

# PUBLIC HEARING

## COMMITTEE ON BUDGETARY CONTROL



Tuesday 10 November 2015 – **15.00-18.30**  
JÓZSEF ANTALL BUILDING – ROOM **JAN 4Q1**

European Parliament

## THE FINANCIAL INSTRUMENTS UNDER THE COHESION POLICY 2007 - 2013:

How the Member States and the Selected Financial Institutions have respected and preserved the EU financial interests

**Chair:**  
Ingeborg Gräßle

**Rapporteur:**  
Georgi Pirinski



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*Committee on Budgetary Control*

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# DRAFT PROGRAMME

## Hearing on

**"The Financial Instruments under the Cohesion Policy 2007 - 2013: How the Member States and the Selected Financial Institutions have respected and preserved the EU financial interests"**

**Rapporteur: Georgi Pirinski (S&D)**

**10 November 2015 (15.00-18.30)**

**Brussels**

**Room József Antall JAN 4Q1**

5 min 15.00 - 15.05	<b>Opening remarks</b> by <b>Ingeborg Gräßle</b> , Chair of the Committee on Budgetary Control (CONT)
5 min 15.05 - 15.10	<b>Introduction</b> by <b>Georgi Pirinski</b> rapporteur
10 min 15.10 - 15.20	<b>Regulatory framework for the implementation of Financial Instruments 2007-2013 – lessons learned and shortcomings remedied in the 2014-2020 programming period</b> <b>Rudolf Niessler</b> , Director for Policy, DG REGIO, European Commission <b>Stefan Appel</b> , Head of Financial Instruments and International Financial Institutions Relations, DG REGIO, European Commission

10 min 15.20 - 15.30	<p><b>Auditing the effectiveness and efficiency of Financial Instruments</b></p> <p>Representative of European Court of Auditors:  <b>Bertrand Tanguy</b>, Team leader for the Court's Special report on financial instruments in the rural development area</p>
25 min 15.30 - 15.55	<b>Questions, replies, debate</b>
10 min 15.55 - 16.05	<p><b>From gap assessments to obligatory ex-ante assessment – safeguarding the sound financial management</b></p> <p><b>Frank Lee</b>, Head of Decentralised Financial Instruments Advisory Department, European Investment Bank</p> <p><b>Patricia B. Llopis</b>, Bilateral Advisory Services Coordinator Municipal and Regional Unit, Advisory Services Department, European Investment Bank</p>
10 min 16.05 - 16.15	<p><b>Efficiency and effectiveness of financial instruments in the UK</b></p> <p><b>David Read</b>, European Programmes and Local Growth Directorate, Department for Communities and Local Government, UK</p>
20 min 16.15 - 16.35	<b>Questions, replies, debate</b>
20 min 16.35 - 16.55	<p><b>Financial Instruments – fund manager's view</b></p> <p><b>16.35 - Nicolas Panayotopoulos</b>, Head of Division for Corporate and Institutional Affairs, European Investment Fund</p> <p>- <b>Piotr Stolowski</b>, Head of Region for Central Europe within the Mandate Management Department, European Investment Fund</p> <p><b>16.45 - Guy Selbherr</b>, Member of the Board of Directors of the guarantee bank of the federal state of Baden-Württemberg, Bürgschaftsbank Baden-Württemberg GmbH, and CEO of the SME-oriented investment company MBG Mittelständische Beteiligungsgesellschaft Baden-Württemberg GmbH</p>

20 min 16.55 - 17.15	<b>Questions, replies, debate</b>
10 min 17.15 - 17.25	<p><b>Implementation of financial instruments from a local and regional standpoint</b></p> <p><b>Petr Osvald</b>, 1st Vice-chair of the Committee of Region Commission for Territorial Cohesion Policy and EU Budget, Member of the City Council of the City of Plzen</p>
30 min 17.25 - 17.55	<p><b>Financial Instruments from a standpoint of final recipients – Small and Medium-sized Enterprises</b></p> <p>17.25 - <b>Gerhard Huemer</b>, Director for Economic Policy, European Association of Craft, Small and Medium-sized Enterprises</p> <p>17.35 - <b>Francisco Magalhães</b>, Member of the Board, Gold Energy - Comercializadora de Energia SA, Portugal</p> <p>17.45 - <b>Giedrius Martusevicius</b>, CEO, ProBioSan Laboratory, Lithuania</p>
30 min 17.55- 18.25	<b>Questions, replies, debate</b>
5 min 18.25 - 18.30	<p><b>Closing remarks</b></p> <p>by <b>Georgi Pirinski</b>, rapporteur</p>



# Introduction

By Georgi Pirinski, Rapporteur



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Hearing on "The Financial Instruments under the Cohesion Policy 2007 - 2013: How the Member States and the Selected Financial Institutions have respected and preserved the EU financial interests"



# Regulatory framework for the implementation of Financial Instruments 2007-2013 – lessons learned and shortcomings remedied in the 2014-2020 programming period

By Rudolf Niessler, Director for Policy, and Stefan Appel, Head of Financial Instruments and International Financial Institutions Relations, DG REGIO, European Commission







European  
Commission

# Regulatory framework for the implementation of financial instruments 2007-2013 – lessons learned and shortcomings remedied in the 2014-2020 programming period

Rudolf Niessler, Director for Policy, DG REGIO, European Commission

Regional  
Policy



# Financial Instruments in cohesion policy - context

- Cohesion policy is implemented under **shared management**. This implies that implementation of programmes and their projects is the responsibility of MS.
- Financial instruments are **delivery means** for socio-economic objectives of the operational programmes. For those activities (projects) under cohesion policy which are financially viable use of financial instruments is recommended.
- Financial instruments, unlike grants, transfer **public funds through commercial markets** and via private market players. This implies unaligned interests at the outset and lack of necessary knowledge on both sides (public stakeholder does not know the financial market; private stakeholder does not know regulation, state aid, public procurement, etc.).



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## Financial Instruments in 2007-2013 - regulations

In the implementation of 2007-2013 operational programmes, **major expansion** of FIs in number, variety, scope and amounts paid to them.

However, **regulatory framework at that time was not adequate** for implementation of financial instruments:

- main concepts typical for financial instruments (eligibility, gap assessment, revolving) not reflected properly
- monitoring and reporting system suitable rather for grants
- management and control system not tailored to the need of financial instruments

COM took measures to remedy the situation (modification of the regulation, guidance notes, common audit approach) but this ad-hoc approach was late and constituted only soft law.



## Financial Instruments in 2007-2013 weaknesses

In addition to inadequate regulatory framework, several other factors, including:

- Novelty of this delivery mode,
- Lack of expertise and insufficient administrative capacity
- Difficult situation in financial markets and risk aversion by investors and enterprises

resulted in weaknesses in implementation of FI in 2007-2013 , e.g. slow implementation, over-allocation, incomplete reporting including insufficient information on revolving effect.



## What has changed in the 2014-2020 framework?

### 1. Clear and comprehensive legal framework for FIs

- encompassing all ESI Funds
- applicable to all thematic objectives

### 2. Continuity of principles and concepts of 2007-2013:

New regulations codified the content of 2007-2013 guidance, e.g.

- Definitions
- Concept of reuse of resources paid back
- National co-financing at different times and levels
- Combination of grants and FIs



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## What has changed in the 2014-2020 framework?

### 3. Sound design and financial management reflected in legal provisions:

- Compulsory ex-ante assessment which must be carried out prior to decision to support financial instruments
- Payments in relation to FIs phased and subject to implementation on the ground
- Management costs and fees performance oriented
- Comprehensive annual reporting by managing authority on each financial instrument



## What has changed in the 2014-2020 framework?

### 4. Additional flexibility built in, e.g.

- different implementation options in the regulatory provisions
- adaptation to market practice (VAT eligibility, follow-on investments, extended eligibility of management costs for some FIs, incentives on national co-financing)

### 5. Issue of lacking administrative capacity addressed through:

- regulatory provisions (off the shelf instruments (3 adopted + 2 being finalised), option of contributions to EU level instruments including SME initiative
  - FI compass – comprehensive technical assistance
  - COM guidance on financial instruments (at the request of MSs : 5 guidance notes completed, 3 in finalisation, more under preparation)

**Thank you for your attention!**



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## Auditing the effectiveness and efficiency of Financial Instruments

By Bertrand Tanguy, Team leader for the European Court of Auditors' Special report on financial instruments in the rural development area





10 November 2015

# Financial Instruments in the rural development area – delivering as they should?

by Bertrand TANGUY  
Team leader  
European Court of Auditors

EUROPEAN  
COURT  
OF AUDITORS



# An audit report (SR 05/2015) focused on Rural Development

Use of financial instruments (FIs) in rural development and in cohesion: a clear difference of scale:

- The number of FIs in rural development is limited;
- The amounts spent in FIs in rural development are much lower than in cohesion; However, lessons from rural development are useful for the future of FIs:
  - In 2007-13, rules were largely similar between the two areas;
  - In 2014-20 EAFRD is part of the ESI funds.

# Objectives of the report

Main questions:

- Were financial instruments set up and capitalised properly in 2007-13 programming period?
- Did financial instruments perform well in the 2007-13 period?
- Does 2014-20 framework provide necessary improvements?

# **Were financial instruments set up and capitalised properly in 2007-13 programming period? 1/2**

**The programming framework was not satisfactorily prepared:**

- a legal framework for financial instruments not specifically designed for rural development purposes;
- formal gap assessments were not available for any of the Member States audited;
- demand for financial instruments in the field of agriculture not properly assessed;
- a survey to Member States has confirmed that there was no real demand for financial instruments;

**Spending rules are advantageous for Member States:**

- the whole amount estimated could be paid upfront into the fund;
- contributions to financial instruments are treated as incurred expenditure;
- applicable rules allow as expenses the whole value of guarantees (issued and released).

# **Were financial instruments set up and capitalised properly in 2007-13 programming period? 2/2**

## **Significant overcapitalisation of financial instruments (guarantee funds):**

- 421 million euro were paid into capital of GFs (by end of 2013);
- we estimate that all the guarantees issued (ca 250 million euro) could have been provided/backed up by maximum 50 million euro;
- we assess that there was a massive overcapitalisation of GFs by at least 370 million euro.

In other words this amount was "frozen" without any contribution for implementation of EU policies.

# Did FIs perform well in 2007-13?

1/3

Financial instruments should provide their potential benefits through revolving and leverage effects:

- the funds are expected to re-utilise the initial allocation of money used to set them up (**revolving factor**)
- and stimulate the achievement of the policy objectives further by attracting additional public or private capital (**leverage effect**).

## Did FIs perform well in 2007-13?

2/3

As at 31 December 2013, only 45 % of the 700 million euro financial instruments fund capital had actually been guaranteed or paid out to the final recipients of both the loan and guarantee funds. As a result:

- For guarantee funds, **revolving effects (0.53) are insufficient** to date. Targeted maximum multiplier was between 2 and 12,5 times.
- For loan funds, the revolving effect is equally low.
- The Member States did little to achieve a **leverage effect**.

## Did FIs perform well in 2007-13?

3/3

- Neither the Commission nor the Member States introduced appropriate monitoring systems to provide reliable data to show whether the instruments had achieved their objectives effectively (leverage, revolving effects).
- Financial instruments set up so that public money (loans/guarantees) helps spend public money (grants)

# Does 2014-20 framework provide necessary improvements?

Some improvements:

- Compulsory ex-ante assessments for all instruments
- Phased-in payment linked to the level of actual performance of funds
- More attention from the Commission

Certain obstacles remain:

- Risk for overcapitalisation still there
- Performance conditions (leverage/revolving) not sufficiently built in

# **ECA recommendations**

The ECA's main recommendations to the Commission and the Member States are that:

- better incentives should be given for Member States to set up FIs for rural development and stimulate demand from farmers or other beneficiaries (for instance by setting a certain share of the available budget for rural development aside for FIs and making them more attractive than grants), and
- the effectiveness of FIs should be improved for the 2014-2020 programming period, for instance by setting appropriate standards and targets for leverage and revolving effects.

**Thank you for your kind  
attention**

**Bertrand TANGUY**  
**Team leader of the Special Report 05/2015**

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## From gap assessments to obligatory ex-ante assessment – safeguarding the sound financial management

By Frank Lee, Head of Decentralised Financial Instruments Advisory Department and Patricia B. Llopis, Bilateral Advisory Services Coordinator Municipal and Regional Unit, Advisory Services Department, European Investment Bank





# *From gap assessment to obligatory ex-ante assessment – safeguarding sound financial management*

Frank Lee and Patricia B. Llopis

Decentralised Financial Instruments  
Advisory Services  
European Investment Bank

Brussels, 10 November 2015

# JESSICA 2007-2013 country and regional evaluation studies

- **JESSICA evaluation studies** conducted by the EIB at the request of MAs in 23 EU countries and regions - paid for by the EC:
  - focused on **market gap for financial engineering instruments** for the support of sustainable urban development;
  - **Methodology used for the gap assessment:**
    - Review of the urban development framework in country/region;
    - Analysis of the demand and supply (investment needs and demand from public sector and private developers);
    - Analysis of national and EU related regulations for institutional set-up of JESSICA instruments;
    - These market assessments also identified an investment strategy for JESSICA instruments outlining target sectors, types of projects, types of financial products needed and the risk.

## Key aspects of the gap assessment:

- identifying eligible projects capable of generating revenues
- eligibility of project expenditure under the ERDF Regulation

- The methodology used in the last JESSICA evaluation studies was already aligned with Article 37(2) of the CPR.

# Ex-ante assessment: objectives and key aspects

- New regulatory requirement for 2014-2020 – to be conducted by MAs before making ESIIF contributions to FIs.
- Objectives:
  - **assess the rationale for a FI against prevalent market failure and to ensure that the FI will contribute to the achievement of OP and ESIIF objectives.**
  - **avoid overlaps and inconsistencies between instruments implemented at different levels.**
  - identify the **size and nature of the market gap**, to more correctly “size” the instrument and the financial products to be offered.
- Shall be submitted to the Monitoring Committee for information purposes and in accordance with Fund specific rules.
- The ex-ante assessments **summary findings and conclusions shall be published** within three months from their date of finalisation.

# Ex-ante assessments: lessons learnt so far...

Given its expertise in the implementation of FIs, the EIB receives requests to provide assistance for ex-ante assessments. We are supporting **local, regional and national authorities** across **EU28 and candidate countries**. The delivery of such assignments is subject to a bilateral contract with the respective MA.

- Ex-ante assessments are increasingly focusing on new areas, particularly agriculture and RDI
- Need for relevant stakeholder engagement/commitment
- Realistic time scale and expectations required
- Need to balance benefits with costs – ex ante will not provide ALL the answers in advance, but should serve as a robust basis justifying the use of a FI, its focus and its size
- Identification of project pipeline also needs proper consideration

# Ex-ante assessments: added value

- Through the ex-ante assessment, **MAs become convinced of the merits of implementing FIs** and the practical steps in doing so.
- Ex-ante assessments help MAs take **well-informed decisions when designing and implementing FIs**, so that ESIF resources are targeted accordingly.
- The market assessment part of the ex-ante provides the rationale for using FIs as a **way of leveraging additional public and private resources**.
- Ex-ante assessments usually reveal that **more effective use of technical assistance and/or grant is needed to boost the quantity and quality of projects that use FIs**.
- It is important that MAs take full ownership and drive the ex-ante assessment process to **ensure alignment** not only with the OP but also with the programme governance structures.
- The ex-ante assessment provides the necessary “audit trail” as to why decisions were made in relation to the use and implementation of FIs.

# EIB Contacts

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## OPERATIONS DEPARTMENT JESSICA and Investment Funds

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# Annex I – JESSICA operational highlights

- **18 HFs\*, over 40 UDFs in operation, approx. EUR 1.5bn Structural Funds investment\*\* , 10 countries covered (incl. advisory in NL);**
- Pilot nature of the initiative showing the successful complementary role between FIs and grants. Positive results on the ground, most HFs potentially determined to continue activity with EIB;
- UDFs have strongly accelerated investment activity since 2<sup>nd</sup> half of 2014. Most HFs are approaching completion of investment programmes with activation of reflows, and refinancing arrangements;
- JESSICA initiative opened new sectors/segments of activity for the banking sector/fund managers (areas which were previously untouched or only marginally covered at local scale);
- JESSICA dependent upon “infrastructure” cycle (public tendering, slower work implementation and payment progress, etc.). The initiative has helped to enhance the quality of UDFs’ activity in projects financed by structural funds, educating promoters and achieving a good credit portfolio;
- Performance dependent upon: sector, area, local conditions, fund managers, MAs’ responsiveness. Non negligible levels of leverage and legacy funds achieved also in difficult contexts (e.g. Portugal);
- Public tender processes have resulted in a broad range of proposals, involving different arrangements, leverage contribution/counter-guarantees, intermediary commitment and remuneration packages as well as final multiplier effect at the project portfolio’s level;
- Lending commitment from EIB to support implementation (especially in Greece) and support for the continuation of activity after 2015.

\* 2 HFs handed over to MAs by end 2014.

\*\* Some original contributions, being de-committed, reduced or reallocated by MAs.

# Annex II – JESSICA lessons learnt and next steps

- Significant role of the EIB group as “EU policy” and “financial/operational” sparring partner for a correct development/deployment of FIs. MAs have preserved their “driving” role through specific governance arrangements in the sensitive (vs. SMEs) “urban infrastructure” sector;
- Relatively late start vs. JEREMIE → crucially preparatory role of EIB (over 90% market share) to adapt the initiative to the special aspects of urban infrastructure, real estate, and energy markets;
- In future, a more market-friendly approach in FI regulatory arrangements and environment (especially as far as State aid is concerned) would be crucial for dissemination/scaling-up;
- More coherent implementation framework at national/regional level (trying to avoid overlapping with grants or direct competition, cannibalization effects among various FIs products) to be sought;
- Defense of long-term EU financial interests implies that intermediaries and fund managers have to make additional efforts to move know-how/value-added towards local level (assisting in setting up permanent local structures), while favouring the accumulation of knowledge and experience by the authorities and key stakeholders;
- Application of FI should be customized to local conditions, as regions differ in needs, sophistication, financial skills and abilities. This implies the need to invest more in fund managers with a “social and impact” mission at the local level (preserving EU cohesion policy approach);
- Coherent communication and institutional cooperation is the key to FI successful deployment.

## Efficiency and effectiveness of financial instruments in the UK

By David Read, European Programmes and Local Growth Directorate, Department for Communities and Local Government, UK







Department for  
Communities and  
Local Government

# Efficiency and Effectiveness of financial instruments in the UK

David Read

European Programmes and Local Growth Directorate  
Department for Communities and Local Government





## Background

- Whilst the UK has significant experience of setting up and implementing a variety of financial instruments, a new type of structure was developed with EIB Group and implemented in the 2007-2013 period.
- Secured EIB lending to the regional structure to boost the critical mass of capital alongside allocated ERDF funding.
- These ‘leveraged’ JEREMIE Holding Funds were implemented in Wales, the North West, the North East and the Yorkshire & Humberside region.
- Evaluations of the JEREMIE funds and lessons learnt have helped in the ex-ante assessments and proposed structure of Financial Instruments for 2014-20.



## Efficiency and Effectiveness

- The mid-term evaluations of the current JEREMIE fund of funds model in England and Wales concluded that the approach provides a good model for financial instruments.
- Fund of Funds model provides a cohesive, effective implementation, critical mass, and efficient deployment in the targeted regions and groups.
- Operational management requires high level of expertise to maintain the required levels of implementation diligence and timely focus on deliverables with appropriate levels of independent corporate governance.



## Delivery of Financial Instruments

- **Need for flexibility** – Fund of Fund provides flexibility to move resources between sub funds in response to changes in market need and opportunity.
- **Procuring Fund Managers** – securing Fund Managers who have the appropriate expertise and will deliver high quality fund management services.
- **Performance Monitoring** – measurable, relevant and specific performance indicators for Financial Instruments, covering investment, financial and economic performance – relevant to debt and equity instruments.
- **Brand identity** – benefits of developing a strong brand and co-ordinated marketing for public sector backed finance.



## Summary

Experience of designing, implementing and closing ERDF backed SME finance financial instruments in the UK has provided a range of important lessons:

- **Be clear on the purpose of the proposed FI**, including the mix of finance and economic development goals
- **Understand the needs of the market** and the manner in which this varies between different types of SMEs
- **Use the experience and resources** of a wide range of partners nationally, regionally and locally
- **In the design and delivery** be aware of the cost and performance implications of these decisions
- **Ensure a performance management culture** which can drive performance and reward it in an appropriate way.



Department for  
Communities and  
Local Government

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## Financial Instruments – fund manager's view

By Nicolas Panayotopoulos and Piotr Stolowski,  
European Investment Fund and Guy Selbherr,  
Member of the Board of Directors of the  
Bürgschaftsbank Baden-Württemberg GmbH







# The Financial Instruments under the Cohesion Policy 2007 - 2013: Fund manager's view

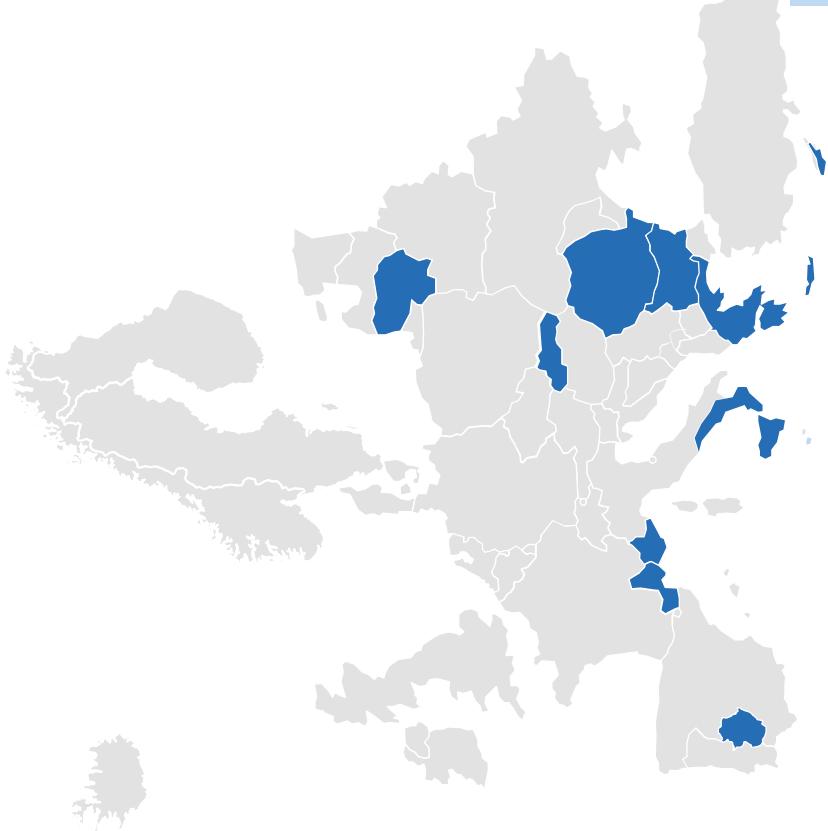
Brussels / 10 November 2015 /  
Nicolas Panayotopoulos & Piotr Stolowski

# EIF JEREMIE Implementation 2007-2013



## Holding Funds Supported by Structural Funds

BULGARIA: EUR 349m	➡ extended until 2025
CALABRIA (I): EUR 45m	
CAMPANIA (I): EUR 90m	
CYPRUS: EUR 20m	
EXTREMADURA (ES) : EUR 19.8m	
GREECE: EUR 250m	
LANGUEDOC ROUSSILLON (FR): EUR 30m	
LITHUANIA: EUR 67.1m	➡ extended until 2024
ROMANIA: EUR 150m	➡ extended until 2022
MALTA: EUR 12m	
PACA (FR): EUR 20m	
SLOVAKIA: EUR 100m	➡ to be transferred by end 2015
SICILY (I): EUR 60m	
<b>TOTAL : EUR 1.2bn</b>	



# Tailor made products example: JEREMIE Bulgaria - A portfolio approach

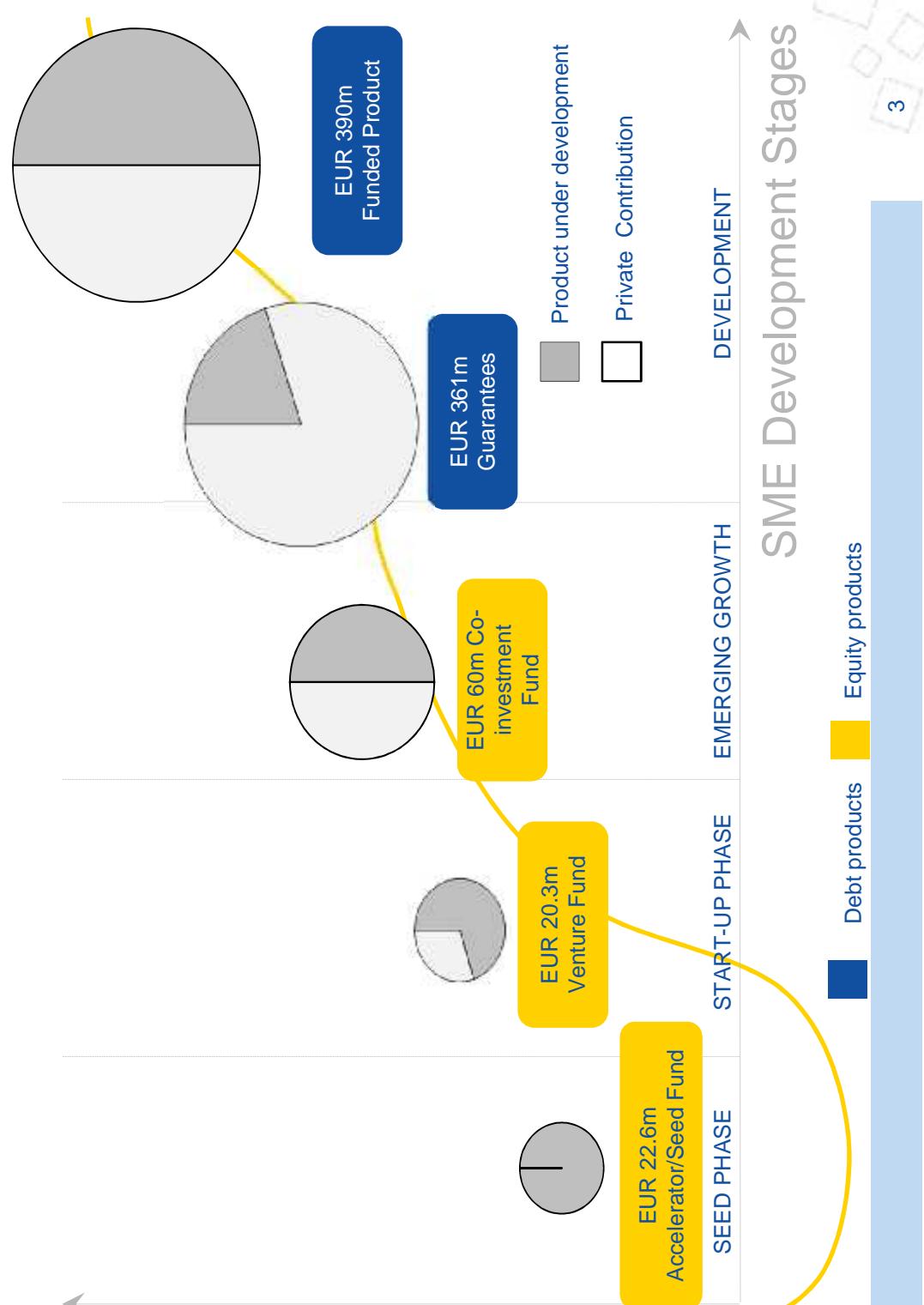


5 different financial products are being deployed

Via 12 different financial intermediaries

Producing a leveraging effect of x 2.5

Allowing for a revolving nature to the funds



# JEREMIE Bulgaria – Implementation Snapshot



## UTILISATION IMPACT



- 92% of the entire JEREMIE contribution disbursed to Bulgarian SMEs as of Q3/2015, despite a late start in end of 2010;
- EUR 780m made available to SMEs, representing a **leverage of 2.2x** on the JEREMIE contribution; **1-5x leverage** on individual instruments;
- A total of 8,360 SMEs financed, representing **3-5% of the active SME population** in Bulgaria;
- More than 60% of the recipients of JEREMIE products are **micro companies**;
- Strong expectations for optimal utilisation by end of 2015.

## MARKET IMPACT



- JEREMIE debt instruments are the **most popular** SME banking products for past few years;
- **Substantial transfer of benefit achieved** - more than 2x reduction of average collateralisation and interest rate vs market standard offers;
- JEREMIE equity products established an entirely new vibrant **equity ecosystem** in Bulgaria that already serves as an example in the Balkans;
- Sofia ranks among the **top 3 European capitals** in 2013 & 14 in terms of start-ups supported with risk capital;
- **600+ new jobs created** by equity investments.

# **Selected Financial Intermediaries working with EIF under JEREMIE**

EUROPEAN  
INVESTMENT  
FUND

A network of private investors to manage and mobilise structural funds



# JEREMIE Implementation

## Key Challenges & Lessons Learnt



- **Structural Funds regulatory framework**
  - Focus on grants
  - Need to interpret provisions for financial instruments

⇒ CPR contains extensive provisions on financial instruments
  
- **Market Practice**
  - Alignment of main terms of instruments with market practice
  - Focus on attractive private investors

⇒ CPR provides for eligibility/implementation beyond 2023 for equity instruments

⇒ Need to strengthen importance of capital relief under guarantee instruments
  
- **Audit Framework**
  - Multiple actors with overlapping rights (see next slide)
  - Clarity of framework for implementation key for financial intermediaries

⇒ CPR provides for single audit principle

# JEREMIE Audits involving EIF



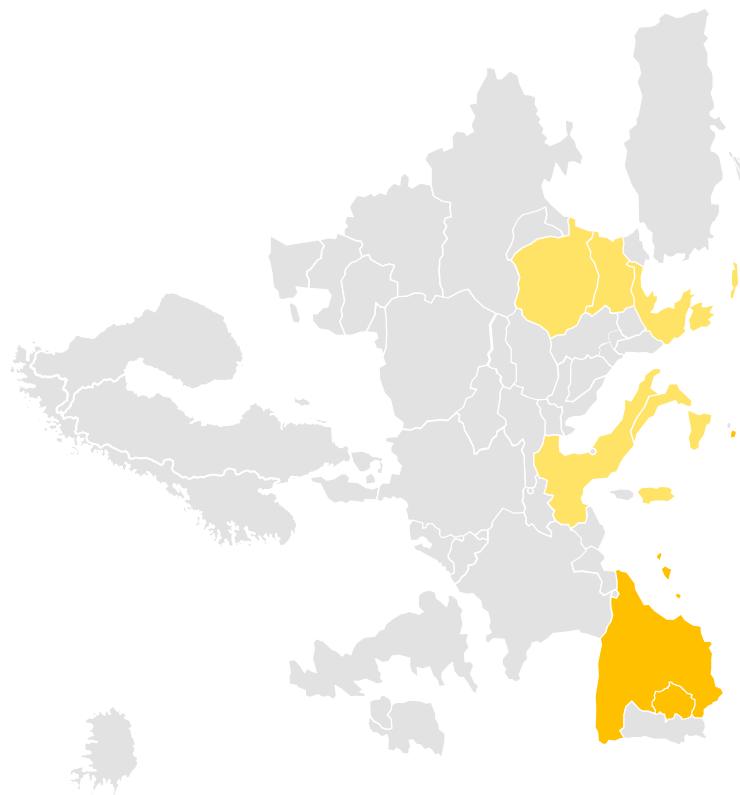
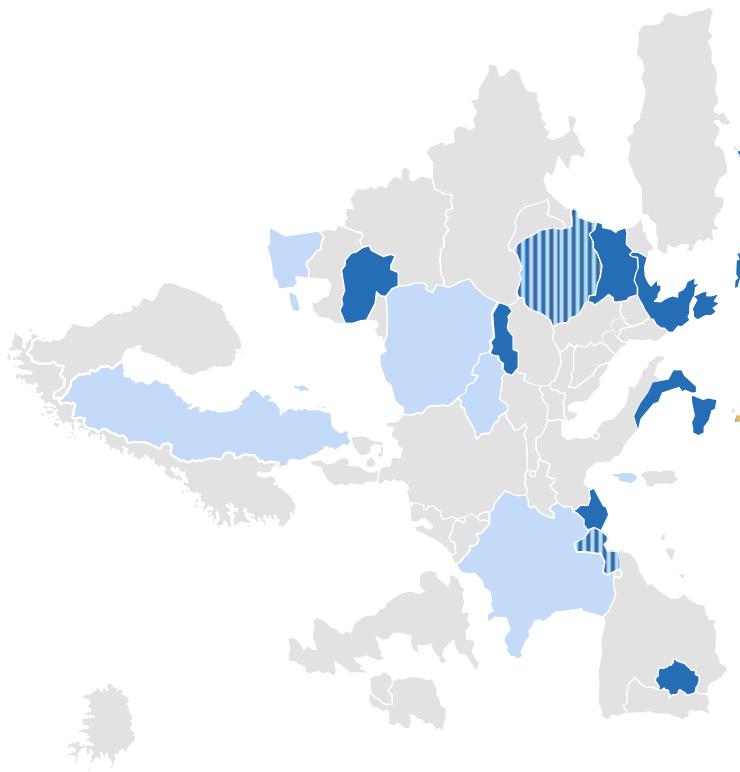
Auditors	Number of Audits Performed (Period 2011 - 2015)
European Court of Auditors	7
European Commission	2
National & Regional Audit Authorities	24
External Audits	12
Managing Authorities	6
Certifying Authorities	1
Internal Audits	1
<b>TOTAL</b>	<b>53</b>

Summary:

- No major audit points raised
- Recommendations are duly monitored and followed up by EIF



# EIF regional mandates' implementation 2014-2020 (pipeline)



- JEREMIE : EUR 1.2bn
- ESIF (JEREMIE successor): EUR 747m
- SME Initiative : EUR 815m
- SME Initiative pipeline : EUR 557m



# Contacts



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## Financial Instruments from a standpoint of final recipients – Small and Medium-sized Enterprises

By Gerhard Huemer, Director for Economic Policy, European Association of Craft, Small and Medium-sized Enterprises, Francisco Magalhães, Member of the Board, Gold Energy - Comercializadora de Energia SA, Portugal and Giedrius Martusevicius, CEO, ProBioSanus Laboratory, Lithuania







# MIND CHANGERS IN PROBIOTICS APPLICATION AREA



## Innovation of new consumer category

- Probiosanus is a start up company with own R&D facilities with two focus areas:

1. We develop and marketing products with good bacteria Probiotic in cleaning and personal care categories
2. We are on the last stage of patent pending innovation of immobilisation of bacteria which will allow to preserves the positive features of probiotic bacteria products during the long term storage and ensures the fast action of probiotic bacteria during usage





## We offer great value proposition

- Consumers are rapidly increase interest in natural (organic and/or with probiotic) product categories - our products are made with natural ingredients only
- Immobilisation innovation will open new complimentary product line-up for our existing product range and will create new categories in cosmetics, baby and skin care, oral care
- Opens many patent applications

# Our company has used different financial instruments

- Probiosanus has own capital investment of over 1 mln EUR of which 40% share belongs to Co-Investment Risk Capital Business Angels Fund 1 (funded by JEREMIE co-investment fund) and 60% share belongs to Business angels
- We have got 355.000EUR from European Structural Funds for opening our R&D facilities and develop immobilisation project
- We have got over 10.000EUR from Lithuanian government to develop our R&D projects
- And we have got Invega guarantee in value of 130.000EUR to develop our sales and marketing strategy





## About company

- Probiosanus was incorporated in Lithuania (EU) in 2012, as a start-up company
- We have our own R&D and manufacture facilities, Sales & Marketing divisions
- Sales geography covers Baltic Countries, Denmark, Sweden and starting in US
- Perform related R&D activities together with Lithuanian top universities
- Implemented quality control system. Certified: ISO 9001 and 14001
- Gained awards locally and internationally with own branded products



Thank you!!!

ProBioSanus

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