combined with FIs in one FI operation in the sense of Article 37(7) CPR. At the end of 2021, EUR 6.6 billion of programme resources were committed to FIs providing other support combined within the FI, compared to EUR 5.7 billionas of the end of 2020. The largest amount committed to FIs providing other support combined within the FI was in HU (over EUR 1.7 billion) and GR (almost EUR 1.2 billion).

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

Croatian Venture Capital Initiative

Although the 2014-2020 programming period is the first one for Croatia as EU Member State, the country managed to roll out a large number of successful financial instruments under EU Cohesion Policy. One of the best performing examples is the *Croatian Venture Capital Initiative* implemented in cooperation with EIF. In spite of the fact that the managing authority launched the instrument only in 2019, the VC Fund raised almost double the amount of private capital foreseen in the business plan in its first two years, making 114 investments of EUR 22 million, and disbursing half of the fund size of EUR 46 million. The initiative also includes an Accelerator Compartment, which provides assistance and training to project promoters from the ranks of Croatian SMEs and start-ups.

With over 2,300 applications screened, and 5% of them receiving seed capital, the graduates of the Fund's Accelerator Compartment submitted many investment-ready projects for funding. Overall, the Fund successfully promotes the internationalization of the Croatian businesses, resulting in one third of the investees being start-ups relocating to Croatia, mostly Croatian expatriates returning their companies back home from the USA.

2.4 Support to final recipients

¹⁵ 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.

By the end of 2021, all reporting Member States except CY had committed some programme resources in loan and guarantee agreements or equity to final recipients.

Since the beginning of the 2014-2020 period, **EUR 18.5 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 over **EUR 5.1 billion (+38%)** compared to the programme amount used to support final recipients by the end of 2020. Over EUR 13.4 billion of ERDF and CF was paid to final recipients by the end of 2021, i.e., 79% of ERDF and CF paid to FIs - it was 73% as of the end of 2020.

By the end of 2021, ERDF and CF disbursed to final recipients covered **61% of the respective amount committed to FIs¹⁶** (49% in 2020). The total co-financing paid to final recipients was EUR 5.2 billion, of which over EUR 1.3 billion from private sources.

¹⁶ 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. About 56% of ERDF and CF indicatively planned for FIs was disbursed to final recipients by the same date.

Figure 10 Payments to FIs, commitments and payments to final recipients, as of end 2021, EUR million

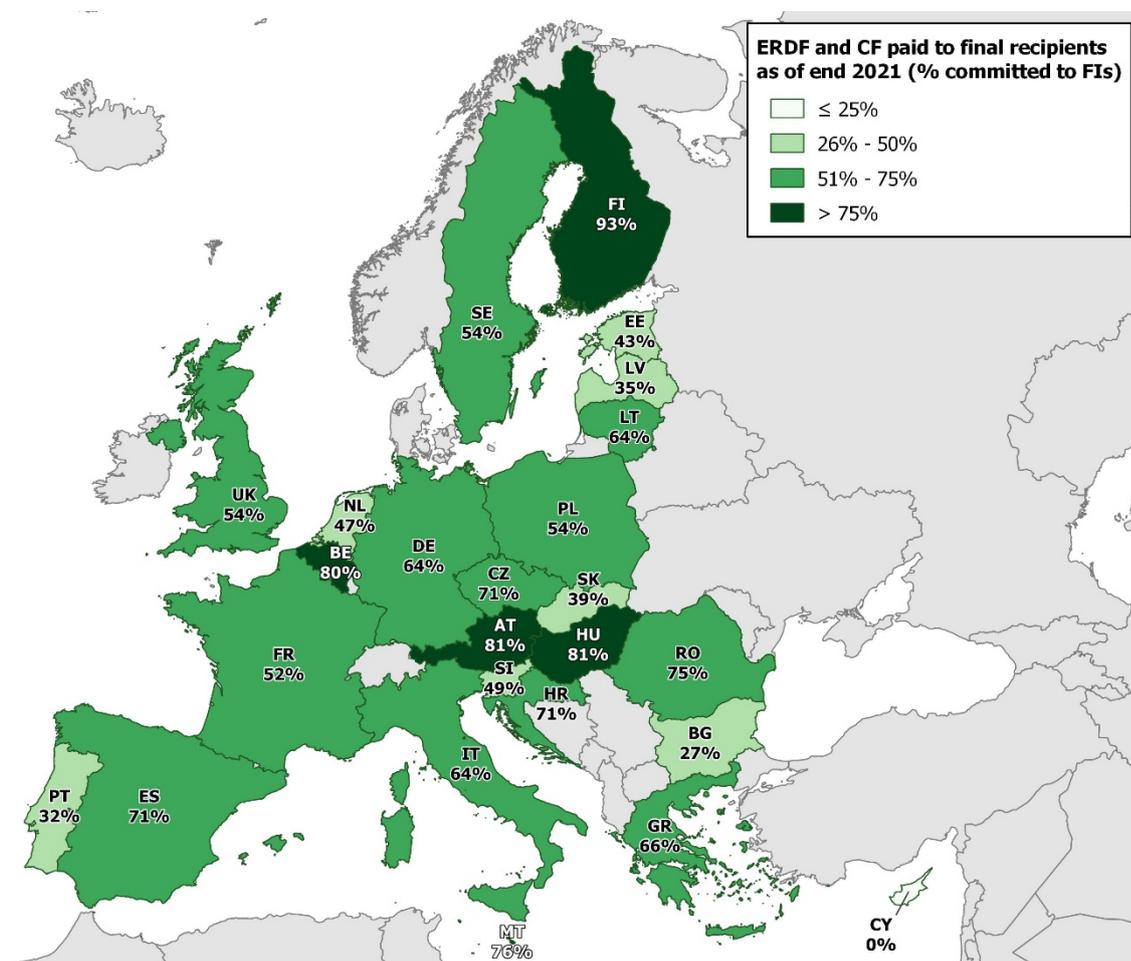
MS	OP amount paid to FI	ERDF&CF paid to FI	OP amounts committed to final recipients	ERDF&CF committed to final recipients	OP amounts paid to final recipients	ERDF&CF paid to final recipients	ERDF&CF disbursement rate
AT	9.0	3.0	7.3	2.4	7.3	2.4	81%
BE	283.9	115.1	273.6	109.6	251.4	101.5	88%
BG	301.7	272.6	323.6	289.3	223.8	173.1	64%
CY	10.0	8.5	-	-	-	-	0%
CZ	684.2	669.8	1,380.2	1,364.8	552.4	541.4	81%
DE	1,309.3	842.6	1,207.2	782.2	1,115.6	692.0	82%
EE	81.0	63.0	58.8	58.8	57.8	42.7	68%
ES	1,339.1	1,143.6	1,409.9	1,147.1	1,242.5	1,024.8	90%
FI	41.4	20.7	38.4	19.2	38.4	19.2	93%
FR	1,058.6	481.0	864.1	390.4	742.8	321.1	67%
GR	2,646.7	2,105.3	2,210.5	1,691.7	2,082.0	1,584.3	75%
HR	695.9	650.0	597.7	556.6	582.8	536.4	83%
HU	2,226.0	2,108.5	1,919.5	1,894.1	1,991.7	1,966.8	93%
IT	4,572.3	3,082.5	4,240.0	2,909.7	3,887.6	2,558.9	83%
LT	492.1	491.9	504.9	504.9	373.7	380.7	77%
LV	144.5	114.3	280.2	226.6	98.4	63.2	55%
MT	43.3	40.3	32.5	31.2	32.5	31.2	77%
NL	99.5	33.6	162.2	37.4	136.2	31.2	93%
PL	2,859.9	2,489.5	2,374.9	2,007.5	2,104.6	1,776.6	71%
PT	293.2	272.5	624.3	269.6	414.0	157.2	58%
RO	379.5	359.6	282.0	274.2	281.5	273.8	76%
SE	232.9	114.2	141.1	68.2	141.1	68.2	60%
SI	339.3	254.8	214.9	159.6	209.4	155.3	61%
SK	778.9	616.3	767.6	605.5	701.3	399.0	65%
UK	1,476.0	641.7	1,567.9	684.1	1,264.5	527.5	82%
Total	22,398.3	16,994.8	21,483.5	16,084.7	18,533.4	13,428.8	79%

Programme resources committed and not yet paid to final recipients were EUR 3.0 billion or 14% 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 progress with project implementation. This can be seen with instruments which started investments under each signed contract but paid out only part of the committed amounts.

There was a large variation as regards the share of funds committed to FI which reached final recipients. SME Initiative progress was considerably faster, as 79% of the ERDF committed to FIs already reached final recipients compared to an overall figure of 60% for the remaining FIs. Figure 11 shows how each MS performed.

Figure 11 ERDF and CF paid to final recipients as of end 2021, percent of ERDF and CF committed to FIs



There has been a marked increase in the amount of ERDF and CF disbursed to final recipients (from EUR 10.0 to EUR 13.4 billion) compared with the year earlier. IT and HU had the largest increases, each reporting over EUR 700 million of additional ESIF paid to final recipients. PL also reported a substantial increase (EUR 495 million).

Some Member States with substantial ERDF and CF committed to FIs still to be spent as eligible expenditure reported only a modest increase in payments to final recipients compared to the end of 2020 (see Figure 12 and Figure 13). This was the case in BG (EUR 51 million increase in payments to final recipients compared to EUR 650 million committed to FIs), LV (EUR 15 and EUR 182 million), PT (EUR 49 million and EUR 485 million) and SK (EUR 93 million and EUR 1.0 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 12 ERDF and CF paid to final recipients in 2021 as percent of ERDF and CF committed to FIs

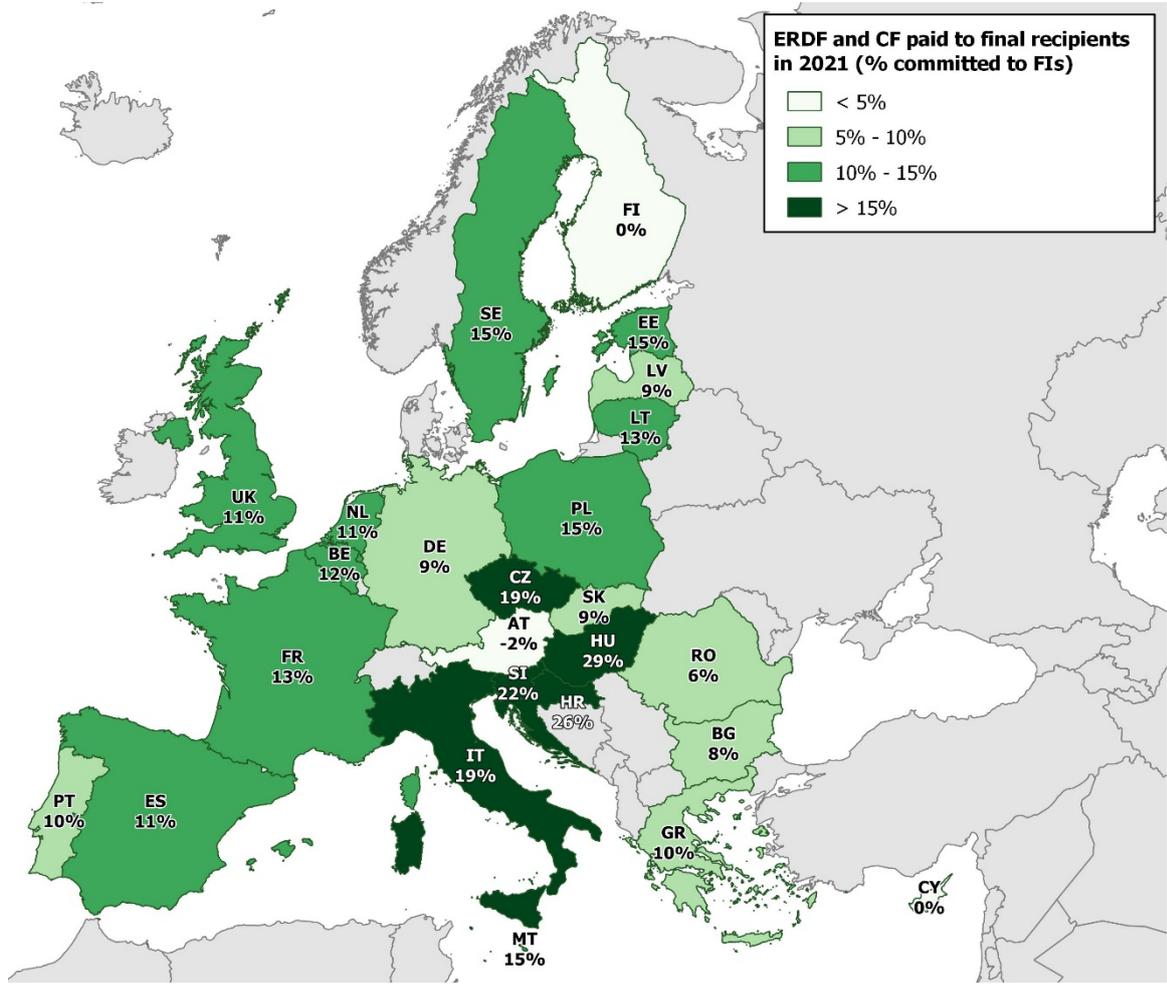
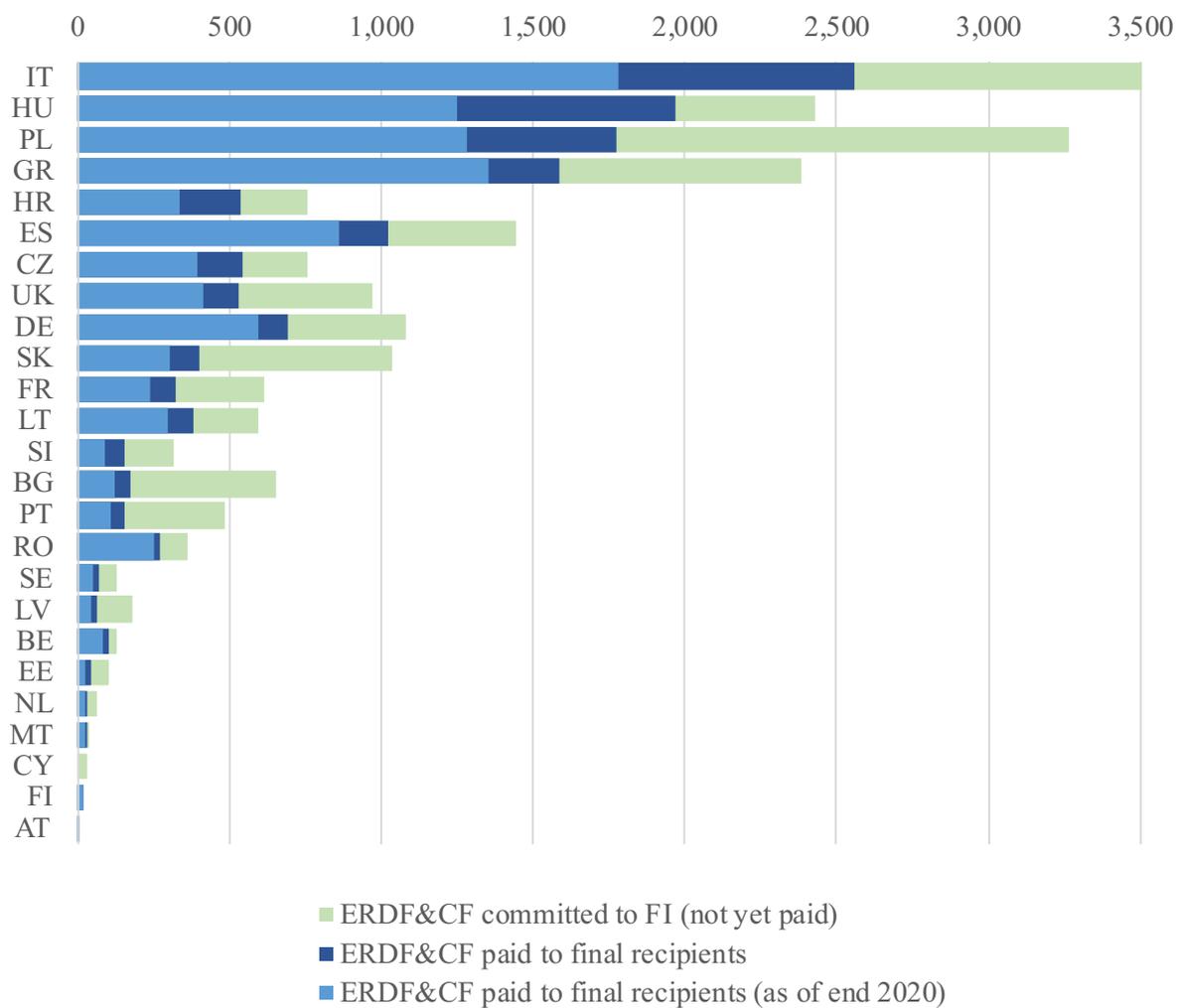


Figure 13 ERDF and CF paid to final recipients as at end 2020 and in 2021, EUR million



Compared with earlier reporting i.e., data as at the end of 2020, additional EUR 2.6 billion of loans was disbursed as well as almost EUR 700 million in equity. Additional EUR 1.6 billion was set aside for guarantees for disbursed loans and almost EUR 180 million of other support combined within the FIs was paid to final recipients.

The average loan¹⁷ was over EUR 45,000, ranging from EUR 17,000 in GR to EUR 470,000 in SK¹⁸. The average loan investment was also quite diverse across TOs, with the smallest average amount being provided under TO4 (EUR 21,000). The average amount set aside for guarantees for disbursed loans was EUR 12,000, ranging from EUR 6,000 in IT to over EUR

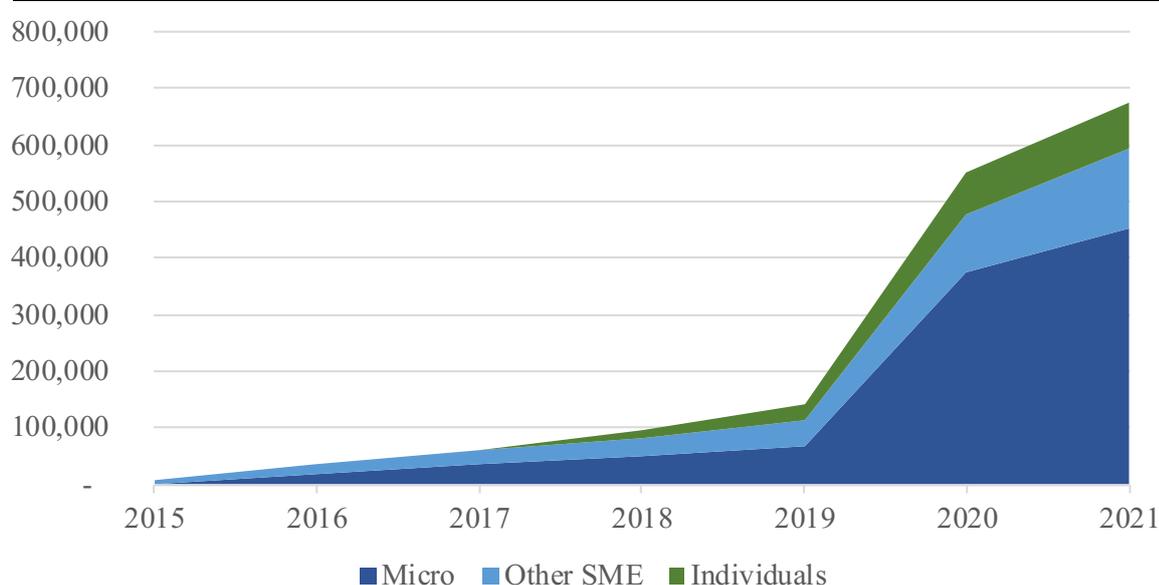
¹⁷ This only considers FIs that provided a single type of financial product.

¹⁸ The high average amount in SK is influenced by a single investment of almost EUR 30 million made under the OP 'Integrated Infrastructure'. This was used to purchase technical rolling stock for rail monitor/repair.

85,000 in PL¹⁹. The average equity investment was EUR 380,000, ranging from about EUR 100,000 in FI to over EUR 2.6 million in NL.

FIs supported over 678,000²⁰ final recipients (about 557,000 at end 2020). SMEs were the largest group with 592,500, of which 452,000 qualified as microenterprises. Large enterprises supported were 597. Most SMEs received support through guarantees (435,000), while over 5,500 SMEs were supported through equity investments. Supported final recipients also included over 80,500 individuals, mostly receiving loans (51,500), and over 4,600 other final recipients²¹. Compared to the end of 2020, 115,000 additional SMEs were supported, of which 77,000 microenterprises. The OP ‘Sicilia’ in IT reported that over 29,000 more SMEs were supported compared with a year earlier. This corresponds to the considerable increase of resources paid to final recipients by this OP. It also reflects the fact that most SMEs supported under the OP received guarantees, implying a relatively small programme contribution i.e., amount set aside for guaranteed loans.

Figure 14 Number of final recipients supported, 2015-2021 (main types)



¹⁹ With an average loan actually paid to final recipients of about EUR 400,000 in PL. Within PL, OP ‘Smart growth’ paid the largest loans (EUR 580,000 on average).

²⁰ Number of investments made in final recipients was 669,000. Investments were not reported, or no investments were reported for FIs that paid EUR 900 million to almost 5,850 final recipients. The difference between the number of investments and final recipients is also to individual investments benefiting more final recipients as well as final recipients receiving more investments.

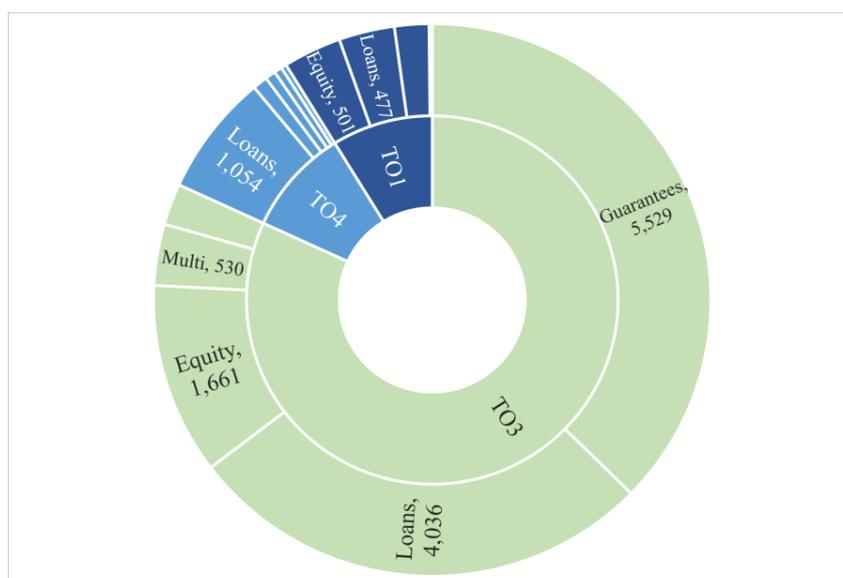
²¹ Data on support other than for SMEs is strongly influenced by a small number of products: of the individuals supported, 50,000 received loans and other support combined within the financial instrument for energy efficiency interventions in GR and 22,000 loans for research and innovation in HU. Of the ‘Other’ final recipients, over 3,200 received loans under TO4 mainly in LT, but also in PL and SK, while 380 received loans under TO3 in FR.

2.5 Thematic objectives²²

Overall²³, 23 Member States committed EUR 14.9 billion of ERDF to FIs supporting SMEs (TO3). This is followed by support to low carbon economy (TO4) and by R&D and innovation (TO1) with EUR 2.1 billion each. ERDF was committed to those TOs in respectively 20 and 17 Member States. While the amounts committed to FIs significantly increased under TO3 (+EUR 0.5 billion, +4%) compared to the previous reporting exercise, reduced amounts committed to FIs were reported especially under TO4 (- EUR 180 million, -8%).

Under TO1, most resources were committed to provide both loans and equity, whereas loans were the main financial product under TO4. Guarantees were the main financial product under TO3, although ERDF and CF committed to provide loans was also considerable.

Figure 15 ERDF and CF committed by TO and financial product²⁴, percent



²² There is no legal obligation to report on specific FI amounts per TO but the SFC makes it possible for MAs to submit such information voluntarily. Information on amounts under TOs was reported for all but 14 OPs in BG, CY, CZ, DE, FR, IT, PL, and the UK. ESIF committed by TOs by some FIs in FI, FR, GR, HU, IT, MT, PL and SK exceeded ESIF committed to the FI, for a total of about EUR 277 million. In most other cases a priority axis is clearly linked to a single TO, therefore the amounts for a given TO are available from the information provided under the priority axis. The amounts can also be derived for multi-TO priority axes when reporting under Article 46 CPR 2013 indicates a single TO for a given FI. Overall, EUR 20.5 billion, or 94% ERDF and CF commitments to FIs could be classified by TO. Breakdown of committed amounts by TOs could not be derived by other data reported by the Member States for some FIs in BG, DE, FR, GR, HU, IT, PL, and SK.

²³ The amounts do not include FIs where the managing authorities undertake implementation directly.

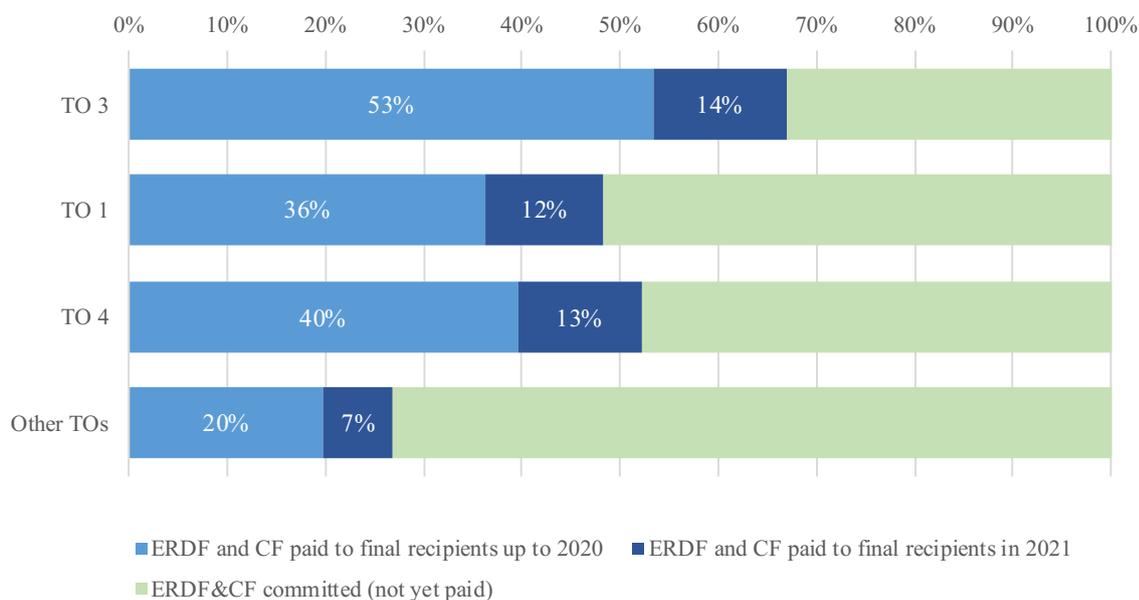
²⁴ Information on the products an FI offers is not provided at the level of funds of funds, but only at the level that makes payments to final recipients.

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

- Seven Member States committed EUR 540 million of ERDF and CF for environment and resource efficiency (TO6), with the highest amount (EUR 299 million) in BG;
- HU (over EUR 140 million), PL (EUR 200 million) and ES (almost EUR 30 million) committed EUR 375 million of ERDF for ICT (TO2) FIs;
- PL committed considerable resources to social inclusion (TO9, EUR 156 million), while ES, NL, and SK also made commitments to this thematic objective;
- SK is the only Member State with resources committed to the transport sector (TO7), for a total EUR 119 million ERDF and CF;
- Limited ERDF amounts were committed to address climate change and risk prevention and management in CZ and employment and labour mobility in HU and SK.

Figure 16 shows that there are differences in the implementation speed of TOs up to the end of 2021. 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 2021, payments to final recipients under REACT-EU were about a third of the respective ERDF and CF committed to FIs.

Figure 16 ERDF and CF amounts paid to final recipients as percentage of commitments, per TO²⁵



²⁵ 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.

Financial instrument for energy efficiency upgrades to multi-apartment buildings in Lithuania

The ERDF financial instruments for supporting energy efficiency upgrades to multi-apartment buildings in Lithuania is one of the best performing green FIs in the 2014-2020 period. It provides large-scale support for the modernization of the country's housing stock in the form of low cost, long term and low interest loans.

The ERDF contribution of *EUR 314 million* successfully leveraged an additional *EUR 838 million* of private financing for financing more projects, which totals to 1.1 bn of energy efficiency investment. By 31 December 2021, some 8,612 Lithuanian households received financial support for their energy efficiency investments. There were also 1,377 renovation loans granted for the renovation of multi-apartment buildings. The success of the energy efficiency FIs in Lithuania can largely be attributed to the fact that they are implemented in combination with grants, both in the form of technical assistance, interest rate subsidies and (mostly from national resources) as capital rebates.

Viešųjų investicijų plėtros agentūra (Public Investment Development Agency), the national promotional institution of Lithuania, provides loans with an average 20-years payback period and a 3% fixed interest rate. Loans are combined with a grant from national resources, which can range between 15 % up to 40 % of the loan amount. The grant can cover 100 % of the investment for low-income households. The *European Investment Bank* also provides support in form of preferential loans to households under the Lithuanian Leveraged Fund, which was designed to attract multiple private investors with a target leverage of 1:5.

Moreover, the Government of the Republic of Lithuania issued the first sovereign green bond in the Baltic states and is using the proceeds to further investments in energy efficiency upgrades to multi-apartment buildings throughout Lithuania by at least 40%, which will contribute to the country's goal to decrease energy consumption intensity 1.5 times by 2030 compared to 2017.

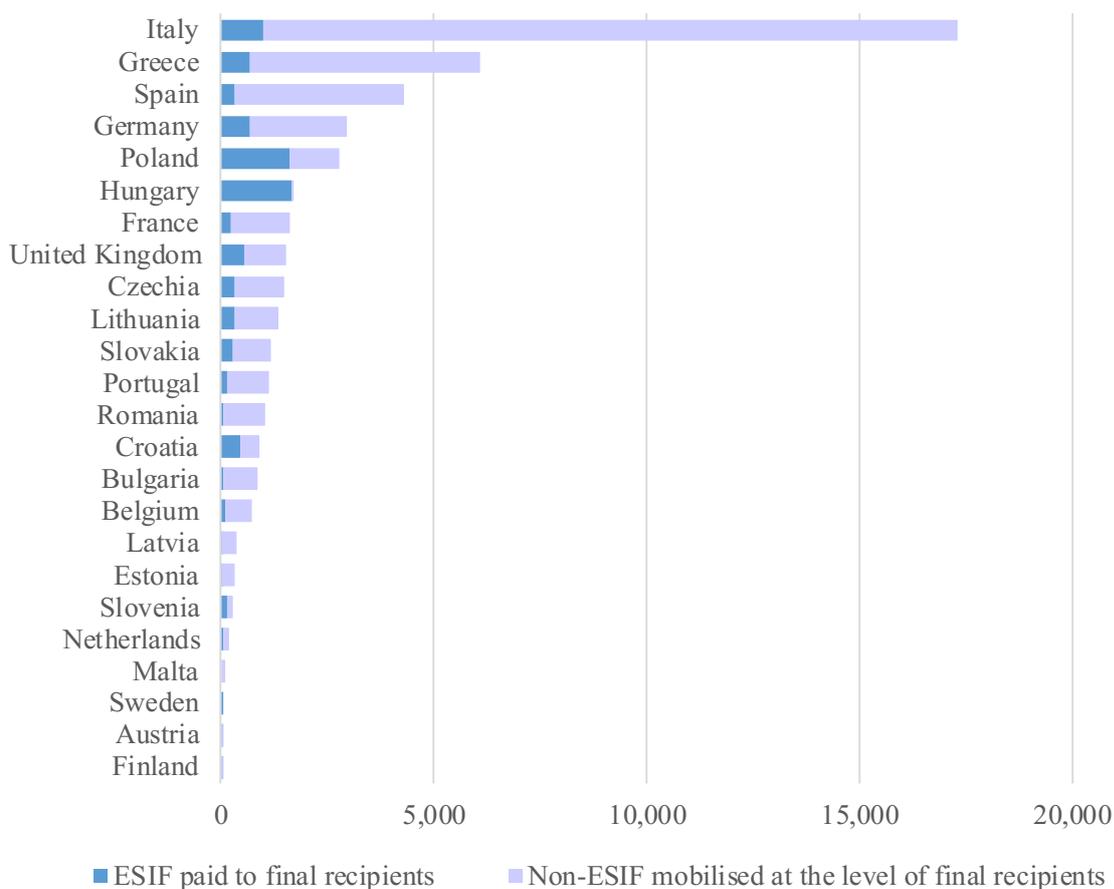
2.6 Leverage

By the end of 2021, EUR 12.9 billion of ERDF and CF paid to final recipients or set aside for guaranteed loans disbursed to final recipients mobilised **EUR 48.3 billion of financing** (loans, loans backed by guarantees supported from programme resources, and equity support or similar)²⁶. This means that each euro of ERDF and CF paid to final recipients or set aside for guaranteed loans disbursed to final recipients mobilised 3.7 of financing on average. In comparison to the end of 2020, additional EUR 10.8 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 17.3 billion), GR (EUR 6.1 billion), ES (EUR 4.3 billion), DE (EUR 3.0 billion) and PL (EUR 2.8 billion). Figure 17 provides the breakdown of reimbursable financing provided to final recipients in each Member State.

²⁶ The calculation excludes particularly high leverage figures, as described in footnote 52.

Figure 17 Amount of reimbursable financing provided to final recipients as of end 2021, EUR million²⁷



Most resources were paid as guaranteed loans, for a total of EUR 30.3 billion. In addition, EUR 3.5 billion of private contributions were mobilised at the level of final recipients through loans and over EUR 3.3 billion through equity. Private resources mobilised at the level of final recipients²⁸ through loans exceeded ESIF paid to final recipients in seven Member States, with the largest private amounts mobilised in GR (EUR 1.5 billion), LT (EUR 550 million), DE and the UK (both over EUR 300 million). In the case of equity, private resources mobilised at the level of final recipients exceeded ESIF paid to final recipients in twelve Member States, with the largest private amounts mobilised in DE (EUR 1.3 billion) and the UK (EUR 525 million) and considerable amounts also mobilised in BE (EUR 300 million) and EE (EUR 220 million). Figure 18 details the private contribution mobilised at the level of final recipients by

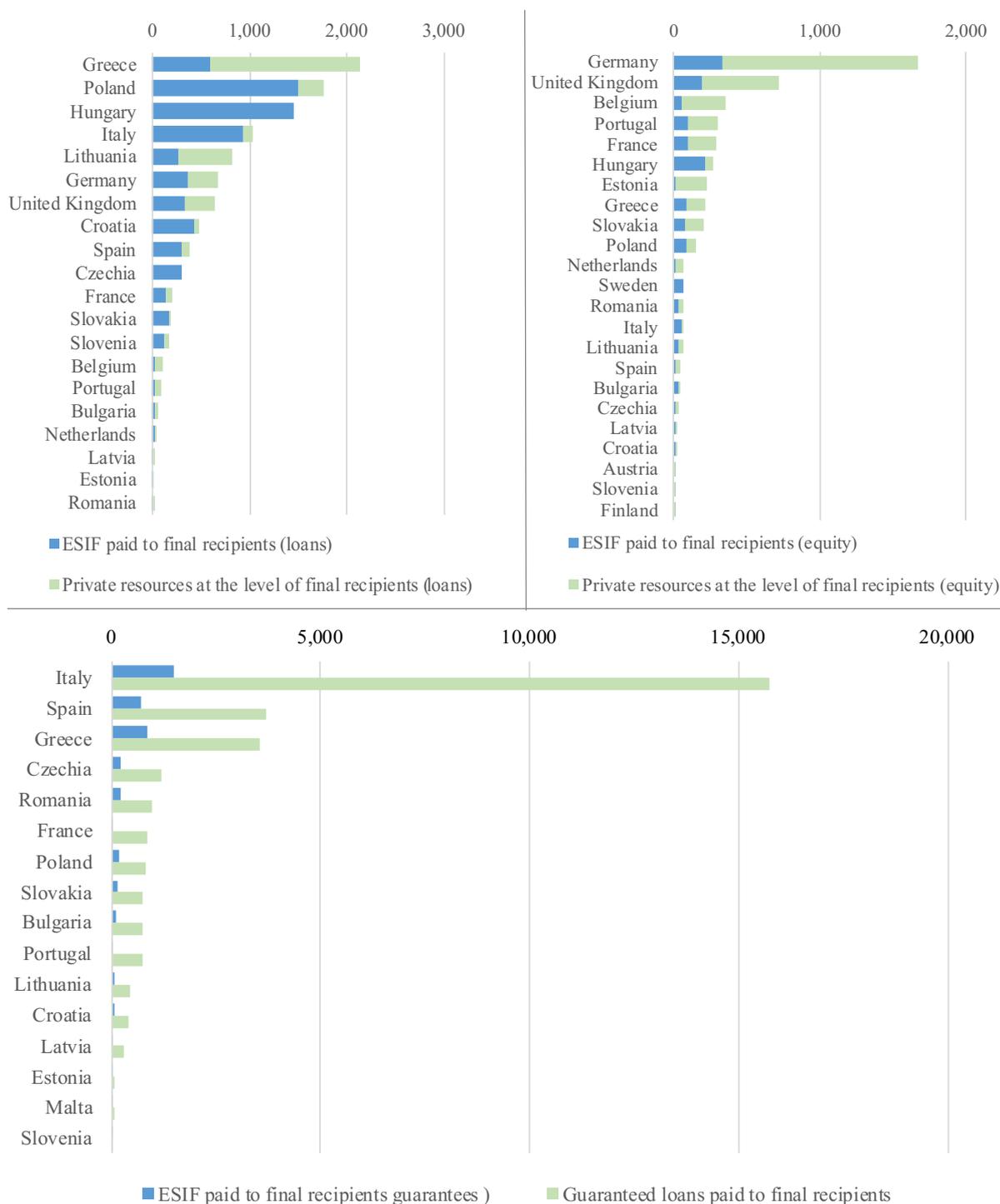
²⁷ In addition to loans and equity, non-ESIF mobilised at the level of final recipients includes guaranteed loans paid to final recipients. ESIF paid does not include ESIF set aside for guaranteed loans disbursed to final recipients. Guaranteed loans paid to final recipients also includes new debt finance created by the SME Initiative – see CPR Article 39(10).

²⁸ Including both national co-financing and non-programme resources.

financial product and Member State.

Compared to the end of 2020, over EUR 6.3 billion of additional guaranteed loans was paid to final recipients, of which EUR 3.3 billion in IT and almost EUR 1.3 billion in GR. Additional private contributions mobilised at the level of final recipients were about EUR 540 million through loans and over EUR 1 billion through equity.

Figure 18 Private contribution mobilised at the level of final recipients by financial product and Member State as of end 2021, EUR million



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

The data to calculate achieved leverage has been provided for²⁹:

- 571 loan FIs, with a median achieved leverage of 1.3 (451 and 1.3 in 2020);
- 87 guarantee FIs, with a median achieved leverage of 5.3 (87 and 4.8 in 2020);
- 223 equity FIs, with a median achieved leverage of 1.9 (211 and 1.8 in 2020).

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:

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

²⁹ Achieved leverage figures include FIs of which managing authorities undertake implementation directly. Particularly high leverage figures, as defined in footnote 52, are not counted.

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

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

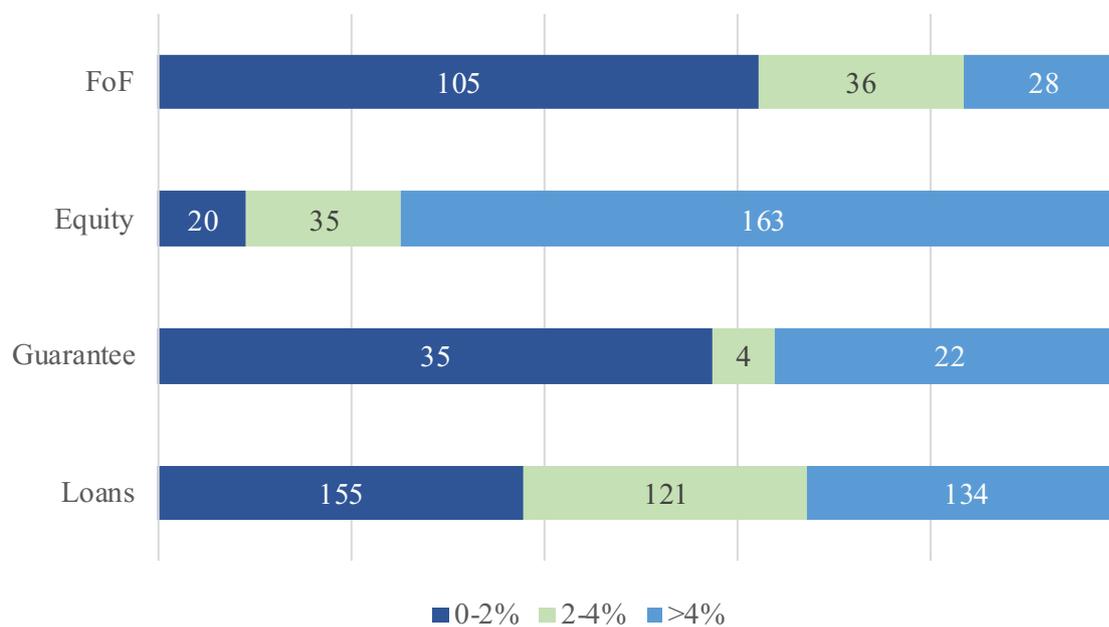
2.7 Management costs and fees

23 Member States reported that EUR 934 million of MCFs had been paid to FIs by the end of 2021. Only MCFs paid from programme resources are reported. Of the total MCFs, EUR 304 million or 33% was paid as performance-based remuneration.

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 2.0% and 3.4% of the programme resources committed to fund of funds and specific funds, including fund of funds specific funds, respectively (Figure 19 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. When compared to the amounts already paid to final recipients, MCFs constituted 7.4% of the payments.

Figure 19 Breakdown of FIs by type of financial instrument and financial product, and MCFs paid cumulatively as a share of programme resources committed to FIs³⁰



³⁰ FIs providing more or other financial products are not included in the figure.

2.8 Amounts repaid and reinvested

By the end of 2021, resources were repaid to FIs in 21 Member States³¹. In total EUR 1.9 billion attributable to support from ESIF had been paid back (EUR 948 million at the end of 2020), or 15% 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.

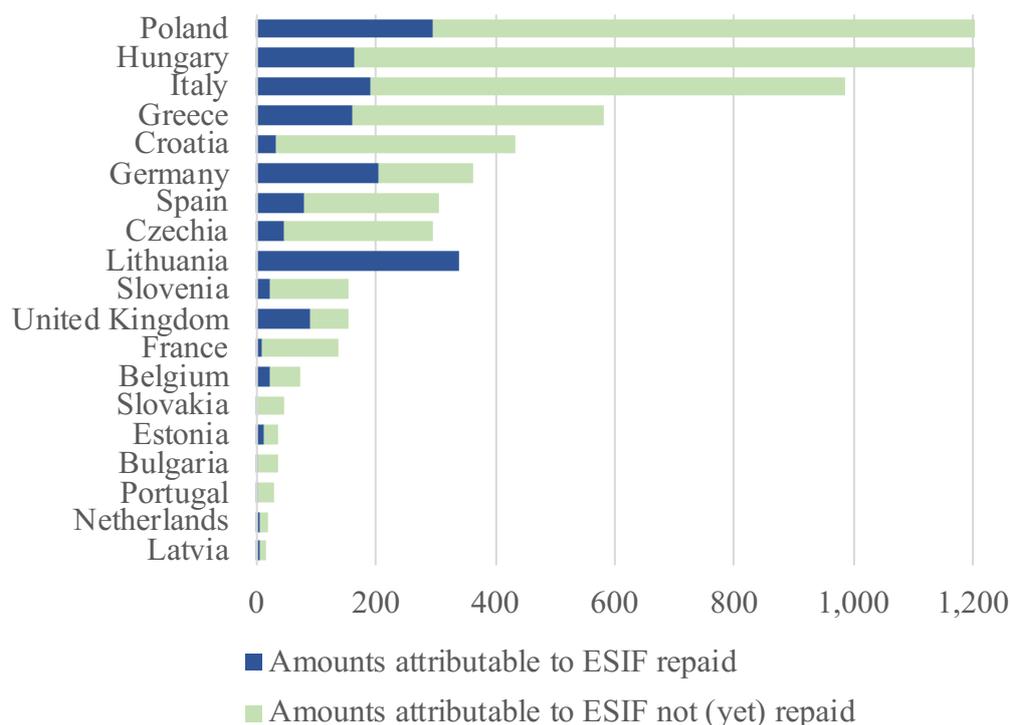
After the end of the eligibility period, the resources returned should be re-used in line with Article 45 CPR.

The repaid resources were mostly from capital repayments (EUR 1.6 billion) and to FIs providing loans (EUR 1.7 billion in 19 Member States). The highest repayment from loan investments was in LT (almost EUR 340 million), PL (EUR 295 million) and DE (over EUR 200 million). As shown in Figure 20, loan amounts attributable to ESIF not (yet) repaid³² were the highest in HU (EUR 1.3 billion) and PL (EUR 1.2 billion).

³¹ i.e., all Member States with reimbursable ESIF resources paid to FIs, except for FI, MT and RO. FIs having provided EUR 1.1 billion of ERDF and CF support to final recipients (or 8% of ERDF and CF paid to final recipients), did not report on the amounts repaid. Other FIs reported that no resources had yet been repaid, covering EUR 3.2 billion - or about a fourth - of ERDF and CF paid to final recipients.

³² Loan amounts attributable to ESIF 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.

Figure 20 Amounts attributable to ESIF repaid by end 2021 (loan products)³³, EUR million



Of the amounts repaid to FIs and attributable to support from ERDF and CF, EUR 173 million³⁴ or 10% had been reused by the end of 2021. Most of the ERDF and CF reused was in LT (EUR 86 million or 27% of the respective amount repaid). Overall, over EUR 1.5 billion or 90%³⁵ of support attributable to ERDF and CF repaid to FI had not yet been reused, most of which in PL (EUR 272 million), DE (EUR 251 million) and LT (EUR 233 million).

Overall, EUR 156 million or 4% of the loan amounts disbursed by the respective FIs was reported as defaulted³⁶. There was EUR 108 million³⁷ or 6% of the amount committed by the

³³ The chart only considers FIs providing loans and reporting on resources attributable to ESIF. LT reported that amounts repaid to FIs providing loans and attributable to support from ESI Funds was higher than the respective ESIF amounts paid to final recipients.

³⁴ 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.

³⁵ FIs to which EUR 192 million attributable to support from ERDF and CF was repaid (or 10% 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.

³⁶ Default data was missing for many FIs having paid EUR 2.0 billion in loans to final recipients or 21% of such OP amounts. Also, FIs having paid EUR 3.3 billion in loans to final recipients, or over a third of the total, reported that no loans had yet defaulted. These included FIs that disbursed loans to final recipients before the end of 2020. Although it is theoretically possible that no loans had defaulted after a year or longer, null values may indicate a lack of reporting.

³⁷ This is below the EUR 116 million reported based on data as of the end of 2020, mainly due to ES and LT reporting lower figures.

respective FIs for guarantees provided called due to loan defaults³⁸. 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 2021, equity participations were valued at EUR 2.0 billion, or 78% of the programme resources paid to final recipients by those FIs (over EUR 2.6 billion or 95% of total equity investments³⁹). The value of equity participations as a share of investment value varied widely across FIs (see Figure 21). Resources attributable to ESIF support repaid to FIs providing only equity investments were EUR 128 million or 9% of the respective ESIF paid to final recipients.

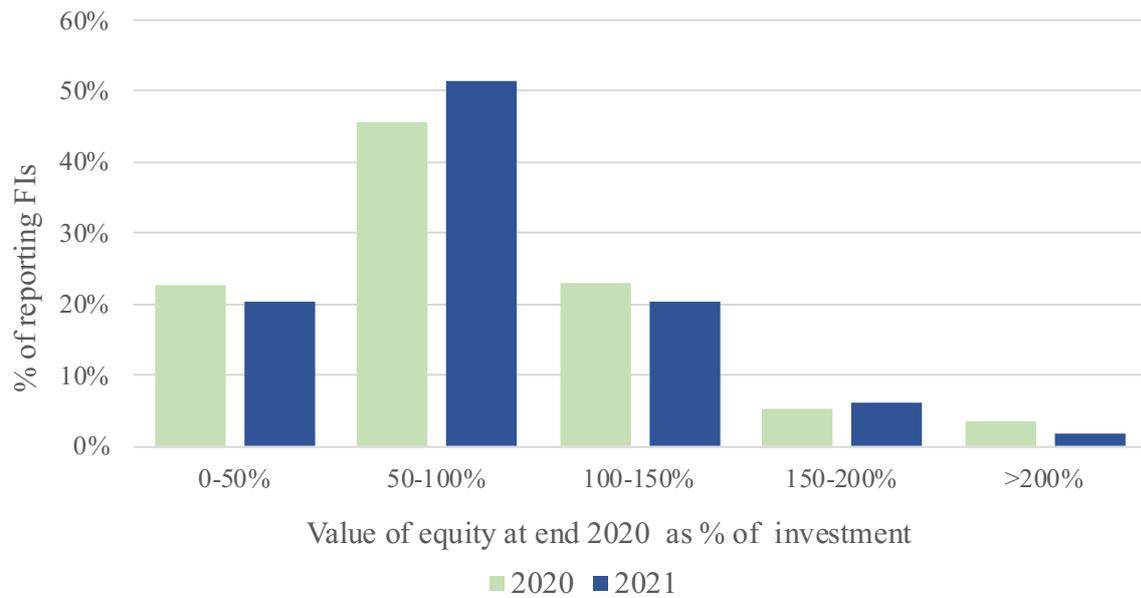
The value of equity participations in enterprises made by venture capital funds or co-investment facilities depends on the performance of the enterprises and may increase or decrease over the period of investment. Actual reflows from the capital investment will only be available with an exit, which may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

Figure 21 Reporting FIs by value of equity participations as a share of investment value⁴⁰

³⁸ Default data was missing for over EUR 650 million or 11% of OP amounts committed in guarantee for loans paid to final recipients. Also, FIs having committed EUR 3.4 billion in guarantees for loans paid to final recipients, or 59% of the total, reported that no amount committed for guarantees had been called due to loan defaults.

³⁹ FIs which did not report the value of their equity investments as of the end 2021 are not considered, nor FIs which reported a null value of their equity investments, as this also indicates a lack of reporting. FIs that invested almost EUR 130 million in equity did not report or reported a null value for their equity investments. Amounts invested by these FIs were 5% of the total equity investments by the end of the reporting period with the highest amounts in BE, SK, and the UK.

⁴⁰ Resources repaid to the FIs attributable to ESIF support are not considered in the figure. Additionally, 17%



of the FIs 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. These FIs, represented in the '100-150%' column of the chart, made EUR 163 million of equity payments to final recipients or 6% of the total.

3. Conclusions

The data in this summary shows an increase of resources committed to FIs together with further progress in the implementation of FIs in 2021. Programme contributions committed to FIs increased by almost EUR 1.9 billion, to EUR 29.3 billion, including EUR 21.9 billion from ERDF and CF. Programme resources committed increased especially in IT (over EUR 900 million of additional resources), but considerable additional resources were committed also in FR, HU, and PL (over EUR 100 million each). A total of EUR 22.4 billion (or 76%) of the amounts committed had been paid to FIs, including EUR 17.0 billion from ERDF and CF.

By the end of 2021, EUR 21.5 billion of programme resources were committed to final recipients, of which almost EUR 16.1 billion from ERDF and CF. About EUR 18.5 billion of the committed amount had been paid to final recipients, of which EUR 13.4 billion was ERDF and CF – 61% of the ERDF and CF committed to FIs i.e., EUR 21.9 billion (49% by the end of 2020).

The reported data also indicates a substantial increase in payments from ERDF and CF to final recipients. The ERDF and CF paid to final recipients increased by over a third when compared to that reported before for end-2020, with an increase of almost EUR 3.5 billion. The largest increase was in IT and HU, each reporting over EUR 700 million of additional ESIF funds paid to final recipients. PL also reported a substantial increase (EUR 495 million).

Compared with earlier reporting i.e., data as of the end of 2020, an additional EUR 2.6 billion of loans was disbursed as well as almost EUR 700 million in equity. An additional EUR 1.6 billion was set aside for guarantees for disbursed loans and almost EUR 180 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 2021, EUR 48.3 billion of reimbursable financing had been provided to final recipients, with an increase of about EUR 10.8 billion

increase compared with a year earlier⁴¹. The largest mobilised financing was in IT (EUR 17.3 billion), GR (EUR 6.1 billion), ES (EUR 4.3 billion), DE (EUR 3.0 billion) and PL (EUR 2.8 billion).

Most resources were paid as guaranteed loans, for a total of EUR 30.3 billion (or EUR 6.3 more than at the end of 2020). In addition, EUR 3.5 billion of private contributions was mobilised at the level of the final recipients through loans (EUR 3.0 billion by the end of 2020) and over EUR 3.3 billion through equity (EUR 2.3 billion by the end of 2020).

Supported final recipients increased by almost 122,000, to 678,000. Of these, SMEs were the largest group, with 592,500, of which 452,000 qualified as microenterprises. SMEs were supported mostly through guarantees (435,000). Supported final recipients also included over 80,500 individuals, mostly receiving loans (51,500), and over 4,600 other final recipients.

The reported data also indicates increasing returns as EUR 1.9 billion attributable to support from ESIF had been paid back to FIs (EUR 948 million by the end of 2020), mostly to FIs providing loans. This was about 15% of reimbursable ERDF and CF paid to final recipients. Of the amounts repaid to FIs and attributable to support from ERDF and CF, EUR 173 million⁴² or 10% was reported to have been reused.

Gaps and inconsistencies in the data demonstrate that there is still scope for improving the quality of data reported. Some of the data had already been corrected in the versions resubmitted by the managing authorities and available on cohesion policy open data platform⁴³, while other would only be reflected in the next year's summaries. The Commission provides guidance and support to Member States, to ensure the summaries of data are based on the most complete and accurate information.

⁴¹ The calculation excludes particularly high leverage figures, as described in footnote 47.

⁴² 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.

⁴³ cohesiondata.ec.europa.eu

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 SFC2014⁴⁴, 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 2 June 2022, and it has been corrected based on inputs from managing authorities which have been received by 25 July 2022.

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 160 programmes or two 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 Funds⁴⁵. The data covers 96% of ERDF and CF programmes with indicative planned allocations to FIs⁴⁶. In 5 Member States, 34 programmes implement instruments covering multiple programmes.

Member States reported 1,151 FIs either being set up or already operational. These included 154 funds of funds, 688 specific funds under funds of funds, 305 specific funds without funds of funds and 13 FIs directly implemented by the managing authorities⁴⁷.

⁴⁴ SFC2014 ensures the electronic exchange of information concerning shared fund management between Member States and the European Commission.

⁴⁵ ESF contributions to FIs are reported in the chapter on ESF and YEI.

⁴⁶ Six 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.

⁴⁷ 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).

Automatic and manual quality checks on both compulsory and optional data identified some inconsistencies⁴⁸ 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 duly noted throughout the document.

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

- Amounts indicatively allocated to FIs in the programmes were corrected to reflect higher commitments to FIs in BG, GR, HR, HU, MT, PL, RO, SI, SK;
- 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 13 FIs with no reported ex ante assessment completion date⁴⁹;
- Reporting concerning SME Initiative set-up was complemented and adjusted according to data available to the Commission as part of reporting on COSME and Horizon 2020;
- Commitments and payments to final recipients were used as a proxy for commitments and payments to FIs of which managing authorities undertake implementation directly⁵⁰;
- 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 recipients⁵¹;
- Particularly high figures for expected and achieved leverage were not considered⁵².

⁴⁸ Inconsistencies in data series sometimes indicate that previously inaccurate information has been corrected.

⁴⁹ Five 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 or about later steps of FI implementation.

⁵⁰ Managing authorities are not required to report this data.

⁵¹ There were 50 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 109, for a total of also EUR 800 million. Where final recipients were only paid ERDF/CF, the additional national co-financing was assumed to be entirely public, for a total of EUR 458 million.

⁵² 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 2021 (financial figures in EUR million)

	2021	2020	Change
Number of MS reporting on FIs	11	11	-
Number of programmes reporting on FIs	31	31	-
Programme amounts committed to FIs	758	785	-27
Of which ESIF	521	543	-22
Programme amounts paid to FIs	371	331	+40
Of which ESF and YEI	286	255	+31
Programme amounts committed to final recipients	312	234	+78
Of which ESF and YEI	210	155	+55
Programme resources paid to final recipients	247	182	65
Of which ESF and YEI	168	120	48
Of which loans or microloans	167	121	46
Financing (loans, guaranteed loans and equity) disbursed to final recipients ⁵³	265	186	79
Programme resources paid as management costs and fees	11	10	1
Amount attributable to ESIF support paid back to FIs	38	24	14
Final recipients supported	10,822	7,964	2,858
Of which microenterprises	5,224	4,047	1,177

⁵³ 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 2021.

Overall, 85 FIs were reported as being set up or already operational (78 in 2020). OP contributions of EUR 758 million were committed to these FIs (see Figure 22), including EUR 521 million of ESF. EUR 371 million were paid to FIs, including EUR 271 million of ESF and EUR 15 million of YEI.

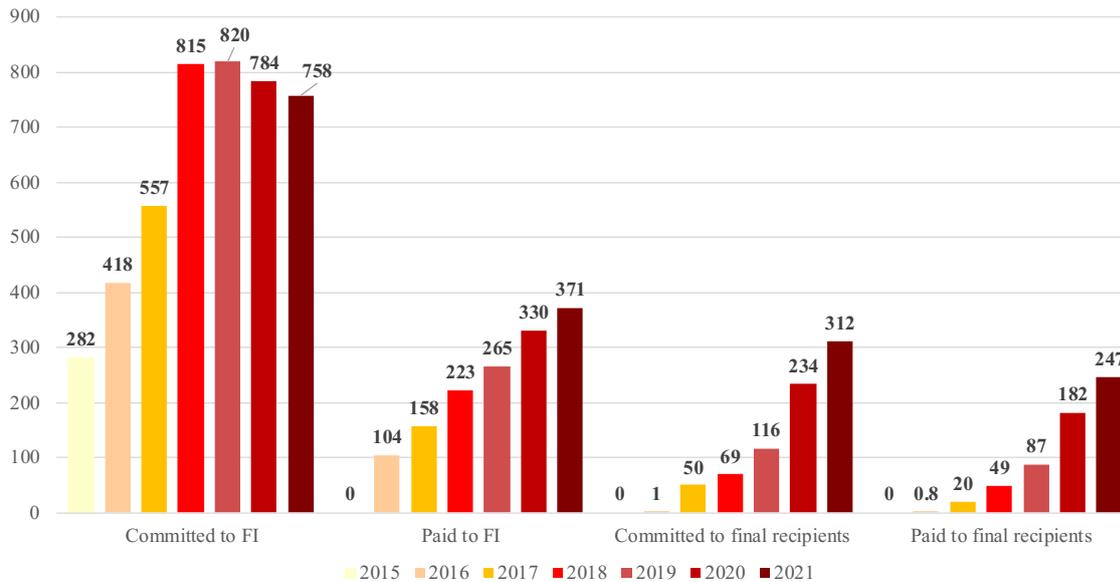
Most FIs supported by ESF and YEI were established under thematic objective (TO) 8 ‘promoting sustainable and quality employment and supporting labour mobility’. There were also FIs under TO 9 ‘promoting social inclusion, combating poverty and any discrimination’ in BG, CZ, HU, IT and PL⁵⁴. TO 10 ‘investing in education, training and lifelong learning’ was addressed by FIs in IT, MT and PT. Managing authorities mainly established loan or micro-loan schemes with some exceptions, including equity FIs in DE, PL, PT and SK, and FIs providing guarantees in BG, MT, PT and SK.

FIs in all reporting Member States except ES had committed resources to final recipients, for a total of EUR 312 million of OP resources of which EUR 210 million of ESF. These FIs had paid EUR 247 million to final recipients, including EUR 167 million of ESF (EUR 120 million by the end 2020).

By the end of 2021, FIs supported 10,822 final recipients, of which 5,224 were microenterprises and 5,181 individuals.

⁵⁴ Member States are identified by ISO Alpha-2 code.

Figure 22 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 plan⁵⁵ to commit over EUR 910 million from ESF and YEI to FIs or less than 1% of the ESF and YEI allocations. Figure 23 highlights the variations between Member States, with the highest allocations planned in LT, DE and RO.

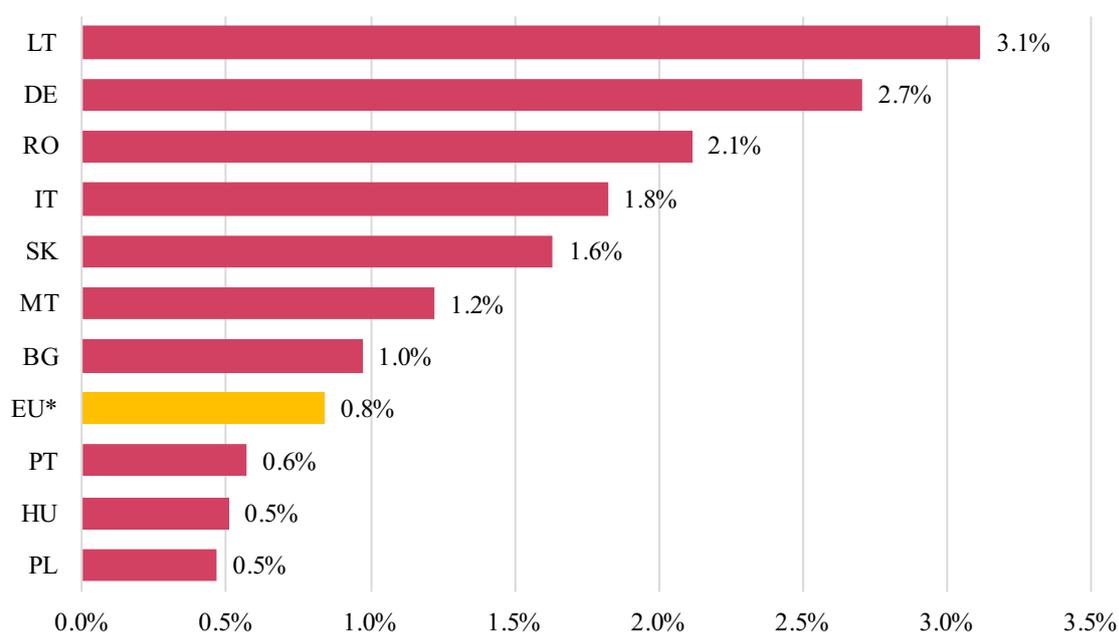
Article 96(2)(b)(vi) CPR requires OPs to set out, for each priority axis other than technical assistance, the corresponding categories of intervention and an indicative breakdown of the programmed resources. Nomenclature for the categories of intervention are provided in Annex I of CIR No 215/2014, including 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.

⁵⁵ 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 shows a considerable increase in planned ESF and YEI allocations to FIs compared to the last reporting exercise in DE (EUR 88 million) and IT (EUR 51 million).

Nonetheless, 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 FIs⁵⁶ by the end of 2021. According to the indicative plans, over EUR 392 million of ESF and YEI was yet to be committed to FIs or about 43% of the total. The largest amount of ESF and YEI yet to be committed to FIs was in IT (EUR 148 million), DE (EUR 119 million) and RO (EUR 109 million). These differences might be a sign of delay or they might indicate that planned amounts to FIs have not yet been decreased in the submitted programme amendments. In this case, planned and committed amount figures should converge when the relevant priority axes are amended in the future.

Figure 23 Share of ESF and YEI 2014-2020 allocations to FI per country, end 2021⁵⁷



* EU share refers to all Member States

⁵⁶ 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.

⁵⁷ Only Member States reporting on indicative planned amounts for FIs based on Article 96(2)(b)(vi) CPR are included in the chart. ES is not shown as it only reported FIs according to Article 46 CPR.

Both ESF and YEI commitments and disbursements to final recipients showed a modest increase when compared to the respective amounts committed to the FI. There were no payments to final recipients yet in ES.

While Member States reported that almost EUR 11 million of management costs and fees had been paid from OP resources, accrued interest and gains from treasury management attributable to ESF also totalled EUR 11 million. Additionally, almost EUR 38 million had been repaid to FIs that was attributable to support from ESF, or 23% of the ESF amount paid to final recipients.

ESF and YEI FIs showed a limited capacity 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, which makes it harder to attract investors. Overall, over EUR 10 million of private resources were mobilised by loan FIs and EUR 31 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 over EUR 16 million.

Figure 24 FI implementation progress by Member State, end 2021 (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	17,608,539	8,713,826	93,967	4,744,370	4,627,004
CZ	1	12,065,629	3,001,412	-	3,064,651	2,050,143
DE	2	103,600,000	59,034,050	-	41,608,181	40,978,447
ES	1	3,500,000	900,000	-	-	-
HU	7	4,024,175	2,125,187	-	2,403,506	2,125,187
IT	2	189,061,382	81,481,545	14,712,363	71,316,774	43,936,658
LT	1	24,546,803	24,546,803	-	23,201,805	23,201,805
MT	1	3,600,000	3,600,000	-	1,477,923	902,868
PL	2	67,962,942	55,636,691	-	36,226,041	35,916,774
PT	1	45,000,000	20,000,000	-	7,062,765	5,169,316
SK	1	49,725,000	12,431,250	-	19,091,122	8,595,936
EU	31	520,694,469	271,470,763	14,806,330	210,197,136	167,504,137

2. Reporting exercise 2021

Data were submitted based on the reporting template prepared by the Commission and submitted through the SFC2014⁵⁸ 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, which refers to the end of 2021, 11 Member States using FIs under ESF submitted data to the Commission. BG and IT also reported co-financing FIs using both ESF and YEI. While 30 OPs had planned amounts for FIs, 26 OPs reported FI data based on Article 46 CPR⁵⁹. There were also five OPs with no planned amounts for FIs that reported based on Article 46 CPR. Among the reporting OPs, one brings together ESF and YEI and one only concerns YEI. IT reported on a multi-OP FI implemented through a specific fund structure ('Fondo Rotativo Nazionale SELFIEmployment').

The complete set of data up to 31 December 2021 was downloaded from SFC2014 on 25 July 2022. Automatic and manual quality checks on both compulsory and optional data identified some inconsistencies⁶⁰ 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.

⁵⁸ SFC2014's main function is the electronic exchange of information concerning funds in shared management between Member States and the European Commission.

⁵⁹ 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.

⁶⁰ Inconsistencies of time series sometimes indicate that previously inaccurate data has been corrected.

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

Member States reported 85 FIs established as at the end of 2021. Of these, 20 were funds of funds, 15 were specific funds without a fund of fund and 50 were specific funds under a fund of funds structure. PL has the most FIs (46), followed by IT (12).

Figure 25 Overview of implementation by Member State, end 2021 (ESF and YEI)

MS	N° of fund of funds	N° specific funds	of funds specific funds	Ex-ante assessment completed	Funding agreements signed
BG	2	-	4	2	6
CZ	-	1	-	1	1
DE	-	2	-	2	2
ES	1	-	-	1	1
HU	1	-	5	1	6
IT	1	9	2	10	12
LT	1	-	1	1	2
MT	-	1	-	1	1
PL	12	1	33	13	46
PT	1	1	2	2	4
SK	1	-	3	1	4
Total	20	15	50	35	85

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 2021, ex-ante assessments had been completed for all 35 funds of funds or specific funds without a fund of funds structure. Managing authorities had signed funding agreements with all 85 FIs.

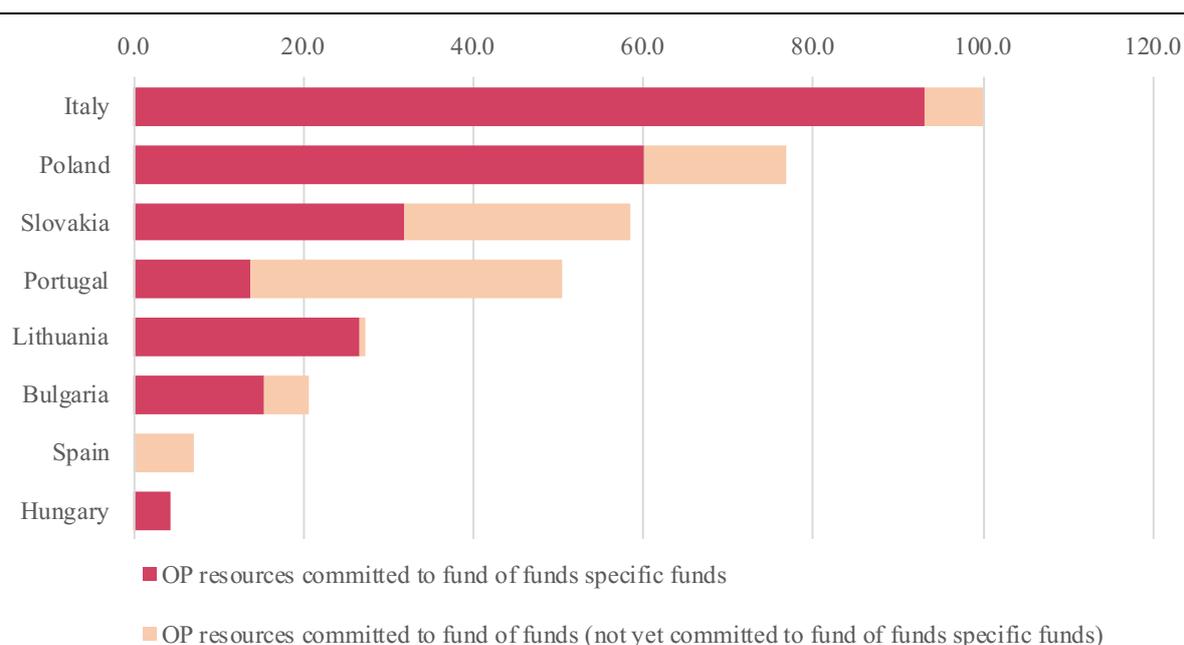
The obligation to conduct an ex-ante assessment is a key factor for the 2014-2020 programming period. According to Article 37(2) CPR, the mandatory ex-ante assessment for FIs must establish evidence of market failure (or suboptimal investment situations) and estimate the level and scope of public investment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

3.1 Amounts committed and paid to FIs

At the end of 2021, 11 Member States had committed EUR 758 million of OP contributions to FIs in funding agreements, including EUR 520 million of ESF (Figure 27). Most OP resources were committed to FIs in IT (EUR 308 million) and DE (EUR 170 million). Compared to the end of 2020, OP amount committed to FI decreased in BG (EUR 15 million) and PL (EUR 14 million). Overall, EUR 107 million were committed to FIs having entrusted implementation tasks to the EIB in IT (EUR 100 million, all committed by the ‘Ricerca e innovazione’ programme) and PL (EUR 7 million). This is 14% of the programme resources committed to FIs.

Managing authorities in all reporting Member States except CZ, DE and MT made commitments to funds of funds, for a total of EUR 345 million of OP resources including EUR 277 million ESF. Over 100 million of OP resources had yet to be committed to specific funds under funds of funds, especially in PT (EUR 37 million), and SK (EUR 27 million), PL (EUR 17 million). Eight funds of funds committed less than EUR 5 million each, all in PL except one in HU.

Figure 26 OP amounts committed to funds of funds per Member State (EUR million)



Subsequent payments had been made to each of the FIs where managing authorities had committed programme contributions in funding agreements. OP resources of EUR 371 million were paid to FIs, including EUR 271 million ESF and EUR 15 million YEI. National co-financing paid to FIs was EUR 100 million⁶¹, of which EUR 91 million was from public resources and EUR 9 million from private sources. Private co-financing was reported by 12 FIs in LT and PL.

⁶¹ The sum of ESF, YEI and national resources reported as paid to the FI ‘Fondo Rotativo Nazionale SELFIemployment’ in IT exceeded the respective OP amounts paid to the FI.

Figure 27 Amounts committed in the funding agreements and paid to FIs, end 2021 (EUR)

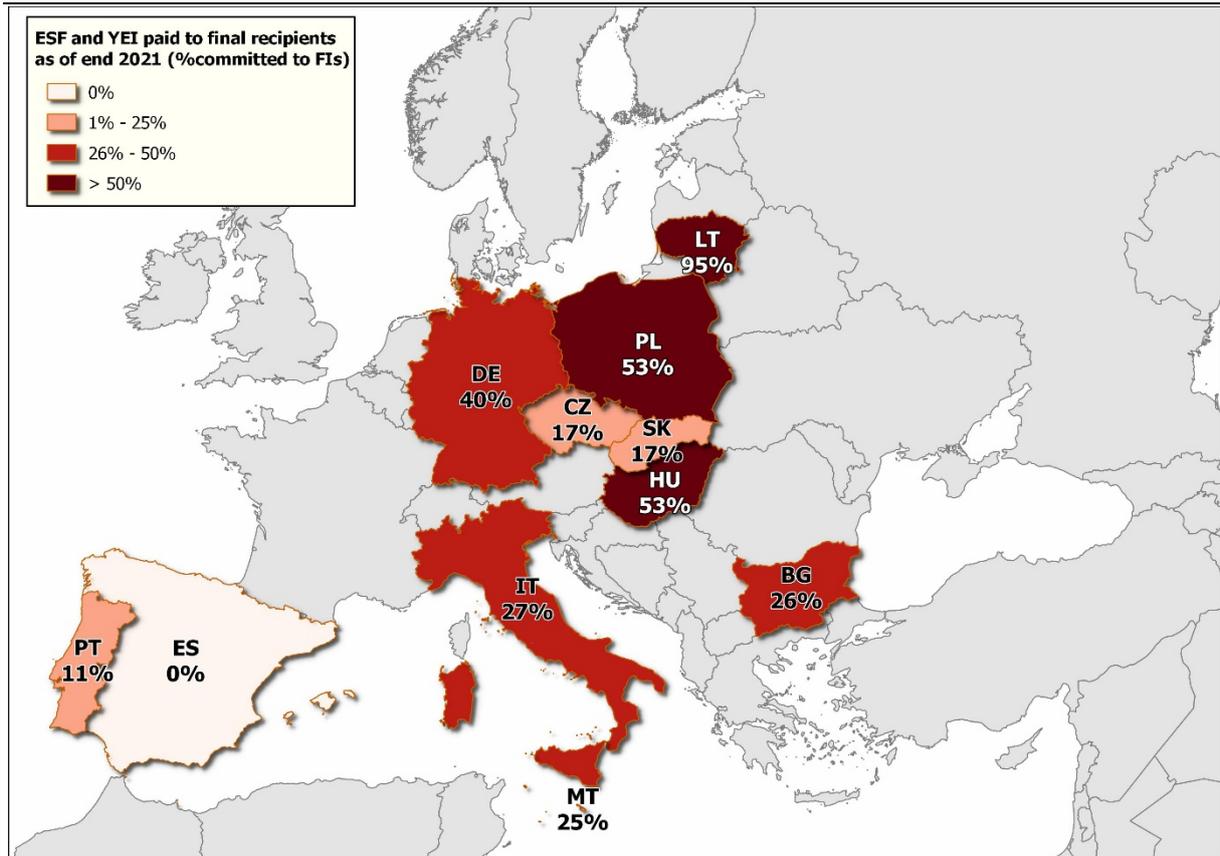
MS	OP amount committed to FI	ESF committed to FI	OP amount paid to FI	of which ESF	of which YEI
BG	20,707,639	17,608,539	10,259,853	8,713,826	93,967
CZ	15,556,008	12,065,629	3,869,670	3,001,412	-
DE	170,219,000	103,600,000	95,284,750	59,034,050	-
ES	7,000,000	3,500,000	1,800,000	900,000	-
HU	4,235,977	4,024,175	2,237,039	2,125,187	-
IT	307,690,006	189,061,382	123,819,994	81,481,545	14,712,363
LT	27,244,811	24,546,803	27,244,811	24,546,803	-
MT	4,500,000	3,600,000	4,500,000	3,600,000	-
PL	80,048,924	67,962,942	64,215,228	55,636,691	-
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	757,993,684	520,694,469	371,385,755	271,470,763	14,806,330

3.2 Support to final recipients

By the end of 2021, 58 FIs in ten Member States (all those reporting except ES) had committed EUR 312 million to final recipients, including EUR 210 million of ESIF. There were 12,298 contract signed, each committing over EUR 25,000 of OP resources on average.

Each of these FIs had also made payments to final recipients, totalling EUR 247 million of OP resources, of which EUR 168 million was ESIF. Overall, ESF and YEI paid to final recipients was 32% of the respective amount committed to FIs, with large differences between Member States (see Figure 28). National co-financing of EUR 68 million was paid from both public and private sources.

Figure 28 ESF and YEI paid to final recipients as of end 2021, percent of ESF and YEI committed to FI



There were 9,785 investments, which paid about EUR 23,000 of OP resources on average⁶², with the highest average investment in SK (over EUR 2 million) and the lowest in MT (about EUR 4,000 set aside for guaranteed loans under TO10).

Payments to final recipients increased by EUR 65 million since the end of 2020. Of these, EUR 48 million was ESF and YEI, or 9% of ESF and YEI committed to FI. About EUR 84 million of OP resources paid to FIs by the end of 2020 had not yet been invested one year later.

⁶² All the figures about the average programme resources paid to final recipients per investment only consider FIs reporting on both payments to final recipients and the respective number of investments.

Figure 29 Payments to FIs, commitments and payments to final recipients, end 2021 (EUR)⁶³

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	10,259,853	8,713,826	93,967	5,574,175	4,744,370	5,436,096	4,627,004
CZ	3,869,670	3,001,412	-	3,064,651	3,064,651	2,643,214	2,050,143
DE	95,284,750	59,034,050	-	67,627,445	41,608,181	66,649,931	40,978,447
ES	1,800,000	900,000	-	-	-	-	-
HU	2,237,039	2,125,187	-	2,530,006	2,403,506	2,237,039	2,125,187
IT	123,819,994	81,481,545	14,712,363	126,684,636	71,316,774	80,762,379	43,936,658
LT	27,244,811	24,546,803	-	25,964,808	23,201,805	25,905,994	23,201,805
MT	4,500,000	3,600,000	-	1,847,404	1,477,923	1,128,584	902,868
PL	64,215,228	55,636,691	-	44,542,188	36,226,041	43,353,127	35,916,774
PT	23,529,412	20,000,000	-	11,736,397	7,062,765	8,761,952	5,169,316
SK	14,625,000	12,431,250	-	22,460,143	19,091,122	10,112,866	8,595,936
EU	371,385,755	271,470,763	14,806,330	312,031,852	210,197,136	246,991,182	167,504,137

The vast majority of FIs⁶⁴ provided loans or micro-loans, for a total of EUR 167 million. FIs only providing micro-loans paid EUR 78 million to final recipients in BG, DE, IT, LT and PL. Guarantees were provided in BG, MT, PT and SK, and equity in DE, PL, PT and SK.

Overall, 18 FIs in CZ, 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 2021, these FIs paid over EUR 31 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.

3.3 Final recipients supported

As at the end of 2021, FIs supported over 10,800 final recipients⁶⁵, of which 5,224 were

⁶³ Payments from ESF, YEI and national resources were reported to exceed OP amounts paid to a FI in IT.

⁶⁴ 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.

⁶⁵ Although resources were paid to final recipients by OP ESF Sachsen in DE and POR Basilicata FSE in IT, the programmes reported that no final recipients were supported.

microenterprises and 5,181 individuals (Figure 30). Of every ten SMEs supported, more than nine were microenterprises. In terms of financial products, more than two out of three final recipients were provided with loans.

Figure 30 Number and type of final recipients supported by product, end 2021

Product	Large enterprises	SMEs	of which microenterprises	Individuals	Other	Total
Loans	-	4,151	3,894	3,598	11	7,760
Guarantees	-	13	12	1,583	-	1,596
Equity	1	1,464	1,318	-	1	1,466
Total	1	5,628	5,224	5,181	12	10,822

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

Figure 31 Number of final recipients supported by Member State, end 2021

Member State	BG	CZ	DE	HU	IT	LT	MT	PL	PT	SK	Total
Number of final recipients	459	15	1,450	131	4,067	1,368	277	1,733	1,315	7	10,822

3.4 Management costs and fees

Member States reported almost EUR 11 million of management costs and fees paid out of programme contributions to FIs. Of these, EUR 5.8 million or 53% was paid as performance-based remuneration.

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

The performance-based approach should consider disbursement of contributions provided by ESF and YEI, resources paid back from investments or from the release of resources committed for guarantees, as well as the quality of measures before and after the investment

decision to maximise its impact and the contribution of the FI to the objectives and outputs of the programme.

FIs indicating that management costs and fees have not yet been paid to implementing bodies by the end of 2021 were paid EUR 153 million of OP resources, most of which in DE and IT. Overall, of the OP resources paid to these FIs, EUR 127 million were disbursed to FIs having signed a funding agreement by the end of 2019. One FI in PT did not report on management costs and fees⁶⁶, possibly indicating that no management costs and fees were to be paid from the OP contributions.

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

By the end of 2021, over EUR 11 million of interest and gains had been generated by payments from ESF to the financial instruments⁶⁷. Negative interest and gains were reported by some FIs in BG, DE and LT.

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.

⁶⁶ 'FIS Capital' under the 'Programa Operacional da Competitividade e Internacionalização'.

⁶⁷ FIs with EUR 16 million of paid OP resources did not report on interest and gains attributable to ESF. FIs having been paid over EUR 137 million of OP resources reported no interest and gains generated by ESF payments.

As at the end of 2021, 48 FIs reported that EUR 38 million had been returned which was attributable to support from ESF, or 23% of the ESF amount paid to final recipients. Most of the returns attributable to support from ESF were in PL (EUR 13 million) and LT (almost EUR 12 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 2021, DE, PL, PT and SK had made equity investments in final recipients, with by far the largest investments in DE (EUR 58 million or 76% of the total). Overall, the value of equity participations was EUR 51 million or 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, EUR 640 million of OP resources was committed to FIs reporting on expected leverage. Achieved leverage figures could also be calculated for FIs to which over EUR 623 million of OP resources was committed⁶⁸.

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’*.

⁶⁸ 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.

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 1.0 and 2.0, 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. Loan FIs mobilised almost EUR 11 million of private resources at the level of the final recipients, mostly in PL.

Expected leverage was also reported for seven guarantee FIs, ranging from 2.0 to 7.8, and five equity FIs (between 1.1 and 2). Where achieved leverage could be calculated for some of these FIs⁶⁹, it was broadly in line with, or in a few cases higher than, the expected leverage stipulated in the funding agreement. Overall, EUR 2.8 million was set aside for over EUR 16 million of guaranteed loans paid to final recipients, most of which in MT and PT. Equity FIs mobilised about EUR 31

⁶⁹ Four guarantee and four equity FIs.

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 65 specific funds, under or without a fund of funds, 18 reported on contribution to the priority axis using common indicators. These FIs supported 1,105 unemployed people, or 8% of their 13,043 target. These FIs also supported 35 employed, including self-employed (CO05) or 20% of the respective target (172).

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.

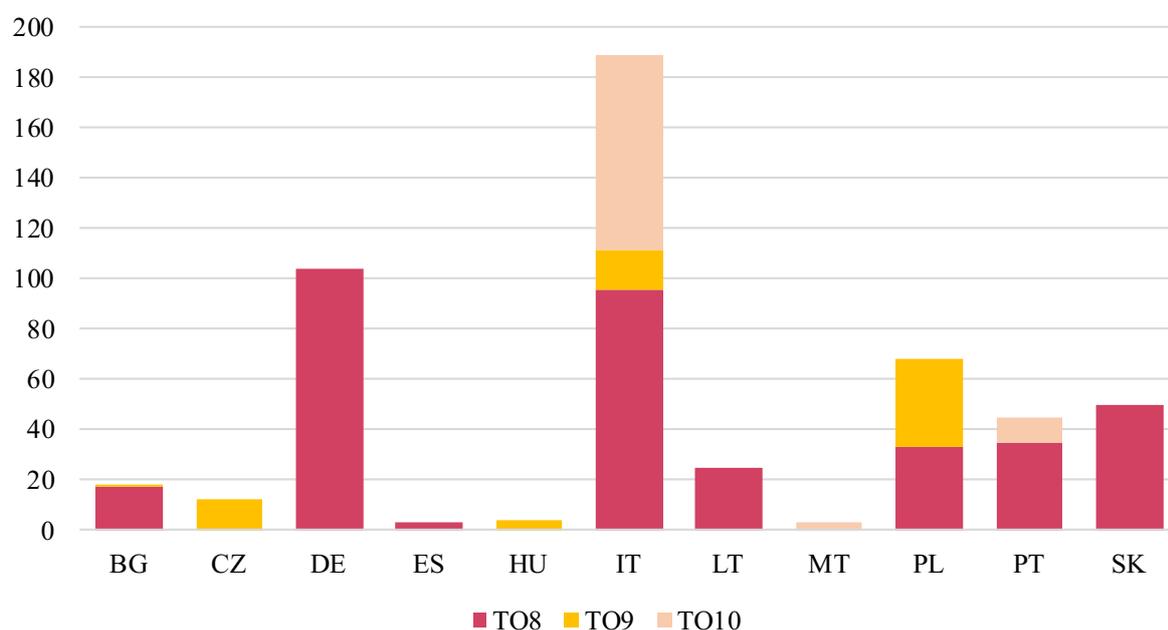
Overall, 177 SMEs (including cooperative and social economy enterprises) were supported (CO23) by the FIs reporting on indicators, or 3% of the respective target (5,659). The reported achieved value was only a tiny fraction of the supported SMEs (see section 3.3). In addition to optional reporting, this 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 most funds of funds and specific funds without a fund of fund structure.

About EUR 363 million or over two thirds of ESF commitments to FIs were for TO8, while EUR 91 million and EUR 66 million were committed for TO10 and TO9 respectively. The highest ESF resources committed to TO10 and TO9 were in IT and PL respectively (see Figure 32).

Figure 32 ESF amounts committed per TO and Member State, end 2021 (EUR million)



With EUR 26 million of ESIF resources paid to final recipients by the end of 2021, TO9 had the highest rate of disbursement of committed resources (39%). FIs with ESF and YEI resources committed to TO8 paid about a third of their committed amounts to final recipients (EUR 123 million out of EUR 363 million committed). FIs addressing TO10 reported more limited progress (EUR 19 million of ESIF or 20% of the committed amount), also due to most resources having been committed only at a later stage in the 2014-2020 programming period.

5. Conclusions

By the end of 2021, EUR 758 million of OP resources was committed to FIs, of which EUR 521 million was ESF. This is about 0.4% of the ESF and YEI resources for the 2014-2020 programming period and below the amount indicatively planned for FIs (EUR 913 million). Indicatively planned resources exceeded ESF and YEI committed amounts especially in DE, IT and RO, for a total of over EUR 375 million.

Overall, OP amounts committed to FIs decreased by EUR 27 million compared to the latest reporting exercise with the largest decrease in BG (EUR 15 million) and PL (EUR 14 million). Of the committed resources, EUR 371 million was paid to FIs, including EUR 271 million of ESF and 15 million of YEI.

By the end of 2021, ESF and YEI disbursements to final recipients were 32% of the respective amounts committed to the FIs, with a modest increase compared to the previous reporting exercise (22% as of the end of 2020). There were no payments yet to final recipients in ES, while very limited progress - less than 20% of ESF and YEI committed to financial instruments - was reported in CZ, PT and SK. FIs with resources committed to TO9 had a slightly higher rate of disbursement to final recipients.

Member States reported that almost EUR 11 million of management costs and fees had been paid from OP resources, while accrued interest and gains from treasury management attributable to ESF also totalled EUR 11 million. Overall, EUR 38 million had been repaid to FIs which was attributable to support from ESF, or 23% of the ESF amount paid to final recipients.

Information reported on leverage indicates a limited capacity of ESF and YEI contributions to mobilise additional finance. 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 11 million of private resources were mobilised by loan FIs at the level of the final recipients and EUR 31 million through equity FIs. Overall, EUR 16 million of guaranteed loans was paid to final recipients,

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

EAFRD Chapter

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1. EXECUTIVE SUMMARY

The implementation of financial instruments under the European Agricultural Fund for Rural Development (EAFRD) achieved good progress by the end of 2021, despite the long-lasting Covid-19 health crisis and its impacts on businesses and economic development across the EU. While a few instruments were still in the setting-up phase (BG, ES Asturias, LT, LV, IT Basilicata), others progressed very well even when supporting only investment projects. Importantly, the changes in the EU legislation allowing stand-alone working capital loans and guarantees for SMEs under the EAFRD financial instruments, proved vital for the successful implementation in 2021 as the fight against Covid-19 effects required more liquidity on the side of the agricultural businesses.

By the end of the reporting period (31 December 2021), Managing Authorities (MAs) of 55 Rural Development Programmes (RDPs) - out of the total 112 - had initiated an ex-ante assessment for FIs (in accordance with Article 37 of the CPR). Of these 55, 44 had completed their assessment. By end of 2021, FIs were programmed in 32 RDPs in 13 Member States (MSs) with a total public budget of EUR 860 million, out of which EUR 656 million came from the EAFRD, a 7.5% increase compared to 2020.

34 MAs had launched the selection of implementing bodies and 29 of them had signed 31 funding agreements in 12 Member States. Total commitments to FIs increased to EUR 755 million, EUR 589 million of which were due to the EAFRD (the rest being national or regional co-finance). All EAFRD FIs are tailor-made loan and guarantee instruments. No equity or quasi-equity funds have been established so far in this programming period.

In 2021, 27 FIs paid money to final recipients (with 2 more than in 2020). MAs have reported EUR 321 million of RDP contributions committed for final recipients in loan contracts or set aside for guarantees. The actual payments made to final recipients (or set aside for guarantees behind disbursed loans) amounted to EUR 289 million, an increase by almost 30% when compared to year 2019 (201 million), of which EUR 218 million (2019: 150 million) came from the EAFRD.

The number of final recipients supported almost doubled from 4 403 in 2020 to 8 501 by the end of 2021, receiving support through 9835 loan and/or guarantee contracts. The proportion of SMEs (including micro-enterprises) stayed high as in 2020 reaching 99.8%⁷⁰ of all final recipients. The bulk of the SMEs is made up of 7 750 micro-enterprises which count for 91% of all final recipients.

According to the hectare size categories defined under the EAFRD reporting framework, the largest proportion of final recipients belonged to the largest farm size category with 50 hectares or more⁷¹. Together with the second largest category of 20-50 hectares, they were 78% of all the final recipients supported by FIs; 8% of the final recipients belong to the smallest size category of below 5 hectare.

The share of the primary agricultural sector (incl. wine) in the number of financed projects further increased from 88% in 2020 to 90% in 2021. Correspondingly, the share of non-agricultural businesses being supported by EAFRD FIs fell to 10%.

⁷⁰ Individual farms and family farms fall under the enterprise-, most probably microenterprise, category under the EC Recommendation 2003/361/EC.

⁷¹ The hectare size categories defined for reporting purposes under EAFRD are more granular than the EU's SME categories. Consequently, while the largest hectare size category starts already from 50 hectare (which in reality can be considered still small depending on the sub-sector), the shift from microenterprise to small enterprise requires more than EUR 2 million annual turnover or 10 employees. This explains the seemingly mismatching proportion under the two different size categorisations.

Loan FIs' achieved leverage value varied between 1.11 and 17.32, with a median achieved leverage of 1.78. Guarantee FIs' achieved leverage value varied between 4.13 and 15.87, with a median achieved leverage of 8.3.

Loan FIs provided EUR 190 million RDP resources via loans to final recipients. Together with additional national public and private financing (excluding national co-finance, which is already included in the RDP figure), this brings the total to EUR 375 million of loan financing for final recipients. RDP guarantees generated a loan portfolio of EUR 576 million with just EUR 99 million from RDP resources. In summary, EUR 289 million RDP contributions generated EUR 951 million paid to or to the benefit of final recipients (a multiplier of 3.3⁷², compared to the value of 2.69 in 2020).

⁷² This value does not take into account the paid management costs and fees.

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 2021, 55 out of the 112 RDP MAs started ex-ante assessments required for setting up financial instruments, out of which 44 assessments were completed. In total, 32 RDPs in 13 Member States contained allocations for FI type of support amounting to EUR 860 million (out of which EUR 656 million EAFRD), which is a 7.5% increase compared to 2020. 34 MAs had launched the procedure to select implementing bodies, out of which 29 signed 31 funding agreements⁷³ (FAs) in 12 Member States.

Compared to 2020, there has been a new increase in commitments made by Managing Authorities in signed funding agreements, reaching the level of EUR 755 million total RDP commitment (out of which EUR 589 million EAFRD), which is 88% of the total programmed FI allocations. For details per RDP, see Table 4.

⁷³ Croatia and FR PACA having two funding agreements.

Table 4 RDP amounts programed to FIs and committed in the funding agreements as of end of 2021 (in million EUR)

MS	RDP	RDP amount programmed for FIs,	out of which EAFRD	RDP amounts committed to FIs,	out of which EAFRD	RDP committed/ programmed
BG	Bulgaria	20	17	20	17	100%
DE	Mecklenburg-Vorpommern	6	5	6	5	100%
EE	Estonia	54	51	54	51	100%
EL	Greece	80	80	80	80	100%
ES	Andalucia	50	43	50	43	100%
	Asturias	6	6	0	0	0%
	Castilla y León	40	27	40	27	100%
	Extremadura	6	5	6	5	100%
	Galicia	18	14	18	14	100%
	Poitou-Charentes	6	6	3	3	51%
FR	Aquitaine	17	14	13	11	77%
	Midi-Pyrénées	20	11	12	6	60%
	Limousin	6	5	5	5	91%
	Languedoc-Roussillon	15	9	15	9	100%
PACA		8	5	8	5	100%
HR	Croatia	126	107	103	88	82%
IT	Emilia Romagna	6	3	6	3	100%
	FVG	23	10	16	7	71%
	Lombardia	51	22	35	15	70%
	Piemonte	5	2	5	2	100%
	Toscana	10	4	10	4	100%
	Umbria	19	8	5	2	26%
	Veneto	15	7	15	6	100%
	Basilicata	5	3	0	0	0%
	Calabria	10	6	10	6	100%
	Campania	10	6	10	6	100%
	Puglia	10	6	10	6	100%
LT	Lithuania	16	14	16	14	100%
LV	Latvia	20	14	0	0	0%
PL	Poland	69	44	69	44	100%
PT	PT Continente	20	19	20	19	100%
RO	Romania	94	88	94	88	100%
	Total	860	656	755	589	88%

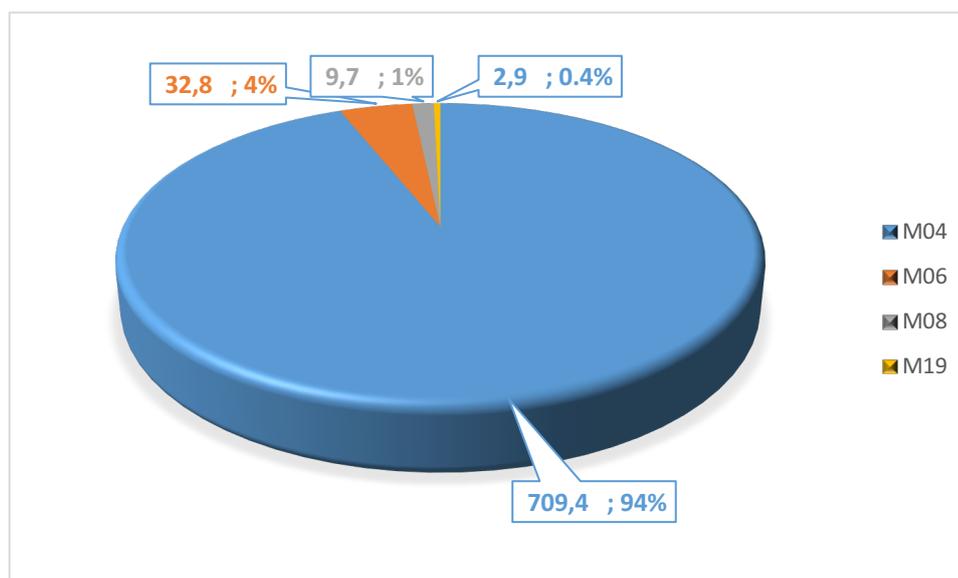
*Latvia, Asturias and Basilicata have not had signed a FA in 2021.

Under the 31 signed Funding Agreements, MAs reported to have paid out to the implementing bodies 63% (amounting to EUR 477 million) of the committed RDP resources till end of 2021.

About 94% of the RDP commitments in funding agreements were made under Measure 4 “Investments” (EUR 548 million EAFRD), while 4% were allocated to Measure 6, “Business start-up and development” (EUR 33 million EAFRD), and 1% was allocated to Measure 8, “Investments in forestry (EUR 10 million EAFRD) and 0.4% under Measure 19 “Support for leader local

development” (EUR 3 million EAFRD) (see Figure 39). This planning of resources is rather stable in terms of measures’ shares since the beginning of the programming period.

Figure 33 RDP commitments to FIs per measure in funding agreements, as of end of 2021 (in million EUR & %)



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

All EAFRD FIs are set up at either at national or at regional level. In total 26 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.

Instead of investing in capital or managing directly, 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 (10 cases).

EIF has been entrusted to implement 16 FIs out of the 31, while another 9 FIs are implemented by bodies governed by public or private law, 5 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 435 million of RDP commitment, out of which EUR 360 million is EAFRD), having 23 Specific Funds (SF/FoF). Single-layer Specific Funds are entrusted for the implementation of 11 FIs (EUR 320 million RDP resources, out of which EUR 229 million is EAFRD).

Only Croatia implements its FIs both through Fund of Funds and through Specific Funds (SFs). The French region of PACA implements two SFs.

Looking at the instruments, which are up and running (established Specific Funds and Specific Funds under FoFs), the distribution between guarantee and loan instruments is rather equal regarding committed amounts in the funding agreements⁷⁴. The share of guarantee instruments is

⁷⁴ If there are different products under a funding agreement, the reporting does not show their different allocations. Therefore, for the Specific Fund implemented by Hamag-Bicro (HR) with EUR 68 million commitment in the funding agreement, the distribution between the loan and guarantee product was calculated using the ratio between the uptake of the loan and the guarantee products by final recipients (95% vs. 5%).

49% of total EAFRD commitments (EUR 226 million) by the end of 2021. The loan instruments in implementation account for 51% of the EAFRD commitments, (EUR 238 million; see Figure 34

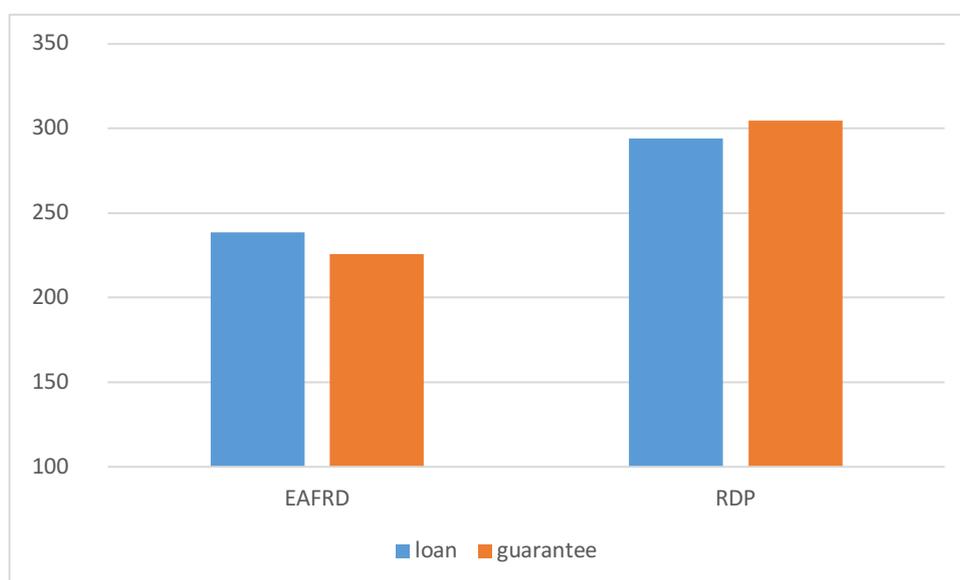
Beyond the financial products, by end of 2021 and under EAFRD, only Poland provides combined grant support within the financial instrument operation, in the form of interest rate subsidy.

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Looking at the total RDP commitments (including the national public co-financing amounts), on the other hand, the commitments to guarantee instruments slightly exceeded the commitments to loan instruments (EUR 304 million versus EUR 294 million).

Beyond the financial products, by end of 2021 and under EAFRD, only Poland provides combined grant support within the financial instrument operation, in the form of interest rate subsidy⁷⁵.

Figure 34 Distribution of EAFRD commitments to financial products under FIs with completed implementation structure, as of end of 2021 (in million EUR)



⁷⁵ The grant component's budget is taken into account within the Polish guarantee scheme.

2.2 INVESTMENTS IN FINAL RECIPIENTS AND PERFORMANCE OF FINANCIAL INSTRUMENTS

In 2021, 27 instruments (under 25 RDPs) committed EUR 321 million RDP support to final recipients, a 40% increase in one year. Disbursements – or in the case of guarantees set aside for guaranteeing disbursed loans - to final recipients increased at a similar pace and to EUR 290 million of RDP resources (see Table 5). Compared to the total RDP payments made to implementing bodies, this implies an overall disbursement rate of 61% by the end of 2021, while compared to the total commitment to financial instruments the disbursement rate to final recipients reached 38% (10%p.p increase compared to end of 2020).

After reaching 98% disbursement rate by the end of 2020, the budget of the first operational EAFRD FI, the Estonian loan fund, has been increased by an additional EUR 15 million, as well as the budget of the both Croatian financial instruments.

Sharp increases were noticed for Portugal (Continente) where the disbursement rate compared to RDP commitment in the FA increased by five times (from 4% to 21%), while Poland almost tripled the disbursement rate from 21% to 59%, thanks to the demand for Covid-19 working capital guarantees. Disbursement rates have increased by more than 10% p.p. in Romania, the Spanish region of Castilla y Leon, the French regions of Aquitaine, Poitou-Charentes, Midi-Pyrenees, Limousine, Languedoc-Roussillon and the Italian region of Lombardia.

The Bulgarian instrument has been still in the phase of setting up by the end of the reporting period, as well as the FIs in Andalucía (ES) and Umbria (IT). In Lithuania, the newly set-up instrument has not reached the final recipients by the end of 2021.

Table 5 Take-up of FIs, investments in final recipients as of end of 2021 (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	4.3	4.3	21%	0.0	0.0	0.0	0.0	0%	0%	-
DE	Mecklenburg-Vorpommern	5.9	5.0	3.0	2.5	51%	1.6	1.3	1.6	1.3	27%	53%	100%
EE	Estonia	54.5	50.5	52.6	48.6	97%	43.0	39.1	42.0	38.1	77%	80%	98%
EL	Greece	80.0	80.0	20.0	20.0	25%	2.8	2.8	2.2	2.2	3%	11%	76%
ES	Andalucia	50.0	42.5	12.5	10.6	25%	0.0	0.0	0.0	0.0	0%	0%	0%
	Castilla y León	39.9	26.7	26.4	17.8	66%	18.4	11.7	18.4	11.7	46%	69%	100%
	Extremadura	6.1	4.8	1.2	0.9	19%	0.5	0.4	0.5	0.4	8%	41%	41%
	Galicia	18.0	13.5	3.0	2.3	17%	0.5	0.3	0.5	0.3	3%	15%	15%
FR	Poitou-Charentes	3.2	3.0	3.2	3.0	100%	2.8	2.3	2.1	1.8	66%	66%	77%
	Aquitaine	13.5	10.9	13.5	10.9	100%	8.2	6.0	7.4	5.3	55%	55%	90%
	Midi-Pyrénées	12.0	6.4	12.0	6.4	100%	9.5	5.0	9.1	4.8	76%	76%	96%
	Limousin	5.1	4.7	5.1	4.7	100%	1.5	1.2	1.4	1.1	27%	27%	92%
	Languedoc-Roussillon	15.0	9.5	15.0	9.5	100%	9.0	5.7	7.7	4.9	52%	52%	86%
	PACA	8.0	5.0	2.2	1.3	27%	4.4	2.7	1.2	0.8	15%	54%	27%
HR	Croatia	102.9	87.5	87.9	74.7	85%	63.8	54.2	62.8	53.4	61%	72%	99%
IT	Emilia Romagna	6.0	2.6	1.5	0.6	25%	4.5	1.0	0.6	0.2	10%	39%	13%
	FVG	16.1	6.9	16.1	6.9	100%	16.1	6.9	16.1	6.9	100%	100%	100%
	Lombardia	35.4	15.2	25.4	11.0	72%	34.5	14.9	21.3	9.2	60%	84%	62%
	Piemonte	5.0	2.2	1.3	0.5	25%	0.2	0.1	0.2	0.1	3%	14%	100%
	Toscana	9.8	4.2	2.5	1.1	25%	0.5	0.2	0.5	0.2	5%	19%	100%

	Umbria	5.0	2.2	1.3	0.5	25%	0.0	0.0	0.0	0.0	0%	0%	0%
	Veneto	15.0	6.5	3.8	1.6	25%	0.3	0.1	0.3	0.1	2%	7%	100%
	Calabria	10.0	6.1	2.5	1.5	25%	0.5	0.3	0.5	0.3	5%	21%	100%
	Campania	10.0	6.1	2.5	1.5	25%	0.2	0.1	0.2	0.1	2%	7%	100%
	Puglia	10.0	6.1	2.5	1.5	25%	0.6	0.4	0.6	0.4	6%	25%	100%
LT	Lithuania	16.0	13.6	4.0	3.4		0.0	0.0	0.0	0.0	0%	0%	0%
PL	Poland	68.6	43.7	48.0	30.5	70%	40.2	25.6	40.2	25.6	59%	84%	100%
PT	Continente	20.1	18.5	10.0	9.3	50%	7.1	6.5	4.2	3.9	21%	42%	60%
RO	Romania	93.9	87.8	93.9	87.7	100%	50.5	47.2	48.0	44.9	51%	51%	95%
	Total	754.9	588.5	476.9	375.1	63%	321.0	236.0	289.4	217.9	38%	61%	90%

The number of final recipients supported by the EAFRD doubled to 8501 (through 9835 financing contracts) by end of 2021, even against the backdrop of the COVID-19 pandemic. Guarantee products far exceed loan products in terms of number of contracts, going beyond 75% of all signed financing contracts (see Table 6). This eventually shows that after a slow start, guarantee instruments are gaining momentum. The speed of uptake and number of final recipients, any slower or faster implementation, and respectively performance of each financial instrument may depend on various factors and therefore it is best to be assessed within their specific context and economic environment in which they are implemented.

Table 6 Final recipients supported by EAFRD FIs, by end of 2021

<i>RDP</i>	<i>large enterprises A</i>	<i>SMEs B</i>	<i>out of which are micro-enterprises</i>	<i>Total nr of final recipients supported A+B</i>	<i>Total nr of loan contracts signed with final recipients</i>	<i>total nr of guarantee contracts for final recipients</i>	<i>Total nr of financing contracts signed</i>
<i>Mecklenburg-Vorpommern</i>	0	3	3	3	6	0	6
<i>Estonia</i>	0	250	225	250	262	0	262
<i>Greece</i>	0	226	215	226	0	228	228
<i>Castilla y León</i>	4	615	531	619	0	703	703
<i>Extremadura</i>	0	29	29	29	0	29	29
<i>Galicia</i>	0	29	6	29	0	33	33
<i>Poitou-Charentes</i>	0	93	92	93	0	115	115
<i>Aquitaine</i>	0	285	282	285	0	352	352
<i>Midi-Pyrénées</i>	0	342	335	342	0	421	421
<i>Limousin</i>	0	84	83	84	0	104	104
<i>Languedoc-Roussillon</i>	0	332	305	332	0	395	395
<i>PACA</i>	0	68	0	68	74	36	110
<i>Croatia</i>	0	1,247	1,179	1,247	1272	10	1282
<i>Emilia Romagna</i>	0	11	2	11		11	11
<i>FVG</i>	0	57	31	57	57		57
<i>Lombardia</i>	8	12	0	20	23		23
<i>Piemonte</i>	0	2	1	2		3	3
<i>Toscana</i>	0	10	7	10		11	11
<i>Veneto</i>	0	3	2	3		3	3
<i>Calabria</i>	0	6	3	6		8	8
<i>Campania</i>	0	2	0	2		2	2
<i>Puglia</i>	0	16	11	16		16	16
<i>Poland</i>	0	4,042	3,871	4042	0	4,762	4762
<i>Continente</i>	2	157	126	159	0	164	164
<i>Romania</i>	6	560	411	566	735	0	735
Total	20	8481	7750	8501	2429	7406	9835
percentage	0.2%	99.8%	91.2%	100.0%	24.7%	75.3%	100.0%

Across the EU where EAFRD financial instruments are operational, Poland remains to be the financial instrument with the highest number of final recipients reaching more than 4000 SMEs, out of which 96% were microenterprise. An increase of about 2,5 times only in 2021 alone.

Croatia continue to support widely its economy after seeing an increase of 42% and reaching 1247 SMEs by end of 2021. Another significant advancement was noticed in the Spanish region of Castilla y Leon, after the latter increased its outreach by 72% to above 600 enterprises. Good progress in reaching final recipients was also shown in the other Spanish regions deploying the centrally managed EAFRD guarantee instrument as well as in the French regions, Greece and Portugal.

The final recipients of EAFRD FIs are predominantly (99.8%) from the SME category, and 91% of all final recipients fall under the micro-enterprise category (which includes also the family farms and individual farmers without legal entity). This reflects the general size structure of the sector. About 20 large enterprises received finance under 4 EAFRD FIs (ES Castilla y Leon, IT Lombardia, Portugal, Romania).

The average loan amount provided by loan EAFRD FIs varied between EUR 8 800 (FR PACA) and EUR 925 000 (IT Lombardia). Under guarantee EAFRD FIs, the average loan amount varied between EUR 45 000 (PL) and EUR 800 000 (HR). Interestingly, both the guarantee and the loan products led to the same median value of EUR 161 000.

Due to the EAFRD-specific monitoring framework, the MAs are also required to report on the sub-sector and size category of the final recipients supported by the FIs under Measure 4, “Investments” and Measure 6, “Business start-up and development”.

Compared to 2020, there has been minor changes in the allocation of support among the different size categories. In total, more than half of the supported final recipients fall under the largest size category (50 ha+), and they receive 60% of the total support (this means a 3-5% increase in their proportion compared to 2020). About 22% of the supported projects fall in the size category below 20 hectare and are receiving 25% of the FI support (see Figure 35, Figure 36 and Figure 37).

Figure 35 Distribution of FI support among the different holding size categories under EAFRD, by end of 2021 (based on number of supported projects)

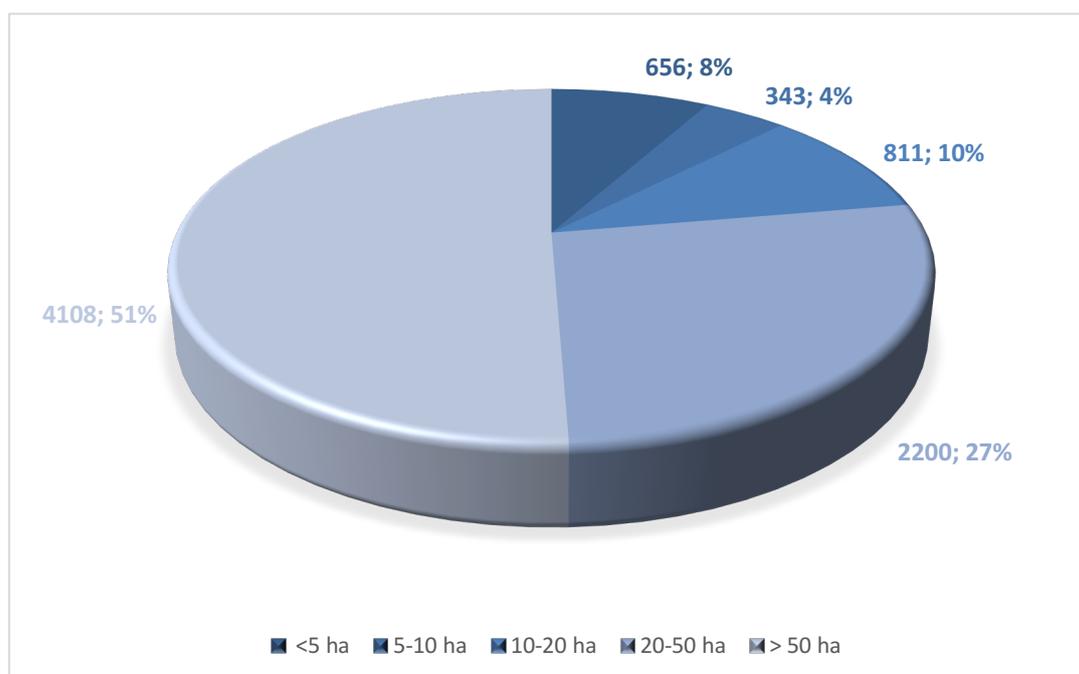


Figure 36 Distribution of FI support according to the holding size categories, by RDP (based on the number of supported projects)

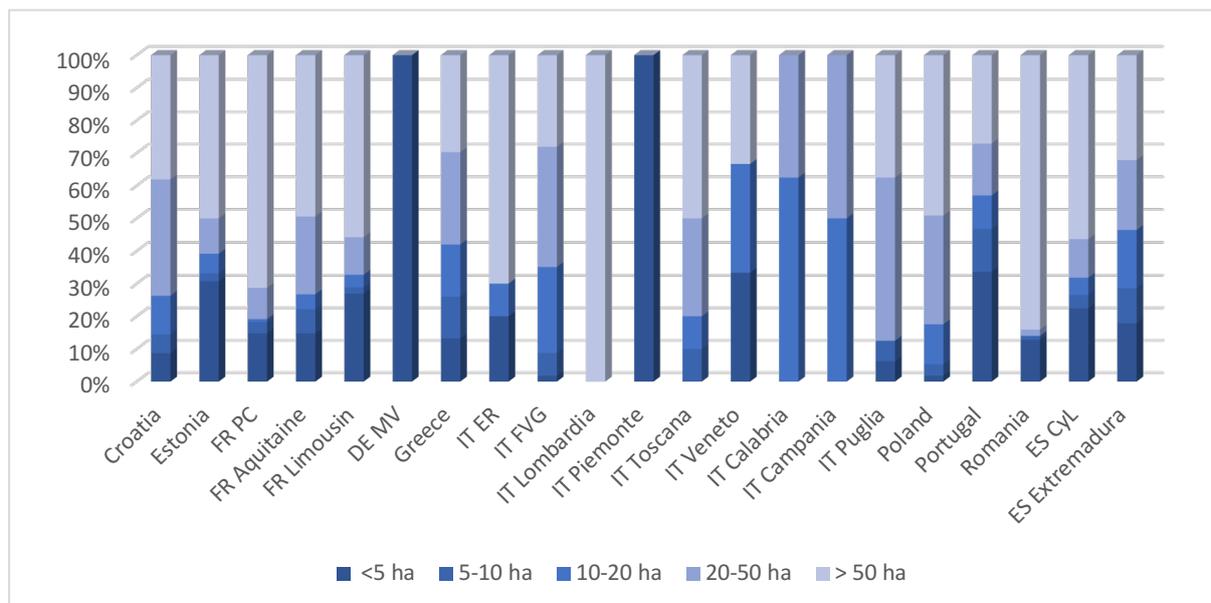
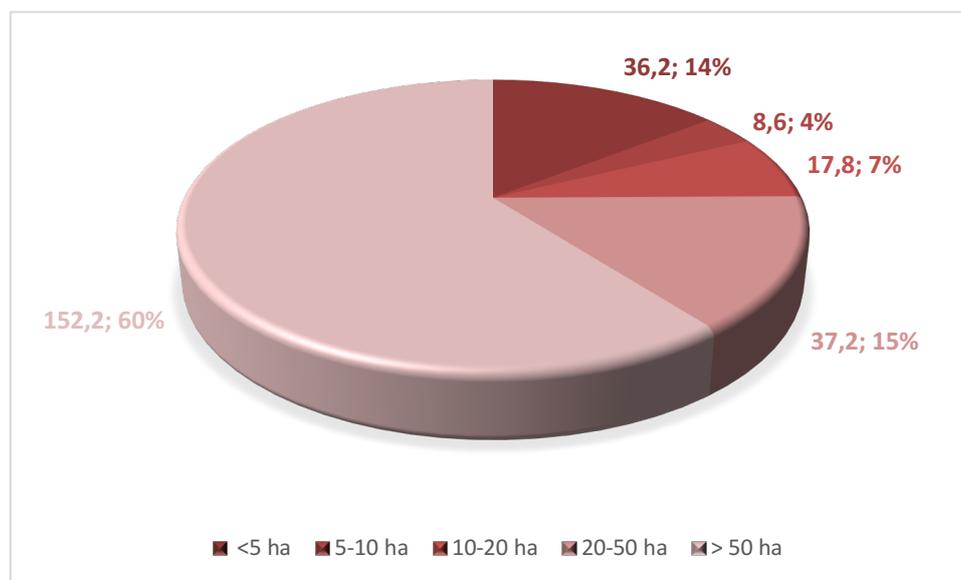


Figure 37 Distribution of programme contributions provided to the different holding size categories under EAFRD, as of end of 2021 (MEUR and %)



In 2021, the distribution of the received EAFRD FIs' support between the different subsectors did not change significantly. As in the past years, most of the final recipients (90%) are part of the primary agricultural sector (incl. field crops, granivores, horticulture, milk, mixed, other grazing livestock, other permanent crops and wine). On the other hand, when it comes to the programme contribution provided, non-agricultural activities receive a relatively important proportion, i.e. 20% of all the resources. See Figure 38 and Figure 39.

Figure 38 Distribution of FI support among the different sub-sectors under the EAFRD, by end of 2021 (based on the number of supported projects)

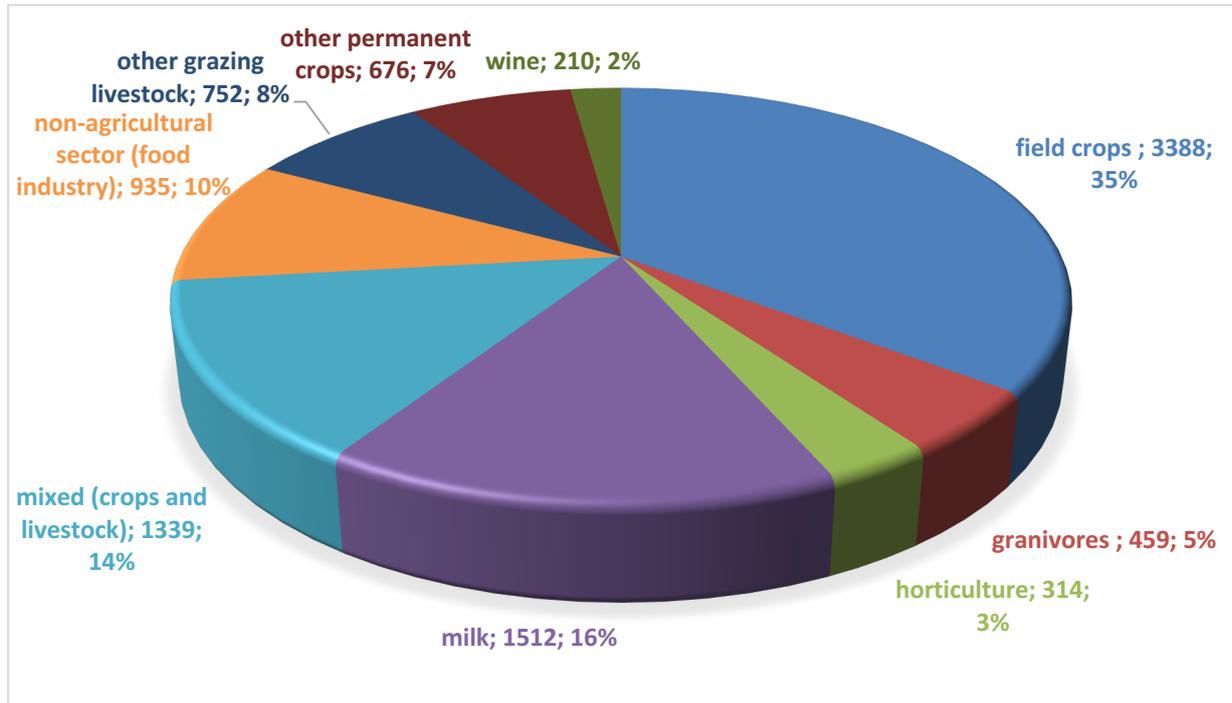


Figure 39 Distribution of RDP programme contributions provided to the subsectors, as of end of 2021 (MEUR and %)

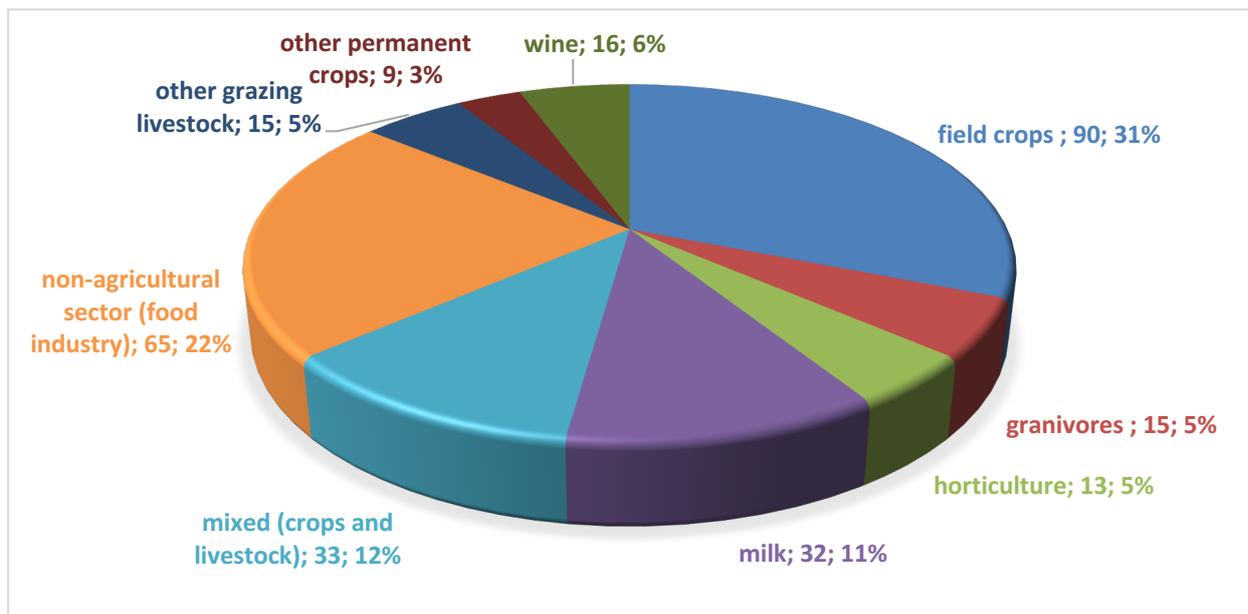
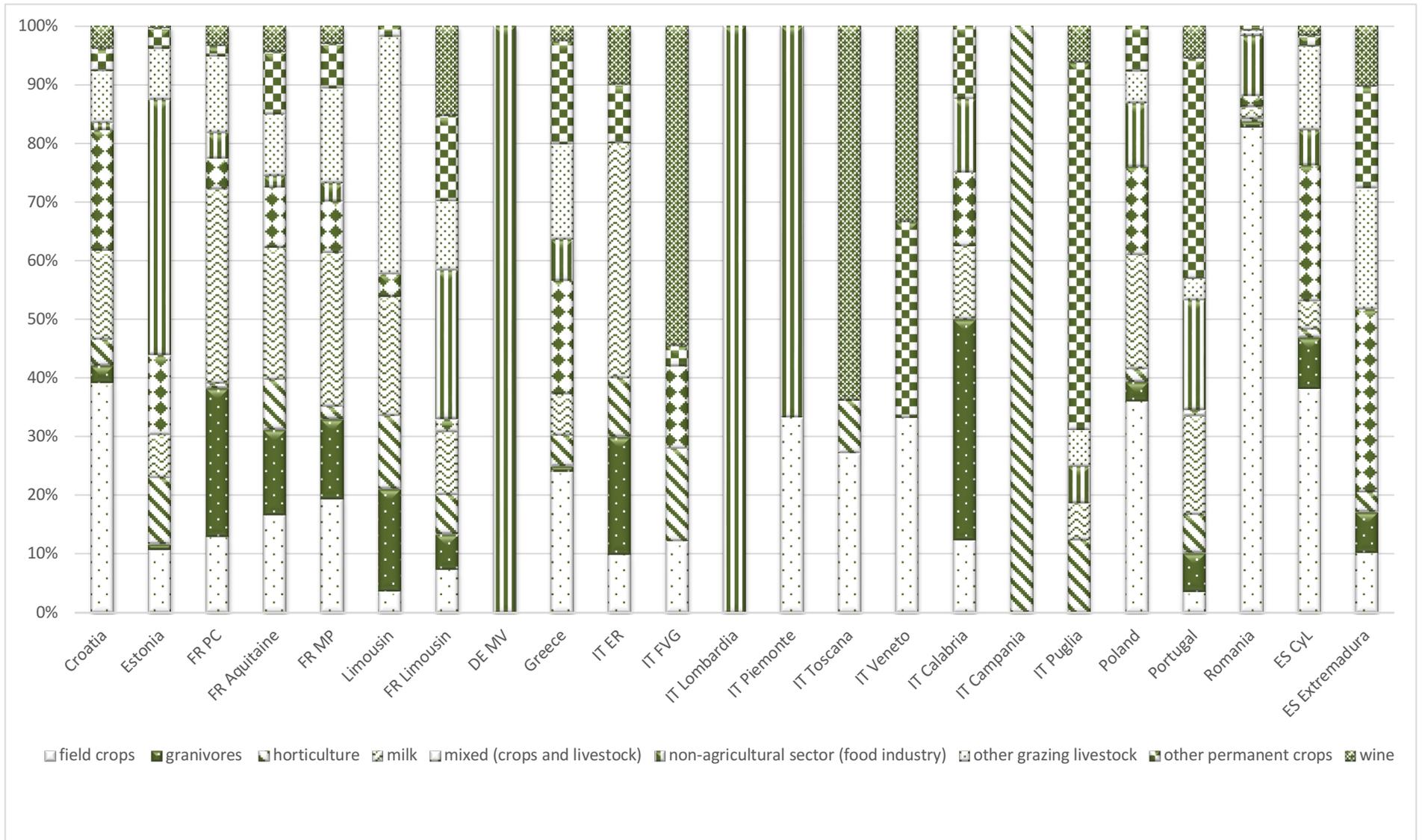


Figure 40 Distribution of FI support among the different sub-sectors, by RDP (based on nr of supported projects)



When it comes to payments to final recipients, those under Measure 4 amounted to EUR 279 million total RDP resources (out of which EUR 208 million EAFRD). Payments to final recipients under Measure 6 amounted to EUR 6.2 million total RDP resources (out of which EUR 5.5 million EAFRD). Payments to final recipients under Measure 8 amounted to EUR 1.3 million total RDP resources (out of which EUR 1.1 million EAFRD). There were no payments to final recipients under Measure 19 yet. However, payments to the FI under Measure 19 amounted to 2.5 million due to the progress in setting up of the Bulgarian instrument. (see **Erreur ! Source du renvoi introuvable.** for a representation in percentages).

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

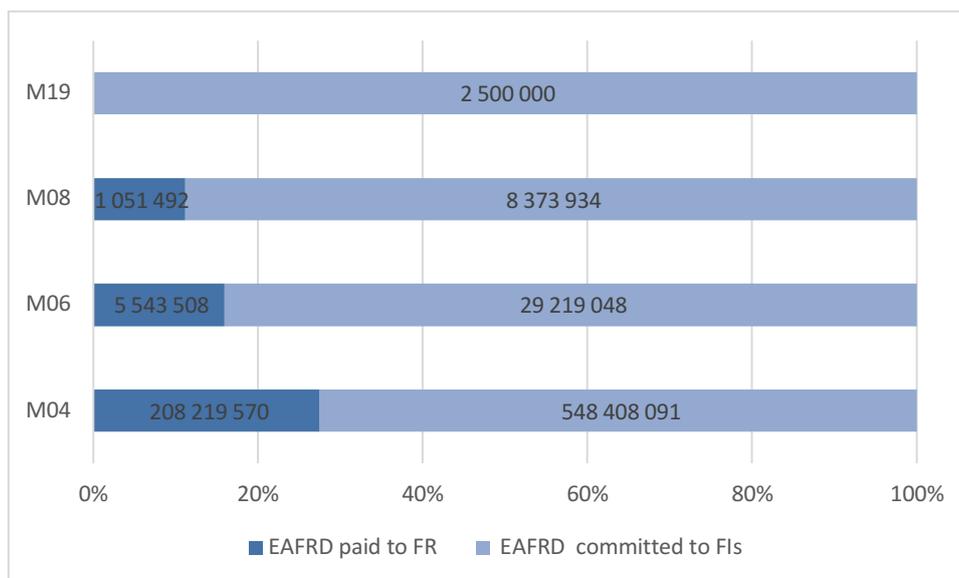
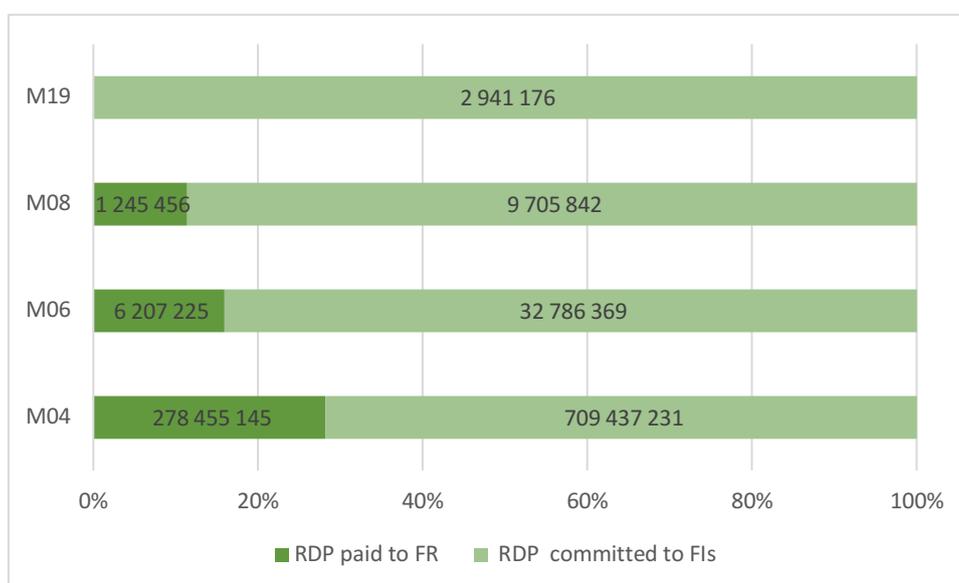
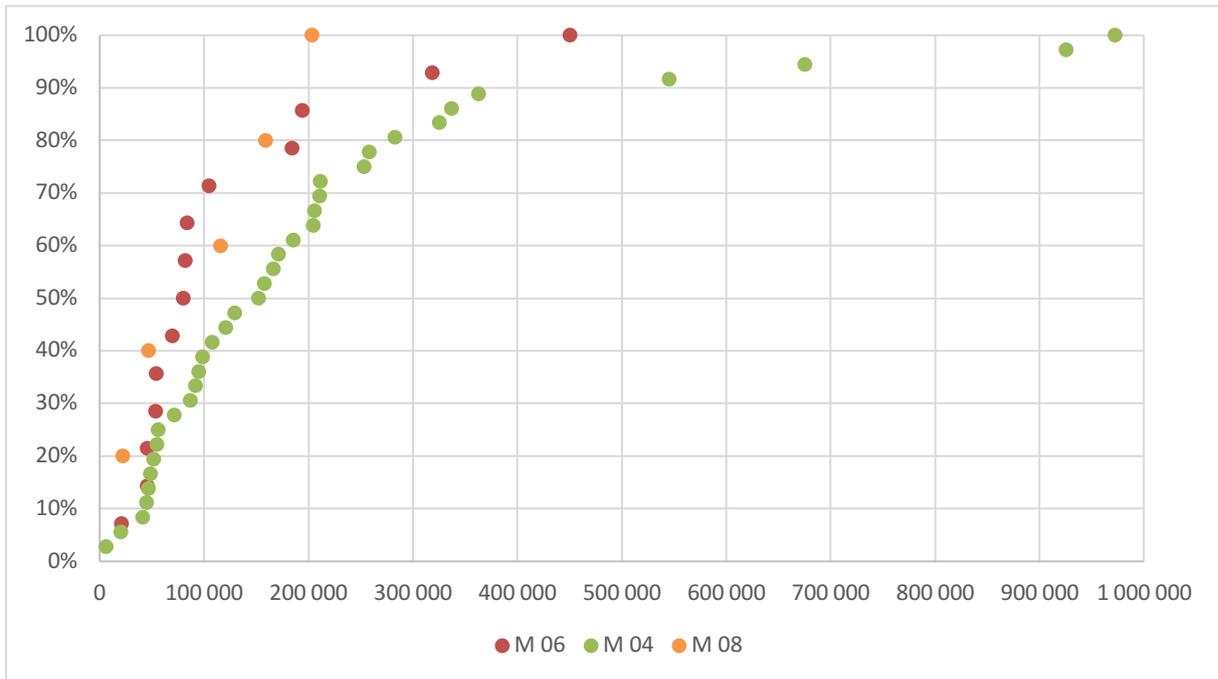


Figure 42 Amounts paid to final recipient (FR) as percentage of commitments per measure (RDP)



Erreur ! Source du renvoi introuvable.Figure 43 shows the average financing amount under the different measures under the different FIs (in the case of loan FIs it shows the loans, while in case of guarantee FIs it shows the average loan amount that is guaranteed).

Figure 43 Average loan size per product per measure in EUR (total RDP contribution)

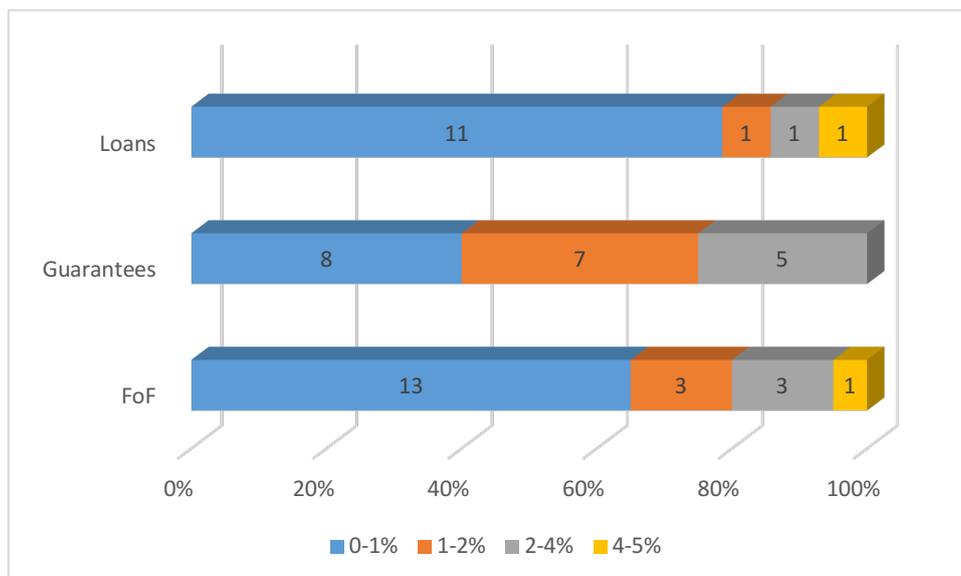


- **Management costs and fees**

27 MAs paid EUR 12 million for management costs and fees (MCF) out of which, EUR 8 million was reported to have been paid as base remuneration and EUR 4 million as performance based remuneration.

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 ceilings⁷⁶, as of end of 2021 (see Figure 44).

Figure 44 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



⁷⁶ Defined in Article 13 of Commission Delegated Regulation (EU) No 480/2014.

** Estonia reported zero MCF from programme resources for its loan FI, because it paid the MCF from reflows (amounting to a level of 4% compared to the committed programme resources). The Italian region of Friuli-Venezia-Giulia also reported zero MCF.*

- **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 slight increase from EUR 1.3 million to EUR 1.5 million in interest and gains generated through treasury management as reported by the Managing Authorities. The majority of MAs reported zero or very low value, or even minus value for interest and gains generated.

Repaid resources are reported to amount to EUR 27 million, out of which EUR 22 million consisted of capital repayments and EUR 5 million gains, other earnings and yields.

Only three MAs reported to have started reusing repaid resources. Estonia and IT FVG reported to have reused EUR 3-3 million EAFRD resources until end of 2021, out of which Estonia reported the reuse of EUR 2 million for management costs and fees. Furthermore, ES CyL also reported to have started reusing EAFRD resources.

- **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 the loan type FIs or uncapped guarantee FIs, because of the nature of the products.

Loan FIs’ achieved leverage value varied between 1.11 and 2.62⁷⁷, with a median⁷⁸ achieved leverage of 1.48 (or 1.78 including IT FVG). Guarantee FIs’ (both uncapped and capped) achieved leverage value varied between 4.13 and 15.87, with a median achieved leverage of 8.28. 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 (targeting wider audiences can attract more private financing, while targeting more risky, niche markets might require more public participation⁷⁹).

Loan FIs provided EUR 190 million RDP resources via loans to final recipients, together with additional national public (excluding the RDP national co-finance)⁸⁰ and private financing reaching in total EUR 375 million loan financing for final recipients. RDP guarantees on the

⁷⁷ 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.

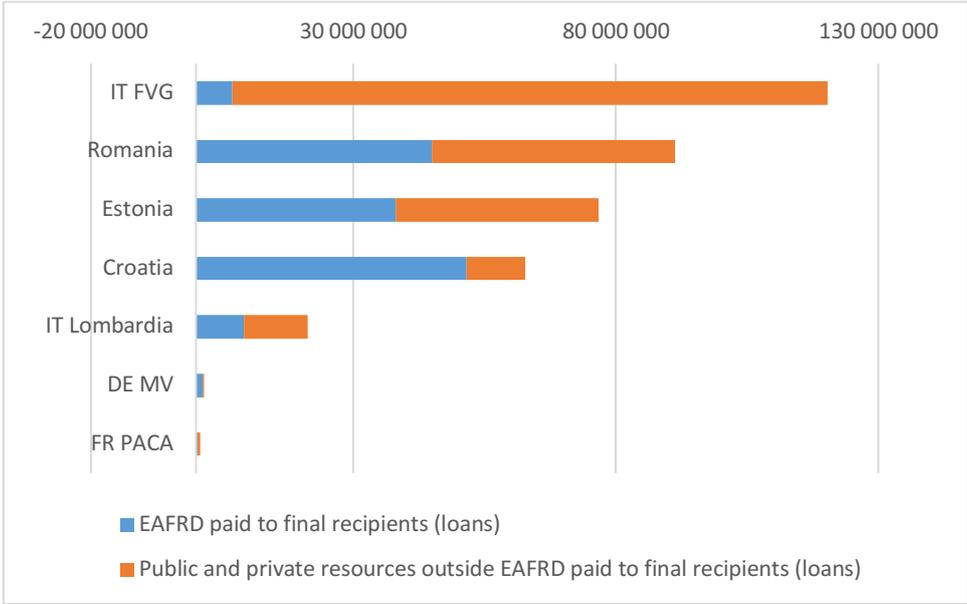
⁷⁸ The median is the middle number in a sorted list of values and can be more descriptive in certain cases than the average. In the case of the leverage of different sized and different structured instruments, the median of leverages can better demonstrate the overall picture. For example, within the achieved leverage range for all loan instruments, the median of 1.78 indicates that 50% of the instruments have lower leverage than 1.78, while 50% of instruments have higher leverage.

⁷⁹ Exceptions can be those like IT FVG, where the high leverage is not reached through private resources, but through additional regional/national public resources.

⁸⁰ National co-finance is included in the RDP resources paid to final recipients.

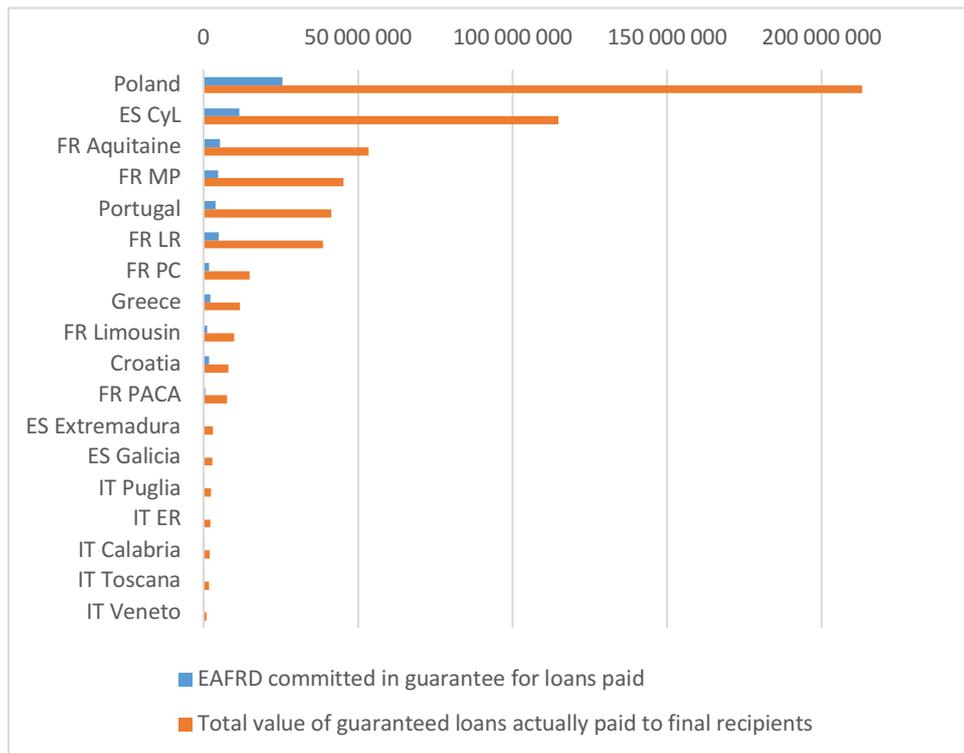
other hand generated a loan portfolio of EUR 576 million with EUR 99 million from RDP resources. In summary, EUR 289 million RDP contributions generated EUR 951 million reimbursable financing paid to final recipients. Taking all FIs under the RDPs and the paid management costs and fees into account, **EUR 301 million RDP contribution (out of which EUR 218 million EAFRD⁸¹) to FIs generated a financing of EUR 951 million to final recipients** till end of 2021 (implying a rough estimation of EU level leverage of EAFRD resources at the level of 4.36) (value was 2.69 in 2020). See Figure 45 and Figure 46.

Figure 45 Total EAFRD and non-EAFRD contribution mobilised at the level of the final recipients under loan products as of end of 2021, EUR



⁸¹ There is no information on the management costs and fees paid by ESIF/EAFRD resources, only total amounts are reported.

Figure 46 Total loans paid and guaranteed by EAFRD resources as of end of 2021, EUR*



**For better visibility, instruments with less than EUR 1 million disbursed loans are not displayed (IT Piemonte and IT Campania).*

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

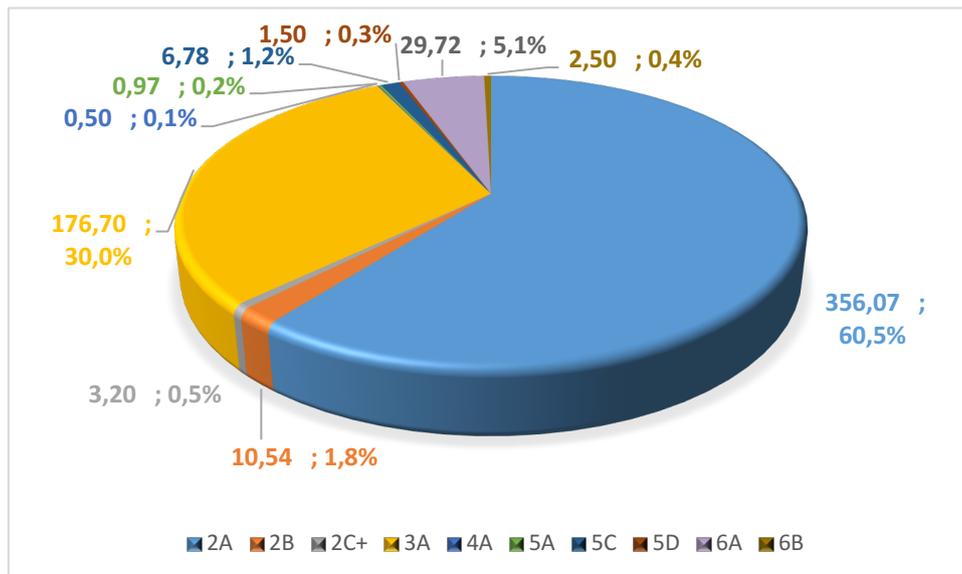
2.3.1 Contribution to rural development focus areas

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 2020, 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 2021 shows slight increase in the allocations for FA 2A (competitiveness of primary production) to the detriment of FA 3A (competitiveness of processing) showing a 4%p.p. swap in their allocations. Apart from that it is worth mentioning that allocations for 6A Diversification & rural businesses exceeded a 5% share. See Figure 47 and **Erreur ! Source du renvoi introuvable.**

Figure 47 EAFRD amounts committed under FIs funding agreements to rural development focus areas (%)



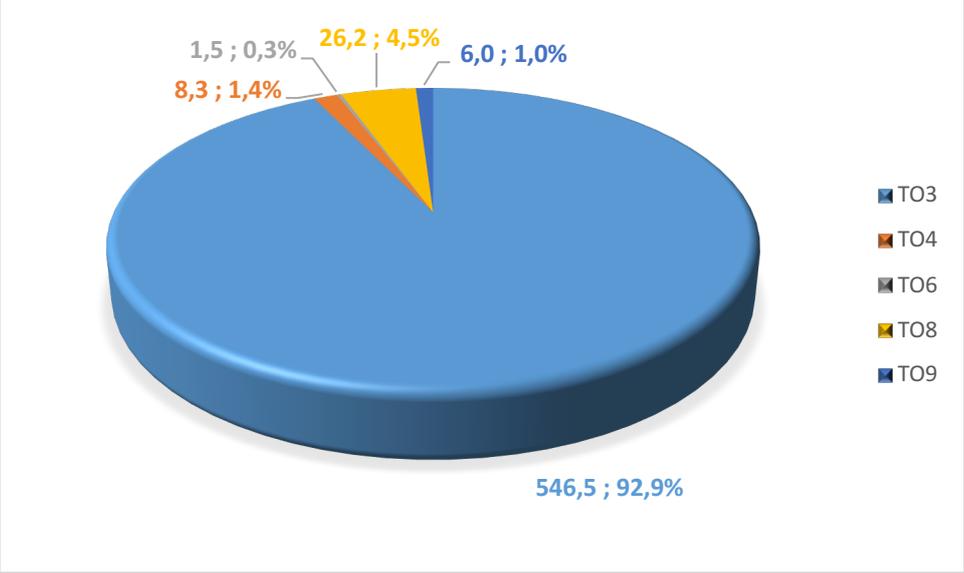
2.3.2 Contribution to thematic objectives

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). It received EUR 496.9 million as of end of 2020 receiving 93% of the total funding amounting to EUR 536.4 million. TO3 funding increased by EUR 48 million compared to 2019. The share of commitments going to TO4 and TO8 decreased slightly (see Figure 48 and **Erreur ! Source du renvoi introuvable.**).

Figure 48 EAFRD amounts committed to FIs by Thematic objective in million EUR and in % , as of end of 2020 2021



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 31/12/2021. A significant progress in the implementation could be observed as financial instruments mature and implementation progresses, alongside an improving but yet problematic economic situation caused by the negative impacts of the several Covid-19 health crises. 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 for the real need of EAFRD supported financial instruments for financing EU agriculture.

The key figures reported by the managing authorities are the following:

- **13 Member States (BG, DE, EE, EL ES, FR, HR, IT, LT, LV, PL, PT and RO)** have programmed under **32 RDPs**, EUR 860 million for FIs, out of which EUR 656 million of the EAFRD contribution.
- **12 out of these 13 Member States (LV not covered)** committed EUR 755 million (EUR 589 million EAFRD) in the funding agreements setting up **31 FIs**.
- The EAFRD **support allocated to the thematic objectives and RDP focus areas** show the dominant position of the competitiveness related SME financing, which even continued to slightly increase compared to the previous years. Agriculture financing dominates the recipient base.
- **All 31 FIs were operational** at the end of 2021, where the MAs paid EUR 477 million (63%) of RDP contributions (EUR 375 million EAFRD) to the implementing bodies.
- **27 FIs (under 25 RDPs) made payments (or in the case of guarantees set aside resources for backing disbursed loans) to final recipients** totalling EUR 289 million, including EUR 218 million of the EAFRD resources.
- **8501 final recipients** (99.8% of which is SME) were supported by the FIs in form of a loan or a guarantee. The share of the agricultural and non-agricultural activities from the financing were 90% and 10%, respectively, which indicates further increase for the benefit of the primary agricultural producers.
- **Management costs and fees paid to FIs** amounted to EUR 12 million i.e. overall 2.43% of the RDP amounts paid to FIs, and 1.53% of the RDP amounts committed to FIs till end of 2021.
- In summary, including management costs and fees, **EUR 301 million RDP contribution (out of which EUR 218 million EAFRD) to FIs generated a financing of EUR 951 million to final recipients** till end of 2021 (implying a rough estimation of EU level leverage of EAFRD resources at the level of 4.36).

The added flexibilities offered for FIs introduced in reaction to the Covid-19 health crisis, such as the provision of standalone working capital finance for affected SMEs aided the

implementation of many instruments. It allowed the agricultural sector to secure liquidity, which helped farmers to overcome this period of crisis.

EMFF

Until 2021, only Estonia has implemented financial instruments under the EMFF 2014-2020. Bulgaria started the process of setting up a financial instrument in March 2021, when the contract was signed between the Managing Authority and the Fund of Funds. The selection criteria for the implementation of FIs under EMFF have also been approved. Managing Authority finalised the procedure for the selection of banks, but the contracts with final beneficiaries still need to be signed.

In preparing the programming period 2021-2027, a number of Member States carried out ex-ante assessment for the use of financial instruments under their EMFAF 2021-2027 programmes and are planning to implement financial instruments (e.g. Bulgaria, Estonia, Finland, Croatia, Italy, Lithuania and Romania).

In 2021, Estonia registered an overall limited progress from the previous year:

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

- An amount of EUR 1.2 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 2.6 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 3.1 million has been paid out to the Estonian Rural Development Foundation (the total amount committed in the funding agreement is EUR 3.8 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 1.5 million has been paid out to the Estonian Rural Development Foundation (the total amount committed in the funding agreement is EUR 2.1 million). There are five loan recipients, who have received a total of EUR 0.7 million.

The use of financial instruments in Estonia has been rather positive, although the take-up from the sector has almost stagnated during 2021. The relatively low uptake under the EMFF is linked with the small scale of the sector, lower demand as a similarity loan product for the aquaculture sector was successfully implemented in the past under the EFF 2007-2014 and the uncertain economic environment in the recent years.

Key figures reported by managing authorities for state of play at 31/12/2021:

- **EUR 8 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 8 million** (EUR 6 million from EMFF and national EUR 2 million), of which **EUR 7 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.

