



Council of the
European Union

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OUTCOME OF PROCEEDINGS

From: General Secretariat of the Council

To: Delegations

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Subject: European Court of Auditors' Special Report No 5/2015: Are financial instruments a successful and promising tool in the rural development area?
- Council conclusions (10 December 2015)

Delegations will find in the annex the Council conclusions on:

European Court of Auditors' Special Report No 5/2015: Are financial instruments a successful and promising tool in the rural development area?,

adopted by the Council at its 3436th meeting held on 10 December 2015.

Council conclusions

on Special Report No 05/2015 from the European Court of Auditors entitled:

"Are financial instruments a successful and promising tool in the rural development area?"

THE COUNCIL OF THE EUROPEAN UNION

- (1) WELCOMES Special Report No 05/2015 from the European Court of Auditors entitled: "Are financial instruments a successful and promising tool in the rural development area?"
- (2) NOTES that financial instruments (FIs) are the delivery mode of support from rural development programmes (RDPs) to final recipients with the possible advantageous effects of revolving and leverage;
- (3) EMPHASISES that farming in the EU has different dimensions and is country-, region- and/or sub-sector-specific and UNDERLINES that all FIs supported by the EAFRD in 2007-13 were set up in the context of the financial and economic crisis during which access to credit was burdened and liquidity problems were evident throughout the EU;
- (4) NOTES that FIs were implemented in seven Member States in the 2007-13 programming period whereas only two Member States used them in the 2000-06 programming period;
- (5) REMINDS that the setting up of FIs under the EAFRD implied a whole new concept, which required a learning process, and ANTICIPATES a further increased use of FIs under the 2014-20 programming period;
- (6) IS CONFIDENT that the concerns raised by the Court, such as the apparent lack of incentives and encouragement to set up and use FIs by Member States and beneficiaries, the risk of overcapitalisation, the need to set appropriate targets for leverage and revolving effects as well as the need to enhance the monitoring of, and reporting on, FIs, are sufficiently addressed in the legal framework for the 2014-20 programming period;

- (7) ASKS the Commission to consider the Court's recommendation that, in order to increase the effectiveness of the financial instruments, appropriate standards and targets for leverage and revolving effects should be set;
- (8) ACKNOWLEDGES that the setting up of FIs, their implementation and the evaluation of the demand lie within the responsibility of the Member States;
- (9) WELCOMES the various initiatives taken to provide further guidance in regard of the further implementation of FIs in the 2014-20 programming period, such as:
- the technical assistance platform '*fi-compass*', which provides methodological guidance and awareness raising support to the Commission, Member States and stakeholders in the field of FIs supported by the ESI funds;
 - the standard models for loan and guarantee funds in rural development provided by the Commission;
 - the specific FI scheme to Member States the EIB is expected to offer under the Commission-EIB Memorandum of Understanding in respect of agriculture and rural development and which will be implemented under the EAFRD;
 - the Commission's 2015 guidelines on closure of the 2007-13 rural development programmes;
- (10) HIGHLIGHTS the improvements introduced in the 2014-20 legal framework, which should allow for the successful implementation of FIs in the rural development area, and ENCOURAGES the Member States and the Commission to assess the performance of FIs in the context of the *ex post* evaluations of rural development covering the period 2007-13, which the Commission intends to synthesize by 2017.
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