



Definition and use of repayable assistance in comparison to financial instruments and grants

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Chronological aspects

2007-2013: Modification of the General Regulation end of 2011: Article 43 (a) defines repayable assistance as credit line and reimbursable grant

2014-2020 CPR:

- extends the sectorial application of FI
- Article 38 (4) c provides the possibility for the MA to undertake implementation tasks directly for loans and guarantees

Definition of repayable assistance

Article 66 CPR lists four different forms of support from ESI Funds: grants, prizes, repayable assistance and financial instruments.

The legislator differentiates repayable assistance as such from grants and financial instruments.

Repayable assistance is applicable for operations for which it is not possible to determine in an agreement ex-ante the appropriate mix of grant and loan because it depends on implementation conditions

Examples for Operations supported by repayable assistance

A. operations with an unpredictable outcome : ESIF support will need to be repaid only in case the operation succeeds.

B. operations with measurable policy objectives: ESIF programme support will need to be repaid in case the expected policy objectives are not achieved

C. operations generating profits for which additional policy results/impact are desired. ESIF programme support takes the form of repayable support which might be partly transferred into non-repayable support subject to the achievement of certain performance indicators.

Comparison of main characteristics

	Loan	Grant	RA
REPAYMENTS (BEYOND REPAYMENTS DUE TO FINANCIAL CORRECTION)	<p>unconditional full repayment</p> <p>the repayments will not reduce the amount of eligible expenditures declared under the operation</p>	<p>no repayment,</p>	<p>repayment according to the conditions formulated in the repayable assistance agreement -</p> <p>the repayment will not reduce the amount of eligible expenditures</p>
CAPITAL REBATES	<p>not applicable</p>	<p>not applicable</p>	<p>possible for part or the full amount of the repayable assistance under option c</p>

Comparison of main characteristics

Loan

Grant

RA

	Loan	Grant	RA
INTEREST	according to the loan agreement	not applicable	not applicable
PAYMENT DECLARATION	payments declared following the set-up of the fund in tranches according to art 41 CPR and confirmed eligible at closure according to Art. 42	reimbursement of eligible costs actually incurred and paid together with where applicable, contributions in kind and depreciations or by simplified costs on the basis of art. 67 CPR	idem grants

Comparison of main characteristics

Loan

Grant

RA

	Loan	Grant	RA
BENEFICIARY	the body which implements the fund of funds or the financial instrument, as appropriate	either the public or private body responsible for initiating or initiating and implementing the operation (i.e. the enterprise or other entity receiving support), or in case of state aid, the body which receives the aid	idem grants
RULES ON THE DEDUCTION OF NET REVENUES	not applicable	applicable in accordance with article 61 and 65(8) CPR	applicable in accordance with article 61 and 65(8) CPR (for operations subject to partial repayment obligations only)

Comparison of main characteristics

Loan

Grant

RA

	Loan	Grant	RA
OPERATION	financial contributions from a programme to financial instruments and the subsequent financial support provided by those financial instruments	project, contract, action or group of projects selected by the managing authorities of the programmes concerned, or under their responsibility that contributes to the objectives of a priority or priorities	idem grants