TECHNICAL MEETING
CPMR Fisheries and Aquaculture Working Group

The use of financial instruments under the EMFF (2021-2027)

22 JANUARY 2021 – 10.00-12.00 (CET)

Summary
After voicing the CPMR regions’ interests and messages in the EMFF negotiations, the CPMR has started to work on the implementation of the EMFAF 2021-2027. The CPMR aims to help its Member Regions to make the most of the funding possibilities and address best practices and difficulties in the implementation of the EMFF. As the use of financial instruments for the next EU programming-period is particularly encouraged by the European Commission, the CPMR Fisheries and Aquaculture Working Group met to identify opportunities and challenges that financial instruments represent when developed under EMFF. The meeting was held online on Friday 22 January 2021. The meeting gathered around 50 regions from different sea-basins.

1. Introduction
CPMR Vice-President for Maritime Affairs and Vice-Governor of Crete Region, George Alexakis, introduced the meeting, underlining the impact of the COVID-19 crisis on the fisheries and aquaculture sector and the necessity to take advantage of the next programming period to turn it into an opportunity for the sector. He stressed the importance for the regions to receive specific information on financial instruments for the next programming period.

Anne-Claire Brannelec, Project Manager for European Fund and Cross-cutting Projects for Pays-de-la-Loire Region, Chair of the CPMR Fisheries and Aquaculture Working Group, recalled the context within which the meeting was called. The CPMR participated in the negotiation process of the EMFF regulation, notably to waive the obligation to use financial instruments under the EMFF. She notably highlighted that the CPMR met with Charlina Vitcheva, Director General of DG MARE, European Commission, in September 2020, who strongly promoted the use of financial instruments under the new EMFAF. At regional level, Anne-Claire Brannelec shared that the Pays de la Loire Region is in the process of conducting an ex-ante assessment to implement a financial instrument for the next programming period.
2. Update on the EMFF (2021-2027) Regulation

Richard Croft, Policy Officer at DG MARE, made a presentation on the European Maritime Fisheries and Aquaculture Fund (EMFAF) for the next programming period 2021-2027. The architecture of the Regulation is simplified compared to the last programming period as it sets a series of non-eligible measures (rather than a list of eligible measures) which means that any other measures can be fundable.

He recalled that the Common Provision Regulation is the legal basis for the financial instruments. The EMFF only set a framework for their implementation. Financial instruments under the EMFF can be covered at 100% by public aid which means that private contribution is not needed. It is meant to facilitate their use. Financial instruments can be implemented directly by the Managing Authority or indirectly through a financial intermediary. Richard Croft concluded his presentation by recalling that the decision to use financial instruments remains to the Member States and it belongs to them to take this opportunity. The EMFAF Regulation is expected to be published in April 2021.

3. Debate on the use of financial instruments for the EMFF

- Scene setting on the use of financial instruments for the EMFF

Miglena Dobreva, Financial Instruments Advisor at the European Investment Bank (EIB), presented the fi-compass platform, before explaining what financial instruments are. Financial instruments have two main features: a revolving effect, as they are paid back, and a leverage effect, as they can mobilise more resources. Miglena Dobreva presented the three main types of financial instruments, loans and guarantees, that can be grouped as debts, and equity. Then she presented the role of the EIB in the implementation of financial instruments. She announced that a study prepared with DG MARE on the use of EMFF financial instruments will be published by the end of February 2021. She highlighted some of the findings:
  - There is limited experience with EMFF financial instruments;
  - By conducting an ex-ante assessment, some Member States have considered the use of financial instruments, but decided not to go ahead, either because of the complexity of the delivery mechanism, the administrative burden, or limited knowledge. However, it is also a good sign as they might use the results from the ex-ante assessment for the next programming period;
  - Although grants remain the most used and preferred type of support, the results show a willingness to further explore the use of financial instruments for the 2021-2027 programming period;
  - Capacity-building activities are needed for all Managing Authorities.

To conclude, Miglena highlighted the support role of fi-compass to the Managing Authorities and warmly invited the regions to contact her for further information on financial instruments.

- Feedback on the Estonian experience

Eduard Koitmaa, Head of the Market Regulation and Trade Bureau, from the Estonia Ministry of Rural Affairs, provided feedback on the experience of Estonia with financial instruments under the EMFF. Estonia implemented a financial instrument for each programming period: the European Fisheries
The financial instrument took the form of a loan. Estonia has already completed an ex-ante assessment for the next programming period under the EMFAF and the European Agricultural Fund for Rural Development (EAFRD). In Estonia, the fisheries sector is not very attractive for banks and they lack knowledge on the sector. In this sector, grants remain very popular. He concluded his presentation by underlining that financial instruments are not one-size fits all, but that different types of financial instruments exist.

- Debate with CPMR Regions

**Anne-Claire Brannelec**, from Pays de la Loire Region, shared that Pays de la Loire is at the beginning of an ex-ante assessment to study the possibility of implementing a financial instrument, not only under the EMFAF. The Region ordered a study from an independent firm that highlights that financial instruments could be relevant for specific situations, such as to support new shellfish producers.

**Marie Vaugeois**, from Occitanie Region, presented the experience of the Region in the implementation of a financial instrument under the EADFR and the ERDF. The instrument did not include the EMFF as the size of the fisheries sector was problematic to develop such an instrument. Besides, it requires more human resources for Managing Authorities and intermediary bodies. She asked a question to Eduard Koitmaa on the revolving effect of financial instruments.

**Giuseppe Sciacca**, Executive Secretary of the CPMR Islands Commission, asked how the Commission and the EIB were planning to analyse the benefit of financial instruments. In particular, if they would study to what extent financial instruments support the fisheries and aquaculture sectors in remote areas, such as Islands and would benefit local communities.

**Frederico Cardigo**, Head of the Azores Brussels Office, asked for more precision on the first steps to take to implement a financial instrument, from an operational point of view.

On the first question from Marie Vaugeois, **Eduard Koitmaa** provided further information and explained that they can already see the revolving effect of financial instruments from the EFF 2007-2013, as the money is already coming back. On the question related to the first steps to implement a financial instrument, he advised to use at the beginning a small amount from an EU fund to implement a financial instrument and if it works the Managing Authority can develop it further. The Managing Authority should conduct an ex-ante assessment. After these first steps, the implementing body should be identified, for instance through public procurement in the case of Estonia. Then a contract will be signed between the Managing Authority and the implementing body, in the case of indirect management of the financial instrument.
**Miglena Dobreva**, highlighted that the upcoming study gathers Managing Authorities’ feedback. Some Member States have already conducted ex-ante assessments but chose to not implement a financial instrument under the EMFF. According to Miglena, this can be due to the fact that grants are still a privileged type of support and that setting-up a financial instrument takes time. She highlighted that there are facilitations made in the new Common Provision Regulation to allow Member States to re-use ex-ante assessments prepared in the previous programming-period for the next one. She also completed the answer of Eduard Koitmaa on the steps to implement a financial instrument and added that in the ex-ante assessment there should be some suggestions on the way to implement the financial instrument. The implementation can be direct or indirect. In the case of an indirect implementation, the Managing Authority will sign a funding agreement with the body implementing the financial instrument. The funding agreement sets the conditions related to the implementation of the financial instrument. If the Managing Authority directly implements the financial instrument, a contract is signed between the Managing Authority and the final recipient.

**Richard Croft** from the DG MARE pointed out that conducting an ex-ante assessment is an excellent starting point, as it is a meaningful assessment. **Eduard Koitmaa** also added that the key issue is the political willingness to develop a financial instrument.

The last question of the debates from **Julie Bécel**, Seafood Promotion Officer, from Brittany Region, was related to the re-use of the money paid back from the financial instrument. **Richard Croft** recalled that the rules related to the money paid back are set out in the Common Provisions Regulation (CPR). **Miglena Dobreva** explained that during the eligibility period, the money paid back can be used to provide loans and guarantees to other companies and after the eligibility period, when the instrument is closed, the money revolved can be used for other purposes, for up to 8 years.

### 4. Conclusion

**Anne-Claire Brannelec** (Pays-de-la-Loire Region) concluded this online meeting by recalling the positives, negatives and challenges to develop a financial instrument under EMFF. Due to their revolving nature, the funds can be used again for new investments in the same area, establishing a more sustainable way of using public resources. They can be an interesting option in times of economic crisis. However, they are quite complex as implementing bodies need to juggle between several legislations applying to the financial instruments (CPR, EMFF, regional/national strategies). Managing Authorities are also currently very busy dealing with the closing of the current programming period and the preparation of the next one. Stakeholders are also affected by the COVID-19 crisis. As a Region, they were particularly glad to observe that EU authorities have acknowledged the difficulties Managing Authorities are facing and they thank the EIB for providing strong support through the fi-compass platform.

**Nicolas Brookes**, Executive Director for Policy, CPMR General Secretariat, provided an update on CPMR activities. The CPMR Fisheries and Aquaculture Working Group will continue to shift its activities towards the implementation of the new EMFF regulation, to support their Members. On Cohesion Policy, the CPMR will prepare surveys on the aspect of the implementation of the new regulation to identify the different concerns and issues. Regarding the Recovery Plan and Resilience Plan, the CPMR is organising a meeting on 9 February to exchange views on this issue. The CPMR will launch an initiative to look at the role of Regional Authorities when it comes to EU policy supporting investments. A Paper will be prepared on that topic, which will lay the ground for future CPMR actions. On Brexit,
Nicolas Brookes recalled that the CPMR prepared Technical Papers that are available on the website, on the Brexit deal and the Brexit Adjustment Reserve. A meeting is planned with Commissioner Ferreira on this issue, as well as an exchange of views from DG REGIO on the Brexit Adjustment Reserve.

Elise Wattrelot, Executive Secretary of the CPMR Atlantic Arc Commission and Coordinator of the Fisheries Working Group added that the CPMR will also prepare a summary of the new EMFAF Regulation and prepare future work on the Common Fisheries Policy. She concluded the meeting by warmly thanking the audience and invited the participants to contact the guest speakers if they have further questions on financial instruments.