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Vilnius

Efficient use of financial instruments

Lessons to be learnt

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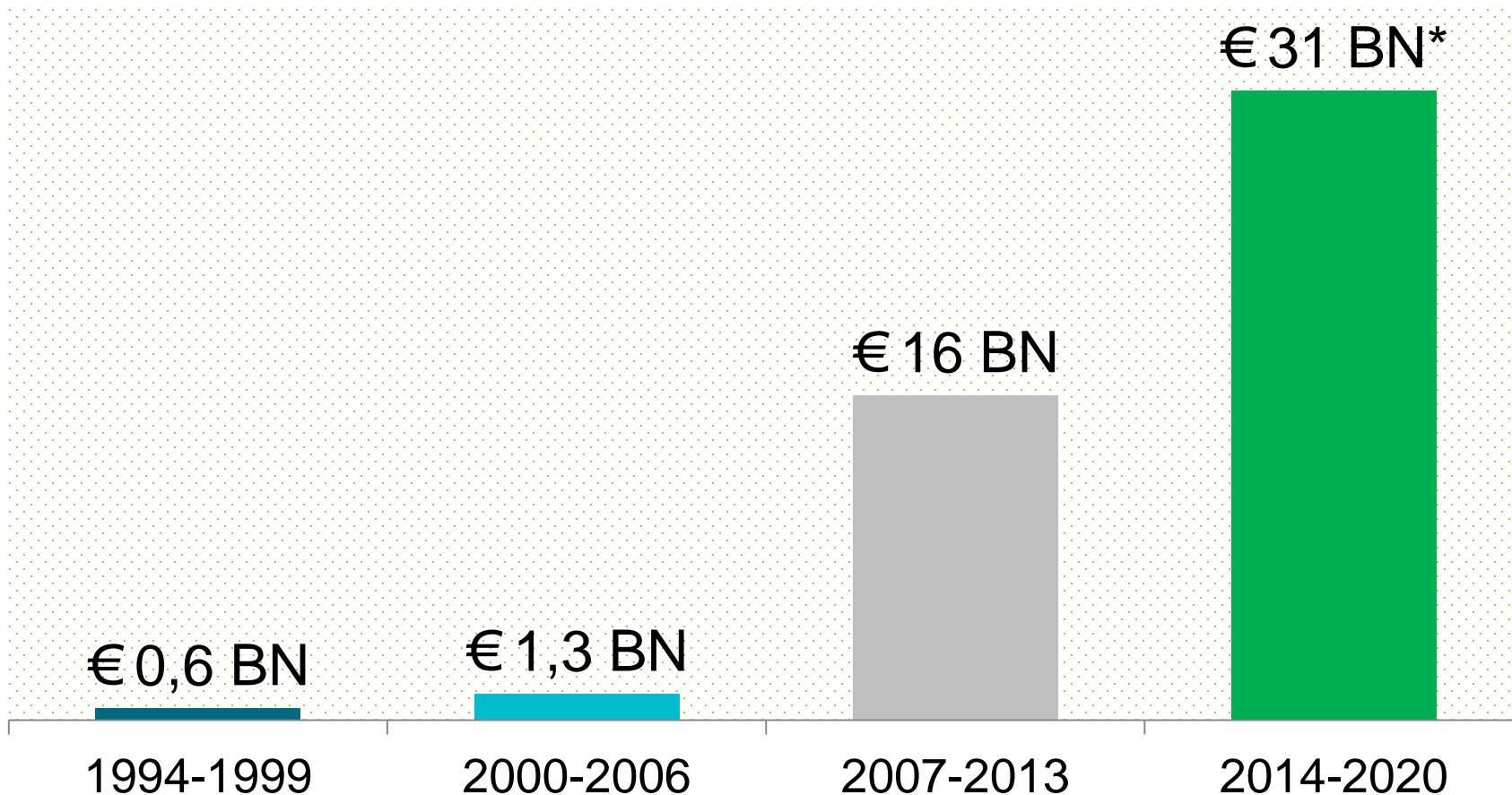
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ERDF and ESF financial instruments



*: estimated figure at the end of 2014

Were financial instruments appropriately sized in view of market needs?

- Excessive capital endowment led to low disbursement rates, avoidance of de-commitment and potential reimbursement at closure;
- Market needs were not always properly assessed by managing authorities before funds were allocated to ERDF and ESF financial instruments.

Did financial instruments succeed in attracting private capital?

- Commission's measure of leverage for financial instruments does not properly take into account the extent to which public financing mobilises additional funds;
- Difficulties of attracting private-sector investors to financial instruments in both shared and central management.

Were financial instruments providing revolving financial support?

- Delays in the implementation significantly shortened the actual investment period of several ERDF and ESF financial instruments;
- Limited revolving effect of ERDF and ESF financial instruments during implementation and uncertain after closure of the 2007-2013 programmes.

Did financial instruments prove to be a cost-efficient method to implement the EU budget?

- High level of management costs and fees compared to actual level of disbursement to final recipients;
- Commission's assessment of management costs and fees does not take due account of differences in types of instruments and actual level of support provided to final recipients;
- Limitations in reporting of management costs and fees by Member States.

Main recommendations to the Commission:

- To ensure that Member States report comprehensive information on management costs and fees already incurred and strengthen the incentives in fees for fund managers;
- To distinguish clearly between the extra funding raised by public and private contributions and clearly define how the amounts mobilised by the EU and national public contributions are calculated;
- To ensure that Member States provide complete and reliable data on private contributions to capital endowments;
- To take appropriate measures to ensure that Member States re-use funds for the intended purposes during the required eight-year period after the end of the 2014-2020 eligibility period.

Thank you for your attention