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Financial Instruments and Territorial Cohesion

Applied Research

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Financial Instruments and Territorial Cohesion

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Abbreviations

CF	Cohesion Fund
COSME	EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises
COCOF	Committee of the Coordination of Funds
CPR	Common Provisions Regulation
CS	Case Study
EAPB	European Association of Public Banks
EAFRD	European Agricultural Fund for Rural Development
EAGGF	European Agricultural Guidance and Guarantee Fund
EC	European Commission
EFSI	European Fund for Strategic Investments
EGTC	European Grouping of Territorial Cooperation
ERDF	European Regional Development Fund
ESF	European Social Fund
ESIF	European Structural and Investment Funds
ESPON	European Territorial Observatory Network
EU	European Union
EWRC	European Week of Regions and Cities
FI	Financial Instruments
FTE	Full Time Equivalent
JEREMIE	Joint European resources for Micro to Medium Enterprises
JESSICA	Joint European Support for Sustainable Investment in City Areas
LAU	Local Administrative Unit
MA	Managing Authority
NPB	National Promotional Bank
NUTS	Nomenclature of Territorial Units for Statistics
OP	Operational Programme
PMC	Programme Monitoring Committee
PST	Project Support Team
QoG	Quality of Government
RCE	Regional Competitiveness and Employment
ROP	Regional Operational Programme
SF	Structural Funds
SFC	System for Fund Management in the European Union
SME	Small and Medium Sized Enterprises
SWOT	Strengths, Weaknesses, Opportunities, Threats

1 Introduction

This Scientific Annex connected to the Main Report of the ESPON project *Financial Instruments and Territorial Cohesion* provides an in-depth addition to the chapters of the main report. This Annex provides: a discussion of the difficulties of comparing Structural Funds expenditure on grants and expenditure on financial instruments (Chapter 2); a more detailed discussion of added value at territorial level of Structural Funds financial instruments (Chapter 3); an analysis of model regions using the regional typology (Chapter 4); a discussion of progress with FI implementation in the 2014-20 period (Chapter 5); an overview of the availability of core and OP-specific indicators for financial instruments (Chapter 6); an overview of the data available for FIs for urban development, energy efficiency and renewable energy (Chapter 7); and closes with a discussion of the financial instrument-related regulatory proposals for the 2021-27 period (Chapter 8). Note that some of the material provided in the Main Report is repeated to provide necessary context.

It also includes several annexes:

- Annex I: Regional typology
- Annex II: Key datasets for EU-wide quantitative analysis, regionalisation, added value of FIs and impacts associated with grants and FIs
- Annex III: MA survey

2 Forms of finance and investment categories

This section provides some background context to the discussion of how best to compare Structural Funds expenditure on grants with expenditure on financial instruments in the 2007-13 period.

It is surprisingly difficult to compare the use of different forms of finance under the Structural Funds for different policy objectives and targets. Much of the difficulty arises from the use of different definitions of 'forms of finance'; this in turn makes it difficult to undertake a fine-grained comparison of expenditure on financial instruments, in the sense of Article 44 of the General Regulation, with expenditure on grants. The key datasets are the Commission's summary of data on financial instruments (European Commission, 2017) and the project categorisation data gathered by the Commission as part of the Annual Implementation Reports.[1] Some of the key definitional differences are set out in Table 2-1.

Table 2-1: Scope of reporting on forms of finance to compare financial instruments and grants

Key dimensions	**Commission Summary Report on FIs**	**Project Categorisation data**
Form of finance *No read across except for Equity/venture capital*	*Financial instruments only*, defined as: Loans Guarantees Equity/venture capital Other	*All forms of finance* but defined as: Non-repayable aid (grants) Aid (loans, interest subsidies, guarantees) Venture capital Other
Fund	Distinguishes ERDF and ESF	Distinguishes ERDF and ESF
Policy objective *No read across; priority codes are very specific*	Three groupings under Article 44 Common Provisions Regulation (1083/2006) Enterprises Urban development Energy efficiency and renewables	Some 86 Priority codes under Article 11 Implementation Regulation (1828/2006), eg R&TD activities in research centres R&TD infrastructure & centres of competence in a specific technology Technology transfer & improvement of cooperation... Etc. etc
Regionalisation of expenditure data *No read across, partly because forms of finance do not coincide*	None (except insofar as Operational Programmes coincide with NUTS 2)	Partial. Some OPs coincide with NUTS 2. In other cases breakdown to NUTS 2 may be provided; however, sometimes this is simply an arithmetical split between NUTS 2 regions rather than reflecting actual outcomes.
Target *No read across FI*	No sectoral distinction in reporting. Voluntary reporting distinguishes recipients by firm size, individuals and urban projects, but the quality of this	Distinguishes 22 sectors, eg: Agriculture, hunting & forestry Fishing

[1]See: https://cohesiondata.ec.europa.eu/2007-2013/2007-2013-ERDF-CF-Categorisation-Projectselection-/b5xq-38ds; a version of this data at closure, including European Social Fund data was kindly provided by DG Regio.

Key dimensions	Commission Summary Report on FIs	Project Categorisation data
reporting provides some data, principally by firm size	is uneven.	Manufacture of food products & beverages Etc. etc. *However, for 'aid' and 'venture capital' a large share is accounted for by 'financial intermediation' or 'not applicable'*

Note: The Commission Summary of data assembles the annual reporting of financial instruments required by Article 67(2)(j) of Council Regulation 1083/2006; Project categorisation data applies to all areas of spend and is required by Article 11 of Implementing Regulation (1828/2006).

Analysing data by form of finance, by Fund and Member State reveals the disparities in scope of the two datasets. Table 2-2 illustrates this for the European Social Fund, where only eight countries report using financial instruments in the Commission's summary of data (European Commission, 2017), but 11 Member States report ESF expenditure in the form of 'non-grant' finance. Moreover, in looking at the data itself, only in Estonia can the two datasets be fully reconciled.

Table 2-2: ESF 'spend' by form of finance at closure (excluding co-financing)

	Project categorisation data						Summary of data on FIs
MS	Total, of which…	Non-repayable aid	Aid (loan, interest subsidy, guarantees)	Venture capital (participation VC fund)	Other	'Non-grant'	ESF OP contributions paid to final recipients in FI
BE	1187	1131			56	56	
CZ	3626	3621		6	0	6	
DE	9596	9558	25	5	7	38	114
DK	253	231	6	17		22	20
EE	390	384	6			6	6
ES	8250	1327			6923	6923	
IT	7390		52	3	7335	7390	232
LT	1035	1008	27			27	12
LV	633	613	20			20	10
PL	10773	10746	27			27	33
SI	766	766				0	10
ESF	82247	67733	163	30	14321	14514	438

Source: Project categorisation calculated from data kindly provided by DG Regio (see also footnote 1); and Summary of data (European Commission, 2017).

A comparative overview of the extent to which *grants* are used can be gleaned from the Final Implementation Report categorisation data. The breakdown at the level of Member States is illustrated in Table 2-3. As noted in Table 2-1, managing authority reporting on 'forms of finance'[2] in this dataset distinguishes (i) non-repayable aid (ii) aid (loan, interest subsidy,

[2] Required by Article 11 of Regulation 1828/2006 of 8 December 2006 setting out rules for the implementation of Council Regulation (EC) No 1083/2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund, OJEU L371/1, 27.12.2006. (Hereafter the 'Implementation Regulation').

guarantee) (iii) venture capital and (iv) other forms of finance. As such, categories (ii) and (iii) correspond *broadly*, but not exactly, to 'financial instruments' as covered by the summary of data (European Commission, 2017). The categorisation data needs to be treated with some caution partly because of these differences in definition,[3] but also because (as the example in Table 2-2 illustrates) it can be difficult or even impossible to reconcile the two data sets.[4] A preliminary policy lesson here is that if a thorough comparative analysis of policy expenditure is to be undertaken, then clear definitions need to be set out from the start and aligned across all reporting requirements. In 2014-20, the use of so-called 'Thematic objectives' will facilitate comparisons for the current period, as will the alignment of the forms of finance with the product types for FIs.[5]

Table 2-3: Form of finance in ERDF and ESF Interventions 2007-13 (EU amounts)

	Non-repayable aid		**Aid (loans, interest subsidies, guarantees)**		**Venture cap.**		**Other**		**Total €m**
	€m	%	€m	%	€m	%	€m	%	
AT	1148	99.3%		0.0%	8	0.7%		0.0%	1156
BE	2152	88.4%	228	9.4%		0.0%	56	2.3%	2436
BG	6190	95.4%	212	3.3%	85	1.3%		0.0%	6486
CY	596	97.4%	16	2.6%		0.0%		0.0%	612
CZ	30357	99.0%	286	0.9%	6	0.0%	0	0.0%	30649
DE	24224	95.7%	763	3.0%	296	1.2%	36	0.1%	25319
DK	467	92.3%	18	3.6%	21	4.2%		0.0%	507
EE	3268	96.3%	125	3.7%		0.0%		0.0%	3393
ES	27405	72.2%	622	1.6%	175	0.5%	9779	25.7%	37981
FI	1617	98.4%	18	1.1%	8	0.5%		0.0%	1643
FR	13437	98.4%	102	0.7%	66	0.5%	43	0.3%	13649
GR	22013	97.6%	474	2.1%	63	0.3%		0.0%	22550
HU	24978	97.6%	383	1.5%	241	0.9%		0.0%	25603
IE	745	98.0%	16	2.0%		0.0%		0.0%	760
IT	14875	51.5%	2365	8.2%	236	0.8%	11428	39.5%	28903
LT	6210	93.0%	386	5.8%	42	0.6%	42	0.6%	6680
LU	63	100.0%		0.0%		0.0%		0.0%	63
LV	4696	96.5%	110	2.3%	58	1.2%		0.0%	4864
MT	855	100.0%		0.0%		0.0%		0.0%	855
NL	2673	99.1%	12	0.4%	12	0.5%		0.0%	2697
PL	67154	98.9%	634	0.9%	61	0.1%	48	0.1%	67897
PT	18910	87.3%	2288	10.6%	255	1.2%	216	1.0%	21669
RO	22382	100.0%		0.0%		0.0%		0.0%	22382
SE	1501	95.2%	1	0.0%	74	4.7%	0	0.0%	1576
SI	4062	96.3%	82	1.9%	74	1.8%		0.0%	4217
SK	12980	97.5%	311	2.3%	28	0.2%		0.0%	13318

[3] For example, in the case of Portugal, it seems likely that 'aid' includes repayable grants, which are widely used there, but which do not constitute a financial instrument.

[4] Anecdotal evidence from managing authorities suggests that data input on categorisation may have been done by different personnel or at different times from the AIR submission on financial instruments.

[5] Commission Implementing Regulation (EU) No 215/2014 of 7 March; OJEU L69/65 8.3.2014.

	Non-repayable aid		Aid (loans, interest subsidies, guarantees)		Venture cap.		Other		Total €m
	€m	%	€m	%	€m	%	€m	%	
UK	9476	91.6%	187	1.8%	686	6.6%		0.0%	10349
CB	8069	98.8%	4	0.0%	2	0.0%	89	1.1%	8163
Total	**332503**	**90.8%**	**9642**	**2.6%**	**2496**	**0.7%**	**21737**	**5.9%**	**366378**

Note: CB refers to cross-border programmes
Source: Calculated from data kindly provided by DG Regio (see also footnote 1).

It is clear from Table 2-3 that the vast bulk of expenditure – over 90 percent - is in the form of non-repayable aid – ie. grants, with just 2.6 percent in the form of loans, interest subsidies[6] or guarantees and 0.7 percent in the form of venture capital. 'Other' forms of finance amount to 5.9 percent of the overall total, but the amounts are particularly large in Italy (39.5 percent of the national total) and Spain (25.7 percent of the national total). Together these two countries account for almost all spend under 'other forms of finance', but it remains unclear precisely what form this takes in these two countries. Indeed, the Commission notes that 'other forms of finance' was misunderstood.[7]

The small overall share of aid (loans, interest subsidies and guarantees) and venture capital in Structural Funds support is partly a reflection of the extent to which such instruments are suited to Operational Programme priorities. Table 2-4 narrows the focus onto those priorities that are, at least to some extent, addressed through aid (loans, interest subsidies and guarantees) and venture capital; the table sets aside those policy areas where these forms of intervention play no role in any Member State.

There are two challenges in analysing this data. First, and as mentioned, the 'forms of finance' categorisation codes do not allow 'financial instruments' to be identified clearly; and second, the thematic foci for financial instruments provided for in the Structural Funds Regulations – namely enterprises, urban development and energy efficiency and renewable energies – do not map directly onto the categorisation codes under the Implementation Regulation. In spite of this divergence in classification of form and focus, *Table 2-4* shows that 'aid' (loans, interest subsidies and guarantees) and venture capital are generally focused on the areas targeted by financial instruments.

The absolute sums involved vary considerably, which makes comparisons complex; however, this still shows that in the areas of entrepreneurship, research and innovation, aid and venture capital account for both significant *absolute amounts* of spend and substantial *shares* of the

[6] Interest rate subsidies *per se* are not financial instruments for the purposes of the Commission Summary of data (European Commission, 2017).

[7] Guidance note on Nomenclature of Categories of Intervention and the Methodology for Tracking of Climate Change Related Expenditure under Cohesion Policy: https://ec.europa.eu/regional_policy/sources/docgener/informat/2014/guidance_categorisation_climate_en.pdf

total spend. Moreover, in the area of housing infrastructure, this share is particularly high at over 46 percent (albeit of a small absolute sum).

Table 2-4: Priority areas in which 'aid' and venture capital are co-financed under Structural Funds 2007-13 (EU amounts)

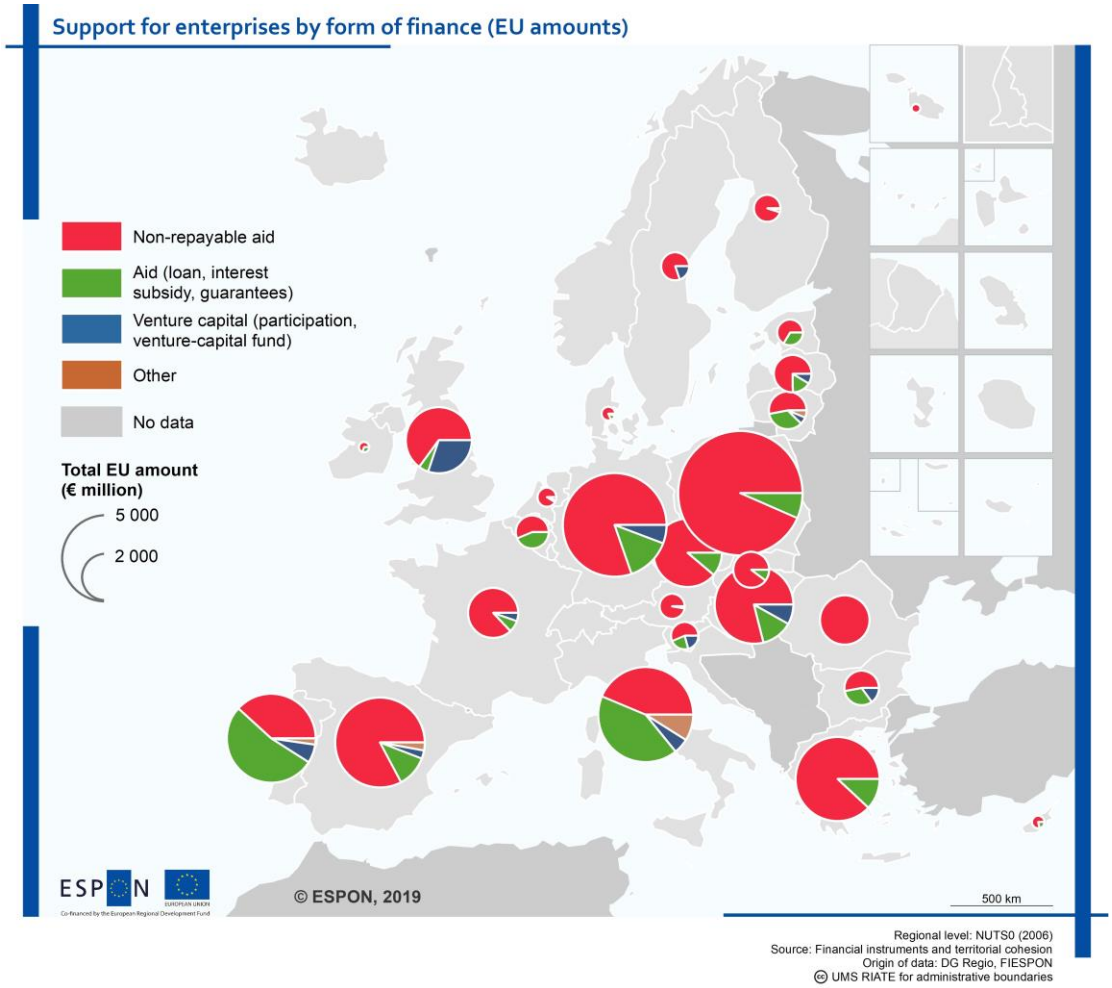
	Non-repayable aid and other forms of finance		**Aid (loans, interest subsidies, guarantees) and Venture Capital**	
Priority	% of total	€m	% of total	€m
78. Housing infrastructure	53.5%	337	46.5%	293
7. Investment in firms linked to R&I	68.4%	6737	31.6%	3119
9. Other measures for R&I & entrepreneurship in SMEs	71.9%	5700	28.1%	2225
5. Advanced support services for firms	74.3%	3712	25.7%	1285
8. Other investment in firms	82.3%	14711	17.7%	3167
42. Renewable energy: hydroelectric, geothermal…	83.4%	460	16.6%	92
68. Support for self-employment & business start-up	91.8%	2551	8.2%	228
Assistance to SMEs for envir-friendly prod & proc	93.2%	1919	6.8%	139
R&TD activities in research centres	95.1%	5749	4.9%	294
41. Renewable energy: biomass	95.4%	850	4.6%	41
43. Energy efficiency, co-generation, energy mgment	95.6%	6957	4.4%	318
Other measures for use of ICT by SMEs	96.0%	1193	4.0%	49
Mitigation and adaption to climate change	96.3%	264	3.7%	10
40. Renewable energy: solar	96.4%	982	3.6%	37
61. Integrated projects for urban & rural regeneration	97.0%	10106	3.0%	317
Technology transfer & cooperation networks ...	98.0%	4067	2.0%	83
Assistance to R&TD, particularly in SMEs	98.1%	5894	1.9%	113
Other assistance to improve tourist services	98.4%	4683	1.6%	75
Employment & training for restructuring sectors ...	98.7%	2353	1.3%	31
Innovative work organisation	98.8%	1094	1.2%	14
39. Renewable energy: wind	98.8%	626	1.2%	8
Rehabilitation of industrial sites & contaminated land	99.3%	2063	0.7%	16
R&TD infrastructure & competence centres i	99.5%	11128	0.5%	58
Telephone infrastructures, including broadband	99.6%	2085	0.4%	8
Management of waste	99.6%	5290	0.4%	21
Other measures to preserve environment	99.6%	1583	0.4%	6
Pathways to integration for disadvantaged people ...	99.7%	11710	0.3%	31
Life-long learning systems and strategies in firms	99.7%	7952	0.3%	20
Services and applications for SMEs	99.9%	1697	0.1%	3
ICT	99.9%	3151	0.1%	4
Air quality	99.9%	1440	0.1%	2
Active & preventive labour market measures	99.9%	19069	0.1%	17
Promotion of clean urban transport	99.9%	6145	0.1%	5
Reforms in education and training systems ...	99.9%	9507	0.1%	6
Ports	100.0%	3224	0.0%	1
Other social infrastructure	100.0%	2997	0.0%	1

Regional/local roads	100.0%	13046	0.0%	3
Total	93.8%	183032	6.2%	12137

Note: The priority categorisation is provided for the in the Implementation Regulation (see footnote 2)
Source: Calculated from data kindly provided by DG Regio (see also footnote 1).

Focusing more sharply on the main priorities addressed through financial instruments shows that there are wide variations between countries in the extent to which grants are used.

Map 2-1: Form of finance in support for enterprises (2007-13) (EU amounts)



Note: Covers priority codes 5, 7, 8, 9, 68 – see Table 2-4 and Implementation Regulation.

Source: authors.

Enterprise support related to the priorities highlighted in Table 2-4 amounts to around €43 billion (EU amounts). Clearly, the distribution of these sums between countries is highly uneven –partly a product of the overall financial allocation mechanism and country size, but also policy choices made within Operational Programmes. These variations and the distribution between forms of finance are illustrated in Map 2-1. Regarding *form of finance*, the following pattern emerges:

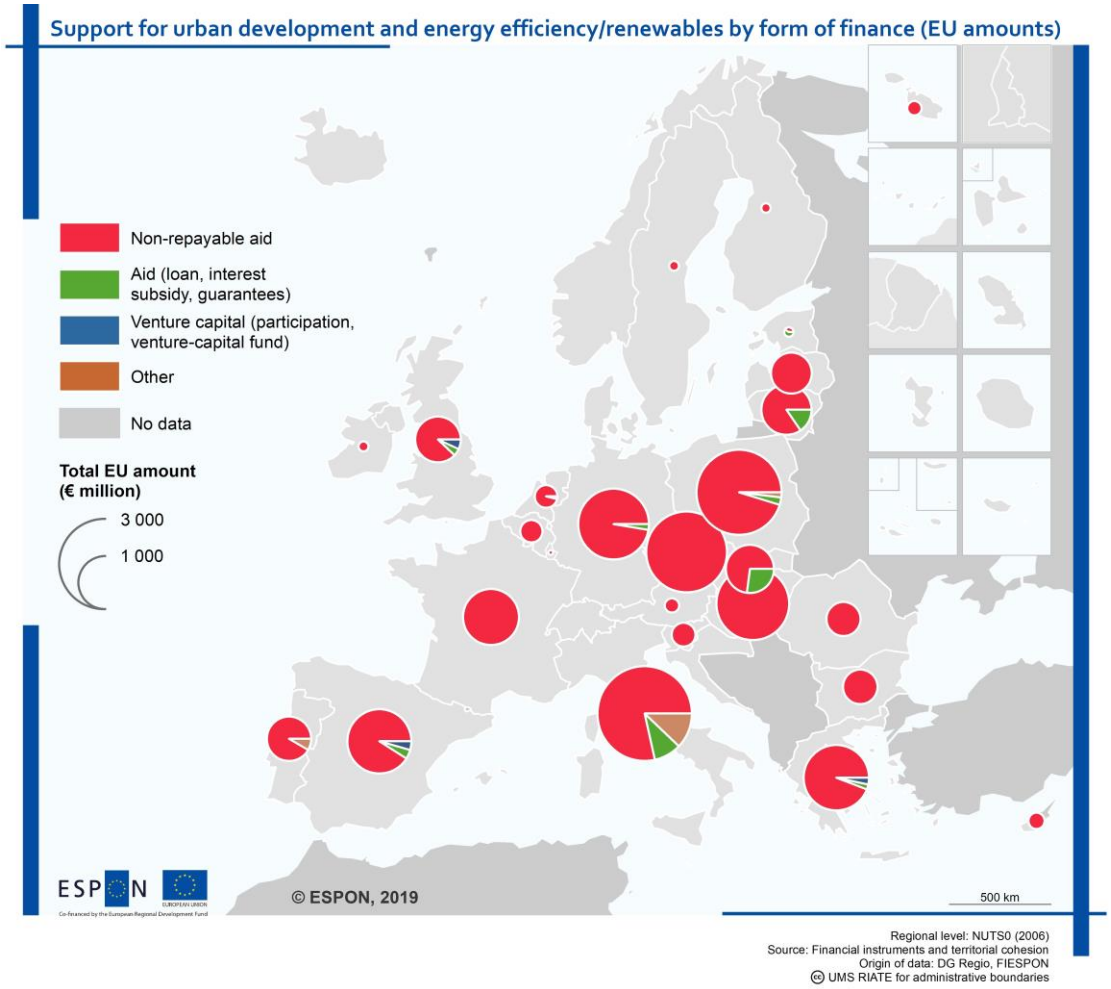
- Overall, around 75 percent of enterprise support under these priority codes was in the form of **non-repayable aid**; however, non-repayable aid shares are substantially

lower in some countries such as Italy (44 percent) and Portugal (38 percent), as well as in Belgium, Bulgaria, Lithuania and Slovenia, where the non-repayable aid share is less than 60 percent.

- The share of **aid - loans, interest subsidy, guarantees -** is 18 percent overall, but reflecting the low non-repayable aid shares, is much higher in Portugal, Belgium and Italy where it exceeds 40 percent of the total.
- **Venture capital** accounts for a small share of total support for enterprises (5 percent), but is significant in some countries, notably the United Kingdom, but also Slovenia, Sweden and Bulgaria.

In some cases these broad patterns resonate with what is known about the use of financial instruments from the Commission summary of data (European Commission, 2017). However, in other instances, the two are difficult to reconcile. For instance: Romania and Malta report only non-repayable aid under the categorisation data, and yet record expenditure on FIs in the summary of data; the use of 'aid' in Portugal and Ireland is surprisingly high in relation to FI use (which is nil in Ireland); and even in the case of venture capital, which would appear to map onto the 'equity/venture capital' classification used in the summary of data, there are often wide discrepancies between the two datasets in the amounts recorded.

Map 2-2: Form of finance in support for urban development and energy efficiency/renewables (2007-13) (EU amounts)



Source: authors. Note: Covers priority codes 39, 40, 41, 42, 43, 61 and 78 – see Table 2-4 and Implementation Regulation.

Expenditure on **urban development and energy efficiency / renewables** related to the priorities highlighted in *Table 2-4* is around €21 billion. Again, the overall budgets vary considerably between countries, as *Map 2-2* shows. According to the categorisation data, the vast bulk of this – over 92 percent – is in the form of non-repayable aid. Moreover, around half the Member States report spending on these priorities only to be in the form of non-repayable aid. Aid (loans, interest subsidies, guarantees) is particularly significant in Estonia, and to a lesser extent in Slovakia and Lithuania. In terms of coverage, reporting of aid or venture capital is broadly consistent with reporting of FIs in the summary of data (except that Bulgaria and Denmark also record FI spending on urban development and energy efficiency / renewables), but the amounts expended cannot readily be reconciled.

3 Construction of a regional typology

This section provides additional explanation of how the regional typology required by the Terms of Reference was constructed.

For the territorial analysis at the level of NUTS 2 regions have been classified using the following four groups of criteria, namely, financial system, eligibility urban/rural typology and quality of government as summarised below.

Table 3-1: Factors affecting the uptake and implementation of financial instruments

Factor	Relevance	Indicator	Elements
National financial context	Type of financial institutions and main patterns in sources of finance for SMEs	National system of finance	Bank-based Market based Former socialist
Cohesion policy eligibility	Broadly reflects level of development (GDP-PPS per head as % of EU average). Different designations reflect different intensities of Cohesion policy support	2007-13 Cohesion policy categories	Convergence and Phasing-out (C+PO) Phasing-in and Regional Competitiveness and Employment (RCE+PI) Non-EU ESPON 4 (NEE)
Geography of finance	Degrees of agglomeration reflect development of local financial markets	Urban, intermediate, rural classification	Urban Intermediate Rural
Quality of government	Affects administrative capacity to implement FI, which are generally acknowledged to be more complex than grants	Quality of government index	High Medium Low

Source: authors

These criteria reflect the discussion earlier in this report on the geographies of finance at regional levels, the role of the national financial context and the importance of quality of government in the implementation of financial instruments, as well as taking account of significant differences in the scale of funding under Convergence and Regional Competitiveness and Employment status.

- **Eligibility** is based on the regional policy designation:[8]
    - **C+PO:** comprising Convergence (C) and Phasing Out (PO)
    - **RCE+PI**: comprising Phasing In (PI), Regional Competitiveness and Employment (RCE)
    - **NEE:** Non-EU ESPON regions

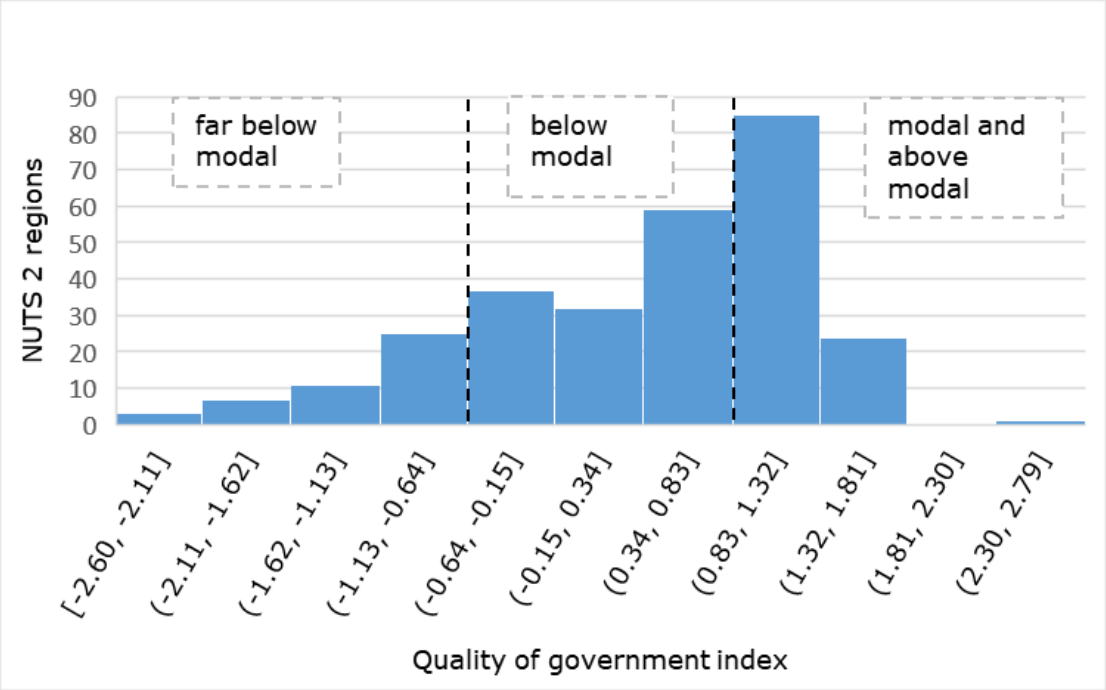
- **Financial system** (Moritz, Block and Heinz, 2015; Masiak, Moritz and Lang, 2017; Demirguc-Kunt and Levine, 1999) is classified as:
    - **Bank based**
    - **Market based**
    - **Former socialist**

[8] Official Journal of the European Union, 6.9.2006, L243; 28.3.2007, L87.

- **Quality of government (QoG)**, (Charron, Dijkstra and Lapuente, 2015; Teorell et al, 2017; see Figure 3-1) is classified as:
    - **High:** modal and above modal (QoG is above 0.83)
    - **Medium:** below modal (-0.64<QoG<0.83) and
    - **Low:** far below modal (QoG is below –0.64)

- **Urban/Rural,** is based on the methodology that De Beer et al. (2014) proposed in the FP7 NEUJOBS project to use the urban-rural typology of NUTS 3 regions (EUROSTAT, 2013, ESPON, 2014; Dijkstra and Poelman, 2008). This uses population sizes in underlying urban and rural NUTS 3 areas to categorize a NUTS 2 area as urban, rural or intermediate (Box 3-1). So a NUTS 2 region in which the population is (above a certain threshold) concentrated in urban clusters will be categorised as urban, even if most of its area is rural. The classification is:
    - **Urban**
    - **Intermediate**
    - **Rural**

Figure 3-1: The number of NUTS 2 regions and their Quality of Government indices



Source: authors based on QoG 2013 index (Charron, Dijkstra and Lapuente, 2015; Teorell et al, 2017)

Box 3-1: Methodology developed in FP7 NEUJOBS project for deriving urban/rural classification of NUTS2 areas based on EUROSTAT's urban-rural classification at NUTS 3 level and population data

1. $\frac{Population\ in\ urban\ NUTS\ 3}{Total\ population\ of\ NUTS\ 2} > \left(\frac{Population\ in\ rural\ NUTS\ 3}{Total\ population\ of\ NUTS\ 2} + 40\%\right) => NUTS\ 2\ is\ Urban$

2. $\frac{Population\ in\ rural\ NUTS\ 3}{Total\ population\ of\ NUTS\ 2} > \left(\frac{Population\ in\ urban\ NUTS\ 3}{Total\ population\ of\ NUTS\ 2} + 33\%\right) => NUTS\ 2\ is\ Rural$

3. $NUTS\ 2\ has\ city\ over\ 500{,}000\ inhabitants$

   AND

   $Population\ in\ urban\ NUTS\ 3 > Population\ in\ rural\ NUTS\ 3 => NUTS\ 2\ is\ Urban$

4. *Other NUTS 2 regions are Intermediate*

Source: De Beer et al. (2014)

This methodology is used to report on differences in the uptake of financial instruments in urban, intermediate and rural areas. Using this methodology, a potential 81 types of NUTS 2 regions (3 (Structural Funds eligibility) * 3 (financial context) * 3 (levels of quality of government) * 3 (urban-rural) = 81) can be distinguished. In practice, of these potential 81 types of regions, only 34 types exists in reality. There are, for example, no market based, urban, C+PO NUTS 2 areas nor former socialist, rural, RCE+PI NUTS 2 areas (Table 3-2).

Table 3-2: Division of NUTS 2 regions over types of regions

Eligibility	**Quality of government**	**Financial context and geography of finance**								
		bank based			market based			former socialist		
		urban	Inter-mediate	rural	urban	Inter-mediate	rural	urban	Inter-mediate	rural
C+PO	High QoG		1	3						
	Medium QoG	9	9	7		2	1	4	9	20
	Low QoG	3	3	10				3	4	13
RCE+PI	High QoG	14	13	23	24	11	8			
	Medium QoG	21	21	10	11	5		1		
	Low QoG	3		5				2		
NEE	High QoG	1	3	5	2	5				
	Medium QoG									
	Low QoG									

Source: authors based on Official Journal of the European Union, 6.9.2006, L243; 28.3.2007, L87; Moritz, Block and Heinz, 2015; Masiak, Moritz and Lang, 2017; Demirguc-Kunt and Levine, 1999;. Charron, Dijkstra and Lapuente, 2015; Teorell et al, 2017; De Beer et al., 2014

In the ESPON area there are 289 NUTS 2 areas, of which 271 are eligible[9] for EU funding for the 2007-2013 period (non-EU ESPON regions are not eligible) and 247 NUTS 2 areas use ESIF financial instruments (Table 3-3). FI are used in only 28 types of NUTS 2 regions.

[9] Croatia became an EU Member State in July 2013 and is not included among the eligible regions.

Table 3-3: NUTS 2 areas in EU (excluding Croatia) and typology

Elements of typology		**NUTS 2 using FI**		**NUTS 2 not using FI**		**NUTS 2 Total**
		#	**%**	**#**	**%**	**#**
Finance	bank based	138	89.0%	17	11.0%	155
	market based	57	91.9%	5	8.1%	62
	former socialist	52	96.3%	2	3.7%	54
Urban/rural	urban	85	89.5%	10	10.5%	95
	intermediate	71	91.0%	7	9.0%	78
	rural	91	92.9%	7	7.1%	98
Quality of government	High QoG	71	73.2%	26	26.8%	97
	Medium QoG	124	95.4%	6	4.6%	130
	Low QoG	44	100.0%	0	0.0%	44
Eligibility	Convergence and phasing out	99	100.0%	0	0.0%	99
	RCE and phasing in	148	86.0%	24	14.0%	172
Total		247	91.1%	24	8.9%	271

Source: authors

4 Added value at territorial level of Structural Funds financial instruments

This section provides additional material related to the discussion in the Main Report of the added value at territorial level of Structural Funds co-financed FIs. Section 3.1 on the definitions is repeated from the Main Report, providing necessary background. Section 3.2 provides additional material on the uptake of financial instruments in different region types, classified according to the regional typology. This supplements in particular Section 8.3 in the Main Report. Section 3.3 on the geography of fund managers, and supplements Section 8.4 in the Main Report. Section 3.4 provides some additional background on the definition of leverage and the impact of co-financing, supplementing Section 8.6 in the Main Report. Section 3.5 provides additional analysis of the data on legacy. Section 3.6 on impact extends the discussion of the availability of data on core indicators in Section 8.8 of the Main Report. Section 3.7 extends the analysis of added value and impact based on the regional typology.

4.1 Added value and impact: definitions

For the purposes of this study, the **added value** of financial instruments concerns the effects that financial instruments can have *compared to grants*. This reflects the rationale for the use of FIs in place of, or as a complement to grants. In this context, the key dimensions of added value that FIs have the potential to offer concern the following:

- **Sustainability**. Financial instruments are revolving funds that can be spent again; by contrast, grants are non-repayable. As such, the *legacy* reported by Managing authorities – the sum available for reinvestment is a measure of the added value that FIs can offer compared to grants. *The size of this legacy in relation to funds allocated to final recipients is therefore a measure for the sustainability of the programme*.
- **Efficiency.** Financial instruments have the capacity to attract funds from sources beyond the Operational Programme, most obviously in the case of guarantees where OP funding is earmarked to cover potential defaults on loans, but the loan itself is not financed from the OP, but rather by a commercial lender. As such, financial instrument can offer added value, compared to grants, through the leverage of additional finance, resulting in higher investment. *Leverage is a measure of the efficiency of the financial instrument.* At the same time, fund managers require remuneration so administering financial instruments carries an external expense that grants do not, as the costs are absorbed by the public administration. *Management costs and fees can be an indicator of the efficiency of the financial instrument.*
- **Quality**. Because support disbursed through financiaol instruments has to be repaid, project promoters may undertake more robust analyses of project viability and be more committed to project success than for non-reimbursable support. In addition, the due diligence required from financial intermediaries may result in improved project quality and greater contributions to OP objectives. No quantitative measures are available to assess project quality, but *the case studies provide insights into these more qualitative aspects and existing studies tend to support the view that financial instruments can generate better quality projects than grants.*
- **Development of local financial markets.** The development of financial markets differs by location in the EU. The governance of financial instruments can contribute to the development of local or regional financial markets. *Data on the location of fund*

managers is used to establish the extent to which financial intermediaries are centralised. The case studies also provide insights into this dimension.

- **Impact on subsidy culture.** FIs can be regarded as promoting a more entrepreneurial attitude than grants, which may even fuel a dependency on subsidies. Quantitative data cannot provide an insight into the development of subsidy culture. However, the data *do* show that current use of FIs is relatively minor. The vast majority of Structural Funds are being awarded as grants and FI represent 20 percent of all SF funds in only two NUTS 2 regions (both in Italy: Molise: 20 percent and Sardegna: 25 percent). *Therefore, quantitatively, it cannot be expected that FI could achieve more than an entrepreneurial niche alongside a dominant subsidy culture.*

The effects, or potential effects, outlined above represent an added value that is specific to FIs. A further issue is the ***impact*** of financial instruments, **FIs would also be expected to generate the same types of outputs in relation to OP objectives as grants**, including job creation, investment, new business starts, greenhouse gas reductions. However, the absence of systematic collection of indicators by instrument means it is unclear whether the *form* of intervention in and of itself has an impact on meeting these aims. Outputs are only rarely attributed directly to FIs by managing authorities as such the availability of impact-related indicators for financial instruments is extremely limited; there is a dearth of detailed time-series data and considerable difficulties in defining the counterfactual situation.

The two most commonly reported impact indicators relate to:

- **Jobs created**, which is the most widely available measure of impact; and
- **Number of final recipients**.

Both of these indicators were collected as part of the voluntary reporting in the Final Implementation Report. Even these basic indicators are problematic: managing authorities use different definitions of jobs created, and data on number of final recipients is often implausible, missing or has been confused with number of beneficiaries (i.e. financial intermediaries). These shortcomings limit the usefulness of these measures for assessing impact and as such the discussion here focusses more on the added value dimension of FIs as described above. That said, the case studies conducted for this report provide more qualitative insights on issues such as development of financial markets and capacity building.

4.2 Uptake of FIs and regional typologies

As described in the Main Report, the absolute and relative uptake of FIs differs between regions depending on their Structural Funds eligibility. Regions classified as Convergence or Phasing Out generally receive a higher level of Cohesion policy funding (Table 4-1). Structural Funds contributions to final recipients in the form of FIs in these regions amounts to €7.8 billion, which is 77 percent of the total. This can be explained by the fact that C+PO regions received 78 percent (€196 billion) of all ERDF and ESF payments. The relative share of Structural Funds contributions to final recipients in the form of FIs is therefore fractionally lower than in RCE+PI areas.

Table 4-1: Convergence and Phasing Out areas: Typology of regions at NUTS 2 level and uptake of financial instruments, both absolute and relative to programme, inclusive of grants

Type of NUTS 2 region: quality of government, financial context, geography	**No of NUTS 2 regions in type**	**High uptake: Absolute above €10 m**		**Low uptake: Absolute below €10 m**		**No uptake**	**FIs to final recipients (€m)**	**FIs relative to ERDF + ESF**	**ERDF + ESF (€m)**
		High relative - above 10%	Low relative - below 10%	High relative - above 10%	Low relative - below 10%				
Low QoG, bank based, urban	3	2	1				1,654.60	11.16%	14,820.44
Medium QoG, former socialist, rural	20		19	1			1,422.58	3.41%	41,699.89
Medium QoG, former socialist, intermediate	9		8	1			791.08	3.90%	20,264.27
Medium QoG, bank based, intermediate	9	1	6	1		1	665.84	3.39%	19,655.59
Low QoG, bank based, rural	10		9	1			621.85	4.63%	13,419.22
Low QoG, bank based, intermediate	3	1	2				574.20	8.95%	6,412.93
Medium QoG, bank based, urban	9	1	3	5			423.62	2.61%	16,206.07
Medium QoG, bank based, rural	7		5	2			407.48	3.01%	13,538.67
Low QoG, former socialist, rural	13		7	4		2	335.29	2.43%	13,801.96
Low QoG, former socialist, intermediate	4	1	2	1			320.60	4.90%	6,549.35
Low QoG, former socialist, urban	3		3				248.92	2.77%	8,976.46
Medium QoG, former socialist, urban	4		3	1			216.36	1.82%	11,861.22
High QoG, bank based, rural	3		2	1			89.01	1.81%	4,927.39
Medium QoG, market based, intermediate	2		1	1			56.51	2.23%	2,537.07
High QoG, bank based, intermediate	1			1			18.15	1.95%	931.47
Medium QoG, market based, rural	1			1			2.43	1.08%	225.24
Total	101	6	71	21		3	7,848.51	4.01%	195,827.26

Source: authors

Looking at the impact of regional typologies on FI uptake, the region type **C+PO, low quality of government, bank based, urban** accounts for about 16 percent (€1,655 million) of **all** Structural Funds invested in final recipients through financial instruments (i.e. in all EU regions in 2007-13)**.** Just three regions make up this category - Sicilia, Campania and Attiki. None of these regions have a below median uptake of FIs. Campania alone invested €920 million of Structural Funds as FIs in final recipients. As such, **Campania is the EU region with the highest amount of Structural Funds invested in final recipients through financial instruments in 2007-13** (of which about 55 percent is in the form of loans and 45 percent in the form of guarantees).

The region type **Medium QoG, former socialist, rural** consists of 20 regions in rural, former socialist areas. These regions are located in Hungary, Poland, Slovakia, the Czech Republic, Slovenia, and Estonia (Estonia is one NUTS 2 region). All but one of these regions have a high absolute uptake of FIs, although a low relative uptake. The region with highest absolute uptake in this category is Wielkopolskie (€158 million), which is one of the case studies.

In **some C+PO typologies, uptake is concentrated in only a few regions**. Examples are:

- Sachsen-Anhalt (€296 million) and Norte (PT; €163 million). These two regions alone account for 69% of the uptake in the region type C+PO, medium QoG, bank based finance, intermediate.
- Lithuania (€397 million) and Pomorskie (€121 million) together comprise 66% of the region type C+PO, medium QoG, former socialist, intermediate.
- Puglia (€350 million) accounts for 61% of the low QoG, bank based and intermediate type. Andalucía (€226 million) accounts for 53% of the C+PO, medium QoG, bank based, urban type.

Note that some of these *quantitatively* very high uptake regions, i.e. Norte and Andalucía, allocate *relatively* little of their ERDF and ESF funds to financial instruments, but still have a large programme of FI.

No uptake of Structural Funds to final recipients is rare in this category. It has only occurred in the 2007-2013 period for two NUTS 2 regions in Croatia, which relates to the late entrance (July 2013) of Croatia to the EU, and Guadeloupe. In Guadeloupe, funds were allocated to FIs, but no report was provided on contributions to final recipients.

The combination of high relative uptake and low absolute uptake does not exist in regions within the C+PO eligibility category. These regions have such a high allocations of ERDF and ESF that usually a relative high uptake is only possible with an absolute high uptake. The highest relative share in this eligibility category is 19.9% in Kentriki Makedonia.

See also the Appendix for the full list of regions, including their type, and uptake of financial instruments.

Table 4-2: RCE and Phasing In areas: Typology of regions at NUTS 2 level and uptake of financial instruments, both absolute and relative to programme, inclusive of grants

Type of NUTS 2 region: quality of government, financial context, geography	**NUTS 2 regions in type**	**High uptake: Absolute above € 10m**		**Low uptake: Absolute below € 10m**		**No uptake**	**FIs to final recipients (€m)**	**FIs relative to ERDF + ESF**	**ERDF + ESF (€m)**
		High relative above 10%	Low relative below 10%	High relative above 10 %	Low relative below 10%				
Low QoG, bank based, rural	5	3	1		1		446.56	17.48%	2,555.40
Medium QoG, bank based, urban	21	1	3		15	2	358.10	2.40%	14,940.00
High QoG, market based, urban	24	5	1		11	7	326.97	7.70%	4,245.74
Medium QoG, bank based, intermediate	21	3	2		15	1	310.79	4.27%	7,270.87
Medium QoG, market based, urban	11	3			8		155.61	6.40%	2,429.60
Low QoG, former socialist, urban	2		2				135.42	3.69%	3,672.81
Low QoG, bank based, urban	3	1	1		1		132.09	7.39%	1,786.56
High QoG, bank based, rural	23			1	17	5	125.10	2.91%	4,300.59
High QoG, bank based, urban	14	1	1		8	4	80.74	2.76%	2,922.55
Medium QoG, bank based, rural	10			1	8	1	79.28	2.90%	2,735.54
High QoG, market based, intermediate	11	1		2	4	4	77.86	6.07%	1,282.62
High QoG, bank based, intermediate	13		1		7	5	75.83	2.57%	2,952.53
High QoG, market based, rural	8				7	1	29.72	2.22%	1,337.56
Medium QoG, market based, intermediate	5				5		22.04	1.88%	1,171.38
Medium QoG, former socialist, urban	1					1	0.00	0.00%	1,329.19
Total	172	18	12	4	107	31	2,356.12	4.29%	54,932.92

Source: authors

Lower levels of Structural Funds are allocated to RCE and PI areas (Table 4-2). **In RCE/PI areas, the regional type with the largest allocation of Structural Funds to final recipients in the form of FIs is low QoG and bank-based and rural, and this category includes the regions of Sardegna, Molise and Abruzzo.** The high uptake of this category can in be attributed to the region of Sardegna (€310 million; accounting for 69 percent of this regional type). After Sardegna, the other Italian regions in this type, Molise and Abruzzo, both invested more than 30 percent of ERDF and ESF in final recipients via FI.

In the case study area of Lombardia, which is of the medium QoG, bank-based finance, urban type, this percentage is 12.7% - far higher than the median. This fits with the Italian practice, in which a much larger share of FI (10.5%) relative to the total ERDF and ESF programmes

can be found than in any other Member State. Outside Italy, high relative uptake of FI can be found in Cheshire (34.9%), Greater Manchester (22.4%), East Anglia (23.8%) – all in the United Kingdom - and Liège (26.0%) in Belgium.

A total of 31 RCE and PI regions have no uptake, a much larger group than in the Convergence category. However, many regions have experimented with FI. In 14 regions less than €1 million of FI has been allocated to final recipients and in another 12 regions it was between €1-2 million. These very low uptakes of FI during the seven years of the 2007-2013 programme suggest that these instruments had only limited added value and impact in these regions.

The non-EU ESPON regions (Table 4-3) cannot use Structural Funds to co-finance FIs. This does not mean that these countries do not use financial instruments, but it does mean that these instruments do not have to follow the principles formulated in the ERDF or ESF programmes. The case study on Norway provides insights into the implementation and impact of financial instruments in a non-EU context.

Table 4-3: Non-EU ESPON regions: Typology of regions at NUTS 2 level

Type of NUTS 2 region: quality of government, financial context, geography	**NUTS 2 regions in type**
High QoG, bank based, rural	5
High QoG, market based, intermediate	5
High QoG, bank based, intermediate	3
High QoG, market based, urban	2
High QoG, bank based, urban	1
Total	16

Source: authors

4.3 Geography of fund managers

The data on the geography of fund managers shows large differences in the territorial distribution between Member States (Table 4-4). The geography of the locations of fund managers may provide an insight into the development of local financial markets.

Table 4-4: NUTS 3 areas with fund managers as a share of total NUTS 3 (2006) areas

Member state	**NUTS 3 areas**	**NUTS 3 areas with fund managers**	
		Absolute	***Relative***
Austria	35	2	6%
Belgium	44	7	16%
Bulgaria	28	1	4%
Cyprus	1	1	100%
Czech Republic	14	1	7%
Germany	429	18	4%
Denmark	11	5	45%
Estonia	5	1	20%
Spain	59	8	14%
Finland	20	2	10%
France	100	48	48%
Greece	51	2	4%
Hungary	20	20	100%
Ireland	8	0	0%
Italy	107	22	21%
Lithuania	10	3	30%
Latvia	6	1	17%
Malta	2	1	50%
Netherlands	40	6	15%
Poland	66	46	70%
Portugal	30	6	20%
Romania	42	1	2%
Sweden	21	7	33%
Slovenia	12	1	8%
Slovakia	8	1	13%
United Kingdom	133	27	20%
Total	1303	239	18%

Note that Ireland does not implement Cohesion policy FIs (hence zero NUTS 3 areas with Fund Managers). Source: Authors

This overview shows that (excluding Cyprus, which is categorised as one NUTS 3 area), Hungary and Poland have extensive and decentralised territorial coverage by fund managers. Poland and Hungary have made different choices about FI implementation than, for example, the Czech Republic, Slovakia, Romania and Bulgaria, which have located their fund manager in only one NUTS 3 region, that is, the capital region. Such a centralised versus more regionalised structure of fund managers may have an impact on independent regional governance capacity in relation to investments. By choosing regionalised fund managers, regionalised knowledge will be developed, which may contribute to the development of local financial markets and in turn contribute to the added value of financial instruments. Alternatively, national fund managers may use local branch offices to manage a large part of the work locally. In such a practice, however, the ultimate decision-making power may still be centralised and central management may correct local branches if they do not conform with

centralised management rules. This would therefore result in less local autonomy in the financial market than with local fund managers.

As might be expected, urban regions have a higher share of regions with fund managers than intermediate regions (Table 4-5). As mentioned, in some Member States, fund managers are only located in the capital region, which is usually an urban NUTS 3 area. Thus, there is a fund manager located in 29% of urban NUTS 3 regions. Urban regions also house more fund managers than other types of regions. It is also notable that the average management costs and fees for rural regions is much lower than for urban regions. This might be explained by the fact that some urban regions, like capital regions, house large national programmes that consequently have higher management costs. Rural areas usually only house managers for funds that are restricted to their own area. The highest costs or fees are in an intermediate region, Luxembourg – this is a special case because of the location of the European Investment Bank and the European Investment Fund, which manage many Holding Funds (note that Luxembourg does not itself implement FIs under its Structural Funds programmes). Excluding Luxembourg, the pattern of intermediate regions is closer to that of rural regions.

Table 4-5: Location of funds mangers and average amount of management costs or fee for urban, intermediate and rural NUTS 3 areas

Geography	NUTS 3 regions with fund managers	funds managed per region with fund managers	funds without management costs or fees reported*	average costs or fee per fund with costs or fee reported(€m)*
urban	29%	9.0	30%	1.18
intermediate	16%	5.2	27%	1.17
rural	18%	3.1	39%	0.40
total	20%	6.0	30%	1.09

**excluding Hungary*

Source: authors based on information Member States received through European Commission and survey.

Table 4-6: Location of funds managers relative to total amount or NUTS 3 regions by quality of government and national system of finance

Quality of government	Finance			
	Bank-based	Market-based	Former socialist	Average
High QoG	8.8%	22.6%		12.2%
Medium QoG	19.1%	16.9%	51.7%	25.7%
Low QoG	13.9%		15.4%	14.6%
Average	13.8%	20.5%	36.0%	18.5%

Source: authors

The data shows that few fund managers are located in bank-based high QoG NUTS 3 regions. This relates first to the fact that in many of these regions, such as in Flanders in Belgium and most Austrian areas, no Cohesion policy financial instruments are used. It also relates to the centralised pattern of management of financial instruments in Germany, at NUTS 1 level, which means that many NUTS 3 regions of Germany have no fund managers. However, Germany also has some areas in which quality of government is medium. The

difference between low QoG and medium QoG can be attributed to the fact that in many regions with a low QoG there are national programmes and fewer programmes that are managed regionally. This suggests that the promotion of local financial markets in practice starts with having a certain threshold value of quality of government before local parties are trusted to manage financial instruments. The high coverage of former socialist areas relates to the decentralised networks of financial instruments in Poland and Hungary (Table 4-6).

4.4 Leverage effect

The Commission's approach to measuring the leverage effect is to divide the total Operational Programmes contribution to final recipients by the Structural Funds contribution. A complication of this approach is that OP co-financing rates differ between countries and regions, depending on their eligibility status, as shown in Table 4-7. This means that, if the co-financing rates of the OP also applies to the financial instrument, a minimum leverage is implied, which varies between countries and regions.

Table 4-7: Structural Funds co-financing rates in Member States and NUTS 2 regions

Areas		**Co-financing rate**	**Minimum leverage implied**
Member States	**Other NUTS 2 areas**		
CZ, EE, GR, CY, LT, LV, HU, MT, PL, PT, SI, SK	ES70, FR91, FR92, FR93, FR94, PT20, PT30	85%	1.176
	ES11, ES41, ES42, ES43, ES52, ES61	80%	1.25
	AT11, BE32, DE41, DE42, DE80, DE93, DED1, DED2, DED3, DEE0, DEG0, ITF3, ITF4, ITF5, ITF6, ITG1, UKK3, UKL1, UKM6	75%	1.33
All others		50%	2

Source: Authors based on Council Regulation (EC) 1083/2006 of 11 July 2006, OJEU L210/25 31 July 2006.

The European Court of Auditors (2016) has been critical of the definition of leverage used above and has argued for more differentiated ratios. More specifically it has said that

> *the Commission should provide a definition for the leverage of financial instruments which clearly distinguishes between the leverage of private and national public contributions under the OP and/or of additional private or public capital contributions, and takes into account the type of instrument involved.*

In practice, only a partial view of the leverage achieved by Cohesion policy FIs can be gleaned. This is partly because very few OPs report private contributions at the programme level, and while there may indeed be private investment at fund level, this information is not collected systematically.

Using the Commission's approach to leverage and the available data, the figures suggest that there is small difference in leverage within the C+PO eligibility regions relating to geographic location (Table 4-8). This may result from differences in eligibility between regions within the set. Overall, these data suggest that most OPs in C+PO regions make maximal use of Structural Funds – in other words, ***in Convergence regions, apparent leverage is no more that the impact of the co-financing rate.***

In the RCE+PI areas the position is different. In rural areas especially, and to some extent in intermediate areas, the 'leverage' is higher than that which would result simply from the co-financing rate.

Table 4-8: Leverage effect at NUTS 2 level. Operational Programme contributions invested in final recipients divided by the Structural Funds contributions to Operational Programme in specific funds

Eligibility	Urban	Intermediate	Rural	Average
Convergence and Phasing Out	1.26	1.26	1.24	1.25
Regional Competitiveness and Employment (RCE) and Phasing In	1.93	2.46	3.35	2.47
Average	1.77	1.99	2.15	1.97

Source: authors based on Member State data

The leverage effect has also a distinctive relationship with quality of government (Table 4-9). Low quality of government regions show lower leverage effect in C+PO regions; however, the relationship is less clear in RCE+PI regions.

Table 4-9: Leverage effect and quality of government

Quality of government	Leverage effect	
	C+PO	RCE+PI
High QoG	1.45	2.46
Medium QoG	1.25	2.63
Low QoG	1.15	1.58

Source: authors based on Member State data

4.5 Legacy

Financial instruments such as loans, guarantees and equity are revolving funds. Legacy are the funds invested from Operational Programmes (OP) in final recipients that are repaid and returned to the managing authorities for reinvestment. In the closure summary data, legacy is reported at the level of holding funds or at the level of specific funds if managing authorities have not used a holding fund. Data provided on contributions from OPs to final recipients are always at the level of specific funds. The published closure summary report of the European Commission (2017) indicates that in total € 8,464.12 million of legacy has been returned to managing authorities. This data is based on responses for all Member States except Austria and the CBC Operational Programmes. The specific distribution of these legacy funds between Member States and Operational Programmes is not provided in the summary report, but the European Commission has provided the underlying data to the research team for all Member States except Hungary. We expect that the difference between the total indicated by the Commission and the total found in all other Member States except Hungary must be the legacy funding generated in Hungary. This enables Hungary to be incorporated in the analysis at Member State level, but not at the level of Operational Programmes.

It can be expected that the different instruments (products) used - loans, guarantees and venture capital/equity – will generate different levels of legacy. As legacy is reported at

Holding Fund level (if these exist), the most appropriate level to study legacy is at the level of Operational Programmes. In most Operational Programmes (88%), a mix of instruments is used, which makes it difficult to distinguish legacy by different instruments (products). Many Operational Programmes, however, are dominated by one of the instrument types (products), using it for over 50% of all SF contributions to final recipients (Table 4-10).

Table 4-10: Legacy by type of dominant instrument in Operational Programme

Instruments used in over 50% of SF contributions to final recipients	**SF contribution to final recipient (€m)**	**SF contribution to final recipients in OPs with legacy above 0 (€m)**	**Legacy (€m)**	**Gross legacy (%)**	**Net legacy (%)**
	a	b	c	c/a	c/b
loans	6,425.7	5,468.1	5,771.5	90%	106%
guarantees	1,875.7	1,418.5	1,340.1	71%	94%
equity/VC	940.5	819.2	968.7	103%	118%
other	7.0			0%	
no dominant instrument	286.9	93.5	93.6	33%	100%
total	9,535.9	7,799.2	8,173.8	86%	105%

Note: without Austria, Cross Border Cooperation Programmes and Hungary
Source: Authors based on Member State data as provided by the European Commission

The overview appears to show that legacy in Operational Programmes dominated by the use of venture capital/equity is higher than in other programmes. Guarantees show generally a lower legacy than loans. In all instruments there is a considerable gap between gross legacy and net legacy. Except for Austria, the CBC programmes and Hungary, where no data has been provided on legacy at the level of the OPs, it is unclear whether non-reported legacy means that no legacy will be received (and consequently gross legacy will be the best measure) or that no data on legacy has been reported, because the legacy is still to be expected. After all, it is highly unlikely that, in many OPs, no loans whatsoever are paid back, all guarantees must be used to cover losses and all companies in which equity/venture capital is allocated will be dissolved without any shareholder's value. It is more likely that at least some legacy will occur in these OPs, but that at time of closure there were too many uncertainties to report it. In this case, the net legacy may be an alternative value. Non-reporting of legacy has occurred especially in OPs in Czech Republic, France, Spain, Poland and Germany (Table 4-11).

Table 4-11: Legacy by Member State and type of dominant instrument (above 50% of SF contributions to final recipients) in OPs

Member state	OPs reporting legacy by share of SF contributions to final recipients	Net legacy rate (legacy / SF contributions to final recipients) of OPs reporting legacy				
		loans	guarantees	E/VC	no dominant instrument	total
BE	98%	104%				104%
BG	100%	97%				97%
CY	100%	111%				111%
CZ	13%	89%				89%
DE	73%	103%		88%		98%
DK	100%	92%				92%
EE	95%	203%				203%
ES	36%	142%				142%
FI	100%	38%			112%	83%
FR	27%	78%	133%	188%	114%	126%
GR	99%	93%		144%		94%
IT	84%	111%	92%		89%	100%
LT	100%	109%				109%
LV	100%	125%				125%
MT	100%		114%			114%
NL	100%	43%		176%		93%
PL	69%	110%		225%		120%
PT	98%	95%		156%		138%
RO	100%	87%				87%
SE	100%			87%		87%
SI	100%		108%			108%
SK	100%	102%		59%		100%
UK	91%	88%		84%		87%

Note: without Austria, Cross Border Cooperation programmes and Hungary
Source: Authors based on Member State data as provided by the European Commission

An overview of legacy by dominant instruments in the OPs shows that there are large differences between the Member States in terms of which instrument results in more leverage. Loans are often dominant in all of a Member State's OPs and have a big influence on the total legacy in the Member State. If there are other OPs in a Member State that differ by dominant instrument, loans have a higher legacy than the national average in four (out of ten) programmes and a lower leverage in six programmes. The legacy is higher than the national figure in OPs where equity/venture capital is the dominant instrument in five (out of eight) OPs.

In 27% of regions no legacy is reported. In 30% of the regions (and also for the sub-set of regions using loans as the dominant FI), legacy reported is over 100% of the SF contributions to final recipients. This is a little higher in regions in which over 50% of SF is used for equity or venture capital (38%) and regions in which there is no dominant FI (none of the instruments is over 50% of SF contributions to final recipients) (39%). In regions using guarantees as the dominant FI this is lower (17%). For guarantees the most common legacy is between 60% and 80% of SF contributions to final recipients. Legacy between 0% and 60%

is not often reported except for regions in which guarantees is used as the dominant instrument. For most FI there seems to be an all (legacy above 80%) or nothing (0% of n/a) approach. The picture is more nuanced for guarantees only, with about 48% (27% + 2% +2% +17%) above 0% but below 80% range. For loans in the area it is 23% (=10%+ 4% +6% +3%), for no dominant FI 17% and for equity finance/venture capital only 8% (=5%+3%).

Table 4-12:Number of NUTS 2 regions by dominant instrument and legacy relative to SF contributions to final recipients

Legacy relative to SF contributions to final recipients	**Number of NUTS 2 regions by dominant FI instrument** (over 50% of SF contributions to final recipients)					**total**
	loans	guarantees	eq/vc	other	No dominant instrument	
> 100 %	42	7	15		7	71
80 % - 100 %	29	2	10		3	44
60 % - 80 %	14	11			3	28
40 % - 60 %	6	1				7
20 % - 40 %	9	1	2			12
0 % - 20 %	4	7	1			12
n/a or 0 %	35	12	11	2	5	65
total	139	41	39	2	18	239

Source: authors

Table 4-13: Distribution of legacy of NUTS 2 regions with a certain dominant instrument

Legacy relative to SF contributions to final recipients	**Distribution of NUTS regions by legacy by dominant FI instrument** (over 50% of SF contributions to final recipients)					**Total**
	loans	guarantees	eq/vc	other	No dominant FI	
> 100 %	30%	17%	38%	0%	39%	30%
80 % - 100 %	21%	5%	26%	0%	17%	18%
60 % - 80 %	10%	27%	0%	0%	17%	12%
40 % - 60 %	4%	2%	0%	0%	0%	3%
20 % - 40 %	6%	2%	5%	0%	0%	5%
0 % - 20 %	3%	17%	3%	0%	0%	5%
n/a or 0 %	25%	29%	28%	100%	28%	27%
total	100%	100%	100%	100%	100%	100%

Source: authors

4.6 Impact

Available sources of data on the impact of co-financed financial instruments include data on final recipients and data on jobs created.

4.6.1 Final recipients

The impact of FI can relate to the number of final recipients supported. As discussed earlier, the number of final recipients supported is only known in respect of around 75 percent of investment; in other words, it is not clear how many final recipients were supported with the

remaining €2.5 billion. For the FIs where data *is* available, this shows that some 259,889 final recipients were supported, (almost half of which were in Italy alone). The vast majority of final recipients (85 percent) are SMEs and 48 percent of these are microenterprises.

Table 4-14: Financial instruments: relative impact of OP and SF contributions via FIs on number of final recipients in C+PO and RCE+PI NUTS 2 regions, in urban, intermediate and rural NUTS 2 regions and by QoG,

Variable of typology of NUTS 2 regions	Value of variable	Contributions to final recipients		Number of final recipients
		OP	SF	
Eligibility	C+PO	67.3%	76.6%	68.0%
	RCE+PI	32.7%	23.4%	32.0%
Urban/Rural	Urban	37.4%	36.5%	40.6%
	Intermediate	30.0%	28.5%	23.7%
	Rural	32.6%	35.1%	35.7%
QoG	High	11.8%	8.3%	4.2%
	Medium	51.2%	48.1%	41.5%
	Low	37.0%	43.6%	54.3%

Source: authors based on Member State data

Impact, measured as the number of final recipients for a given amount of OP contributions invested, is considerably lower in intermediate regions than in urban or rural regions. More striking is that impact, measured as the number of final recipients related to OP contributions, is much lower in areas with high quality of government; conversely, **impact measured in these terms is higher in regions with a low quality of government**. As this effect is not related to the eligibility of the regions, this is a notable result.

These differences result from high QoG regions in Germany and the UK making relatively large investments in relatively few recipients and low QoG regions in Italy and elsewhere where the number of final recipients related to OP contributions is high.

There are also large differences in the average SF contribution per final recipient between the type of financial instrument (product) used. SF contributions blocked to guarantee loans are a much smaller amount per final recipient than loans (Table 4-15). Equity/venture capital involve large amounts per final recipients. This means that fewer enterprises can be supported per million euro of Structural Funds if this instrument (equity) is used.

Table 4-15: Average SF contribution per final recipient per instrument

FI dominant in specific fund (>50% of SF contributions to final recipients)	**SF contribution per final recipient** (average, €)
Loans	€ 33,689
Guarantees	€ 17,162
Equity/venture capital	€ 213,732
Other	€ 41,058
No dominant FI	€ 30,402
Total	€ 29,542

Source: authors based on Member State data

4.6.2 Jobs created

Member States could voluntarily report on jobs created by financial instruments. The Commission indicates in the summary report at closure that information in the Annual Implementation Reports for 2011 on this impact indicator "was very limited and numbers overestimated" (European Commission, 2017, 37). The Commission responded by referring to a common definition on 'gross direct jobs created, full time equivalent'. The Commission also refers critically to the fact that the sum of jobs created in Operational Programmes exceeds that of nationally reported figures on this impact measure.

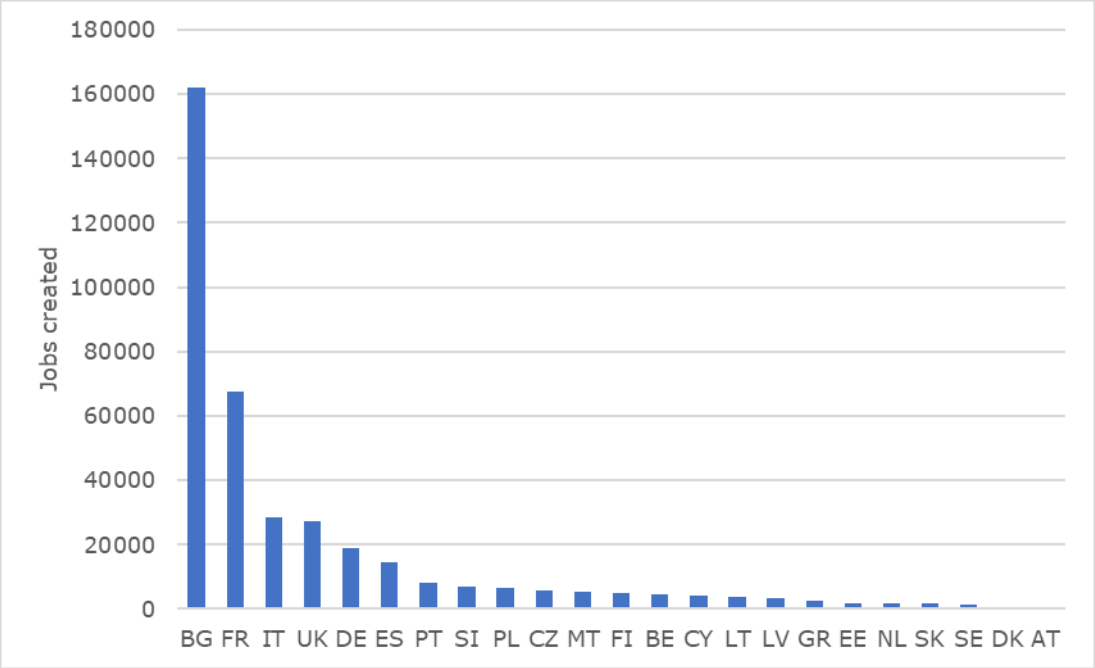
To assess whether this issue raised by the Commission has been resolved in the current data, a comparison has been made between the closure data as reported by the Member States on financial instruments and the 2007-2013 ERDF-CF achievements - Core Indicators as published by the European Commission (2016). In these figures, the aggregate jobs are published for the whole ERDF-CF programmes, which includes therefore FIs and grants. In three Member States, the jobs reported as having been created by FIs is higher than the number reported for the total OP, including grants. In Bulgaria, the figure is nearly 20 times as high, in Malta nearly 13 times as high and in Cyprus 1.9 times higher than the jobs created figure for the total programme. In France (93%) and Latvia (64%), the outcomes are also implausible. Based on this issue, the outcomes of other Member States also become implausible, as the matter of information gathering may obviously result in misreporting.

Under the current conditions it is unclear whether differences in figures on jobs created provide insight into differences in impact of the programmes or whether these differences point to differences between reporting practices. The figures suggest that 60% of jobs created through Structural Funds Financial Instruments are in Bulgaria and France (Figure 4-1), which may suggest that these figures predominantly reflect differences in reporting practice rather than differences in impact.

The European Commission refers in the summary report to a working document on reporting on core indicators for the ERDF and the Cohesion Fund (European Commission, 2009). This report provides common definitions, but does not provide a method by which managing authorities can ensure than financial intermediaries gather information on how many jobs are created using a uniform method. After all, information on jobs created is not part of the central

information chain of reporting on financial instruments, and reporting on it requires additional infrastructure to gather this information. The current method lacks the consistency necessary to use it for a territorial analysis even at an indicative level.

Figure 4-1: Reported jobs created per Member State



Source: Authors based on information from Member States

Although job creation reported is implausibly high in many Member States, many programmes do not report any data on job creation. After all, it is voluntary to provide these data. There are large differences in the share of programmes from which the data is provided. In some Member States, i.e., Bulgaria, Cyprus, Finland, Malta, Netherlands and Sweden, reporting on job creation is done by all OPs, whereas in other Member States, such as Greece, Italy, Lithuania, Latvia and Romania, job creation data is available for fewer than 10% of the programmes that have contributed Structural Funds to final recipients via FIs.[10] These low job-creation-reporting countries all have include regions with high eligibility for SFs, and based on this reporting it cannot be measured whether financial instruments have an impact on job creation (Table 4-16).

[10] There are also programmes that have not invested Sstructural Funds in final recipients. These are not taken into account in this share.

Table 4-16: Available data on jobs created data in reports on specific funds per Member State

Member state	Specific funds with structural fund (SF) contributions above € 0		Specific funds with data on jobs created above 0		Share of specific funds reporting jobs created	
	Specific funds	SF contributions to final recipients	Specific funds	SF contributions to final recipients	Share of Specific funds	Share of SF contributions
AT	2	8.63	1	1.74	50%	20%
BE	11	171.69	10	164.82	91%	96%
BG	7	303.34	7	303.34	100%	100%
CY	4	15.58	4	15.58	100%	100%
CZ	5	139.06	2	101.2	40%	73%
DE	44	1025.79	29	600.18	66%	59%
DK	9	36.34	7	33.22	78%	91%
EE	6	117.46	3	88.53	50%	75%
ES	41	565.0539	15	222.75	37%	39%
FI	5	27.54	5	27.54	100%	100%
FR	127	207.1557	93	148.3157	73%	72%
GR	87	1014.83	5	221.17	6%	22%
HU	182	706.34	0	0	0%	0%
IT	264	3066.9	22	331.75	8%	11%
LT	30	397.23	1	12.16	3%	3%
LV	14	141.97	1	10.38	7%	7%
MT	1	9.14	1	9.14	100%	100%
NL	9	21.58	9	21.58	100%	100%
PL	338	1011.66	88	385.05	26%	38%
PT	53	357.09	19	118.37	36%	33%
RO	3	210.48	0	0	0%	0%
SE	11	61.28	11	61.28	100%	100%
SI	3	146.17	2	136.03	67%	93%
SK	17	296.68	13	86.86	76%	29%
UK	77	589.0834	63	405.7334	82%	69%
Total	1350	10648.07	411	3506.719	30%	33%

Source: Authors based on member state data

So, for example, in Italy, 264 specific funds have contributed over € 3 billion of Structural Funds to final recipients, but job creation data is reported for only 22 of these specific funds, (with in total € 332 million Structural Funds invested in final recipients)(Table 4-16). These specific funds are not concentrated in one area in Italy, such that in 12 of the 21 Italian NUTS 2 regions, some data is available on job creation. However, there is no indication that reporting practices are random. On the contrary, it is conceivable that managing authorities that have constructed their financial instruments with the aim to have an impact on job creation have reported more often on this measure than managing authorities that consider the impact of financial instruments on employment less important. So, the reported jobs created cannot be considered to be representative for all programmes.

The picture on job creation data based on difference in SFs eligibility is mixed. Only ten Member States have both job creation data and different kinds of regions in relation to

eligibility. Six of these Member States created more jobs relative to their SF contribution to final recipients in RCE+PI areas, the remaining four have higher figures in C+PO areas.

4.7 Analysing added value and impact based on the regional typology

Based on the criteria, on geography of finance (bank-based, market based or former socialist systems), quality of government, eligibility and urban/rurality of regions and the outcomes of the analysis, the following clusters of regions can be identified.

4.7.1 Convergence and Phasing-Out areas

The measures of leverage, legacy, the number of final recipients relative to OP funds and Structural Funds invested in final recipients and the management costs and fees relative to Structural Funds contributions to final recipients differ by type of regions (Table 4-17). Reading this table, it must be acknowledged that the groups at the top are the largest and the contributions to final recipients get smaller further down the table. Differences at the top of the table are more an expression of underlying differences, while at the bottom of the table, they can relate to specific aspects in a few programmes. Thus, the management costs of 35.2% very low down in the table are not representative for the group of C+PO high QoG, bank based, intermediate regions, but relate to management costs and fees of one specific fund providing equity and venture capital in Lunenburg in Niedersachsen. **Due diligence costs for equity investments can be relatively high and especially if the outcome of such a process is that no investment takes place, this may result in relatively high management costs and fees compared to Structural Funds contributions**. Such outliers also exist in regional types with a larger uptake of financial instruments, but they are masked in the large total of outcomes. Similarly, the 10.2% in the C+PO, medium QoG, bank based, intermediate type can be attributed to the use of venture capital in the regions of Sachsen-Anhalt, Chemnitz and Brandenburg – Südwest.

In addition, the zero legacy in the C+PO, medium QoG, market based, rural group relates to the non-reporting of legacy in a single fund in the Scottish Highlands and Islands. In most of the groups, well above 60% legacy is reported, which on the one hand shows that Financial Instruments are indeed returned for new investment, but that on the other hand some of it stays at the recipient level and is not returned. The figures show that **very high scores of over 80% can be found in low QoG areas suggesting that FI play an important role in promoting good investment opportunities, such as, in the bank based, rural areas of Calabria (Italy) and Greek areas of Ipeiros and Thessalia**. Lower percentages of legacy in some regions may relate to not reporting any legacy, such as in regions that have, relative to their type, large investments in final recipients, such as Thüringen in the medium QoG, bank based, rural category.

The number of final recipients per € 1 million of FI contributions varies widely. For the final recipients, the data on OP contributions are most relevant (as for final recipients, the source of funds makes no difference). **FI such as loans and guarantees are often made for relatively small investments. On average, these amount to several tens of thousands of**

euros per final recipient, which fits with the idea that FI are primarily geared towards supporting SMEs. In low QoG regions in particular, the number of final recipients that can be supported with one million euro is relatively large. In bank based, medium QoG areas larger FI are provided, and fewer recipients are supported with one million euro..

Table 4-17: Added value and impact for C+PO regions ranked by Structural Funds contributions to final recipients

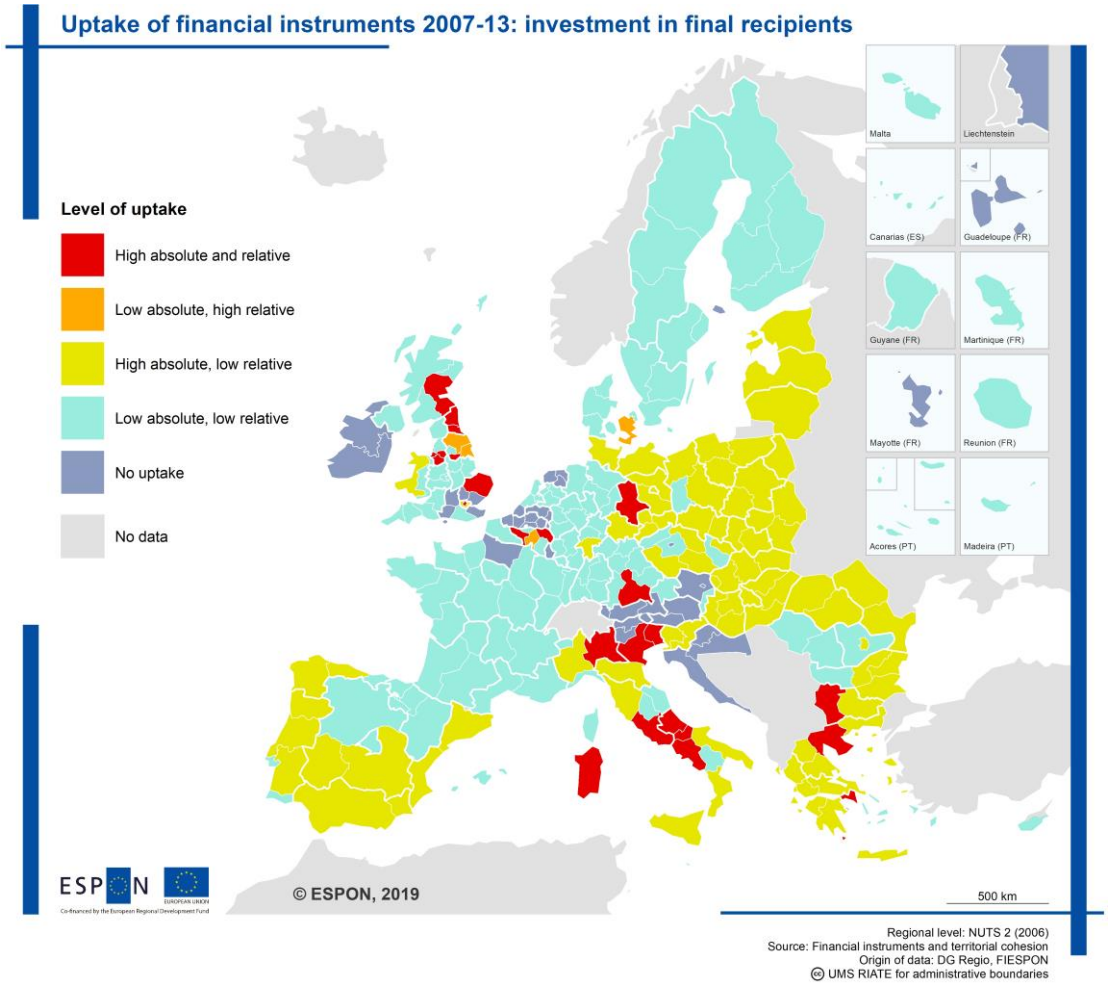
Type of NUTS 2 region: quality of government, financial context, geography	Leverage effect	Recipients per 1 million of		Legacy related to OP contri-butions to final recipients	Management cost and fees relative to SF contributions to final recip-ients*
		OP contri butions	SF contri butions		
Low QoG, bank based, urban	1.23	29.70	36.46	68.4%	8.5%
Medium QoG, former socialist, rural	1.25	12.59	15.79	62.6%	8.4%
Medium QoG, former socialist, intermediate	1.43	20.38	29.16	63.4%	8.8%
Medium QoG, bank based, intermediate	1.43	7.20	10.32	61.8%	10.2%
Low QoG, bank based, rural	1.14	53.58	60.84	81.3%	9.4%
Low QoG, bank based, intermediate	1.26	34.51	43.38	73.8%	5.6%
Medium QoG, bank based, urban	1.59	9.81	15.57	61.5%	8.2%
Medium QoG, bank based, rural	1.48	9.62	14.23	37.4%	4.8%
Low QoG, former socialist, rural	1.17	17.81	20.85	80.0%	6.0%
Low QoG, former socialist, intermediate	1.28	16.41	20.96	84.9%	11.5%
Low QoG, former socialist, urban	1.07	7.62	8.17	30.1%	8.9%
Medium QoG, former socialist, urban	1.21	31.86	38.68	83.8%	7.4%
High QoG, bank based, rural	1.45	5.69	8.27	73.2%	8.6%
Medium QoG, market based, intermediate	1.95	4.81	9.41	36.7%	3.9%
High QoG, bank based, intermediate	1.47	11.51	16.90	25.6%	35.2%
Medium QoG, market based, rural	2.50	1.32	3.29	0.0%	3.7%
Total	1.30	20.92	27.22	65.3%	7.7%

**Excluding Hungary*

Source: Authors based on information Member States

A relevant question is whether high-uptake regions show more added value and more impact and may be more efficient relating to management costs and fees related to Structural Funds contributions. Here high absolute uptake regions are defined as those where investment in final recipient via FIs exceeds € 20 million (in Structural Funds contributions). High relative uptake is where investments in final recipients via FIs exceeds 10 percent of Structural Fund payments – see also Map 4-1.

Map 4-1: High and low uptake of financial instruments (EU amounts)



Source: authors.

Analysing high absolute uptake in C+PO regions (Table 4-18), shows that ***for some regional types, all regions have a high absolute uptake.*** Comparing these 'high uptake' regions as a group with the average of their type shows few differences in leverage, which suggests that this simply reflects the co-financing rates. The difference in the medium QoG, market based, intermediate type is a consequence of the fact that leverage is quite high in this group, but there are few regions within this type.

Impact measured as number of final recipients per million OP and SF contributions shows a very divergent picture. In some regional types, larger programmes are used to address an even larger number of final recipients. In other, often bank-based regions, larger programmes are used to invest large amounts of money in fewer recipients. Differences in legacy are usually rather small, but they are generally positive. This may be because in regions with more FI, more funds are revolving and become available for reinvestment by the managing authority. Management costs and fees do not differ to a great degree, but are generally a little lower for high-uptake regions. **This suggests that there are efficiency gains by managing larger regional FI programmes.**

Table 4-18: Absolute high uptake NUTS 2 regions (over €20m SF contributions) compared with average NUTS 2 regions of the same type for added value and impact for C+PO regions ranked by SF contributions to final recipients

Type of NUTS 2 region: quality of government, financial context, geography	Leverage effect	Recipients per 1 million of		Legacy related to OP contributions to final recipients	Management cost and fees relative to SF contributions to final recipients*
		OP contributions	SF contributions		
Medium QoG, former socialist, rural	3.2%	65.2%	70.4%	2.0%	1.6%
Medium QoG, former socialist, intermediate	0.5%	-1.3%	-0.8%	-1.2%	-1.1%
Medium QoG, bank based, intermediate	0.1%	-15.3%	-15.3%	0.3%	0.4%
Low QoG, bank based, rural	-2.4%	3.2%	0.7%	-0.6%	-4.1%
Medium QoG, bank based, urban	-0.2%	-53.3%	-53.4%	6.7%	-4.1%
Medium QoG, bank based, rural	-1.5%	-14.4%	-15.7%	2.2%	-0.5%
Low QoG, former socialist, rural	0.1%	-4.9%	-4.8%	1.3%	-1.5%
Low QoG, former socialist, intermediate	-1.0%	-0.2%	-1.1%	2.8%	1.7%
Medium QoG, former socialist, urban	-2.6%	3.5%	0.8%	7.4%	4.1%
High QoG, bank based, rural	-3.7%	8.6%	4.6%	12.6%	-9.9%
Medium QoG, market based, intermediate	-26.6%	26.6%	-7.1%	-2.1%	

Note: The percentages indicate how much higher (plus values) or lower (minus values) the values of high-uptake regions are than the average NUTS 2 regions of their type.
**Excluding Hungary*

Source: Authors based on information from Member States

C+PO regions receive generally higher amounts of Structural funding than RCE+PI regions. This results in only relatively few regions using over 10% of FI. The difference between regions that use such high percentages of FI and the average regions in their type are considerable. The differences do not show a very specific direction (Table 4-19).

Table 4-19: Relative high uptake regions (FI over 10% of ERDF+ESF) compared to average of their type: Added value and impact for C+PO regions ranked by SF contributions to final recipients

Type of NUTS 2 region: quality of government, financial context, geography	Leverage effect	Recipients per 1 million of		Legacy related to OP contributions to final recipients	Management cost and fees relative to SF contributions to final recipients*
		OP contributions	SF contributions		
Low QoG, bank based, urban	-1.3%	-14.3%	-15.4%	-7.2%	-5.8%
Medium QoG, bank based, intermediate	-4.1%	-57.7%	-59.5%	7.4%	43.1%
Low QoG, bank based, intermediate	-19.0%	104.3%	65.5%	-3.2%	-12.1%
Medium QoG, bank based, urban	57.6%	-3.6%	52.0%	-32.6%	-83.2%
Low QoG, former socialist, intermediate	-7.9%	18.9%	9.5%	0.3%	-9.6%

Note: The percentages indicate how much higher (plus values) or lower (minus values) the values of high-uptake regions are than the average NUTS 2 regions of their type.
**Excluding Hungary*

Source: Authors based on information from Member States

The analysis of model regions with high uptake versus other regions in the C+PO eligibility regions shows a highly diverging picture (see annex). In some of the model regions, high uptake seems to confirm economies of scale. The NUTS 2 region of Hainaut (BE) has, for example, lower management costs and fees relative to contributions to final recipients and regions of its type which have a lower uptake of FI. Hainaut also has a higher legacy than low uptake regions and the leverage of guarantees is higher than in other regions. However, this is not the case in all C+PO high uptake regions. In the high uptake region of Sachsen-Anhalt (DE) management costs and fees are remarkably high. In Campania (IT), the region with the highest uptake of FI in the 2007-2013 period, management costs and fees fit into the economy of scale idea. In the NUTS 2 region of Campania, management costs and fees are lower than in than in the comparable NUTS 2 region of Sicilia. Management costs and fees are even lower in the even larger nationally-managed programme for the Mezzogiorno area (which covers Puglia and Calabria as well as Campania and Sicilia)..

The comparative analysis of Campania versus Sicilia shows that the uptake of financial instruments depends on the uptake by local actors as enterprises (i.e. it is demand driven) and that this can differ between regions even if they are addressed by the same programme. These differences are not fully explained by differences in the number of enterprises between the regions. Other factors therefore also play a role.

4.7.2 RCE and Phasing In areas

In RCE and Phasing In areas the amount of Structural Funds provided is a lot lower per region, providing more room for large differences between regions (Table 4-20). In addition, the Phasing-In regions qualify for a higher co-financing rate, which artificially lowers the leverage effect compared to RCE regions. There are also very large differences in impact measured in the number of recipients per million OP or Structural Funds contributions. RCE+PI, medium QoG, bank based, rural NUTS 2 regions have the largest amount of recipients per million funds. This relates to a very large amount of guarantees in the Italian region of Marche. The rather low legacy in this type of region does not reflect this programme, but rather programmes in other regions in this type. This shows that the use of financial instruments in RCE+PI areas is rather thin, so that one outlier in a region has a direct impact on the scores of a type containing several regions. **Differences between regions largely reflect differences in policy choices between regions.**

*Table 4-20: Added value and impact for RCE+PI regions ranked by SF contributions to final recipients**

Type of NUTS 2 region: quality of government, financial context, geography	Leverage effect	Recipients per 1 million of		Legacy related to OP contributions to final recipients	Management cost and fees relative to SF contributions to final recipients*
		OP contributions	SF contributions		
Low QoG, bank based, rural	1.44	18.80	27.12	31.0%	7.6%
Medium QoG, bank based, urban	2.02	31.04	62.83	39.7%	12.6%
High QoG, market based, urban	2.09	3.48	7.25	39.1%	20.7%
Medium QoG, bank based, intermediate	2.43	13.33	32.33	23.7%	7.3%
Medium QoG, market based, urban	2.66	7.50	19.93	26.7%	53.1%
Low QoG, bank based, urban	2.23	67.21	149.70	76.4%	7.9%
High QoG, bank based, rural	2.26	2.72	6.13	30.2%	14.6%
High QoG, bank based, urban	1.99	12.99	25.88	44.9%	15.8%
Medium QoG, bank based, rural	3.25	69.67	226.25	23.4%	9.3%
High QoG, market based, intermediate	2.73	2.03	5.55	36.4%	14.7%
High QoG, bank based, intermediate	2.41	4.85	11.69	22.0%	15.1%
High QoG, market based, rural	2.06	46.18	95.23	41.4%	29.2%
Medium QoG, market based, intermediate	2.39	11.36	27.16	29.0%	21.6%
Total	2.13	20.88	44.49	34.8%	15.3%

**Excluding low QoG, former socialist, urban*

Source: Authors based on information from Member States

Most types of high absolute uptake regions show few differences in leverage (Table 4-21). The differences occur in the smaller types. **High uptake regions tend to reach fewer final recipients than average. This means that the extra funding of high uptake regions is used to finance larger investment opportunities.** In relation to legacy, the picture is varied, but overall, in six region types, leverage is higher in regions with a high uptake and lower in only three regions. In relation to management costs and fees, high-uptake regions seem to be more efficient. The management costs and fees are lower relative to Structural Funds invested.

*Table 4-21: High absolute uptake regions (over €20m Structural Fund contributions) versus average regions for type: Added valueand impact for RCE+PI regions ranked by SF contributions to final recipients**

Type of NUTS 2 region: quality of government, financial context, geography	Leverage effect	Recipients per 1 million of		Legacy related to OP contri-butions to final recipients	Management cost and fees relative to SF contributions to final recip-ients*
		OP contri-butions	SF contri-butions		
Low QoG, bank based, rural	1.7%	-26.7%	-25.4%	-14.7%	-2.1%
Medium QoG, bank based, urban	-0.7%	24.1%	23.3%	31.4%	0.1%
High QoG, market based, urban	-2.4%	-49.4%	-50.6%	3.4%	-8.6%
Medium QoG, bank based, intermediate	3.6%	-9.9%	-6.6%	8.5%	-24.6%
Medium QoG, market based, urban	-3.9%	-1.9%	-5.7%	-3.5%	23.2%
Low QoG, bank based, urban	-4.6%	11.6%	6.5%	16.3%	-26.9%
High QoG, bank based, rural					
High QoG, bank based, urban	0.1%	-72.8%	-72.8%	30.0%	-9.0%
Medium QoG, bank based, rural	-33.9%	-69.1%	-79.6%		-91.4%
High QoG, market based, intermediate	26.2%	-70.2%	-62.3%	-11.7%	
High QoG, bank based, intermediate	-7.7%	-3.0%	-10.5%	40.7%	-82.7%

Note: The percentages indicate how much higher (plus values) or lower (minus values) the values of high-uptake regions are than the average NUTS 2 regions of their type.
**Excluding low QoG, former socialist, urban*

Source: Authors based on information from Member States

Regions with a high relative uptake are more common in RCE+PI regions than in C+PO regions. This means that a higher percentage of scarce regional funds are used for FI (Table 4-22). Although there are, just as in the case of C+PO regions, considerable and diverging differences between relatively high-uptake regions, there is more of a common line. **There are generally fewer recipients per € 1 million of OP or Structural Funds contributions, legacy is higher and management costs and fees are lower**. **This suggests that more added value can be created by allocating a higher share of funding to FI.**

*Table 4-22: Relative high uptake (FI over 10% of ERDF+ESF) regions compared to the average of their region type: Added value and impact for RCE+PI regions ranked by SF contributions to final recipients**

Type of NUTS 2 region: quality of government, financial context, geography	Leverage effect	Recipients per 1 million of		Legacy related to OP contributions to final recipients	Management cost and fees relative to SF contributions to final recipients*
		OP contributions	SF contributions		
Low QoG, bank based, rural	1.7%	-26.7%	-25.4%	-14.7%	-2.1%
Medium QoG, bank based, urban	23.7%	245.4%	327.1%	109.0%	
High QoG, market based, urban	-2.3%	-46.2%	-47.5%	0.3%	-8.3%
Medium QoG, bank based, intermediate	-11.6%	-29.8%	-37.9%	-12.0%	-16.1%
Medium QoG, market based, urban	-3.2%	-41.2%	-43.0%	-4.1%	36.0%
High QoG, bank based, rural	-10.2%	-50.5%	-55.6%	43.7%	-33.7%
High QoG, bank based, urban	-1.0%	15.3%	14.2%	7.3%	-33.8%
Medium QoG, bank based, rural	0.0%	-59.6%	-59.6%	60.9%	-10.7%
High QoG, market based, intermediate	-23.0%	-87.4%	-90.3%	67.2%	-90.7%
High QoG, bank based, intermediate	6.3%	-12.5%	-7.0%	6.6%	-81.5%

Note: The percentages indicate how much higher (plus values) or lower (minus values) the values of high-uptake regions are than the average NUTS 2 regions of their type.

**Excluding low QoG, former socialist, urban*

Source: Authors based on information from Member States

A comparative analysis of high-uptake RCE+PI model regions and regions with a lower uptake of financial instruments (see annex) shows that there is a considerable diversity in FI practices in RCE+PI regions. There is a substantial number of low- and even no uptake regions and managing authorities have taken different choices on using the much more scarce ERDF (and ESF) funding. In most of the comparative analysis, the economies of scale could be found in management costs and fees. A notable exception are the costs for some of the equity/venture capital investments, which has resulted in very high management costs in several regions. However, in other regions these costs were moderate. The comparative analysis of legacy also shows that in many regional types the high uptake regions showed higher legacy, but exceptions were also found here, showing that there is no automatic relationship between higher uptake and higher legacy.

Guarantees were not used in all of the regional types. In the regional types where guarantees were used, it appears that fewer loans can be guaranteed per euro of Structural Funds in higher QoG regions than in areas with low QoG. Medium QoG areas are somewhere in the middle.

5 Analysis of model regions

The Terms of Reference specify that a typology of regions should be devised, with each type distinguishing between high and low FI uptake (Table 5-1).

Table 5-1: Regional typology example provided in project Terms of Reference

Regional typology (based on level of development and financial situation, available infrastructure, geographical specificities and governance mechanisms)					
Ideal typical region 1		Ideal typical region 2		Ideal typical region X	
Model region 1A	Model region 1B	Model region 2A	Model region 2B	Model region XA	Model region XB
High uptake of FI	Low uptake of FI	High uptake of FI	Low uptake of FI	High uptake of FI	Low uptake of FI

Source: Project Terms of Reference

In this approach, regions that are comparable but show different practices in terms of using FI are compared. High uptake of FI is defined by an absolute criterion – at least € 20 million of Structural Funds contributions are invested in final recipients by using FI – and a relative criterion – that SF contributions to final recipients using FI are at least 10% of all ERDF and ESF programmes for the region.

Convergence and Phasing Out regions

Convergence and Phasing Out regions usually (72 of 101 regions; see Table 5-2) have a high absolute uptake of FI, but most have a low relative uptake (because of the size of their SFs programmes).

Table 5-2: Uptake of FI in C+PO NUTS 2 regions

Type	Regions (#)	High uptake (both high)	Medium uptake	Low uptake (both low)	No uptake
Medium QoG, former socialist rural	20	0	19	1	0
Low QoG, former socialist, rural	13	0	7	4	2
Low QoG, bank based, rural	10	0	9	1	0
Medium QoG, bank based, urban	9	1	3	5	0
Medium QoG, bank based, intermediate	9	1	6	1	1
Medium QoG, former socialist, intermediate	9	0	9	0	0
Medium QoG, bank based, rural	7	0	5	2	0
Medium QoG, former socialist, urban	4	0	3	1	0
Low QoG, former socialist, intermediate	4	1	2	1	0
Low QoG, bank based, urban	3	2	1	0	0
High QoG, bank based, rural	3	0	2	1	0
Low QoG, bank based, intermediate	3	1	2	0	0
Low QoG, former socialist, urban	3	0	3	0	0
Medium QoG, market based, intermediate	2	0	1	1	0
High QoG, bank based intermediate	1	0	0	1	0
Medium QoG, market based, rural	1	0	0	1	0
Total	101	6	72	20	3

Medium uptake: SF contributions to final recipients is above € 20 million and SF contributions relative to total ERDF and ESF programmes does not exceed 10%.

Source: authors

Based on the table, it can be concluded that there are high uptake regions (high absolute and relative uptake) in only five types of regions in the regional typology. These are the following regions and region types:

- Province of Hainaut (BE) in the medium QoG, bank based, urban type
- Sachsen-Anhalt (DE) in the medium QoG, bank based, intermediate type
- Yugozapaden (BG) in the low QoG, former socialist, intermediate type
- Campania (IT) and Attika (GR) in the low QoG, bank based, urban type and
- Kentriki Makedonia (GR) in the low QoG, bank based, intermediate type.

Model region Province of Hainaut in the C+PO, medium QoG, bank based, urban type

Within the medium QoG, bank based, urban regional type, Hainaut has by far the largest relative use of FI (13.68%). Andalucia (ES) lies second in the use of FI, in a relative sense (2.38%). Andalucia however has a much larger programme (and is one of the case studies). Other absolute high-uptake (but low relative uptake) regions in this type are Leipzig and Dresden (both DE). Low uptake regions are Malta (MT), La Réunion, Martinique (both FR), Ciudad Autónoma de Melilla and Ciudad Autónoma de Ceuta (both ES), which are all areas without a connection over land to other EU regions.

FIs in Hainaut[11] rest in five specific funds that are only used in the province Hainaut. Four of them are 'loan funds" issuing loans and the smallest one is a mixed fund of loans and guarantees (Table 5-3). In this fund a SF contribution to final recipients of €3.31 million is blocked to assure a loan portfolio of €68.41 million. The direct loans in the region add up to €94.83 million. In the mixed specific fund, many more final recipients (1,850) are supported than by the loan funds (473). In relation to legacy, there is not much difference between the funds - in all funds the legacy is a little higher than the SF contributions to final recipients.

Table 5-3: Key data on specific funds in NUTS 2 region Hainaut (BE)

Type of funds	**SF contributions to final recipients**		**loans blocked by guarantees**	**final recipients**	**jobs created**	**legacy/SF contributions**
	loans	guarantees				
loan funds	92.34			473	2008	103.8%
mixed fund	2.49	3.31	68.41	1850	847	101.7%

Source: authors based on Member State data

Table 5-4: Differences between high, medium and low uptake NUTS 2 regions in the C+PO, medium QoG, bank based, urban type

Uptake	**SF contri-butions to final recipients (€ mln)**	**Types of FI**				**Leverage by guarantees** Secured loans / blocked SF for guarantees	**Legacy** Relative to SF contributions to final recipients	**Management cost and fees** Relative to SF contributions to final recipients
		L	G	E/V	O			
high	98.18	97%	3%	0%	0%	20.7	104%	1%
medium	290.01	62%	6%	15%	17%	3.7	104%	10%
low	36.10	16%	64%	20%	0%	17.4	29%	12%
total	424.29	66%	10%	12%	12%	12.5	98%	8%

L: Loans; G: Guarantees; E/V: Equity or venture capital; O: Other FI.
Source: authors based on Member State data

The high 'other' type of FI can be fully attributed to Andalucia (see case study). It is notable that in the low uptake regions there is a much more mixed use of financial instruments (Table 5-4). This may relate to a lower legacy and higher management costs and fees. It is also notable that management costs and fees are higher in the medium uptake regions, which all have an absolute high uptake, but where the uptake is relatively low. It must be noted that management costs and fees in Hainaut are unusually low. It is not feasible to expect that other regions that will have a higher relative uptake of FI will naturally come to this level. The relationship between blocked SF for guaranteed loans and the size of these loans differs largely between the regions. In the medium uptake regions this figure is much lower than in both high and low uptake regions.

In relation to jobs created the low uptake regions Malta (5349 jobs), La Reunion (19047 jobs) and Martinique (4895 jobs) report an unusually high amount of jobs created, especially

[11] In addition there is also the relatively small (€ 0.44 million SF invested in final recipients) CBC programme that covers regions in France, Germany, Luxembourg and Belgium (including Prov. Hainaut).

considering the relatively low amounts of SF invested in final recipients. On average creation of a job in these regions is reported to cost only €1,198.32 SF contribution to final recipients, which is implausible. It is also implausible because the managing authorities in France have communicated figures for the total programmes (so grants and financial instruments) that add up to lower amount of jobs created than they have reported for FI alone (Applica, Ismeri Europa and Cambridge Economic Associates, 2016).

Model region Sachsen-Anhalt (DE) in the C+PO, medium QoG, bank based, intermediate type

Within the type medium QoG, bank based, intermediate, Sachsen-Anhalt (DE) is both in absolute terms (€ 295.6 million SF contributed to final recipients) and relative terms (10.5% relative to ERDF+ESF programmes) the largest in the medium QoG, bank based, intermediate type. Within this type there is one region, which has not used FI, Guadeloupe (FR), in the sense that there has not been SF contributions to final recipients. Some funds (€6.49 million of Structural Funds) have been set aside for FI, but these have not been used and there are no management costs and fees reported. In this type there is one region - the Região Autónoma dos Açores (PT) in which there is a low uptake of FI. In the other regions, Brandenburg – Südwest, Chemnitz (both DE), Galicia, Principado de Asturias, Región de Murcia (all ES) and Norte (PT) there is a medium uptake, i.e., in absolute sense it is high (above €20 million SF contributions to final recipients), but relative it is low (below 10% relative to ERDF + ESF).

In Germany, ESF FIs are allocated nationally through the Mikrokreditfonds Deutschland (guarantees) and the Mikromezzaninfonds Deutschland (equity/venture capital), of which Sachsen Anhalt has a small share. There are three ERDF specific funds active in the region. Two of these offer loans and one equity/venture capital (Table 5-5).

Table 5-5: Key data on specific funds in NUTS 2 region Sachsen-Anhalt (DE)

Type of funds	SF contributions to final recipients (€ mln)	final recipients	jobs created	legacy/SF contributions
loan funds	240.28	1055	101	82.5%
e/v fund	49.57	167	494	143.9%

Source: authors based on Member State data

The high legacy on equity/venture capital fund is notable. It suggest that enterprises supported have been successful.

Table 5-6: Differences between high, medium and low uptake NUTS 2 regions in the C+PO, medium QoG, bank based, intermediate type

Uptake	**SF contributions to final recipients (€ mln)**	**Types of FI**				**Leverage by guarantees** Secured loan/blocked SF for guarantees	**Legacy** Relative to SF contributions to final recipients	**Management cost and fees** Relative to SF contributions to final recipients
		L	G	E/V	O			
high	295.64	81%	1%	18%	0%	1.7	91%	15%
medium	367.10	52%	9%	35%	4%	19.5	87%	7%
low	2.50	0%	2%	10%	88%	1.7	0%	0%
total	665.24	65%	5%	27%	2%	17.8	89%	10%

L: Loans; G: Guarantees; E/V: Equity or venture capital; O: Other FI.
Source: authors based on Member State data

The comparison of the high uptake model region of Sachsen-Anhalt with other regions of this type (Table 5-6) shows that just as in the urban type of comparable regions (Hainaut) extra uptake is based on a relatively larger share of loans. The guarantee programme in this region is a national one, which means that the leverage figure does not point to a specific situation in Sachsen-Anhalt. In the medium-uptake regions (absolute high uptake but relative low uptake) the leverage of guarantees to loan portfolio is very high. The legacy figures do not show much difference between medium and high uptake regions. In the low uptake regions no legacy is reported. The management costs and fees in Sachsen-Anhalt are exceptionally high. This can be attributed to one of the loan programmes.

Model region Yugozapaden (BG) in the C+PO, low QoG, former socialist, intermediate type

Yugozapaden (south-west) is a high uptake region of a regional type which includes two medium uptake regions Yugoiztochen (south east) (BG) and Latvija (LV), and a low uptake region Severozápad (CZ). In a quantitative sense more FI are used in Latvija (€42 million compared to €32 million FI to final recipients), but relative to ERDF and ESF, Yugozapaden is at 12% a lot higher than Latvija (5%). Yugozapaden is Bulgaria's capital region and Sofia is the capital of this region. The analysis of Yugozapaden as model region is hampered by the fact that most specific funds for this region operate at a higher level. Regionalisation has been based on the survey of managing authorities in which information was gathered on the location of final recipients of loans, guarantees and equity/venture capital. The SF contributions to final recipients has been allocated based on this distribution. In the main OP, 31.0% of Bulgaria's final recipients of loans, 40.0 % of Bulgaria's final recipients of guarantees and 99.0% of Bulgaria's final recipients of equity/venture capital are located in Yugozapaden, which explains the concentration of funding in one region. There is also another programme in Bulgaria, JESSICA, which is mainly allocated for urban areas (and so is relevant for the Sofia region). Comparative analysis of the added value and impact of this model region with other regions is an issue due to the national reach of the OPs. In Bulgaria holding funds are used, which means that legacy is reported at the level of holding fund and

analysing differences between regions and instruments within a holding fund is therefore analysing the own assumption on how the funds are allocated. Managing costs and fees are reported at different fund levels, but are not regionalised in a way that comparison is feasible.

Model region Campania (IT) in the C+PO, low QoG, bank based, urban type

The low QoG, bank based, urban type is the largest context for FI, but it consists of only three regions - Campania (IT) and Attiki (GR) as high-uptake regions, and Sicilia (IT) as medium uptake region. In the period studied, Greece has experienced an exceptional economic situation, which may make it difficult to attribute differences between Attiki and the two Italian regions on different practices of the use of financial instruments. Of course Italy has also been seriously affected by the effect of the financial crisis, but Greece and the capital region of Attiki were more greatly impacted. A comparison of Campania and Sicilia appears to be more promising. Both regions have large ERDF +ESF programmes of €6.0 billion in Sicilia and €5.6 billion in Campania. The uptake of financial instruments has been much higher in Campania (€920 million) than in Sicilia (€383 million). In Sicilia the relative uptake to the total of grants is at 6.4% much lower than in Campania (16.3%). Both regions are classified as urban, because most people live in urban areas. The urban structure of Campania is, much more monocentric with the city of Naples, than Sicily's polycentric structure in which most economic activities take place in the metropolitan area of three cities, e.g., Palermo, Catania and Messina (Azevedo, 2015), but there are also less densely populated areas between these cities.

In comparing the regions Campania and Sicilia it must be taken into account that in both regions there are funds that focus on these regions only, but also that there are multi-regional funds that operate in both regions (Table 5-7). The largest OP (in this study) with FI is in the Mezzogiorno, which encompasses both these NUTS 2 regions. The allocation of funding for FIs covering the Mezzogiorno area was usually possible based on detailed data received on spending and final recipients. However not all data is available on this detailed level and the study has allocated these data based on comparative uptake of a joint programme. In comparing the regions the programmes for the regions only provide a better insight in different contexts in practice.

Table 5-7: Key data on specific funds in NUTS 2 regions Campania and Sicilia (both IT)

Type of funds	**SF contributions to final recipients (in €m)**		**loans blocked by guarantees (in €m)**	**final recipients (#)**	**jobs created (#)**	**legacy/SF contributions (%)**
	loans	guarantees				
Campania only						
ESF loan funds	51.07			3589	5170	93.2%
JEREMIE loans	57.00			487		145.9%
JESSICA loans	69.63					
JESSICA mixed	116.53	9.29	83.3	934		
JESSICA guarantees		44.27	1448.1	5270		
Sicilia only						
JEREMIE	25.32			630	1018	162.3%
JESSICA	95.76			21		133.6%
Guarantee fund		31.68	1095.0	10,040		129.1%
Funds addressing Campania, Calabria, Puglia and Sicilia						
loan funds	355.1			1539	575	79.4%
guarantee funds		694.11	6354.2	43,263		91.3%

Source: authors based on Member State data

Table 5-8: Differences between high, medium and low uptake NUTS 2 regions in the C+PO, low QoG, bank based, urban type

Region	**SF contri-butions to final recipients (€ mln)**	**Types of FI**		**Leverage by guarantees** Secured loans / blocked SF for guarantees	**Legacy** Relative to SF contributions to final recipients	**Management cost and fees** Relative to SF contributions to final recipients
		L	G			
Campania	347.8	85%	15%	28.6	38%	8.9%
Sicilia	152.8	79%	21%	34.6	137%	17.7%
National programmes Mezzogiorno	1049.2	34%	66%	9.2	87%	8.4%

L: Loans; G: Guarantees; E/V: Equity or venture capital; O: Other FI.
Source: authors based on Member State data

Comparing the programmes (Table 5-8) shows that management costs and fees of the large multiregional programme and of the high-uptake region Campania are relatively lower than in the medium-uptake region of Sicilia. This fits the pattern in other regions. In Campania, for one of the programmes no legacy is reported which explains the low legacy.

The uptake from the joint programmes for the Mezzogiorno is much higher in Campania (54.6%) than in Sicilia (21.9%) or Puglia (15.4 %) and Calabria (8.1%). This relates to the fact that Campania has many more enterprises which have taken steps to obtain, especially, guarantees for loans. Although Campania has a few more inhabitants than Sicily (5.8 versus 5.0 million) this difference does not explain the large difference. The differences in number of active enterprises between Campania and Sicilia is larger (Campania has about 70% more active enterprises registered than Sicilia, according to the EUROSTAT database), but this does not explain the full 2.5 times more use of these national programmes. Other factors must therefore contribute to these differences. A potential explanation can be that the quality

of government index (Charron, Dijkstra and Lapuente, 2015) in Campania (-2.370) is even lower than in Sicilia (- 1.749) meaning that obtaining financing without guarantees would be much more difficult.

Kentriki Makedona (GR) in the C+PO, low QoG, bank based, intermediate type

In the type of Kentriki Makedonia (Central Macedonia), there are two other regions Puglia (IT) and Kriti (GR), which both also have a high absolute uptake of financial instruments, but where the uptake relative to grants is lower. The managing authority has not provided specific information on the region of Kentriki Makedonia, but it is the biggest region in the area (including Thessaloniki, the secondary city of Greece) addressed by the OP 'Macedonia & Thrace', which also addresses the regions Anatoliki Makedonia, Thraki and Dytiki Makedonia. In the survey on managing authorities, the Greek Ministry of Economy Development and Tourism (General Secretariat for Public Investments – NSRF, General Directorate for Development Planning, Regional Policy and Public Investments) informed the research team (by mail from 13/09/2018) that the data reported in the closure report is the only available data for Greek OPs and that no further data is kept. The level of information on the specific region of Kentriki Makedonia is consequently not sufficient to analyse the uptake of this region as a model region with other regions that have a lower uptake. As the relative uptake in Campania and Sicilia have shown, actual uptake within such a larger programme may differ from uptake based on relative size of the region in number of enterprises or population. Also for the other regions of this type - Kriti and Puglia - most OPs covering more than these regions. For Puglia there is specific information on the regional breakdown of these funds, but this is not the case for Kriti.

Conclusion of Competitiveness and Phasing Out analysis of model regions

The analysis of model regions with high uptake versus other regions in the Competitiveness and Phasing Out eligibility type shows a highly diverging picture. In some of the model regions, high uptake seems to be confirming economies of scale. Hainaut has, for example, lower management costs and fees relative to contributions to final recipients. It has also a higher legacy than low uptake regions and the leverage of guarantees is higher than in other regions. However, this is not the case in all regions. In the high uptake region of Sachsen-Anhalt, management costs and fees are remarkably high. In Campania, management costs and fees fit with the economies of scale idea.

The comparative analysis of Campania versus Sicily shows that the uptake of FIs depends on the uptake by local actors as enterprises and that these can differ between regions *even if they are addressed by the same programme*. These differences are not fully explained by differences in the number of enterprises between the regions. Other factors also play a role.

Regional Competitiveness and Phasing In regions

In the Regional Competitiveness and Phasing In regions, the ERDF and ESF programmes are generally smaller, due to lower SF eligibility. This means that larger programmes more

easily reach the threshold of having a relatively large FI uptake (Table 5-9). It also means that low FI uptake both in absolute and in relative terms is much more common than in C+PO regions. There are many regions with very small FI programmes.

Table 5-9: Uptake of FI in RCE+PI NUTS 2 regions

Type	**NUTS 2 regions (#)**	**High uptake**	**Medium uptake**		**Low uptake**	**No uptake**
			High absolute. Low relative	Low absolute, High relative		
High QoG, market based, urban	24	5	1		11	7
High QoG, bank based, rural	23			1	17	5
Medium QoG, bank based, urban	21	1	3		15	2
Medium QoG, bank based, intermediate	21	3	2		15	1
High QoG, bank based, urban	14	1	1		8	4
High QoG, bank based, intermediate	13		1		7	5
Medium QoG, market based, urban	11	3			8	
High QoG, market based, intermediate	11	1		2	4	4
Medium QoG, bank based, rural	10			1	8	1
High QoG, market based, rural	8				7	1
Low QoG, bank based, rural	5	3	1		1	
Medium QoG, market based, intermediate	5				5	
Low QoG, bank based, urban	3	1	1		1	
Low QoG, former socialist, urban	2		2			
Medium QoG, former socialist, urban	1					1
Total	172	18	12	4	107	31

Source: authors

The following high uptake regions can be distinguished:

- Inner London, South Yorkshire, Merseyside, Greater Manchester and Cheshire (all five UK) in the high QoG, market based, urban type
- Lombardia (IT) in the medium QoG, bank based, urban type
- Friuli-Venezio-Giulia, Veneto (both (IT) and Prov. Liège (BE) in the medium QoG, bank based, intermediate type
- Oberbayern (DE) in the high QoG, bank based, urban type
- Eastern Scotland, Northumberland and Tyne and Wear, and Tees Valley and Durham (all three UK) in the medium QoG, market based, urban type
- East Anglia (UK) in the high QoG, market based, intermediate type
- Sardegna, Molise and Abruzzo (all three IT) in the low QoG, bank based, rural type
- Lazio (IT) in the in the low QoG, bank based, urban type

This overview shows that Italy and the UK in particular have used FI extensively in low SFs eligibility areas. The province Liège (BE) and Oberbayern (DE) are the only two high uptake

regions outside these two Member States. One issue for the UK regions is that the OPs are located at a higher level (NUTS 1) and usually encompass different types of NUTS 2 regions (urban, intermediate or rural). This involves some adaption of regional boundaries to allow for comparison. In the analysis of model regions a selection has therefore been made to choose regions where this was possible without including a mixture of types.

Lombardia as model region in the RCE+PI, medium QoG, bank based, urban type

Lombardia is one of the case studies, so more specific information on the use of financial instruments has been studied there. The comparison of high, medium and low uptake regions shows that higher uptake regions have used loans and guarantees only (Table 5-10). In the other uptake regions equity/venture capital has also been used. In relation to guarantees, the higher uptake regions have a higher leverage relating to loans versus Structural Funds blocked to guarantee these loans. Management costs and fees in the high uptake regions are kept outside the OP. In the other regions of this type they are substantial. The legacy reported in Lombardia is exceptionally high. Comparing the medium and low uptake regions of this type shows that with a comparable mix of financial instruments a much lower legacy is reported in the low-uptake regions.

Table 5-10: Differences between high, medium and low uptake NUTS 2 regions in the RCE+PI, medium QoG, bank based, urban type

Uptake	**SF contri-butions to final recipients (€ mln)**	**Types of FI**				**Leverage by guarantees** Secured loan/blocked SF for guarantees	**Legacy** Relative to SF contributions to final recipients	**Management cost and fees** Relative to SF contributions to final recipients
		L	G	E/V	O			
high	60.60	78%	22%	0%	0%	17.5	208%	0%
medium	177.89	65%	9%	24%	2%	17.1	70%	17 %
low	128.27	53%	15%	22%	3%	13.5	35 %	13 %
total	366.76	63%	13%	19%	2%	15.8	80 %	13 %

L: Loans; G: Guarantees; E/V: Equity or venture capital; O: Other FI.
Source: authors based on Member State data

Model region Prov. Liège (BE) in the RCE+PI, medium QoG, bank based, intermediate type

In the province of Liège SF contributions to final recipients cover 26% of the ERDF + ESF programmes. This is relative so a very high uptake. Most of this (85%) can be attributed to a loan fund that works exclusively in this province, which consists of an old industrial core around Liège in the valley of the Meuse and more intermediate and rural areas of the Ardennes. Almost no management costs and fees are reported for this large loan fund. There are three other specific funds in the province (NUTS 2 region): a loan fund and a mixed loan/guarantee fund working in all Walloon provinces (except Hainaut) and the relatively small cross border cooperation programme, which also addresses regions in France, Germany and Luxembourg and which has invested (in this huge area) €0.44 million in equity venture capital. Liege reports a legacy of 106%.

Table 5-11: Differences between high, medium and low uptake NUTS 2 regions in the RCE+PI, medium QoG, bank based, intermediate type

Uptake	**SF contributions to final recipients (€ mln)**	**Types of FI**				**Leverage by guarantees**	**Legacy**	**Management cost and fees**
		L	G	E/V	O	Secured loan/blocked SF for guarantees	Relative to SF contributions to final recipients	Relative to SF contributions to final recipients
high	147.47	50%	41%	2%	7%	5.3	45%	6%
medium	66.06	66%	26%	7%	0%	23.2	109%	4%
low	97.45	60%	25%	15%	0%	10.7	42%	11%
total	310.98	56%	33%	7%	3%	9.6	57%	7%

L: Loans; G: Guarantees; E/V: Equity or venture capital; O: Other FI.
Source: authors based on Member State data

This regional type includes high uptake regions (Friuli-Venezia-Giulia and Veneto along with Liege), medium uptake regions (Toscana, Emilia Romagna (both IT)) and low uptake regions (Umbria, Valle d'Aosta/Vallée d'Aoste (both IT), Pays de Loire, Alsace, Lorraine, Haute-Normandie (all FR), Illes Balears, Castilla y León, La Rioja, Comunidad Foral de Navarra, Cantabria (all ES), Detmold, Münster (both DE), Kypros (CY) and Prov. Brabant Wallon (BE)).

The high uptake regions show a low use of equity/venture capital, which is most often used in low uptake regions (Table 5-11). The leverage by guarantees in medium uptake regions can be explained by a high figure of loans secured by guarantees in Toscana. There is no specific explanation why this figure is lower in the high uptake regions than in the other regions. The low legacy in the high uptake regions can be explained by the fact that in one high-uptake region, Veneto, no legacy is reported, It is not surprising based on economies of scale and the relative higher use of equity/venture capital that management costs and fees are higher in low uptake regions.

Region Oberbayern (DE) in the RCE+PI, high QoG, bank based, urban type

The use of FI in this type, consisting of 14 regions, is as a whole less than in some single regions in other types. This can partly be attributed to the fact that four regions (in Flanders (BE)) in this type do not use FIs at all. There is one high uptake region (Oberbayern (DE), the region around Munich) and one medium uptake region (Darmstadt (DE), the region which includes Frankfurt am Main). Low uptake regions in this type are Stuttgart, Karlsruhe, Mittelfranken, Bremen, Hannover, Saarland (all DE), Hovedstaden (DK) and Aquitane (FR).

In the German context, most FIs operate within OPs on the NUTS 1 level. Regionalisation of data in the case of Bavaria based on data on microenterprises and SMEs over the NUTS 2 regions. The relative figures for the programmes in relation to leverage, legacy and management costs and fees are not affected by potential differences between proxies used and practice.

Table 5-12: Differences between high, medium and low uptake NUTS 2 regions in the RCE+PI, high QoG, bank based, urban type

Uptake	**SF contributions to final recipients (€ mln)**	**Types of FI** L	G	E/V	O	**Leverage by guarantees** Secured loan/blocked SF for guarantees	**Legacy** Relative to SF contributions to final recipients	**Management cost and fees** Relative to SF contributions to final recipients
high	21.82	50%	12%	38%	0%	1.7	144%	14%
medium	20.07	18%	10%	72%	0%	1.7	86%	15%
low	38.96	21%	32%	47%	0%	2.5	61%	17%
total	80.85	28%	21%	51%	0%	2.3	90%	16%

L: Loans; G: Guarantees; E/V: Equity or venture capital; O: Other FI.
Source: authors based on Member State data

The outcomes show that over all regions the relationship between loans blocked by guarantees and the loans themselves is very low (Table 5-12). This can be attributed to the fact that in the high QoG regions most loans do not need a guarantee and so only very risky loans are left to be guaranteed. Management costs and fees are considerable. In Bavaria (the high uptake region) these high costs relate to the use of guarantees, which is not typical as usually guarantees are a more cheaply managed activity as (in comparison with equity/venture capital) no due diligence is necessary to assess the proposed investment and (in comparison with loans) there is already a lender that has evaluated the proposal, which reduces costs.

Model regions Northumberland and Tyne and Wear and Tees Valley and Durham (UK) in the RCE+PI, medium QoG, market based, urban type

Northumberland and Tyne and Wear and Tees Valley and Durham are two high-uptake NUTS 2 regions that together form a NUTS 1 region, which is analysed as one model region. This is done as the ERDF OP in this region (North East England) operated at this level and by taking these regions together, the analysis is not affected by proxies used. Since both regions are of the same type, this enhances the analysis.

In this region there is one active holding fund with seven underlying specific funds and a separate specific fund. Together these funds have contributed to €64.09 million Structural Funds contributions to final recipients, which is 11.5% of the ERDF + ESF programmes in the region (Table 5-13).

Table 5-13: Key data on specific funds in combined NUTS 2 regions Northumberland and Tyne and Wear and Tees Valley and Durham (UK)

Type of funds	**SF contributions to final recipients** loans	eq/venture capital	**management costs/ fees**	**final recipients**	**jobs created**	**legacy/SF contributions**
Holding fund			36.57			98%
loan fund	2.75		1.62	447	531	
Eq/V fund		58.70	25.58	426	2552	
specific fund mixed fund	0.17	2.47	0	17	58	48%

Source: authors based on Member State data

Most of the funds are used for equity/venture capital investments. This fits with the UK practice in which this is the most commonly used instrument. It is also an instrument that has generally relatively high management costs and fees for a smaller amount of final recipients. This can, for example be seen in that the loan fund with €2.75 million SF contributions to final recipients has more final recipients than the equity-venture capital funds in which €58.70 million is invested in final recipients. There are usually large differences in legacy where equity and venture capital is used. It is a more risky activity than loans and guarantees, which results in more volatile outcomes.

The medium QoG, market based urban type is a UK-only type. Further to the regions analysed above Eastern Scotland is also a high uptake region. The following low uptake regions are also part of this type: Derbyshire and Nottinghamshire; Dorset and Somerset; East Wales; Gloucestershire, Wiltshire and Bristol/Bath area; Leicestershire; Rutland and Northamptonshire; Shropshire and Staffordshire; South Western Scotland; and West Midlands. In other market based Member States, such as the Netherlands, Sweden and Finland (and many other regions in the UK) urban regions are all of high QoG.

Table 5-14: Differences between high and low uptake NUTS 2 regions in the RCE+PI, medium QoG, market based, urban type

Uptake	**SF contri-butions to final recipients (€m)**	**Types of FI** L E/V	**Legacy** Relative to SF contributions to final recipients	**Management cost and fees** Relative to SF contributions to final recipients
high	93.05	14% 86%	66%	72%
low	59.81	38% 62%	80%	25%
total	152.86	23% 77%	71%	54%

L: Loans; G: Guarantees; E/V: Equity or venture capital; O: Other FI.
Source: authors based on Member State data

.An overview of the funds show high management costs and fees in the low uptake regions and extremely high management costs and fees in the high uptake regions (Table 5-14). As these are high uptake regions these do not relate to incidental high management costs and fees in a context in which few contributions have been awarded. Overall management cost and fees are more than half of the SF contributions to final recipients, which set serious questions on the efficiency of this instrument in this context. This may relate to the dominance of equity/venture capital kind of financing which is more critical in relation to the incidence of higher management costs and fees. In comparison, UK, high QoG urban NUTS 2 regions have much lower management costs and fees. In total these costs and fees are €26 million lower, but SF contributions to final recipient by equity/venture capital are only €2 million lower, (loans are €145 million higher). This suggests that efficiency of the instrument of equity venture capital is highly dependent on the quality of government.

Model region East Anglia (UK) in the RCE+PI, high QoG, market based, intermediate type

In East Anglia, the FI is the Low Carbon Innovation Fund, which is set up as a holding fund managed by the University of East Anglia and a specific fund managed by a fund manager (Table 5-15). No management costs and fees are reported. The University of East Anglia corporate plan 2008-2012 stipulates the following strategy "Create an investment fund, using the University's surplus" (University of East Anglia, 2008, p. 9). The treasurer's report of the University shows that "interest on the Low Carbon Investment Fund, [is] used to cover running costs of the fund," (University of East Anglia, 2011, p.5). Not all of the funds to supported enterprises take the form of equity, as some additional financing by loans takes place.

Table 5-15: Key data on Low Carbon Innovation Fund in East Anglia (UK)

Type	**Key data**
SF contributions to final recipients of which loans of which equity/ venture capital	€ 23.92 million € 4.34 million € 19.58 million
Number of final recipients	50 final recipients
Jobs created	343 jobs
Legacy	€ 26.52 million
Legacy relative to SF contributions to final recipients	110.9%

Source: authors based on Member State data

Next to East Anglia the following low-uptake regions use FI: Cumbria, East Yorkshire and Northern Lincolnshire, North Yorkshire (all three UK), Östra Mellansverige, Sydsverige and Västsverige (all three SE). There are also four no-uptake regions in this type: Drenthe, Friesland, Groningen and Zeeland (all NL).

Table 5-16: Differences between high and low uptake NUTS 2 regions in the RCE+PI, high QoG, market based, intermediate type

Uptake	**SF contributions to final recipients (€ mln)**	**Types of FI**		**Legacy** Relative to SF contributions to final recipients	**Management cost and fees** Relative to SF contributions to final recipients
		L	E/V		
high	23.92	18%	82%	111%	-
low	53.95	26%	74%	94%	21%
total	77.87	24%	76%	100%	

L: Loans; G: Guarantees; E/V: Equity or venture capital; O: Other FI.
Source: authors based on Member State data

The comparison of the practices in these regions (Table 5-16) shows a comparable mix of financial instruments used. The emphasis is on equity/venture capital, but this is supported by loans. The legacy is close to 100%. There is a large difference in management costs and fees as in these contexts there is no university that supports these costs. A comparison of Swedish and UK regions shows that in Sweden these management costs and fees have been very high (39%).

Model region Abruzzo in the RCE+PI, low QoG, bank based, rural type

The relative uptake of FI in Sardegna, Molise and Abruzzo (all three IT) is above 30% in all of these regions. Two Greek regions also belong to this type, the medium uptake region of

Sterea Ellada and the low uptake region of Notio Aigaio. Both of these regions have received a considerable amount of ERDF and ESF funding, but have used only a small amount of this in FI. Abruzzo is chosen as a model region, because it uses both ESF and ERDF funding for FIs (Table 5-17). The ESF microcredit fund is managed by Abruzzo Sviluppo S.p.A, which is an in house company of the Region Abruzzo. This is a fund that has used €33.3 million of SF for loans to 2,391 to microenterprises. The ERDF fund is targeting regular SMEs and is using guarantees and equity/venture capital. The use of the equity/venture capital instrument in low QoG areas is exceptional, where guarantees are usually used. Remarkably this has not resulted in high management costs and fees. Especially when compared to market based regions, the figure reported in Abruzzo is moderate.

Table 5-17: Key data of Abruzzo specific funds

Type	**Key data ESF fund**	**Key data ERDF fund**
SF contributions to final recipients	€ 33.3 million	€ 37.62 million
of which loans	€ 33.3 million	
…of which guarantees		€ 18.28 million
of which equity/ venture capital		€ 19.34 million
Management costs and fees	€ 3.12 million	€ 1.94 million
Management costs and fees relative to SF contributions to final recipients	9.3 %	5.2 %
Number of final recipients	2391 final recipients	1104 final recipients
Jobs created	n/a	152 jobs
Legacy	€ 49.62 million	n/a
Legacy relative to SF contributions to final recipients	149.0%	n/a

Source: authors based on member state data

Table 5-18: Differences between high, medium and low uptake NUTS 2 regions in the RCE+PI, low QoG, bank based, rural type

Uptake	**SF contri-butions to final recipients (€ mln)**	**Types of FI**				**Leverage by guarantees**	**Legacy**	**Management cost and fees**
		L	G	E/V	O	Secured loan/blocked SF for guarantees	Relative to SF contributions to final recipients	Relative to SF contributions to final recipients
high	416.99	34%	59%	7%		3.3	39%	7%
low	26.84	73%	23%		5%	1.9	137%	10%
total	443.83	36%	57%	7%	0%	3.3	45%	8%

L: Loans; G: Guarantees; E/V: Equity or venture capital; O: Other FI.
Source: authors based on Member State data

A comparative analysis shows that high uptake regions of this type use guarantees as the most important type of instrument (Table 5-18). The leverage by these guarantees – the size of the loan portfolio relative to the SF blocked to guarantee these loans – is moderate in comparison with other region types. The legacy for high uptake regions is low, which can be attributed to the fact that several funds have not reported any legacy. In management costs and fees, the economies of scale reflect lower costs of larger uptake.

Model region Lazio (IT) in the in the RCE+PI, low QoG, bank based, urban type

The Italian capital region Lazio is a high uptake region in a type that consist of only three regions. Along with Lazio, these are the low uptake region of Liguria and the medium uptake region of Piemonte.

Table 5-19: Key data on specific funds in NUTS 2 region Lazio (IT)

Type of funds	**SF contributions to final recipients (in € mln)**			**loans blocked by guarantees (in € mln)**	**manage-ment costs and fees**	**final recip-ients (#)**	**Legacy / SF contri-butions (%)**
	loans	guarantees	Eq/v				
ESF							
loan fund	16.37					1499	100 %
ERDF							
SME loan funds under HF	27.81					320	267%
Energy loan funds under HF	9.63					106	560%
Guarantee funds		26.6		993.8	1.92	4068	124%
Eq/Venture capital fund			10.22		2.83	33	209%

Source: authors based on Member State data

The high legacy reported for all ERDF FIs is notable (Table 5-19). Also in the guarantee fund it is reported that almost a billion euro of loans have been blocked by only €26.6 million of gurantees, which suggests a very high leverage. High leverage for guarantees fits to the type of the region as low QoG. It is also remarkable that only few management costs and fees are reported.[12]

Table 5-20: Differences between high, medium and low uptake NUTS 2 regions in the RCE+PI, low QoG, bank based, urban type

Uptake	**SF contri-butions to final recipients (€ mln)**	**Types of FI**			**Leverage by guarantees**	**Legacy**	**Management cost and fees**
		L	G	E/V	Secured loan/blocked SF for guarantees	Relative to SF contributions to final recipients	Relative to SF contributions to final recipients
high (Lazio)	90.63	59%	29%	11%	37.4	219%	5%
medium (Piemonte)	28.39	0%	100%	0%	59.2	91%	8%
low (Liguria)	13.07	52%	15%	32%	0.0	0%	27%
total	132.09	46%	43%	11%	46.9	170%	8%

L: Loans; G: Guarantees; E/V: Equity or venture capital; O: Other FI.
Source: authors based on Member State data

In a comparative sense this regional type includes one region each of high, medium and low uptake (Table 5-20). The comparison therefore reflects specific choices made in each of these regions. In Piemonte, for example, a choice has been made to use only guarantees as

[12] This does not mean that few management costs and fees flow into the region of Lazio. As capital region, many Italian fund managers are located in Rome. In total 42 specific and holding funds are managed by fund managers that have their base in Lazio and these fund managers are compensated for their management costs and fees for in total with €101.36 million. This is therefore more than the SF contributions to final recipients (€ 90.63) in this region. The capital region of Lazio so also benefits from FI due to contributions to its service sector.

FI, whereas in Lazio and Liguria a more mixed set of instruments is used. In Liguria not all data is reported relating to legacy and the size of the loan portfolio that is being guaranteed by SF. Low management costs and fees in Lazio relate to the fact than many funds have not reported any management costs and fees. Part of the high management costs and fees in Liguria can be attributed to the fund using equity/venture capital, in which high management costs and fees are common, but the other three funds operating in the region also report high management costs and fees.

Conclusions Regional Competitiveness and Employment and Phasing In model regions

There is a considerable diversity in FI practices in RCE+PI regions. There is a substantial number of low- and even no uptake regions and managing authorities have made different choices on using the much more scarce ERDF (and ESF) funding. In most of the comparative analyses, economies of scale could be found in management costs and fees. A notable exception are the costs for some of the equity/venture capital investments, which have resulted in very high management costs in several regions. However, in other regions these costs were moderate or even not being reported. The comparative analyses of legacy also show that in many region types the high uptake regions showed higher legacy, but exceptions were also found here, showing that there is no automatic relationship between a higher uptake and more legacy.

Guarantees were not found in all region types. It is notable that in the region types where guarantees were used, it appeared that in higher QoG regions, fewer loans can be guaranteed per euro of Structural Funds, than in regions with low QoG.

6 FI implementation in 2014-20

While the focus of this study has been on FI implementation during the 2007-13 period, due to data availability, the 2014-20 period also yields some interesting insights.

New regulatory provisions were introduced for ESIF FIs in 2014-20, seeking to address some of the criticisms and shortcomings of the previous regulatory framework and to encourage greater uptake of FIs among managing authorities.[13] Managing authorities had to indicate in the OPs their intention to use FIs. The actual sums to be allocated to FIs are decided after completion of the ex ante assessment. Analysis of the indicative plans for FIs contained in the OPs suggested some significant shifts from the previous period, with planned spend almost doubling from €11.5 billion (Structural Funds only) in 2007-13 to over €20 billion in 2014-20.[14] Most Member States (19) intended to increase spend on financial instruments; five (Austria, Belgium, Finland, Greece and Italy) planned to reduce FI spend; and four (Cyprus, Denmark, Ireland and Luxembourg) did not plan to use FIs at all.[15] Analysis of these indicative plans had to be treated with caution, however, as plans for using FIs have necessarily been affected by the outcomes of the ex ante assessments, which can increase or decrease financial allocations. OP plans for FIs may also alter if economic conditions or local domestic priorities change.

The most recent managing authority data on the progress of FI implementation provides a more up-to-date picture. The third annual report on the implementation of ESIF FIs was published at the end of 2018.[16] This covers the period to the end of 2017 – three years into the 2014-20 programming period. This data is also published online, incorporating some checks and corrections.[17]

Some €14.2 billion in OP contributions (ESIF amounts only) had been committed to FIs by end 2017. *Figure 6-1* shows that the ERDF still accounts for the bulk of commitments to FIs.

Overall, implementation progress is being made, at least in terms of payments being made to funds (beneficiaries). Of the €14.2 billion ESIF committed to FIs, around one-third (€4.4 billion) had been paid to funds by end 2017.

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[13] Wishlade, F and Michie, R (2016) Financial Instruments in ESI Fund Programmes: a Look to the Future with a View to the Past, EStIF (4) 2014-213.

[14] Wishlade F (2018) Financial Instruments in ESIF: Past, Present and Future Conditional, European Structural & Investment Funds Journal, Issue 2/2018 (Vol. 6).

[15] Luxembourg and Ireland had not used FIs in 2007-13.

[16] European Commission (2018) 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 2017. https://ec.europa.eu/regional_policy/sources/thefunds/fin_inst/pdf/summary_data_fi_1420_2017.pdf

[17] As a result, there are some differences between the online and published data, though both cover the period to end 2017, based on the Annual Implementation Report returns. This article uses the online data available at December 2018: https://cohesiondata.ec.europa.eu/2014-2020/ESIF-2014-2020-Financial-Instruments-Implementatio/dcsc-7x87

In terms of funding reaching final recipients, less than 10 percent of the total (€1.1 billion), or around one-third of the total paid to funds, had reached final recipients by the end of 2017. To compare with the implementation rate of wider ESIF programmes (grants and financial instruments), this rate is slower than for the OPs as a whole. In terms of the total expenditure eligible for reimbursement as reported by beneficiaries to the programmes, the EU average at the end of 2017 was 15 percent, with payment rates in some Member States achieving much higher rates (e.g. OP payment rates in Austria, Ireland and Luxembourg were all at or above 30 percent, and in Finland at 41 percent at the end of 2017).

Figure 6-1: Progress in the implementation of 2014-20 FIs by Fund – ESIF amounts € million

	Committed to FI	**Paid to FI**	**Committed to final recipients**	**Paid to final recipients**
ERDF	13,340.6	4,243.7	1,460.0	1,126.0
ESF	378.5	96.3	9.5	5.1
CF	191.2	59.9	-	-
EAFRD	269.4	45.7	18.2	15.4
Total	14,180	4,445.6	1,487.8	1,146.5

Source: Authors calculations from: https://cohesiondata.ec.europa.eu/2014-2020/ESIF-2014-2020-Financial-Instruments-Implementatio/dcsc-7x87

Note: Amounts 'committed to FIs' refers to amounts committed in funding agreements. Calculations include amounts committed to funds of funds and specific funds (excluding fund of fund specific funds, to avoid double counting). Due to errors and omissions in the data reporting, this means that some ESIF committed to FIs may have been excluded from the final figures.

By the end of 2017, 24 Member States were reporting a total of 459 planned or operational FIs. The degree of progress varies considerably between countries.[18] Figure 6-2 provides an overview of progress with financial instruments in the Member States, showing the amounts anticipated being allocating to FIs based on OPs, and the amounts committed and invested in final recipients by end 2017. This suggests that, on average, around 70% of the sums indicated in the Operational Programmes have been committed in funding agreements. In some countries, the full indicative amounts (or even more)[19] have been committed (e.g. Austria, Belgium, Hungary, Lithuania and Poland, Sweden and Slovakia, while in Slovenia the figures are also very close).

Progress in translating commitments in funding agreements into payments to FIs also varies. Importantly, however, new provisions on phasing of payments apply under the 2014-20 Common Provisions Regulation. The effect of this is that while the first interim payment is generally 25 percent of the total commitment to FIs, the second tranche of 25 percent is only payable when 60 percent of the first tranche has been invested. An exception to the general

[18] Some of the differences may be due to gaps in managing authority reporting and errors, so strict comparisons should be treated with caution.

[19] As these amounts were purely indicative, managing authorities could exceed them once the ex ante assessments had been undertaken.

rule applies to the SME Initiative, under which managing authorities can claim 100 percent of the amount to be paid to the European Investment Fund (EIF).[20] This explains the comparatively high level of payments (as a proportion of commitments to FIs) in Spain, Bulgaria, Finland and Malta.[21]

In terms of amounts reaching final recipients, four Member States had not reported investments by FIs under ERDF and CF in final recipients by the end of 2017 (Greece, Romania, Slovenia, Slovakia). It is worth noting that further progress will have been made in implementation of financial instruments during the course of 2018. It is notable that of the €1,146 million total invested by end 2017, over two-thirds was in Spain, all of it under the SME Initiative.

Figure 6-2: State of play of implementation of FIs by end 2017 (ERDF and CF amounts)

	OP indicative amounts (€m)	**Committed to FI (€m)**	**Paid to FI (€m)**	**Paid to final recipients (€m)**	**Payments to final recipients as % of commitments to FIs**
AT	3.0	3.0	3.0	0.5	0.5
BE	97.3	113.2	31.4	19.6	14.4
BG	635.4	485.2	190.7	39.3	30.4
CZ	541.7	479.1	109.6	11.0	4.6
DE	1,281.5	951.4	368.5	203.7	131.2
EE	153.2	133.0	33.4	9.2	8.8
ES	1,633.3	874.5	816.8	755.9	722.1
FI	29.5	21.5	20.2	20.2	18.8
FR	634.9	227.6	84.2	26.4	12.1
GR	1,117.7	759.8	190.0	-	-
HR	621.8	260.0	89.4	48.5	28.0
HU	2,340.4	2,392.9	229.6	270.7	187.4
IT	2,531.8	1,067.7	440.3	196.2	63.6
LT	552.7	595.7	343.5	318.4	195.5
LV	245.1	143.9	34.3	10.8	9.5
MT	34.0	15.0	15.0	14.8	14.8
NL	85.7	22.3	5.6	3.7	3.3
PL	2,719.0	2,742.1	735.3	23.0	3.7
PT	2,259.7	447.8	94.6	6.6	6.0
RO	509.3	181.3	25.0	-	-
SE	130.8	134.3	47.2	10.0	10.0

[20] Also exempt from the payment phasing provisions are FIs implemented directly by managing authorities.

[21] Six Member States are implementing the SME Initiative, accounting for a total of €1,137 million in the form of guarantees. Of this, most is accounted for by Spain (€800 million) with a further €100 million or so each planned by Bulgaria, Romania and Italy, and smaller amounts in Finland and Malta.

	OP indicative amounts (€m)	Committed to FI (€m)	Paid to FI (€m)	Paid to final recipients (€m)	Payments to final recipients as % of commitments to FIs
SI	254.6	253.0	63.3	-	-
SK	441.7	578.6	146.1	-	-
UK	1,196.2	652.9	153.9	38.6	38.6
Total	20,083.8	13,536,0	4,270.8	2,027.0	1,503.2

Note: OP indicative allocations do not include amounts for the EAFRD.

Source: Summary of data (2018)

At regional level, comparing the 'top 20' OPs[22] in terms of ERDF committed to FIs in 2007-13 (at closure) with the latest data for 2014-20, the following findings emerge:

- Among the top 20 regional ERDF OPs spending the highest amounts on FIs in 2007-13, only six remain among the top 20 highest spenders on FIs in 2014-20 (Sachsen-Anhalt, Wielkopolskie, Pomorskie, Dolnoslaskie, Thüringen and Slaskie). Only two of these OPs have increased their allocations to FIs in 2014-20 (Thüringen and Slaskie) – the remainder have reduced their commitments to FIs in 2014-20.
- Some of the former major users of FIs in 2007-13 among the regional OPs appear to have substantially reduced their commitments to FIs in 2014-20 (e.g. Attica, Campania, Calabria).
- Several regions (previously in the top 20) appear not yet to have reported data on FIs in this programming period (Andalucía, Sardegna).
- OP reform has had an impact on the data – for example in the UK, where the former regional OPs for North West England, London, Yorkshire and Humberside and North East England – all big spenders on FIs in 2007-13 - have been encompassed by a single England OP (which has committed €432 million to FIs).
- In 2014-20, new appearances in the 'top 20' regional OPs with high levels of FI spend include several regions in: Germany (Sachsen (€138 million), Berlin (€122 million), Brandenburg (€90 million), Niedersachsen (€66 million) and Nordrhein-Westfalen (€65 million)); Portugal (Norte (€54 million), Centro (€58 million)); Italy (Lombardia (€102 million), Puglia (€78 million) and Piemonte (€50 million)); as well as Wallonia in Belgium (€106 million), Łódzkie in Poland (€122 million) and Northern Ireland in the UK (€98 million).

Figure 6-3: FIs in selected ERDF ROPs – comparison between 2007-13 and 2014-20 (€m)

	ERDF ROPs - highest commitments to FIs in 2007-13	Sum of out of which SFs (2007-13)	SF commitments to Fis (2014-20)	Comment
1	Attica (GR)	623	40	No longer in 'top 20', greatly reduced commitment to FIs.
2	Campania (IT)	526	11	No longer in 'top 20', greatly reduced

[22] i.e. not national OPs, but may cover more than one NUTS2 region.

				commitment to FIs.
3	Macedonia & Thrace (GR)	416	8	No longer in 'top 20', greatly reduced commitment to FIs. OP coverage may have changed.
4	Andalucía (ES)	339	N/A	No FI data reported yet by this OP.
5	North West England (UK)	334	N/A	English regions now consolidated into one England OP.
6	Sachsen-Anhalt (DE)	296	144	Still in 'top 20' but reduced allocation to FIs.
7	Wielkopolskie (PL)	293	181	Still in 'top 20' but reduced allocation to FIs.
8	Sardegna (IT)	287	1	Appears in open data website but not the published summary of data.
9	Pomorskie (PL)	218	142	Still in 'top 20' but reduced allocation to FIs.
10	Puglia (IT)	198	78	No longer in 'top 20', reduced commitment to FIs.
11	Dolnoslaskie (PL)	196	138	Still in 'top 20' but reduced allocation to FIs.
12	Zachodniopomorskie (PL)	168	76	No longer in 'top 20', reduced commitment to FIs.
13	Lazio (IT)	159	64	No longer in 'top 20', reduced commitment to FIs.
14	London (UK)	157	N/A	English regions now consolidated into one England OP.
15	Yorkshire and Humberside (UK)	149	N/A	English regions now consolidated into one England OP.
16	North East England (UK)	134	N/A	English regions now consolidated into one England OP.
17	Thüringen (DE)	128	165	Still in 'top 20', increased allocation to FIs.
18	Calabria	127	21	No longer in 'top 20', greatly reduced commitment to FIs
19	Slaskie	126	172	Still in 'top 20', increased allocation to FIs.

Source: Summary of data (2018).

7 Availability of core and OP-specific indicators for Financial Instruments (2007-13)

The main report discusses the availability of data to assess the impact of financial instruments implemented in 2007-13. This section expands on this and discusses how managing authorities have used core and OP-specific indicators to report on FIs implemented under their OPs in 2007-13.

Beyond the voluntary data collected by managing authorities on **jobs created (core indicator CO01)**, financial instruments could in theory make a contribution to a range of **core OP indicators**, including:

- CO04 Number of RTD projects
- CO06 Research jobs created (FTE)
- CO08 Number of start-ups supported (Enterprises)
- CO24 Additional capacity of renewable energy production (MW)
- CO29 Area rehabilitated (km2)
- CO35 Number of jobs created in tourism (FTE)

Relatively few managing authorities collected additional core indicator data for financial instruments in 2007-13. There were some exceptions. In the Czech Republic, for example, the contribution of projects supported by FIs to core indicators for the OP Enterprises and Innovation was regularly monitored. In Slovakia, the number of projects promoting trade, business and new technologies (CO40) was monitored for FIs under the OP Competitiveness and Economic Growth, and CO04 Number of RTD projects was monitored for venture capital instruments under the OP R&D.

FIs could also contribute to **OP-specific indicators** defined by the programmes. The most common specific indicators collected by managing authorities for JEREMIE-type FIs included:

- number of projects
- number of start-ups supported
- number of enterprises supported.

Some managing authorities went further in the collection of specific indicators. In Wales (UK), for example, a **range of OP-specific indicators** were monitored for the JEREMIE FI (Table 7-1).

Table 7-1: JEREMIE Wales 2007-13 - contribution to OP indicators

Indicator	**Achieved**
Collaborative R&D (no of projects)	25
Enterprises financially supported	599
Investment induced	£179,831,216
New or improved products processes or services launched	31
Products processes or services registered	27

Source: MA survey

As might be expected, the indicators for which data was collected varied depending on the type of FI. In Lithuania, for example, different indicators were collected for the ERDF-funded FIs for enterprise support (the JEREMIE Holding Fund, the Guarantee Fund, INVEGA Fund), the ESF-funded Entrepreneurship Promotions Fund and the ERDF-funded JESSICA Holding Fund (see Table 7-2).

Table 7-2: FI-related indicators collected in Lithuania 2007-13

Financial Instrument Name	Product indicators	Results indicators
JEREMIE HF	No. of SMEs supported	private investment induced
Entrepreneurship Promotions Fund (ESF)	Persons participating in training	persons who have successfully completed training
	No. of SMEs supported	new jobs created
INVEGA Fund	No. of SMEs supported	private investment induced
Guarantee Fund	No. of SMEs supported	private investment induced
JESSICA HF	No. of renovated state high-school dormitories No. of renovated vocational training dormitories No. of renovated multi-apartment houses	Increase of energy efficiency of renovated state high-school dormitories and vocational training dormitories Increase of energy efficiency of renovated multi-apartment houses.

Source: MA survey

However, collection of even these indicators was not straightforward. In Finland, for example, the indicators collected for FIs (number of new enterprises and jobs created) were difficult to measure and verify because of the nature of FIs implemented in Finland in 2007-13. The first FIs, which were launched by FINNVERA Plc in 2007, were loans and guarantees for SMEs. As the actual ERDF contribution to the loans and guarantees was only a small part of the total funding received by the SME, it was clear that the whole number of jobs created by the loans and guarantees could not be taken into account when presenting the ERDF indicator results. The managing authority therefore created a coefficient to make the results more realistic compared the volume of ERDF support. Number of enterprises created was considered in this case to be a more reliable indicator, as all the new enterprises could be tracked and connected to specific support. In Spain, alongside job creation, number of enterprises and self-employed people supported, as well as private investment induced, were monitored for some financial instruments but the data was not collected comprehensively.

Collection of additional specific indicators was more frequent (although still rare) for JESSICA-type interventions. For example 11 different indicators were monitored for the JESSICA Initiative in Pomorskie (PL) (Table 7-3), while seven indicators were collected for the JESSICA FIs under the West Netherlands OP (Table 7-4). It is worth noting that job creation is a much less useful indicator for JESSICA-type interventions, due to the nature of the projects supported (which are urban development projects, as opposed to offering enterprise support).

Table 7-3: Indicators for JESSICA Pomorskie (2007-13)

Indicator name	**Target value**	**Achieved value**
Number of signed investment agreements, divided into micro, small and medium enterprises and other entities	6	44 (including 1 Investment Agreement within second investment round of JESSICA funds)
Number of built /reconstructed /expanded public facilities including sports, congress centres, cultural exhibitions, fairs facilities, etc. (supplementary)	4	28
Number of projects within infrastructure for business	N/A	4
Number of investments within thermomodernisation	N/A	86
Number of constructed/reconstructed transport infrastructure system facilities	N/A	1
Value of funds involved in Urban Projects, excluding JESSICA funding (€m)	N/A	73.6
Number of jobs directly created by the Final Recipient as a result of Urban Project Completion	N/A	143
Number of people using public facilities	706 870	1,786,288
Number of potential jobs created as a result of Urban Project completion	N/A	368
Number of companies benefiting from the infrastructure for business	N/A	48
Amount of Energy saved as a result of thermomodernisation projects (KWh)	N/A	4,107,896

Source: MA survey

Table 7-4: West Netherlands OP indicators collected for JESSICA FIs 2007-13

Indicators	**Forecast**	**Achieved**
Hectares of business sites modernised	1	2
Number of SMEs supported	11	16
Number of supported start-ups and small businesses under 5 years old	99	93
Partnerships between companies and knowledge, research and educational institutions	2	1
Private follow-on investment (€)	17,573,604	27,691,257
Projects focused on entrepreneurship, urban and neighbourhood economy	1	1
R&D projects supported	2	2

Source: MA survey

Similarly, the London Green Fund (a JESSICA-type FI) collected data against a range of specific indicators. However, the latest publically-available data is from the 2014 AIR (see Table 7-5), and by the end of 2014, there were as yet no results to report.

Table 7-5: London Green Fund indicators (2014)

Result Indicators	Target	Contracted	% Contracted	Achieved	% Achieved
Reduction in CO2 (tonnes)	74,667	74,667	100%	0	0
Waste diverted from Landfill (tonnes)	245,000	245,000	100%	0	0
Energy Savings (kWh)	20	20	100%	0	0

Source: Annual Implementation Report 2014

The London ERDF OP AIR for 2014 noted that **once all the projects are completed** they should achieve annual CO2 savings of 233,805 tonnes; divert 330,980 tonnes of waste from landfill and result in annual energy savings of 34,700,000 kWh. The AIR also noted that the programme might be able to report against the indicator 'additional capacity for renewable and co-generated energy production' in the Final Implementation Report, as JESSICA/London Green Fund started to report. This is despite this indicator not being a JESSICA/Green Fund target. Nevertheless, some of the projects that received Green Fund investment are expected to achieve renewable and co-generated energy production.

In the Czech Republic, several indicators were monitored (against baselines) for the JESSICA FI Integrated OP / State Fund for Housing of the Czech Republic (see Table 7-6).

Table 7-6: Czech Republic JESSICA indicators (2007-13)

Indicator	Achieved
Apartments renovated	6,086
Average energy savings	40.96% 192.49 MWh 692.95 GJ
Total energy savings	21,173.45 MWh/year 76,24.42 GJ/year

Source: Managing Authority for the Czech Republic Integrated Operational Programme 2007-13

Similarly, in Slovakia, the JESSICA FI was monitored against the following indicators (with baselines indicated):

- reduction of energy intensity of buildings which use supported device (in kWh/(m².year) and %)
- insulated surface (m^2)
- annual energy savings achieved through the implementation of the projects (GJ/year).

8 Financial instruments in Cohesion policy: proposals for 2021-27

Looking to post 2020, the European Commission's *Reflection paper on the future of EU Finances*[23] envisaged an **enhanced role for financial instruments** in all five of its possible scenarios. However, the Commission also shared concerns[24] at the fragmentation of the FI landscape and the complexities arising from the diverse governance arrangements.[25]

The range of issues under consideration culminated in two main (interrelated) sets of proposals for financial instruments in EU policy post 2020:

- changes to **Cohesion policy financial instruments** in the Common Provisions Regulation
- the establishment of **InvestEU**.

Together these proposals imply significant changes for the objectives, governance and implementation of financial instruments in EU policy, affecting both Cohesion policy per se and its relationship with the wider approach to FIs within the EU.

This section discusses the implications of the proposals and identifies some issues and questions that arise.

8.1 Background and context

Alongside the increase in the use of financial instruments under Cohesion policy (the shared management approach), the portfolio of EU level financial instruments has expanded in parallel to address a range of policy objectives, many of which overlap with Cohesion policy. However, EU level FIs typically have simpler implementation arrangements than those under shared management, sometimes leading to the cannibalisation of Cohesion policy FIs. At the same time, the so-called Juncker Plan established in the wake of the financial and economic crisis introduced similar mechanisms deployed through the EIB Group. The **European Fund for Strategic Investment** (EFSI), launched under the Juncker Plan, is demand-driven, which has led to concerns at the concentration of interventions in the more prosperous Member States and the implications of this for Cohesion policy objectives. Formally, EFSI is not a financial instrument within the meaning of the Financial Regulation and has a distinct regulatory basis.[26]

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[23] European Commission (2017) Reflection paper on the future of EU finances: https://ec.europa.eu/commission/sites/beta-political/files/reflection-paper-eu-finances_en.pdf

[24] Wishlade, Michie, Robertson and Vernon (2017) Improving the take-up and effectiveness of financial instruments, Final report to DG Regio, European Commission, http://ec.europa.eu/regional_policy/sources/docgener/studies/pdf/improve_effective_fei_en.pdf

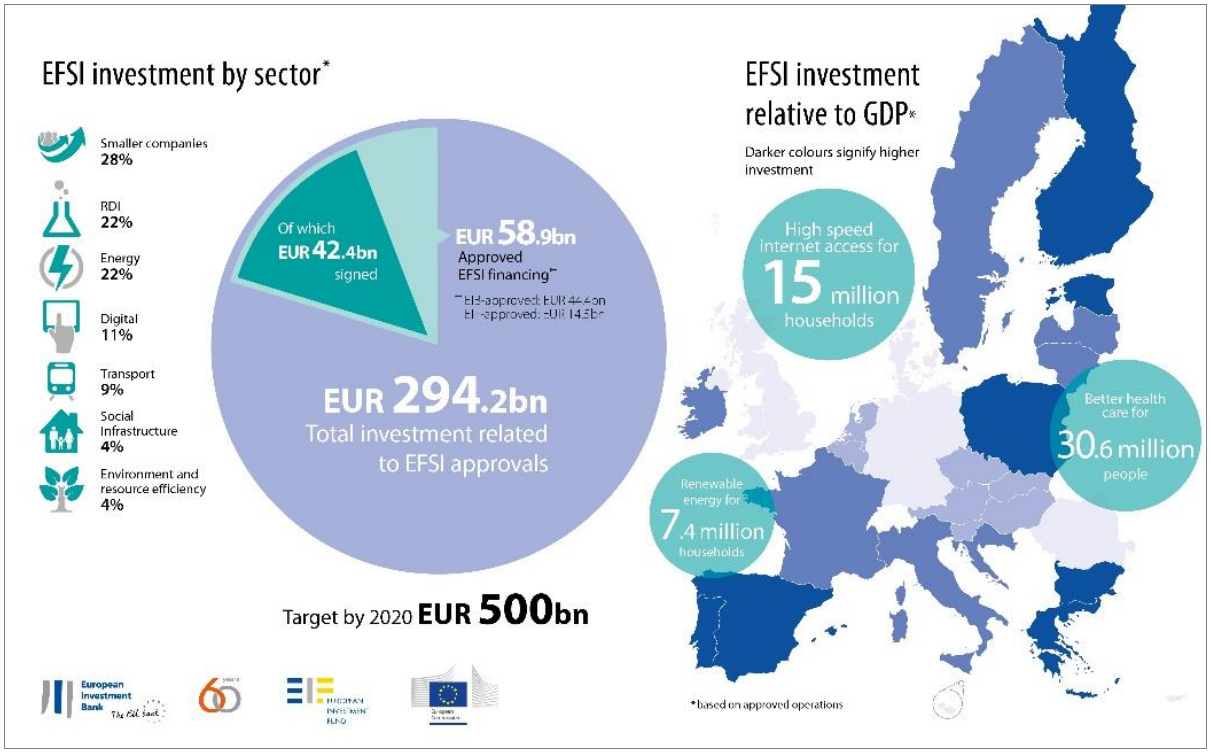
[25] European Commission (2018) A new, modern Multiannual Financial Framework for a European Union that delivers efficiently on its priorities post-2020, COM(2018)98 final: https://ec.europa.eu/commission/sites/beta-political/files/communication-new-modern-multiannual-financial-framework_en.pdf

[26] Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European

EFSI operates through two 'windows', which clearly overlap with those of Cohesion policy and the EU level FIs. These are:

- The infrastructure and innovation window, managed through the EIB
- The SME support window implemented through the EIF and involving financial intermediaries within Member States.

Figure 8-1: Sectoral and geographical distribution of EFSI



Source: European Investment Bank, unaudited figures as at 12 June 2018.

However, while Cohesion policy funds can contribute to some EU level FIs, they cannot be directly transferred to EFSI. Importantly, the underlying rationale between Cohesion policy and EFSI also differs – clearly, the principal focus of Cohesion policy is on the Less Developed Regions, while EFSI has no geographical mandate. In principle, the aim of EFSI is to enable the EIB Group to undertake higher risk investments and mobilise private capital and as such it is demand and market-led. As a result, EFSI investments are concentrated in the more prosperous Member States. This distribution has been criticised,[27] leading to the EIB preferred presentation of investment as a proportion of GDP (as in Figure 8-1). It is clear that EFSI has an intensely political dimension to it, and that its perceived success is intrinsically linked to the Commission's wider ambitions. Among other things, this has led to the introduction of EFSI 2.0, drawing criticism from the European Court of Auditors which questioned the justification for extending the measure.

Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 — the European Fund for Strategic Investments

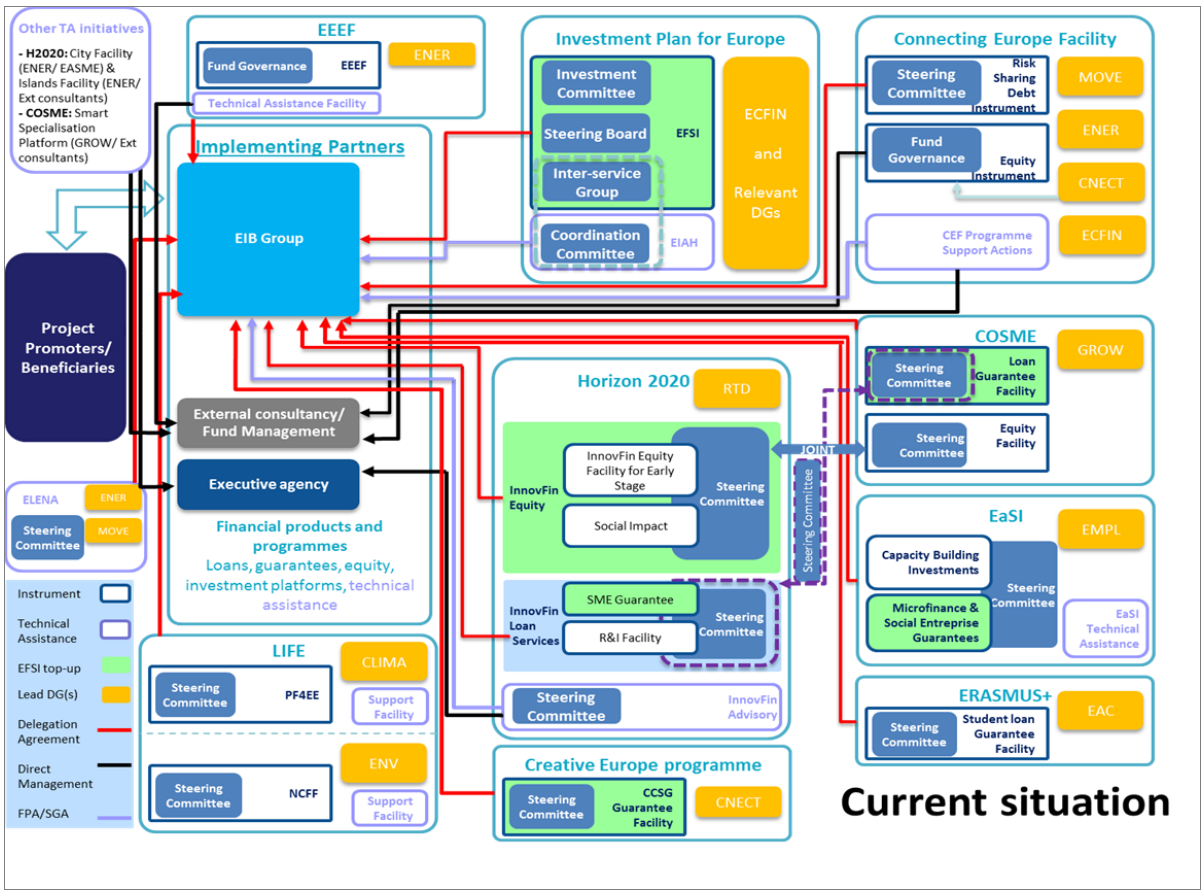
[27] EIB (2016) Evaluation of the functioning of the European Fund for Strategic Investments http://www.eib.org/infocentre/publications/all/evaluation-of-the-functioning-of-the-efsi.htm

In looking at FIs across these policy areas – ESIF, EU level FIs and EFSI - the Commission has acknowledged the need to address duplication across policies and instruments, observing that: [28]

> "the current landscape of EU market-based instruments is fragmented, with almost 40 financial instruments and three budgetary guarantees managed centrally…. [I]n the area of SMEs alone there are seven financial instruments managed centrally and several hundred in shared management."

It its proposals, it also illustrated the extraordinary complexity of the current situation (see Figure 8-2).

Figure 8-2: Current governance arrangements for EFSI and centrally managed FIs



Source: Impact assessment accompanying the proposal for a Regulation establishing the InvestEU Programme, SWD(2018) 314 final.

Coordination issues are not limited to the number of instruments and overlaps in policy objectives. There are also important issues of **regulatory alignment** between FIs in shared management, on the one hand, and EFSI and EU level instruments on the other. An important issue here is that the latter are outside the scope of the State aid rules since they

[28] European Commission (2018) A new, modern Multiannual Financial Framework for a European Union that delivers efficiently on its priorities post-2020, COM(2018)98 final: https://ec.europa.eu/commission/sites/beta-political/files/communication-new-modern-multiannual-financial-framework_en.pdf

do not involve State resources, and nor are they subject to Member State discretion. By contrast, Managing Authorities have to ensure the State aid compliance of Cohesion policy FIs because the very involvement of domestic institutions brings ESIF FIs within the ambit of the State aid definition; in practice, they may not involve State aid, but this cannot be assumed. Similarly, domestic resources that fund investment on the same terms as, say Horizon 2020, may entail State aid while the latter does not. There are also more onerous reporting and other requirements imposed on Cohesion policy FIs, with the result that ESIF FIs are more complex to administer and involvement in their implementation is less attractive to financial intermediaries.

8.2 Reform proposals for Financial instruments in the MFF 2014-20 package

There are two main elements to the proposals for financial instrument reform in the MFF package:

- a new **Common Provisions Regulation** comprising changes to ESIF financial instruments;
- and a (completely) new **Regulation establishing InvestEU**.

These proposals contrast sharply in nature and scale, but are linked, most notably through the scope for ESI Funds to contribute to InvestEU. The ESI Fund changes are comparatively low key. By contrast, the InvestEU proposals involve substantial change: they overhaul and replace both EU level FIs and EFSI with the InvestEU Fund. This is essentially a budgetary guarantee aligned to high level policy objectives, with scope for Member States to contribute funds to back domestic investments.

8.2.1 Financial instruments under Cohesion policy

Cohesion policy financial instruments remain an important element of policy, according to the Commission. The proposed Common Provisions Regulation[29] notes that:

> "Financial instruments will be a key delivery mechanism for 2021-27 investment generating revenue or cost savings; the provisions for their use have been streamlined and updated to ensure better and easier implementation as well as quicker set up".

Overall, the proposed changes do tend in the direction of simplification and continuity. However, while in the current CPR the provisions for FIs are essentially in a single Title of the Regulation, in the proposals elements of rules appear more dispersed, though there is also a dedicated section. The implications of this are not immediately easy to assimilate.

[29] Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, and the European Maritime and Fisheries Fund and financial rules for those and for the Asylum and Migration Fund, the Internal Security Fund and the Border Management and Visa Instrument, COM(2018) 375: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2018%3A375%3AFIN

A stated aim of the proposals is to better *integrate the use of FIs into programming and implementation from the outset:*

- Specifically regarding InvestEU, the Partnership Agreement should specify the amount to be contributed to InvestEU by Fund and by category of region – this is capped at five percent of the total allocation of each fund – ie, the ERDF, the Cohesion Fund, ESF+ and the EMFF, the EAFRD having been excluded from the new CPR proposals. These amounts are to be used for 'provisioning' the InvestEU guarantee under the Member State compartment within each policy window.
- For FIs more generally, as now, the planned use of financial instruments is to be indicated in the Operational Programme.

In several areas, the proposed regulations are decidedly 'light touch' and there is no apparent implication that the basic provisions are to be followed by implementing rules adopted under delegated acts. More specifically:

- An *ex ante assessment* is still required, but the requirements are much less onerous – previously, the precise content was specified under lengthy provisions, although the Commission did not actually require sight of the full document. Under the proposed new CPR, the ex ante assessment can be based on an existing or updated ex ante assessment and it need include only the following:
    - The proposed amount of programme contributions and the expected leverage
    - The proposed financial products and whether differentiated treatment of investors might be needed
    - The proposed target group of final recipients
    - The expected contribution of the financial instrument to the achievement of specific objectives.
- The proposed CPR eschews any detail regarding the *selection of bodies to implement FIs* – simply stating that they shall be selected by the Managing Authority, unless, as before, the Managing Authority opts to implement loans or guarantees directly. Clearly Managing Authorities are implicitly required to comply with public procurement and other relevant legislation, but the detailed references to entrustment or investment in legal entities in the current CPR – which were the source of considerable angst and confusion to many MAs – are absent from the new proposal, as are the specific criteria added under the later delegated Regulation.[30]
- The main *implementation options* are retained (though there is no mentioned of off-the-shelf instruments); in addition, the option to contribute to FIs set up at the EU level and managed directly or indirectly by the Commission, or to contribute to the SME Initiative are, in effect, subsumed into the facility to contribute to InvestEU.
- *Combining FIs and other forms of finance*, notably grants, appears more straightforward under the proposals since ancillary support can be included in a single funding agreement, with both forms of support provided by the body implementing the FI; previously this covered only grants for the technical preparation of the prospective investment by the final recipient.

[30] No 480/2014 of 3 March 2014, OJ L 138/5.

- Rules on some of the more technical aspects of implementation also appear less prescriptive. For example, in the case of *management costs and fees*, a performance element is retained, but no detailed criteria are specified for its measurement and the overall scheme is considerably simplified.[31] Management costs and fees are capped at 5 percent of the amounts invested in final recipients, unless the intermediary has been appointed on a competitive basis, in which case this may be exceeded. Similarly, the complex arrangement for phasing of payments provided for in the current CPR is simplified and there are clearer indications on the requirements for handling reflows.
- Last, there is no annual reporting specifically on financial instruments as now; instead this is included in the general reporting requirements.

8.2.2 InvestEU Programme

As part of the MFF package the Commission proposed a **Regulation establishing the InvestEU programme.**[32] While the changes to Cohesion policy FIs are rather low-key, superficially at least, the proposals for InvestEU involve a significant restructuring of existing initiatives.

The InvestEU Programme comprises three elements:

- The **InvestEU Fund**, a budgetary guarantee mechanism for which the budget allocated is €14,200 million
- The **InvestEU Advisory Hub**, providing project-related technical assistance
- The **InvestEU Portal**, providing a platform, including a database, for project promoters to seek investments

In practice, however, all three involve a repackaging and consolidation of initiatives and structures that are already in place. In particular, the InvestEU Fund replaces both the myriad of EU instruments such as COSME, PF4EE, EaSI, InnovFin etc. and EFSI. In addition, the advisory hub and portal already exist in difference forms – with 13 different advisory services to be rationalised into the new hub.

The proposed MFF allocates some €14,725 million[33] to InvestEU, of which €525 million for 'accompanying measures' and the remainder for the budgetary guarantee. The overall provisioning amounts to €15,200 million, taking account of revenues and repayments from existing financial instruments amounting to €1,000 million. The proposed provisioning rate is 40 percent, enabling guarantees of up to €38,000 million. The budget falls within Heading I of the proposed MFF for 2021-27 – Single Market, Innovation and Digital, though InvestEU is organised according to its own four thematic policy 'windows' which are arguably not fully aligned with the overall budget head.

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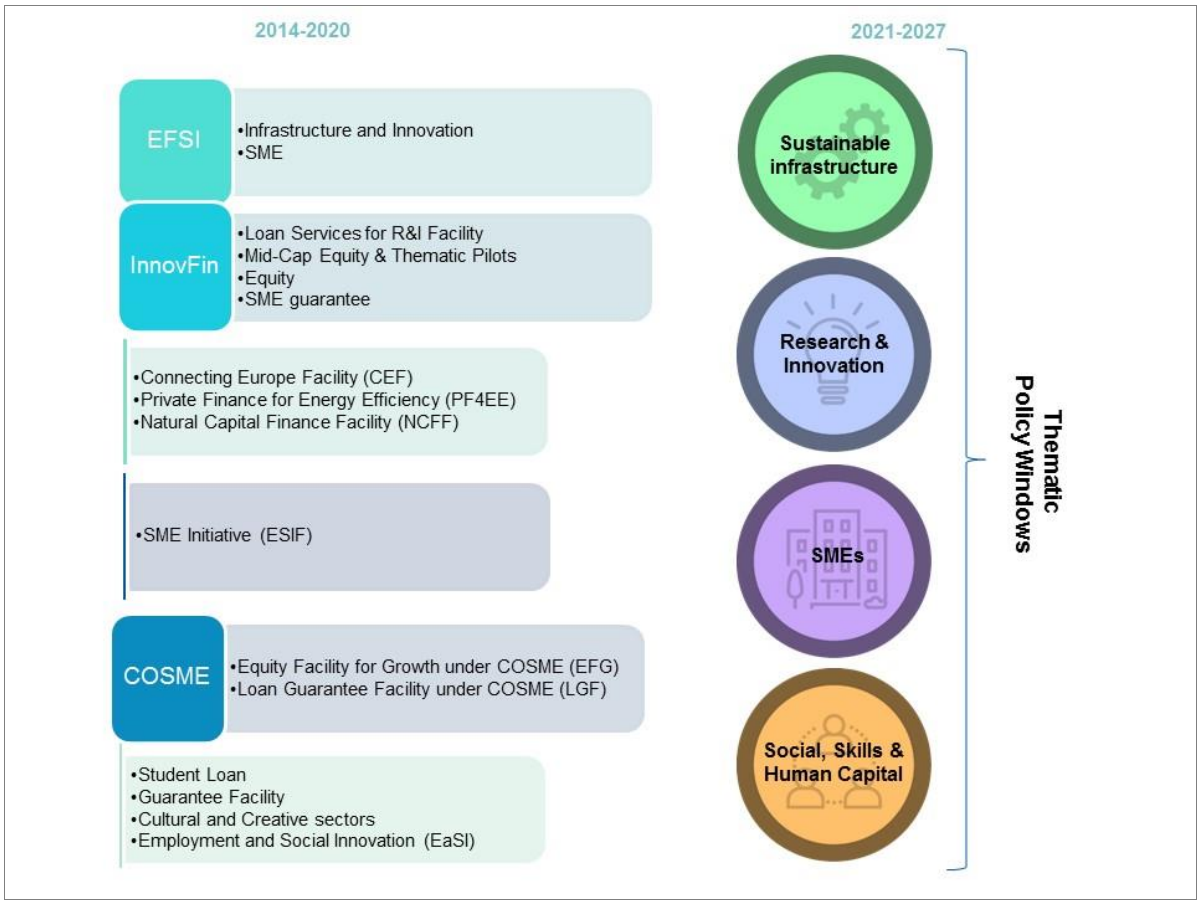
[31] These were also specified in Delegated Regulation 480/2014.

[32] Com(2018)439 final: https://ec.europa.eu/commission/sites/beta-political/files/budget-may2018-investeu-regulation_en.pdf

[33] The Commission generally cites planned spending in current prices covering the whole period; this sum is equivalent to €13,065 million in 2018 prices.

Figure 8-3: 2014-202 EU instruments mapped to InvestEU post 2020



Source: *Impact assessment accompanying the proposal for a Regulation establishing the InvestEU Programme, SWD(2018) 314 final.*

The indicative distribution between the windows is as follows:

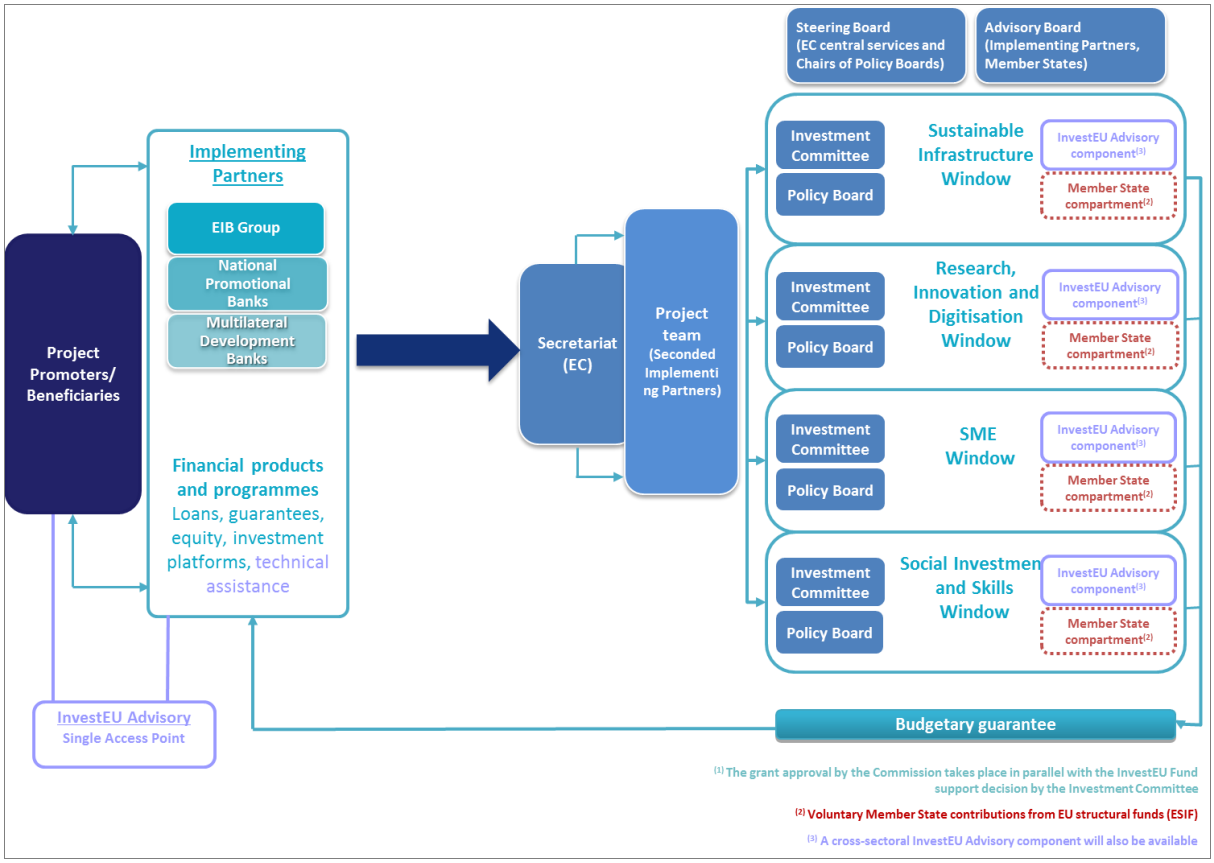
- Sustainable infrastructure: €11,500 million
- Research and innovation: €11,250 million
- SMEs: €11,250 million
- Social, skills and human capital: €4000 million.

The proposed operationalising of InvestEU envisages a key role for the EIB, but other partners including the EBRD, the World Bank and national or regional promotional banks will also be able to access the InvestEU guarantee. An elaborate structure of boards, committees and project teams, involving experts and representatives nominated by Member States is envisaged as part of the overall structure and for each for the policy windows (see Figure 8-4).

Eligible forms of finance are wide-ranging, with risk coverage potentially available for loans, guarantees, counter guarantees, subordinated debt, equity and quasi-equity provided directly or indirectly through financial intermediaries, funds, investment platforms, etc. In addition, funding and guarantees can be used by an implementing partner (such as a national promotional bank) to enable another financial institution to offer such financial products.

Each policy window comprises an EU compartment and a Member State compartment. The EU compartment should address EU-wide market failures or sub-optimal investment situations 'in a proportionate manner' and supported actions should have a 'clear European value-added'.

Figure 8-4: InvestEU proposed governance structure



Source: *Impact assessment accompanying the proposal for a Regulation establishing the InvestEU Programme, SWD(2018) 314 final.*

The Member State compartment enables countries to allocate up to 5 percent of their ERDF, ESF+, EMFF or Cohesion Fund allocations for spend under InvestEU.[34] Any such contributions would be in addition to the €38 billion EU guarantee amount.

Member State Cohesion policy allocations to InvestEU would be the subject of a 'contribution agreement' with the Commission. This specifies the provisioning rate, the amount of the guarantee and so on, and in turn would be implemented through guarantee agreements concluded with implementing partners – ie financial institutions or intermediaries proposed by the Member State.

Once the transfer to the InvestEU Fund takes place, the implementation of the Member State compartment would be subject to the rules of the InvestEU Fund. Here, a further piece of the legislative 'jigsaw' becomes important. Alongside the InvestEU proposals the Commission

[34] The EAFRD is no longer included in the CPR under the 2021-27 proposals, but the CAP+ proposals for post-2020 give an indicative ceiling of 5 percent for EAFRD contributions to InvestEU – see COM(2018)392.

has also proposed to extend the State aid enabling Regulation[35] to allow it to adopt an amendment to the General Block Exemption Regulation.[36] This amendment would (among other things)[37] include as a block-exempted category Member State financing channelled through or supported by EU financial instruments or budgetary guarantees supported by the Commission.

8.3 Assessment and stakeholder feedback

The proposals for **ESIF financial instruments** in the CPR have generated little reaction from domestic stakeholders. Indeed, they have been broadly welcomed by Managing Authorities, likely reflecting the emphasis on simplification and continuity, as well as the absence of prescription on issues like the *ex ante* assessment.

By contrast, the **European Court of Auditors** has issued a note of caution at some of the omissions resulting from simplification, in particular: [38]

- It suggests that the CPR should explicitly retain the requirements for the selection of financial intermediaries to be through an open, transparent and non-discriminatory procedure and provide clarification on the requirements to be fulfilled
- It questions the light touch approach to the ex ante assessment and the absence of a requirement for a market gap analysis such as evidence of market failure or 'suboptimal investment situations'. It argues that Fis could involve larger budgets than are needed and risk crowding out private investors.
- It argues that the requirement only to report on Fis at the level of the Operational Programme will undermine monitoring (because Fis may be scattered across more than one OP) and the scope to assess performance, including the level of management costs and fees; as such, the 2014-20 system should be retained and its timeliness improved.
- It proposes that the CPR should keep the possibility to extend audits to the level of the final recipient, even if this is generally not necessary as part of an FI audit; more generally, it should specify that the ECA should have access to all information it considers necessary for the conduct of audit, including from the EIB and other international financial institutions
- It reiterates that the definition of leverage proposed in the CPR should be brought into line with its recommendations.39 (

The **European Parliament**, as co-legislator in the process adopted its position on the CPR in March 2019 (having reported on it January).[40] Financial instruments were not a focus of the EP position on the CPR, although it does signal a lack of enthusiasm for Fis, proposing that:

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[35] Council Regulation (EC) No 1588/2015 of 13 July 2015 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to certain categories of horizontal State aid, OJ L 248/1.

[36] Commission Regulation (EU) N°651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 187/1.

[37] The proposal also extends the exemption of support for European Territorial Cooperation.

[38] Court of Auditors Opinion No 6/2018 concerning the proposals for a Common Provisions Regulation, OJEU C17/1; 14.1.2019.

[39] Article 22(2) CPR defines this as financing provided to final recipient, divided by contribution from the funds, with the result that national cofinancing is considered leverage.

[40] European Parliament (2019) Report on the proposal for a common provisions regulation: http://www.europarl.europa.eu/doceo/document/A-8-2019-0043_EN.pdf

"Member States shall use contributions from the Funds to provide support to beneficiaries in the form of grants, limited use of financial instruments" (emphasis is EP proposed amendment to Article 47).

The use of financial instrument under ESIF was not a key focus of the **Committee of the Regions** Opinion[41] on the CPR either, though it welcomed the 'streamlining' of the approach to Fis. More generally, negotiations on the CPR are underway, but have stalled on issues such as the partnership agreement.

Turning to **InvestEU**, the European Parliament,[42] the Committee of the Regions[43] and some domestic stakeholders[44] have expressed concern at the relationship between ESIF funds and the new InvestEU programme, and at the spatial targeting of InvestEU itself. The amendments proposed by the EP broaden the general objectives of InvestEU, linking them to employment creation, sustainable development goals and Cohesion objectives. Interinstitutional negotiations culminated in a 'provisional partial agreement' in March 2019.[45] Among other things, this increases the emphasis on **geographical diversification**, adding a NUTS 2 breakdown of investments to the 'key performance indicators' and notes that:

"Support under the fund should cover a wide range of sectors and regions, while avoiding excessive sectoral or regional concentration"

"…to ensure a fair geographical balance of projects. The InvestEU Programme should be implemented in such a way as to promote a level playing field for smaller and younger promotional banks or institutions"

"With a view to promoting improved geographic diversification, investment platforms may be established, combining the efforts and expertise of implementing partners with other national promotional banks with limited experience in the use of financial instruments"

The agreement also provides explicitly for regional ring-fencing of any contributions from funds under shared management, discussion of which was absent from the proposed CPR and InvestEU regulatory proposals.

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[41] European Committee of the Regions, Opinion on the Common Provisions Regulation, 132nd plenary session, 5-6 December 2018, COTER-VI/045.

[42] European Parliament (2018) Report on the proposal for a regulation establishing the InvestEU programme: http://www.europarl.europa.eu/doceo/document/A-8-2018-0482_EN.pdf

[43] European Committee of the Regions, Opinion on the InvestEU Programme, 132nd plenary session, 5-6 December 2018, COTER-VI/039.

[44] Bachtler J, Mendez C and Wishlade F (2018) Reforming the MFF and Cohesion Policy 2021-27: pragmatic drift or paradigmatic shift?, EoRPA Paper 18/5, European Policies Research Centre, University of Strathclyde, Glasgow.

[45] Council of the European Union (2019) Proposal for a Regulation of the European Parliament and of the Council establishing the InvestEU Programme: Progress Report; Confirmation of the Common Understanding: https://data.consilium.europa.eu/doc/document/ST-7939-2019-INIT/en/pdf

The provisional partial agreement does not address budget-related issues - the EP had proposed to increase the budget for two of the windows (SMEs and Social, skills and human capital), taking the total to €40.8 billion. The budget discussions are part of the wider negotiations of the 2021-27 Multiannual Financial Framework.

The **InvestEU proposals aim to address a number of the criticisms** of the patchwork of EU level instruments. In particular, the new approach explicitly seeks to eliminate the duplication that characterised the seemingly *ad hoc* emergence of instruments in the past. At the same time, EFSI has been brought within the scope of the same rules, further rationalising governance arrangements, but it may be that new measures might, in practice, proliferate within the 'windows'. In addition, it is not wholly clear that the new structure eliminates the risk of overlap between the operation of the EU compartment in a given Member State, and the Member State compartment – in much the same way as COSME, SMEI and elements of Cohesion policy and domestic policy FIs overlap at present.

It will be interesting to see what **spatial patterns emerge from the implementation of InvestEU**. EFSI was criticised for its orientation toward the more prosperous Member States, resulting from its demand-led, market oriented approach. Under InvestEU, the Commission considers that the geographical spread will be improved through the involvement of a wider range of partners – including national and regional promotional banks. The amendments agreed reinforce this view. Moreover, in the EU compartment, the guarantee would only be available to products covering at least three Member States, which will typically require cooperation among promotional banks to enable them to be eligible as partners. That said this does not in itself determine the location of final recipients. Also related to spatial incidence, it is not yet clear how any regional ring-fencing of ESIF contributions to InvestEU would work since the decision to contribute ESI Funds to InvestEU is made as part of the Partnership Agreement.

Regarding the State aid treatment of financial instruments, the Commission intends that contributions to the Member State compartment of InvestEU would fall within the scope of an amended GBER. However, financial instruments implemented independently of InvestEU (whether through ESIF or domestically) would *not* benefit from this alignment *even if all other conditions were the same.* It remains to be seen whether the prospect of automatic State aid compliance makes the Member State compartment sufficiently attractive to draw in ESIF contributions and **whether InvestEU and ESIF FIs will compete**, as the Committee of the Regions fears.

Annexes

Annex I: Regional typologies

Annex II: Key datasets for EU-wide quantitative analysis, regionalisation, added value of FIs and impacts associated with grants and FIs

Annex III: MA survey

Annex I: Regional typology

Convergence and Phasing Out regional types

C+PO, medium QoG, former socialist, rural

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
SK03	Stredné Slovensko	69.86	3.55%	1966.30
SK02	Západné Slovensko	110.25	5.88%	1876.61
SI01	Vzhodna Slovenija	73.72	4.75%	1553.52
PL62	Warminsko-Mazurskie	49.37	2.15%	2295.58
PL52	Opolskie	25.40	2.29%	1107.58
PL41	Wielkopolskie	157.63	5.25%	3001.21
PL34	Podlaskie	45.48	2.69%	1693.92
PL33	Swietokrzyskie	34.83	1.86%	1868.87
PL32	Podkarpackie	34.05	1.09%	3122.50
PL31	Lubelskie	46.37	1.64%	2826.69
HU33	Dél-Alföld	97.41	4.03%	2414.36
HU32	Észak-Alföld	97.90	3.54%	2765.76
HU31	Észak-Magyarország	102.91	4.54%	2265.68
HU23	Dél-Dunántúl	100.71	5.72%	1761.00
HU22	Nyugat-Dunántúl	97.24	6.05%	1606.88
HU21	Közép-Dunántúl	98.73	5.69%	1734.63
EE00	Eesti	117.46	5.49%	2139.14
CZ07	Střední Morava	16.95	0.84%	2012.06
CZ05	Severovýchod	25.33	1.28%	1983.73
CZ03	Jihozápad	20.98	1.23%	1703.87
Total		1422.58	3.41%	41699.89

C+PO, low QoG, former socialist, rural

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
SK04	Východné Slovensko	92.43	4.60%	2011.39
RO42	Vest	19.00	1.50%	1265.17
RO41	Sud-Vest Oltenia	12.39	1.14%	1087.93
RO31	Sud - Muntenia	19.67	1.42%	1385.59
RO22	Sud-Est	21.32	1.38%	1545.50
RO21	Nord-Est	20.23	1.42%	1428.75
RO12	Centru	26.42	1.69%	1559.60
RO11	Nord-Vest	26.76	2.26%	1184.10
HR04	Kontinentalna Hrvatska			346.09
HR03	Jadranska Hrvatska			124.20
BG42	Yuzhen tsentralen	57.95	7.13%	812.26
BG32	Severen tsentralen	21.78	3.88%	560.51
BG31	Severozapaden	17.34	3.53%	490.86
Total		335.29	2.43%	13801.96

C+PO, low QoG, bank based, rural

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
ITF6	Calabria	194.25	6.95%	2796.22
ITF5	Basilicata	17.41	3.64%	477.92
GR41	Voreio Aigaio	29.41	5.79%	508.04
GR25	Peloponnisos	49.38	3.86%	1280.59
GR23	Dytiki Ellada	52.64	3.20%	1647.08
GR22	Ionia Nisia	28.08	4.55%	616.97
GR21	Ipeiros	40.44	7.36%	549.29
GR14	Thessalia	84.47	4.79%	1761.64
GR13	Dytiki Makedonia	36.59	8.90%	411.28
GR11	Anatoliki Makedonia, Thraki	89.18	2.65%	3370.20
Total		621.85	4.63%	13419.22

C+PO, medium QoG, bank based, urban

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
MT00	Malta	9.14	1.88%	486.51
FR94	La Réunion	15.40	1.05%	1471.90
FR92	Martinique	10.54	1.84%	573.65
ES64	Ciudad Autónoma de Melilla (ES)	0.02	0.01%	215.76
ES63	Ciudad Autónoma de Ceuta (ES)	0.39	0.12%	316.16
ES61	Andalucía	226.24	2.38%	9502.28
DED3	Leipzig	25.34	2.27%	1116.28
DED2	Dresden	38.41	2.13%	1806.18
BE32	Prov. Hainaut	98.14	13.68%	717.36
Total		423.62	2.61%	16206.07

C+PO, medium QoG, bank based, intermediate

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
PT20	Região Autónoma dos Açores (PT)	2.510	0.17%	1499.386
PT11	Norte	163.425	2.38%	6866.719
FR91	Guadeloupe	0.000	0.00%	609.963
ES62	Región de Murcia	22.981	2.29%	1005.268
ES12	Principado de Asturias	39.532	4.69%	842.131
ES11	Galicia	61.111	1.86%	3278.834
DEE0	Sachsen-Anhalt	295.638	10.50%	2816.799
DED1	Chemnitz	40.967	2.50%	1640.109
DE42	Brandenburg - Südwest	39.675	3.62%	1096.385
Total		665.84	3.39%	19655.59

C+PO, medium QoG, former socialist, intermediate

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
PL63	Pomorskie	121.12	5.19%	2335.40
PL61	Kujawsko-Pomorskie	50.50	2.33%	2163.48
PL43	Lubuskie	12.39	1.02%	1215.46
PL42	Zachodniopomorskie	74.42	3.86%	1928.88
PL11	Lódzkie	41.39	1.57%	2628.11
LT00	Lietuva	397.23	9.35%	4246.74
CZ08	Moravskoslezsko	38.56	1.59%	2432.98
CZ06	Jihovýchod	22.33	0.80%	2776.28
BG33	Severoiztochen	33.13	6.17%	536.95
Total		791.08	3.90%	20264.27

C+PO, medium QoG, bank based, rural

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
PT16	Centro (PT)	115.40	2.76%	4179.83
PT15	Algarve	14.27	1.68%	847.11
FR93	Guyane	1.74	0.45%	386.39
ES43	Extremadura	50.19	2.27%	2208.30
ES42	Castilla-la Mancha	53.71	2.63%	2045.92
DEG0	Thüringen	135.24	5.47%	2473.30
DE41	Brandenburg Nordost	36.93	2.64%	1397.82
Total		407.48	3.01%	13538.67

C+PO, medium QoG, former socialist, urban

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
SI02	Zahodna Slovenija	72.45	7.23%	1001.48
PL21	Malopolskie	44.42	1.37%	3236.21
PL12	Mazowieckie	90.05	1.54%	5840.03
CZ02	Strední Cechy	9.43	0.53%	1783.51
Total		216.36	1.82%	11861.22

C+PO, low QoG, former socialist, intermediate

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
LV00	Latvija	141.98	5.00%	2841.14
CZ04	Severozápad	5.48	0.27%	2012.41
BG41	Yugozapaden	132.15	12.02%	1099.56
BG34	Yugoiztochen	40.99	6.88%	596.24
Total		320.60	4.90%	6549.35

C+PO, low QoG, bank based, urban

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
ITG1	Sicilia	382.89	6.39%	5994.52
ITF3	Campania	920.47	16.29%	5649.80
GR30	Attiki	351.24	11.06%	3176.12
Total		1654.60	11.16%	14820.44

C+PO, high QoG, bank based, rural

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
PT18	Alentejo	38.58	1.39%	2777.63
DE80	Mecklenburg-Vorpommern	43.54	2.20%	1981.46
AT11	Burgenland (AT)	6.89	4.09%	168.31
Total		89.01	1.81%	4927.39

C+PO, low QoG, bank based, intermediate

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
ITF4	Puglia	350.36	7.57%	4627.13
GR43	Kriti	73.37	7.12%	1030.92
GR12	Kentriki Makedonia	150.48	19.93%	754.88
Total		574.20	8.95%	6412.93

C+PO, low QoG, former socialist, urban

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
RO32	Bucuresti - Ilfov	64.68	3.85%	1681.89
PL51	Dolnoslaskie	89.43	2.81%	3179.19
PL22	Slaskie	94.80	2.30%	4115.38
Total		248.92	2.77%	8976.46

C+PO, medium QoG, market based, intermediate

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
UKL1	West Wales and The Valleys	52.47	2.54%	2063.23
UKK3	Cornwall and Isles of Scilly	4.04	0.85%	473.84
Total		56.51	2.23%	2537.07

C+PO, high QoG, bank based, intermediate

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
DE93	Lüneburg	18.15	1.95%	931.47

C+PO, medium QoG, market based, rural

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
UKM6	Highlands and Islands	2.43	1.08%	225.24

Regional Competitiveness and Employment and Phasing In Regional Types

RCE+PI, high QoG, market based, urban

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
UKJ4	Kent	0.00	0.00%	80.33
UKJ3	Hampshire and Isle of Wight	0.00	0.00%	65.07
UKJ2	Surrey, East and West Sussex	1.52	1.81%	83.85
UKJ1	Berkshire, Buckinghamshire and Oxfordshire	0.00	0.00%	86.54
UKI2	Outer London	20.21	8.27%	244.17
UKI1	Inner London	56.40	18.07%	312.07
UKH3	Essex	0.00	0.00%	94.43
UKH2	Bedfordshire and Hertfordshire	0.00	0.00%	90.90
UKE4	West Yorkshire	14.58	8.85%	164.81
UKE3	South Yorkshire	56.85	13.14%	432.52
UKD5	Merseyside	67.74	12.02%	563.33
UKD4	Lancashire	11.57	8.99%	128.79
UKD3	Greater Manchester	39.48	22.38%	176.45
UKD2	Cheshire	28.27	34.89%	81.01
SE11	Stockholm	6.75	5.00%	134.90
NL42	Limburg (NL)	0.00	0.00%	138.83
NL41	Noord-Brabant	0.00	0.00%	161.74
NL33	Zuid-Holland	9.15	3.60%	254.51
NL32	Noord-Holland	0.34	0.19%	178.56
NL31	Utrecht	1.27	1.29%	98.31
NL23	Flevoland	2.67	2.97%	89.98
NL22	Gelderland	3.56	2.08%	171.17
NL21	Overijssel	4.60	4.01%	114.80
FI18	Etelä-Suomi	2.02	0.68%	298.66
Total		326.97	7.70%	4245.74

RCE+PI, high QoG, bank based, rural

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
ITD1	Provincia Autonoma di Bolzano/Bozen	0.00	0.00%	53.80
IE01	Border, Midland and Western	0.00	0.00%	356.92
FR72	Auvergne	15.59	4.71%	331.27
FR53	Poitou-Charentes	4.75	1.38%	344.09
FR52	Bretagne	9.93	2.17%	456.73
FR25	Basse-Normandie	10.49	3.45%	304.18
FR24	Centre (FR)	11.42	3.32%	343.77
DK05	Nordjylland	4.65	4.60%	101.06
DK04	Midtjylland	7.91	9.04%	87.55
DK03	Syddanmark	9.48	9.69%	97.79
DK02	Sjælland	11.15	15.35%	72.64
DEB2	Trier	0.39	0.48%	81.89
DE73	Kassel	6.15	2.74%	224.49
DE27	Schwaben	8.32	7.38%	112.66
DE26	Unterfranken	6.05	4.66%	129.92
DE24	Oberfranken	5.07	2.34%	216.38
DE23	Oberpfalz	4.99	2.24%	223.23
DE22	Niederbayern	5.57	3.03%	183.72
DE14	Tübingen	1.45	1.20%	120.44
AT32	Salzburg	0.00	0.00%	43.18
AT31	Oberösterreich	1.74	1.22%	142.72
AT22	Steiermark	0.00	0.00%	168.91
AT21	Kärnten	0.00	0.00%	103.23
Total		125.10	2.91%	4300.59

RCE+PI, medium QoG, bank based, urban

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
PT30	Região Autónoma da Madeira (PT)	4.54	1.07%	423.10
PT17	Área Metropolitana de Lisboa	18.34	2.18%	840.84
ITC4	Lombardia	60.60	12.71%	476.84
FR82	Provence-Alpes-Côte d'Azur	1.95	0.32%	607.64
FR71	Rhône-Alpes	2.85	0.40%	714.21
FR30	Nord - Pas-de-Calais	14.74	1.45%	1017.27
FR10	Île de France	3.26	0.47%	689.80
ES70	Canarias (ES)	9.96	0.71%	1398.87
ES52	Comunidad Valenciana	37.51	1.65%	2276.74
ES51	Cataluña	34.73	2.77%	1251.78
ES30	Comunidad de Madrid	4.91	0.55%	889.82
ES24	Aragón	0.77	0.24%	323.03
ES21	País Vasco	1.32	0.28%	473.52
DEA5	Arnsberg	12.71	2.12%	599.34
DEA2	Köln	15.60	2.63%	593.12
DEA1	Düsseldorf	18.57	3.39%	547.24
DE60	Hamburg	7.28	3.90%	186.62
DE30	Berlin	105.64	7.94%	1330.92
BE10	Région de Bruxelles-Capitale / Brussels Hoofdstedelijk Gewest	2.82	3.47%	81.31
AT34	Vorarlberg	0.00	0.00%	56.41
AT13	Wien	0.00	0.00%	161.60
Total		358.10	2.40%	14940.00

RCE+PI, medium QoG, bank based, intermediate

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
ITE2	Umbria	15.43	6.54%	235.84
ITE1	Toscana	36.08	5.82%	620.35
ITD5	Emilia-Romagna	29.98	6.89%	435.36
ITD4	Friuli-Venezia Giulia	21.90	11.92%	183.76
ITD3	Veneto	81.62	15.44%	528.55
ITC2	Valle d'Aosta/Vallée d'Aoste	1.91	3.89%	49.12
IE02	Southern and Eastern	0.00	0.00%	356.27
FR51	Pays de la Loire	0.60	0.13%	474.14
FR42	Alsace	6.08	2.96%	205.75
FR41	Lorraine	14.40	2.74%	525.11
FR23	Haute-Normandie	1.34	0.36%	374.58
ES53	Illes Balears	0.13	0.06%	210.31
ES41	Castilla y León	19.66	1.44%	1362.34
ES23	La Rioja	0.09	0.08%	116.67
ES22	Comunidad Foral de Navarra	1.48	1.03%	142.98
ES13	Cantabria	0.30	0.15%	198.12
DEA4	Detmold	7.95	2.96%	268.75
DEA3	Münster	9.01	2.74%	328.87
CY00	Kypros	15.58	4.11%	379.27
BE33	Prov. Liège	43.78	26.02%	168.21
BE31	Prov. Brabant Wallon	3.46	3.25%	106.50
Total		310.79	4.27%	7270.87

RCE+PI, high QoG, bank based, urban

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
FR61	Aquitaine	10.51	1.90%	553.60
DK01	Hovedstaden	3.15	2.52%	125.05
DEC0	Saarland	0.70	0.22%	315.96
DE92	Hannover	10.84	3.19%	340.27
DE71	Darmstadt	20.01	8.91%	224.51
DE50	Bremen	0.43	0.18%	246.10
DE25	Mittelfranken	8.05	5.61%	143.64
DE21	Oberbayern	21.82	13.66%	159.77
DE12	Karlsruhe	2.14	1.33%	161.03
DE11	Stuttgart	3.08	1.53%	201.16
BE25	Prov. West-Vlaanderen	0.00	0.00%	107.07
BE24	Prov. Vlaams-Brabant	0.00	0.00%	79.95
BE23	Prov. Oost-Vlaanderen	0.00	0.00%	105.90
BE21	Prov. Antwerpen	0.00	0.00%	158.53
Total		80.74	2.76%	2922.55

RCE+PI, high QoG, bank based, intermediate

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
LU00	Luxembourg	0.00	0.00%	47.96
ITD2	Provincia Autonoma di Trento	0.00	0.00%	73.41
FR62	Midi-Pyrénées	5.80	0.99%	585.74
DEF0	Schleswig-Holstein	26.15	4.93%	530.18
DEB3	Rheinhessen-Pfalz	15.20	6.98%	217.86
DEB1	Koblenz	1.12	0.71%	156.52
DE94	Weser-Ems	13.34	3.93%	339.70
DE91	Braunschweig	7.44	2.30%	323.87
DE72	Gießen	4.95	3.20%	154.57
DE13	Freiburg	1.85	1.50%	122.85
BE22	Prov. Limburg (BE)	0.00	0.00%	132.56
AT33	Tirol	0.00	0.00%	65.51
AT12	Niederösterreich	0.00	0.00%	201.80
Total		75.83	2.57%	2952.53

RCE+PI, medium QoG, market based, urban

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
UKM3	South Western Scotland	15.39	4.33%	355.62
UKM2	Eastern Scotland	28.96	10.59%	273.46
UKL2	East Wales	16.61	9.20%	180.47
UKK2	Dorset and Somerset	0.98	1.80%	54.63
UKK1	Gloucestershire, Wiltshire and Bristol/Bath area	2.29	2.05%	111.86
UKG3	West Midlands	18.91	5.11%	369.86
UKG2	Shropshire and Staffordshire	6.88	4.83%	142.25
UKF2	Leicestershire, Rutland and Northamptonshire	0.73	0.47%	155.73
UKF1	Derbyshire and Nottinghamshire	0.76	0.33%	232.38
UKC2	Northumberland and Tyne and Wear	35.25	11.19%	315.09
UKC1	Tees Valley and Durham	28.84	12.11%	238.24
Total		155.61	6.40%	2429.60

RCE+PI, high QoG, market based, intermediate

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
UKH1	East Anglia	23.92	23.75%	100.71
UKE2	North Yorkshire	12.15	12.22%	99.43
UKE1	East Yorkshire and Northern Lincolnshire	15.39	11.05%	139.25
UKD1	Cumbria	4.45	6.24%	71.35
SE23	Västsverige	6.12	3.79%	161.42
SE22	Sydsverige	7.68	4.61%	166.58
SE12	Östra Mellansverige	8.16	4.67%	174.78
NL34	Zeeland	0.00	0.00%	47.41
NL13	Drenthe	0.00	0.00%	100.60
NL12	Friesland (NL)	0.00	0.00%	89.46
NL11	Groningen	0.00	0.00%	131.63
Total		77.86	6.07%	1282.62

RCE+PI, medium QoG, bank based, rural

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
ITE3	Marche	7.69	3.59%	213.95
FR83	Corse	17.30	6.18%	279.86
FR81	Languedoc-Roussillon	13.38	2.65%	504.85
FR63	Limousin	7.30	3.41%	214.41
FR43	Franche-Comté	1.72	0.65%	263.45
FR26	Bourgogne	4.64	1.40%	331.95
FR22	Picardie	0.00	0.00%	390.78
FR21	Champagne-Ardenne	3.78	1.21%	313.19
BE35	Prov. Namur	18.95	15.50%	122.22
BE34	Prov. Luxembourg (BE)	4.52	4.48%	100.89
Total		79.28	2.90%	2735.54

RCE+PI, high QoG, market based, rural

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
SE33	Övre Norrland	7.87	2.63%	298.89
SE32	Mellersta Norrland	13.73	6.12%	224.20
SE31	Norra Mellansverige	6.77	2.56%	263.96
SE21	Småland med öarna	4.2	3.50%	120.05
FI20	Åland	0	0.00%	5.94
FI1A	Pohjois-Suomi	9.22	2.00%	460.19
FI19	Länsi-Suomi	5.47	1.85%	295.82
FI13	Itä-Suomi	10.83	2.38%	455.56
Total		29.72	2.22%	1337.56

RCE+PI, low QoG, bank based, rural

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
ITG2	Sardegna	310.07	33.21%	933.73
ITF2	Molise	36.00	33.15%	108.60
ITF1	Abruzzo	70.92	30.48%	232.68
GR42	Notio Aigaio	8.94	1.82%	491.77
GR24	Sterea Ellada	20.62	2.62%	788.63
Total		446.56	17.48%	2555.40

RCE+PI, medium QoG, market based, intermediate

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
UKN0	Northern Ireland (UK)	5.49	1.03%	533.81
UKM5	North Eastern Scotland	7.04	2.44%	289.06
UKK4	Devon	0.82	0.97%	84.49
UKG1	Herefordshire, Worcestershire and Warwickshire	8.60	5.93%	144.91
UKF3	Lincolnshire	0.10	0.08%	119.11
Total		22.04	1.88%	1171.38

RCE+PI, low QoG, bank based, urban

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
ITE4	Lazio	90.63	12.85%	705.47
ITC3	Liguria	13.07	4.36%	299.78
ITC1	Piemonte	28.39	3.63%	781.30
Total		132.09	7.39%	1786.56

RCE+PI, low QoG, former socialist, urban

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
SK01	Bratislavský kraj	24.03	2.35%	1021.64
HU10	Közép-Magyarország	111.39	4.20%	2651.17
Total		135.42	3.69%	3672.81

RCE+PI, medium QoG, former socialist, urban

NUTS	Region name	SF contributions to final recipients (€m)	SF contributions relative to grants	ERDF+ESF programmes (€m)
CZ01	Praha	0	0	1329.19

Non EU ESPON regions

NEE, high QoG, bank based, rural	
NUTS	Region name
NO07	Nord-Norge
NO05	Vestlandet
NO02	Hedmark og Oppland
LI00	Liechtenstein
IS00	Iceland

NEE, high QoG, market based, intermediate	
NUTS	Region name
CH07	Ticino
CH06	Zentralschweiz
CH05	Ostschweiz
CH02	Espace Mittelland
CH01	Région lémanique

NEE, high QoG, bank based, intermediate	
NUTS	Region name
NO06	Trøndelag
NO04	Agder og Rogaland
NO03	Sør-Østlandet

NEE, high QoG, market based, urban	
NUTS	Region name
CH04	Zürich
CH03	Nordwestschweiz

NEE, high QoG, bank based, urban	
NUTS	Region name
NO01	Oslo og Akershus

Sources for this Annex:

SF Contributions: authors based on membership data including the Closure report of the European Commission (2017)

ERDF and ESF: European Commission (2018) Historic EU payments - regionalised and modelled, https://cohesiondata.ec.europa.eu/Other/Historic-EU-payments-regionalised-and-modelled/tc55-7ysv

Eligibility: Official Journal of the European Union, 6.9.2006, L243; 28.3.2007, L87

Financial system: Moritz, Block and Heinz, 2015; Masiak, Moritz and Lang, 2017; Demirguc-Kunt and Levine, 1999

Quality of Government: Charron, Dijkstra and Lapuente, 2015; Teorell et al, 2017

Urban/Rural classification: Authors based on De Beer et al., 2014; EUROSTAT, EUROSTAT, 2013, ESPON, 2014; Dijkstra and Poelman, 2008

Annex II: Key datasets for EU-wide quantitative analysis, regionalisation, added value of FIs and impacts associated with grants and FIs

Source	Summary	Key elements	Spatial scale	Timescale	Missing elements / drawbacks
Summary of data on the progress made in financing and implementing financial engineering instruments: http://ec.europa.eu/regional_policy/sources/thefunds/fin_inst/pdf/closure_data_fei_2017.pdf	CORE FI DATA MA reporting on the Implementation of FI 2007-13. Situation as at 31 March 2017 (at closure). Covers 77 holding funds and 981 specific loan, guarantee, equity or other funds.	Where data is complete, quite detailed data on number and types of financial product; amount paid to funds and holding funds; amount invested in final recipients by financial product; management costs and fees.	Driven by the area of intervention of the financial product and the OP; see also Annex II. Where financial product operates at the level of the OP and the OP corresponds to NUTS 2, the data is, in effect regionalized at this level. However, there are many exceptions.	Cumulative data to closure of 2007-13 programme	Financial instruments are linked to OP, but not to OP priorities. - The same FI may contribute to more than one OP. - Patchy data with a lot of 'blanks'. Unclear when zero really means zero or 'no information'.
Summary of data on the progress made in financing and implementing financial engineering instruments - *variables not published by DG Regio.* This has been requested from the COM on the basis of the template provided to MAs see  Data request to COM _ 20161205 Reportin	ESSENTIAL COMPLEMENTARY FI DATA Reporting on FIs at closure. Data is provided by MAs to COM. Covers 77 holding funds and 981 specific loan, guarantee, equity or other funds.	Withdrawal of OP resources from the FI Interest generated, and whether or not reinvested Value of legacy resources Final recipients by type (LE, SME, individuals, urban projects, etc.) Number of jobs created Total amount of contributions from outside ESIF mobilized at level of final recipient	As for the published information above. This data would need to be regionalized on the same basis as the published data	As for the published information above.	Same as for the published information above. For nearly 50 % of all specific funds, data is missing in the final recipient columns or jobs created (blank cell) Data for Hungary missing.
WP0 – Data collection and quality assessment. Database 1 on selected core indicator and database 2 all core indicators and programme specific indicators. Also, table on the availability of expenditure data at NUTS3 by priority theme. http://ec.europa.eu/regional_policy/EN/policy/evaluations/ec/2007-2013/#1	INDICATORS BY OP AND PRIORITIES WITHIN OPS Aim of WP0 included gathering and quality assessing physical data reported by MAs from 2007-2013 in AIRs (in particular 21 core indicators and specific indicators).	Core and specific indicators by OP and priority axis. Gives target and achievement for indicators.	Programme geography	Target and achievements for 2012 and 2013 (*so not at closure*).	No expenditure data associated with the indicators.
WP13 – Geography of expenditures http://ec.europa.eu/regional_policy/EN/policy/evaluations/ec/2007-2013/#13	EXPENDITURE BY OP, 86 THEMATIC PRIORITIES AND NUTS 3 (*BUT NOT FORM OF FINANCE)* Regional breakdown of the ERDF and CF invested	Allocations and expenditures for 300 OPs by 86 priority themes and by NUTS	NUTS 2 and NUTS 3	Allocations and expenditures given for 2013 and 2014 (so not at closure).	Not by form of finance (grant or FI) Not at closure ERDF and cohesion fund only. No ESF.

Source	Summary	Key elements	Spatial scale	Timescale	Missing elements / drawbacks
	through 300+ Programmes. The aim was to document resource allocation at NUTS level where data was available at MA and to provide estimates, based on an elaborated methodology, where the data was not available.				
20180319 SFC07_06(c)_projectselection_AIR_rawdata. EC/DG Regio. Data provided via email from Commision contact John Walsh.	EXPENDITURE BY OP, TYPE OF SUPPORT, TYPE OF TERRITORY, PRIORITY This dataset provides the raw cumulative data on planned expenditure as reported in the programme annual Implementation reports and Final implementation report.	Expenditure data by OP and by five dimensions: 1. Priority themes (86), 2. Form of finance, 3. Economic activity, 4. Territory, 5. Location. Interesting because enables form of finance to be cross-tabbed with type of territory to get expenditure	Programme geography and NUTS (Location dimension)	Covers to end 2014, so not to closure.	Very patchy dataset with big discrepancies to the FI implementation data. Especially for the National programmes Mixed levels of NUTS with many overlapping records makes regional mapping below MS difficult. Note also that definitions of territory are different from those proposed in this study.
Historic EU payments - regionalised and modelled. Sources: DG Regio - WIIW study (2016) and Bergen study (2017). https://cohesiondata.ec.europa.eu/Other/Historic-EU-payments-regionalised-and-modelled/tc55-7ysv	This dataset provides, in a single source, regionalised (NUTS 2) annual EU expenditure data (in current prices) for specific EU funds - ERDF, CF, EAFRD/EAGGF and ESF. No thematic classifications are provided but it includes ESF and therefore provides a complement to WP13 data.	NUTS 2 data covering cohesion policy total	NUTS 2	Yearly and by programming period for all periods except the current one.	No thematic information

Annex III: Overview of managing authority responses to the data survey

The table provides an overview of managing authority responses received to the data survey, listed by Member State and OP, as at 31 May 2019. Entries in the columns indicate the following:

1. Governance/scope of the OP (codes as below):

National OPs	
C_N0	National OPs at NUTS 0 level
C_N2	National OPs where NUTS 0 and NUTS 2 are coterminous
C_MN2	National OPs covering only some NUTS 2 regions
Regional OPs	
R_N1	Regional OPs at NUTS 1 level
R_N2	Regional OPs at NUTS 2 level
R_MN2	Regional OPs based on groups of NUTS 2 regions

2. Member State
3. Name of the Operational Programme
4. Structural fund amount invested as FI (€m)
5. Has a response been received from the MA? (Y/N/ or N/A = not applicable)
6. Has the PMC validated email addresses? (Y/N/ or N/A = not applicable)
7. Have SFC variables been checked and validated by the MA? (Y/N/ or N/A = not applicable) Have corrections been made?
8. Is information provided on FI contribution to indicators? (Core or programme specific) (Y/N/ or N/A = not applicable)
9. Is any regionalised data provided? (Y/N/ or N/A = not applicable) Variable; Level.

1. GovScope code	2. MS	3. OP	4. SF invested	5. Survey response	6. Validated	7. Validation	8. Indicators	9. Regionalisation
C_N2	LT	2007-2013 m. Ekonomikos augimo veiksmu programa	252.46	Y	N/A	Y	Y	No
C_N2	LT	2007-2013 m. Sanglaudos skatinimo veiksmu programa	132.59	Y	N/A	Y	Y	Y - no of firms, no of contracts, amounts and amounts repayed; NUTS3
C_N2	LT	2007-2013 m. Žmogiškųjų išteklių plėtros veiksmų programa	12.16	Y	N/A	Y	Y	No
C_N2	LV	Cilvēkresursi un nodarbinātība	10.38	Y	N/A	Y	Y	Y - no of firms and amounts by product type; NUTS3
R_N2	UK	Cornwall and the Isles of Scilly ERDF Convergence programme	4.04	Y	N/A	Y - updated	N	N
R_N1	UK	East Midlands England ERDF Regional Competitiveness and Employment programme	1.58	Y	N/A	Y	N	N
R_N1	UK	East of England ERDF Regional Competitiveness and Employment programme	23.92	Y	N/A	Y	N	N
R_N2	UK	East Wales ERDF Regional competitiveness and Employment programme	16.61	Y	N/A	Y	Y	Y - amounts; LAU1 (unitary authority)
C_MN2	HU	Economic Development Operational Programme	565.75	Y	Y	N	N	N
C_N2	LV	Entrepreneurship and Innovations	131.58	Y	N/A	Y - updated	Y	Y - no of firms and amounts by product type; NUTS3
R_N2	FI	Etelä-Suomen EAKR-toimenpideohjelma 2007-2013	2.02	Y	Y	Y	Y	Y - no of firms and indicators; NUTS3 (not vc/equity)
C_N0	DK	Flere og bedre job	20.24	Y	Y	N	N	Y - all SFC; NUTS2
R_N2	UK	Highlands and Islands of Scotland ERDF phasing out Convergence programme	2.43	Y	N/A	Y	N	N

C_N0	DK	Innovation og Viden	16.10	Y	Y	N	N	Y - all SFC; NUTS2
C_N0	CZ	Integrovaný operacní program	20.43	N	Y	N/A	N/A	N/A
R_N2	FI	Itä-Suomen EAKR-toimenpideohjelma 2007-2013	10.83	Y	Y	Y	Y	Y - no of firms and indicators; NUTS3 (not vc/equity)
R_N1	UK	London England ERDF Regional Competitiveness and Employment Programme	76.60	Y	N/A	Y	N	N
R_MN2	UK	Lowlands and Uplands of Scotland ERDF Regional Competitiveness and Employment programme	51.40	Y	N/A	Y	N	N
R_N2	FI	Länsi-Suomen EAKR-toimenpideohjelma 2007-2013	5.47	Y	Y	Y	Y	Y - no of firms and indicators; NUTS3 (not vc/equity)
R_N2	PL	Malopolski Regionalny Program Operacyjny na lata 2007-2013	37.29	N	Y	N/A	N/A	N/A
R_N2	SE	Mellersta Norrland	13.73	Y	N/A	Y	Y	N
R_N2	SE	Norra Mellansverige	6.77	Y	N/A	Y	Y	N
R_N1	UK	North East England ERDF Regional Competitiveness and Employment programme	64.09	Y	N/A	Y - updated	N	N
R_N1	UK	North West England ERDF Regional Competitiveness and Employment Operational Programme	151.51	Y	N/A	Y	N	N
R_N2	UK	Northern Ireland ERDF Regional Competitiveness and Employment programme	5.49	Y	N/A	Y	N	Y - no of contracts; NUTS3
R_N2	SK	OP Bratislava region	19.96	Y	N/A	Y	Y	N
R_N2	AT	OP Burgenland 2007-2013: Ziel Konvergenz/Phasing Out / EFRE	6.89	N	Y	N/A	N/A	N/A
C_MN2	SK	OP Competitiveness and Economic Growth	121.86	Y	N/A	Y	Y	Y - amounts; NUTS2
R_N2	AT	OP Oberösterreich 2007-2013: Ziel Regionale Wettbewerbsfähigkeit & Beschäftigung / EFRE	1.74	Y	Y	N	N	Y - no of firms; NUTS3

C_MN2	CZ	OP Podnikání a inovace	101.20	N	Y	N/A	N/A	N/A
C_N0	SK	OP Research and Development	14.63	Y	N/A	Y - updated	Y	Y - no of investments and amounts; NUTS3
R_N2	GR	Operational Programme 'Attica'	351.22	Y	Y	N	N	N
C_MN2	GR	Operational Programme 'Competitiveness and Entrepreneurship'	317.50	Y	Y	N	N	N
C_MN2	GR	Operational Programme 'Crete and the Aegean Islands'	34.27	Y	Y	N	N	N
C_N0	BG	Operational Programme Development of the Competitiveness of the Bulgarian Economy	277.73	Y	N/A	Y	Y	Y - no of projects per instrument; NUTS3
C_MN2	GR	Operational Programme 'Digital Convergence'	8.61	Y	Y	N	N	N
C_N0	GR	Operational Programme 'Environment and Sustainable Development'	14.84	Y	Y	N	N	N
R_N2	HU	Operational Programme for Central Hungary	111.40	Y	Y	N	N	N
R_N2	HU	Operational Programme for Central Transdanubia	4.83	Y	Y	N	N	N
C_N2	EE	Operational Programme for Human Resource Development	6.01	N	Y	N/A	N/A	N/A
R_N2	HU	Operational Programme for North Great Plain	4.98	Y	Y	N	N	N
R_N2	HU	Operational Programme for North Hungary	4.88	Y	Y	N	N	N
R_N2	HU	Operational Programme for South Great Plain	4.96	Y	Y	N	N	N
R_N2	HU	Operational Programme for South Transdanubia	4.43	Y	Y	N	N	N
C_N2	EE	Operational Programme for the Development of Economic Environment	93.71	N	Y	N/A	N/A	N/A
C_N2	EE	Operational Programme for the Development of Living Environment	17.74	N	Y	N/A	N/A	N/A

R_N2	HU	Operational Programme for West Pannon	5.11	Y	Y	N	N	N
C_N2	MT	Operational Programme I - Investing in Competitiveness for a Better Quality of Life	9.14	Y	N/A	Y	N	Y - no of transactions; NUTS3
C_MN2	GR	Operational Programme 'Macedonia & Thrace'	229.51	Y	Y	N	N	N
C_N0	BG	Operational Programme Regional Development	25.62	Y	N/A	Y - updated	N	Y - no of projects per instrument; NUTS3
C_MN2	GR	Operational Programme 'Thessalia - Sterea Ellada - Ipiros'	57.48	Y	Y	N	N	N
C_MN2	GR	Operational Programme 'Western Greece - Peloponnesus - Ionian Islands'	1.39	Y	Y	N	N	N
R_MN2	NL	Operationeel Programma Oost 2007-2013	8.17	N	N	N/A	N/A	N/A
R_MN2	NL	Operationeel Programma West 2007-2013	13.42	Y	N/A	Y	Y	Y - all SFC; NUTS2
R_N2	DE	Operationelles Programm EFRE 2007 - 2013 Mecklenburg-Vorpommern	38.71	N	N	N/A	N/A	N/A
R_N1	DE	Operationelles Programm EFRE Baden-Württemberg 2007-2013	0.71	Y	N/A	Y	N	N
R_N1	DE	Operationelles Programm EFRE Bayern 2007 - 2013	49.85	N	N	N/A	N/A	N/A
R_N2	DE	Operationelles Programm EFRE Berlin 2007-2013	103.15	N	N	N/A	N/A	N/A
R_N1	DE	Operationelles Programm EFRE Brandenburg 2007-2013	69.91	N	N	N/A	N/A	N/A
R_N2	DE	Operationelles Programm EFRE Hamburg 2007-2013	5.86	N	N	N/A	N/A	N/A
R_N1	DE	Operationelles Programm EFRE Hessen 2007-2013	26.64	N	N	N/A	N/A	N/A
R_N2	DE	Operationelles Programm EFRE Niedersachsen - Region Lüneburg 2007-2013	8.95	Y	N/A	Y	N	N

R_MN2	DE	Operationelles Programm EFRE Niedersachsen (ohne Region Lüneburg) 2007-2013	27.32	Y	N/A	Y	N	N
R_N1	DE	Operationelles Programm EFRE Nordrhein-Westfalen 2007-2013	52.04	N	N	N/A	N/A	N/A
R_N1	DE	Operationelles Programm EFRE Rheinland-Pfalz 2007-2013	13.76	N	N	N/A	N/A	N/A
R_N1	DE	Operationelles Programm EFRE Sachsen 2007-2013	71.59	N	N	N/A	N/A	N/A
R_N2	DE	Operationelles Programm EFRE Sachsen-Anhalt 2007-2013	289.86	N	N	N/A	N/A	N/A
R_N2	DE	Operationelles Programm EFRE Schleswig-Holstein 2007-2013	24.00	N	N	N/A	N/A	N/A
R_N2	DE	Operationelles Programm EFRE Thüringen 2007 bis 2013	129.27	N	N	N/A	N/A	N/A
C_N0	DE	Operationelles Programm ESF Bund 2007-2013	87.40	Y	N	N	N	N
R_N2	DE	Operationelles Programm ESF Niedersachsen - Region Lüneburg 2007-2013	5.00	Y	N/A	Y	N	N
R_N1	DE	Operationelles Programm ESF Sachsen 2007-2013	21.79	N	N	N/A	N/A	N/A
C_N0	SI	Operativni program krepitve regionalnih razvojnih potencialov za obdobje 2007 - 2013	136.03	Y	Y	N	N	Y - no of projects and amounts; NUTS3
C_N0	SI	Operativni program razvoja človeških virov za obdobje 2007-2013	10.14	Y	Y	N	N	Y - no of projects and amounts; NUTS3
R_N2	IT	P.O. Puglia FSE 2007/2013 (vers. 3)	13.38	N	N	N/A	N/A	N/A
R_N2	IT	PO Campania FSE	51.07	N	N	N/A	N/A	N/A
C_MN2	PT	PO Factores de Competitividade 2007-2013	231.65	N	Y	N/A	N/A	N/A
R_N2	PT	PO Regional de Lisboa 2007-2013	18.34	N	Y	N/A	N/A	N/A
R_N2	PT	PO Regional do Alentejo 2007-2013	15.41	N	Y	N/A	N/A	N/A
R_N2	PT	PO Regional do Algarve 2007-2013	14.27	N	Y	N/A	N/A	N/A

R_N2	PT	PO Regional do Centro 2007-2013	27.42	N	Y	N/A	N/A	N/A
R_N2	PT	PO Regional do Norte 2007-2013	42.92	Y	Y	Y - updated	Y	Y - no of firms and amounts; NUTS3
R_N2	IT	PO Regione Piemonte FESR	28.39	Y	N	Y	N	Y - amounts; NUTS3
R_N2	PT	PO Valorização do Potencial Económico e Coesão Territorial da RAM 2007-2013	4.55	N	Y	N/A	N/A	N/A
R_N2	FI	Pohjois-Suomen EAKR-toimenpideohjelma 2007-2013	9.22	Y	Y	Y	Y	Y - no of firms and indicators; NUTS3 (not vc/equity)
C_MN2	IT	POI "Energie rinnovabili e risparmio energetico" 2007-2013	54.76	Y	N	N	N	Y - no of firms and amounts; NUTS3
C_MN2	IT	Poin Attrattori culturali, naturali e turismo	53.85	Y	N	Y - updated	N	N
C_MN2	IT	Pon Ricerca e competitività	940.60	Y	N	N	N	Y - no of firms and amounts; NUTS3
R_N2	IT	Por Abruzzo FESR	37.62	Y	N	Y	Y	Y - no of firms; NUTS3
R_N2	IT	Por Abruzzo FSE	33.30	N	N	N/A	N/A	N/A
R_N2	IT	Por Basilicata ST FESR	11.41	N	N	N/A	N/A	N/A
R_N2	IT	POR Calabria FESR 2007 - 2013	55.91	N	N	N/A	N/A	N/A
R_N2	IT	Por Calabria FSE 2007 - 2013	52.99	N	N	N/A	N/A	N/A
R_N2	IT	Por Campania FESR	296.73	N	N	N/A	N/A	N/A
R_N2	IT	Por Emilia Romagna FESR	29.99	N	N	N/A	N/A	N/A
R_N2	IT	POR FESR 2007-2013 Lombardia	53.41	Y	N	N	N	N
R_N2	IT	Por Friuli Venezia Giulia FESR	21.90	N	N	N/A	N/A	N/A
R_N2	IT	Por Lazio FESR 2007-2013	74.25	N	N	N/A	N/A	N/A
R_N2	IT	Por Lazio FSE	16.37	N	N	N/A	N/A	N/A
R_N2	IT	Por Liguria FESR	13.07	N	N	N/A	N/A	N/A
R_N2	IT	Por Lombardia FSE	7.18	N	N	N/A	N/A	N/A
R_N2	IT	Por Marche FESR	6.26	N	N	N/A	N/A	N/A

R_N2	IT	Por Marche FSE	1.43	N	N	N/A	N/A	N/A
R_N2	IT	POR Molise FESR	35.51	N	N	N/A	N/A	N/A
R_N2	IT	POR Sardegna FSE 2007-2013 versione 3 marzo 2013	44.33	N	N	N/A	N/A	N/A
R_N2	IT	Por Sardegna ST FESR	265.75	N	N	N/A	N/A	N/A
R_N2	IT	Por Sicilia FESR	148.54	N	N	N/A	N/A	N/A
R_N2	IT	Por Toscana FESR	36.08	N	N	N/A	N/A	N/A
R_N2	IT	Por Umbria FESR	15.44	N	N	N/A	N/A	N/A
R_N2	IT	Por Veneto FESR	81.63	N	N	N/A	N/A	N/A
C_N0	PL	Program Operacyjny Innowacyjna Gospodarka, 2007-2013	55.77	N	Y	N/A	N/A	N/A
C_N0	PL	Program Operacyjny Kapitał Ludzki	32.55	Y	Y	Y	N	Y - all SFC; NUTS2 (not all instruments)
C_MN2	PL	Program Operacyjny Rozwój Polski Wschodniej 2007-2013	38.38	Y	Y	Y	N	Y - amounts; NUTS2
R_N2	PT	Programa Operacional dos Açores para a Convergência 2007-2013	2.50	N	Y	N/A	N/A	N/A
R_N2	ES	Programa Operativo FEDER de Andalucía	155.72	Y	N/A	N	Y	N
R_N2	ES	Programa Operativo FEDER de Asturias	0.59	Y	N/A	N	Y	N
R_N2	ES	Programa Operativo FEDER de Canarias	8.43	Y	N/A	N	Y	N
R_N2	ES	Programa Operativo FEDER de Castilla la Mancha	19.91	Y	N/A	N	Y	N
R_N2	ES	Programa Operativo FEDER de Castilla y León	6.15	Y	N/A	N	Y	N
R_N2	ES	Programa Operativo FEDER de Cataluña	27.01	Y	N/A	N	Y	N
R_N2	ES	Programa Operativo FEDER de Ceuta	0.39	Y	N/A	N	Y	N
R_N2	ES	Programa Operativo FEDER de Extremadura	33.50	Y	N/A	N	Y	N
R_N2	ES	Programa Operativo FEDER de Galicia	22.18	Y	N/A	N	Y	N

C_N0	ES	Programa Operativo FEDER de Investigación, Desarrollo e innovación por y para el beneficio de las Empresas - Fondo Tecnológico	275.06	Y	N/A	N	Y	Y - amounts; groups of NUTS2 (eligibility)
R_N2	ES	Programa Operativo FEDER de la Comunitat Valenciana	10.72	Y	N/A	N	Y	N
R_N2	ES	Programa Operativo FEDER de la Región de Murcia	5.40	Y	N/A	N	Y	N
R_N2	ES	Programa Operativo FEDER de Melilla	0.00	Y	N/A	N	Y	N
R_N2	IT	Programma Operativo F.S.E. 2007 - 2013	6.00	N	N	N/A	N/A	N/A
R_N2	IT	Programma Operativo FESR Puglia 2007-2013	175.90	N	N	N/A	N/A	N/A
R_N2	IT	Programma Operativo Occupazione 2007-2013	1.91	N	N	N/A	N/A	N/A
R_N2	IT	Programma Operativo Regionale Sicilia per il Fondo Sociale Europeo 2007-2013	4.22	N	N	N/A	N/A	N/A
R_MN2	BE	Programme opérationnel 'Compétitivité régionale et emploi' - Wallonie (hors Hainaut) - FEDER	70.71	Y	Y	Y	N	Y - amounts; NUTS2
R_N2	BE	Programme opérationnel 'Compétitivité régionale et emploi' de la Région de Bruxelles-Capitale 'Cohésion et compétitivité territoriale' - FEDER	2.82	Y	Y	Y	Y	Y - all SFC; zip area
R_N2	BE	Programme opérationnel 'Convergence' Hainaut - FEDER	98.13	Y	Y	Y	Y	Y - no of firms and amounts; LAU2
R_N2	FR	Programme opérationnel FEDER ALSACE	6.08	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER AQUITAINE	10.51	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER AUVERGNE	15.59	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER BASSE-NORMANDIE	10.49	N	N/A	N/A	N/A	N/A

R_N2	FR	Programme opérationnel FEDER BOURGOGNE	4.64	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER BRETAGNE	9.93	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER CENTRE	11.42	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER CHAMPAGNE-ARDENNE	3.78	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER CORSE	26.30	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER FRANCHE-COMTE	1.72	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER Guadeloupe	0.00	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER Guyane	1.74	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER HAUTE-NORMANDIE	1.34	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER ILE-DE-FRANCE	3.26	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER LANGUEDOC-ROUSSILLON	13.38	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER LIMOUSIN	7.30	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER LORRAINE	14.40	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER Martinique	10.54	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER MIDI-PYRENEES	5.80	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER NORD PAS-DE-CALAIS	14.74	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER PAYS DE LA LOIRE	0.60	N	N/A	N/A	N/A	N/A

R_N2	FR	Programme opérationnel FEDER PICARDIE	0.00	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER POITOU-CHARENTES	4.75	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER PROVENCE ALPES COTE D´AZUR	10.55	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER Réunion	15.40	N	N/A	N/A	N/A	N/A
R_N2	FR	Programme opérationnel FEDER RHONE-ALPES	2.85	N	N/A	N/A	N/A	N/A
C_MN2	SK	Regional Operational Programme	140.24	Y	N/A	Y	Y	N
R_N2	PL	Regionalny Program Operacyjny dla Województwa Dolnoslaskiego na lata 2007-2013	82.91	N	Y	N/A	N/A	N/A
R_N2	PL	Regionalny Program Operacyjny Województwa Kujawsko-Pomorskiego na lata 2007 - 2013	43.43	N	Y	N/A	N/A	N/A
R_N2	PL	Regionalny Program Operacyjny Województwa Lódzkiego na lata 2007-2013	36.84	Y	Y	Y	N	Y - no of firms and amounts by product type and firm size; NUTS3
R_N2	PL	Regionalny Program Operacyjny Województwa Lubelskiego	34.95	N	Y	N/A	N/A	N/A
R_N2	PL	Regionalny Program Operacyjny Województwa Lubuskiego	10.42	N	Y	N/A	N/A	N/A
R_N2	PL	Regionalny Program Operacyjny Województwa Mazowieckiego	76.21	Y	Y	Y	N	N
R_N2	PL	Regionalny Program Operacyjny Województwa Opolskiego na lata 2007-2013	24.04	N	Y	N/A	N/A	N/A
R_N2	PL	Regionalny Program Operacyjny Województwa Podkarpackiego	23.52	N	Y	N/A	N/A	N/A
R_N2	PL	Regionalny Program Operacyjny Województwa Podlaskiego na lata 2007-2013	40.29	N	Y	N/A	N/A	N/A
R_N2	PL	Regionalny Program Operacyjny Województwa Pomorskiego	115.79	Y	Y	Y	Y	Y - amounts; NUTS3

R_N2	PL	Regionalny Program Operacyjny Województwa Slaskiego	84.76	N	Y	N/A	N/A	N/A
R_N2	PL	Regionalny Program Operacyjny Województwa Swietokrzyskiego	25.77	N	Y	N/A	N/A	N/A
R_N2	PL	Regionalny Program Operacyjny Województwa Warminsko-Mazurskiego	30.57	N	Y	N/A	N/A	N/A
R_N2	PL	Regionalny Program Operacyjny Województwa Wielkopolskiego na lata 2007 - 2013	148.26	N	Y	N/A	N/A	N/A
R_N2	PL	Regionalny Program Operacyjny Województwa Zachodniopomorskiego	69.94	N	Y	N/A	N/A	N/A
R_N2	CZ	ROP NUTS II Moravskoslezsko	17.43	N	Y	N/A	N/A	N/A
C_N0	RO	Sectoral Operational Programme Increase of Economic Competitiveness	210.48	Y	Y	N	N	N
R_N2	SE	Skåne-Blekinge	7.68	Y	N/A	Y	Y	N
R_N2	SE	Småland och Öarna	4.20	Y	N/A	Y	Y	N
R_N1	UK	South East England ERDF Regional Competitiveness and Employment programme	1.52	Y	N/A	Y	N	N
R_MN2	UK	South West England ERDF Regional Competitiveness and Employment programme	4.06	Y	N/A	Y	N	N
R_N2	SE	Stockholm	6.75	Y	N/A	Y	Y	N
C_N2	CY	Sustainable Development and Competitiveness	15.57	N	N	N/A	N/A	N/A
R_N1	UK	West Midlands England ERDF Regional Competitiveness and Employment programme	34.39	Y	N/A	Y	N	N
R_N2	UK	West Wales and the Valleys ERDF Convergence programme	52.47	Y	N/A	N	Y	Y - amounts; LAU1 (unitary authority)
R_N2	SE	Västsverige	6.12	Y	N/A	Y	Y	N
R_N1	UK	Yorkshire and Humberside England ERDF Regional Competitiveness and Employment programme	98.96	Y	N/A	Y - updated	N	N

R_N2	SE	Östra Mellansverige	8.16	Y	N/A	Y	Y	N
R_N2	SE	Övre Norrland	7.87	Y	N/A	Y	Y	N

Source: authors

ESPON 2020 – More information

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