



Discussion paper

Structural Interventions – new initiatives Revolving Fund in practice

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Structural Intervention – new initiatives

- **JEREMIE** is a process whereby the MS and regions will be able to use part of their SF (ERDF) through the EIF in order to obtain a set of financial product (especially engineered for micro, small and medium enterprises)
- **JESSICA** can support urban infrastructure and networks, energy efficiency or ICT projects, or any other projects or group of projects falling within the scope of intervention of the ERDF (or the ESF where appropriate)
- **JASPERS** is a TA to assist CF intervention projects large than 25 mil. EUR for environment and 50 EUR for transport

Structural Intervention – a Holding Fund

- EIF will work with national and local authorities to design each local scheme in the most proper way, and will carry out evaluation of the local demand for JEREMIE
- EIF will play a role of a Holding Fund
- Holding Fund would evaluate, select and formally accredit Financial Intermediaries (FI)
- EIF will manage (regulate) and control internal FI's processes
- EIF will never provide any direct financial support to „JEREMIE and JESSICA“ clients
- FI would provide funding for a wide variety of public – private partnership, project that are capable of repaying in the long term
- JEREMIE will allow a multiplier effect on the budget (each euro coming from budget could be range from 2 to 10 (50) euros
- **Revolving character of OP resources (revolving effect)**

Structural Intervention – BAT and a Proposal

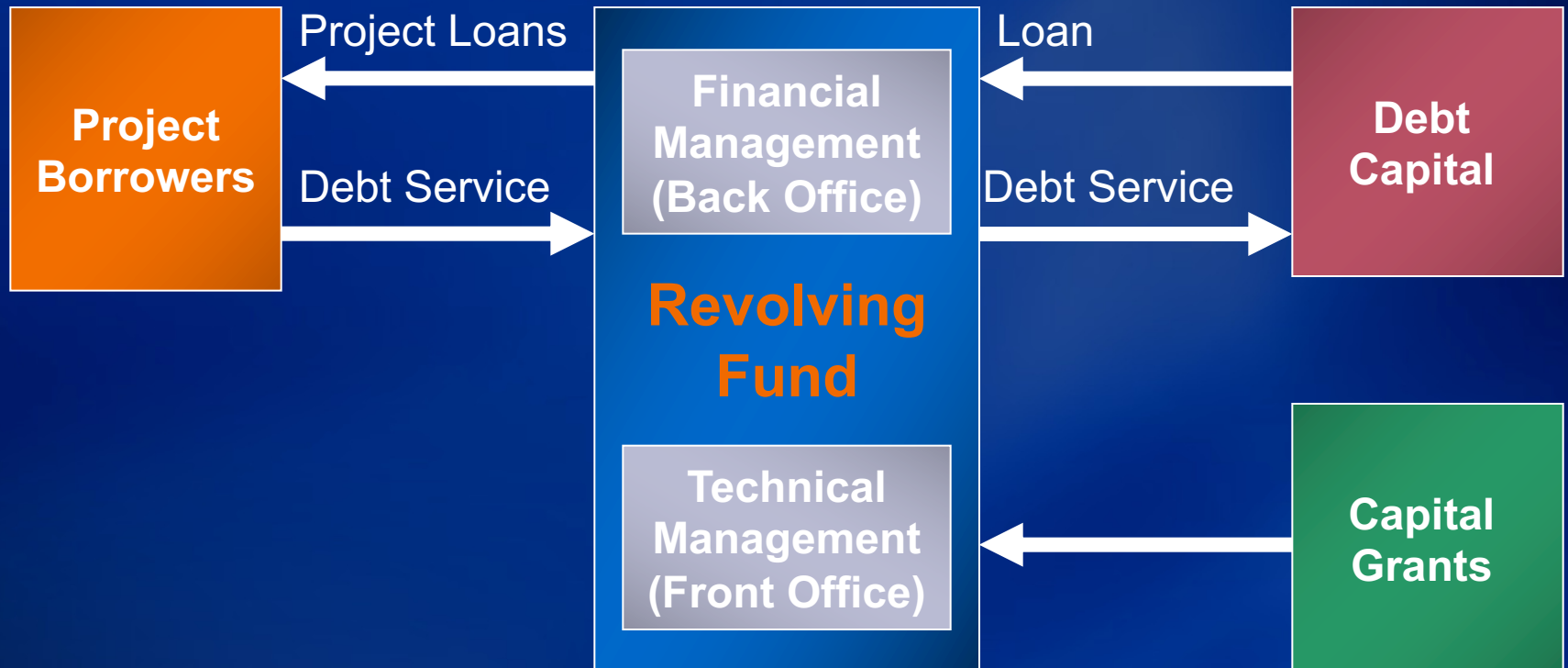
- **BAT:** Clean Water State Revolving Fund (CWSRF) in all 50 States, 20 years in operation (18 600 soft loans)
 - Interest rate about 2% (market rates is 4.5), repayments terms is 20 years, 100% per projects, CWSRF funded projects would be 20% less than funded at the market rate,
 - **Revolving effect:** assistance to a variety of borrowers (the „user pay“ approach was covered, public subsidies were eliminated)
- **A Proposal: discussion paper (next 3 slides)**
 - Initial capitalization 30 mil. EUR, interest rate below market rates, repayment 15-20 years, administration cost covered
 - **Revolving effect:** example – number of 10 loans by 3 mil. EUR each one can be increased during 15 years on 17 loans (and 30 mil. EUR is still for use, in comparison with non revolving application)

Revolving Fund in the first (pilot) stage

Establishment and pilot operations: 2007 - 2008

Regional Operational Program XX

Capital: **MA 40% from ERDF**; **40% EIF**; **15 % Local Bank**; **5% Local Authority**

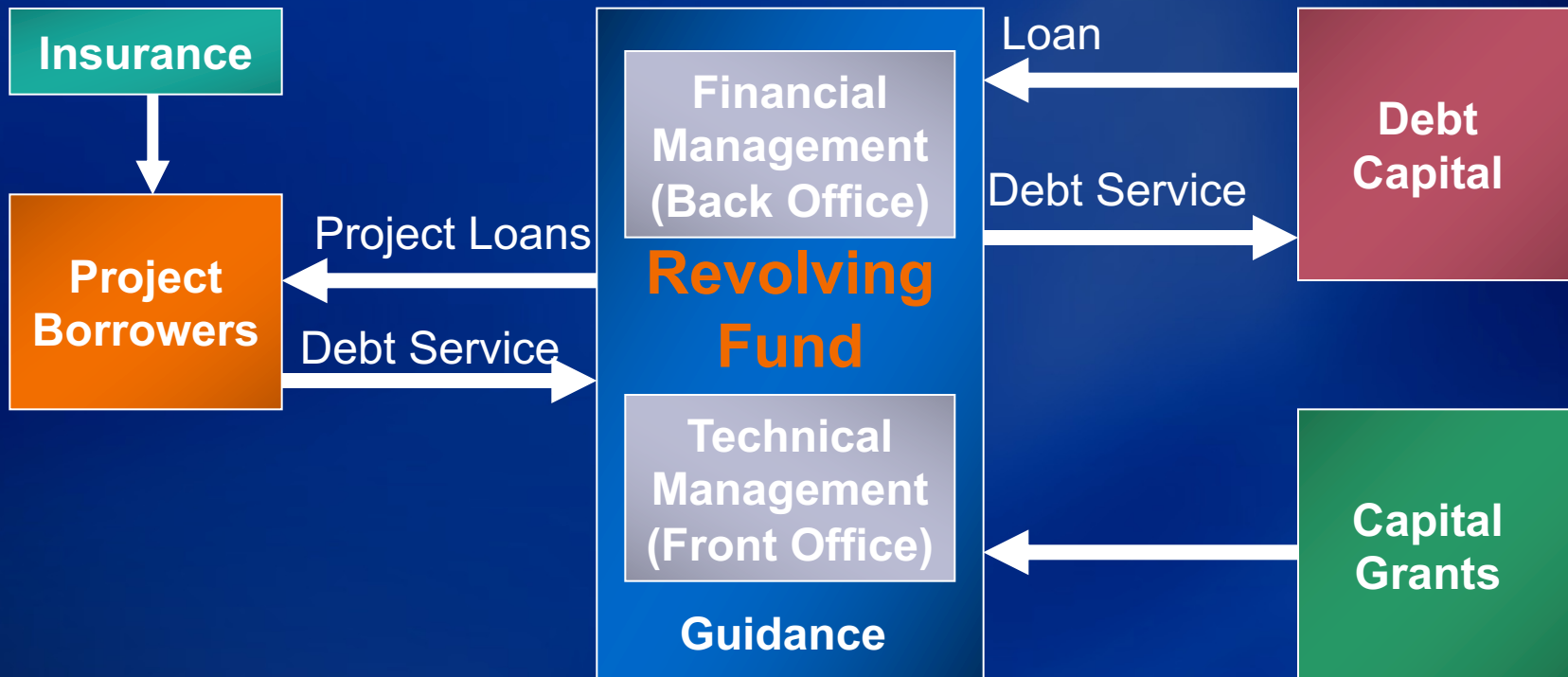


Revolving Fund in a maturity stage

Maturity till 2010

Regional Operational Program XX +

Capital: **MA 35% ERDF**; **35% EIF**; **20% Local Bank**; **10% Local Authority**

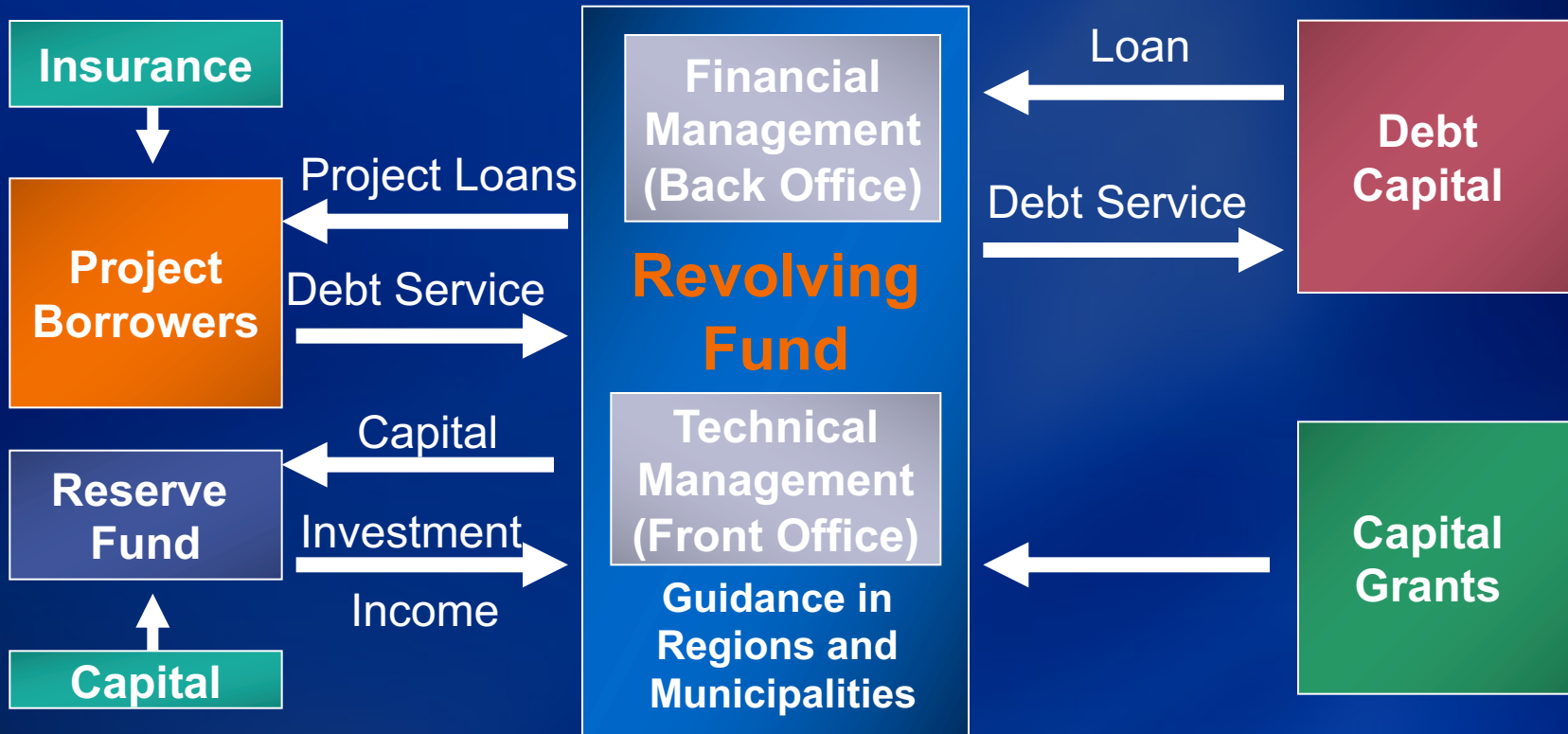


Revolving Fund in the full professional stage

Professional after 2010

Regional Operational Program XX + +

Capital: MA 30% ERDF; 30% EIF; 30% Local Bank; 10% Local Authority



Revolving Fund - couple of questions

- Financial Intermediaries role; better is a Bank or a Public institution (Agency)?
 - Banks can offer to MAs sets of full services; what about administration costs?
 - Agency is better for „front office“ activities, „back office“ services can be outsourced; is it a good deal for banks?
- Revolving Fund role; what about a scope (spectrum) of
 - SME (micro, small and medium enterprises)?
 - public service (technical infrastructure and networks, energy efficiency, ICT, or other projects)?
 - client's demands (equity, loan, guarantee, incentives, etc.)?



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