

ANNEX 1

Audit checklist

for auditing financial instruments in the period 2014-2020

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| Date of the audit | |
| Auditor(s) | |
| Checklist prepared by/on | <i>Please insert name and DG of auditor and date</i> |
| Checklist reviewed by/on | <i>Please insert name and DG of team leader and date</i> |

Table of Contents

| | |
|--------------------------------------------------------------------|----|
| Short description of the Financial Instrument | 3 |
| Monitoring, reporting and management verifications | 4 |
| Financial instrument level | 5 |
| I. Ex-ante assessment | 5 |
| II. Implementation options | 8 |
| III. Funding Agreement - general governance arrangements | 14 |
| IV. Compliance with State aid rules | 16 |
| V. Payments | 19 |
| VI. Eligibility of management costs and fees | 21 |
| VII. Irregularities | 21 |
| VIII. Audit trail, performance, information and communication..... | 22 |
| Final recipient level | 23 |
| IX. Eligibility of the final recipient..... | 23 |
| X. Eligibility of the expenditure | 26 |
| Eligible expenditure for FI at closure | 35 |
| Conclusions..... | 42 |

Short description of the Financial Instrument

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| Short description of the Financial Instrument | |
| Financial instrument identification (title, number, etc.) | |
| Operational Programme(s), CCI(s) and priority axis | |
| | |
| Type of financial products delivered through financial instrument (loan, guarantee, (quasi-) equity etc.) | |
| Fund of Funds (if applicable) | |
| Financial intermediaries | |
| Date of the funding agreement | |
| Exit date of ESIF | |
| Programme contribution: ESIF and national co-financing, public and/or private (amount) | |
| Additional private investors' participation to the instrument (amount) | |
| Financial tranches (amounts and dates when certified to the Commission) | |

| Audit question | Regulatory reference Guidance note reference | Yes/ No/ NA | Observation | Conclusion (estimate of financial impact if applicable) |
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| Monitoring, reporting and management verifications <i>(section related to a system audit)</i> | | | | |
| 1. Is there a regular reporting on the implementation of the FI from the financial intermediaries to the FoF (if applicable) and to the MA? | | | <i>Please verify if the reporting allows the MA to perform its monitoring functions as listed under question 2 below.</i> | |
| 2. Is there a proper system for the MA to monitor the work of the FoF (if applicable) and the work of the financial intermediaries? | Art. 125 CPR | | <i>Please review the system the MA has established to regularly monitor the work of the FoF and financial intermediaries, in particular with regard to:</i> <ul style="list-style-type: none"> - Verification of eligibility of the final recipients - Verification of eligibility of the investments - Re-use of interest and returns | |
| 3. Did the MA perform adequate management verifications in respect to the eligibility of investments disbursed to final recipients before submitting the payment claim for the second and following tranches? Do you agree with the results? | Art. 41(1)(c) and 125 CPR | | <i>Please consider both desk review and on the spot verifications</i> <i>The MA has the responsibility to monitor the FoF / financial intermediaries. Even if these bodies perform management verifications, the MA has the final responsibility and has to perform controls on the work of these bodies. This can be done on a sample basis.</i> | |
| 4. In case of weaknesses in the implementation performed by the FoF (if applicable) and the financial intermediaries, did the MA take appropriate measures to mitigate the | | | | |

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| impact on the EU Funds? | | | | |
| Financial instrument level | | | | |
| I. Ex-ante assessment <i>(section not applicable in case of instruments under Article 39 and 39a CPR)</i> | | | | |
| 5. Does the ex-ante assessment include all legal requirements? | Art. 37(2) CPR Guidance for Member States on Article 37(2) CPR– Ex-ante assessment | | <i>The ex-ante assessment should include:</i> <ul style="list-style-type: none"> • <i>analysis of market failures, suboptimal investment situations and investment needs for the concerned policy areas and thematic objectives</i> • <i>added value and consistency with other forms of public intervention addressing the same market</i> • <i>State aid implications, proportionality of envisaged intervention and measures to minimise market distortion</i> • <i>Expected leverage effect (estimated additional public and private resources to be raised)</i> • <i>Need for preferential remuneration to attract investors and its extent</i> • <i>Lessons learnt from similar instruments in the past</i> • <i>Proposed investment strategy including the implementation options (FoF, financial intermediaries, etc.)</i> • <i>Financial products to be offered, final recipients targeted and envisaged combination with grant support (if applicable)</i> | |

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| | | | <ul style="list-style-type: none"> • <i>Specification of expected results, including indicators</i> • <i>Provisions for review and update of the ex-ante assessment during the implementation, should it no longer accurately represent the market conditions</i> <p>COVID-19 specificities: <i>A simplified ex-ante assessment under Article 37(2) CPR is still required where the managing authority decides to set up a new financial instrument as a crisis response. It is recommended that the analysis is focused and short, relying on existing EC publications and own estimates in relation to assessment of demand as a result of the COVID-19 outbreak. The simplified ex-ante assessment does not need to be outsourced and can be prepared by the MA.</i></p> | |
| 6. Was the ex-ante assessment performed before the MA decided to make programme contributions to the financial instrument? | Art. 37(3) CPR | | | |
| 7. Were the summary findings and conclusions of the ex-ante assessment published three months after its finalisation? | Art. 37(3) CPR | | <i>Please note the link or other evidence</i> | |
| 8. Was the ex-ante assessment presented to the Monitoring Committee? | Art. 37(3) CPR | | <i>Please note the date</i> | |
| 9. Was there a review of the ex-ante assessment? | Art. 37(2) (g) CPR | | <p><i>The managing authority can review the ex-ante assessment if it considers that it may no longer accurately represent the market conditions existing at the time of its implementation.</i></p> <p><i>If yes, were the provisions for this review set in the</i></p> | |

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| | | | <p><i>initial ex-ante assessment respected?</i></p> <p>COVID-19 specificities:</p> <p><i>If the FI was adapted in order to contribute to the crisis response, there is no need to review and update the ex-ante assessment.</i></p> | |
| 10. Are the financial instruments set-up in line with the relevant conclusions from the ex-ante assessment? If not, is there any justification done by the MA? | Art. 37(2) CPR | | <p><i>This question refers to the consistency between the selection of the set-up options and the financial contribution to the FI on one side, and the conclusions of the ex-ante analysis on the other, including the types of financial products, the state aid regime, and selection of the FoF and/or financial intermediaries</i></p> <p><i>Assess the justification of the MA in case the set-up established differs from the one recommended in the ex-ante assessment.</i></p> | |
| 11. In case of a guarantee, does the prudent ex-ante risk assessment provide for an appropriate multiplier ratio between the guarantees provided and the related loans? Is the actual multiplier ratio as agreed in the guarantee contracts ¹ in line with the one presented in the ex-ante risk assessment? If not, is this justified by the market. | Article 8 a) and b) of Regulation 480/2014 | | <p><i>The ex-ante assessment under Art. 37(2) CPR and the prudent ex-ante risk assessment under Art. 8 of CDR 480/2014 are two different notions. The prudent ex-ante risk assessment under the CDR is done after the ex-ante assessment under the CPR, by the bodies implementing the financial instrument in order to determine the level of the programme resources needed for the guarantee products proposed.</i></p> <p><i>A justification by the market may be an updated ex-ante risk assessment, e.g. due to a change in the market conditions.</i></p> | |
| 12. If differentiated treatment is used in the FIs, are their need and level in line with | Art 37(2)(c) Art 43a(2) CPR | | <p><i>This assessment refers to the differentiated treatment of investors operating under the market economy</i></p> | |

¹ This is the contract between the guarantor and the bank providing the loans.

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| the ex-ante assessment? If not, is this justified by the market (e.g. selection process). | | <i>principle</i> | |
| II. Implementation options | | | |
| <p>13. Is the instrument:</p> <ul style="list-style-type: none"> - set up at Union level, managed directly or indirectly by the Commission - set-up at national, regional, transnational or cross-border level, managed by or under the responsibility of the managing authority - combining programme contribution with EIB financial products under the EFSI in accordance with Article 39a CPR | Art. 38(1)(a-c) CPR | | |
| 14. In case of FIs set-up under Art. 38(1)(b), is the instrument complying with the standard terms for “off-the-shelf” instruments? | Art. 38 (3) CPR | <p><i>In case of off-the-shelf instruments, the Commission provides standard rule for the following types of off-the-shelf instruments:</i></p> <ul style="list-style-type: none"> • <i>Portfolio risk sharing loan for SMEs</i> • <i>Capped portfolio guarantee</i> • <i>Renovation loan</i> • <i>Co-investment facility</i> • <i>Urban Development Fund</i> <p><i>In case of off the shelf instruments combined with grants for technical support, please verify if the grant does not exceed 5% of the ESIF contribution to the financial instrument and is subject to the conclusions of the ex-ante assessment justifying such grants referred to in Article 37 CPR.</i></p> | |

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| | | | <p><i>It is possible to indicate that an “off-the-shelf” instrument was used only if all conditions laid down in the Annexes to the CIR 964/2014 were fulfilled. Please verify the details if applicable.</i></p> <p><i>In case of a set-up of the FI in full respect of the CIR 964/2014, please note that these instruments are State aid compliant.</i></p> | |
| <p>15. When supporting financial instruments referred to in point (b) of paragraph 1 of Art. 38 CPR, the managing authority :</p> <ul style="list-style-type: none"> - invested in <i>the capital of a legal entity (Art. 38(4)(a))</i> - entrusted implementation tasks, through the direct award of a contract, to EIB, <i>international financial institutions, a publicly-owned bank or institution (Art. 38(4)(b))</i> - entrusted implementation tasks to another body governed by public or private law <i>(Art. 38(4)(c))</i> - undertake implementation tasks directly, in the case of financial instruments consisting solely of loans or guarantees <i>(Art. 38(4)(d))</i> | <p>Art. 38(4)(a-d) CPR</p> <p>Guidance for Member States on Article 38(4) CPR - Implementation options for financial instruments by or under the responsibility of the managing authority</p> | | <p><i>Please indicate the selected option</i></p> | |
| <p>16. Are the conditions for the selection of the fund manager (FoF and financial intermediary) complied with in case of implementation under paragraphs a), b) (ii) and (iii) of Article 38(4) CPR?</p> | <p>Art. 7 CDR EC Regulatory Guidance for</p> | | <ul style="list-style-type: none"> • <i>Entitlement to carry out the tasks according to Union or national law</i> • <i>Adequate economic and financial viability</i> • <i>Adequate capacity to implement the instrument, including organisational structure and governance framework</i> | |

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| | Member States on the selection of bodies implementing financial instruments) | | <ul style="list-style-type: none"> • <i>Experience</i> • <i>Internal control system</i> • <i>Accounting system</i> • <i>Agreement to be audited</i> • <i>Robustness and credibility of the methodology for selection of financial intermediaries or final recipients</i> • <i>Appropriate measures to align interests and avoid conflict of interest in case of own participation in the instrument</i> • <i>Level of management costs and fees</i> • <i>Terms and conditions for the support to final recipients</i> • <i>Ability to raise additional resources</i> • <i>Ability to demonstrate additional activity in comparison to present activity</i> • <i>In case of allocation of own financial resources, measures mitigating conflict of interest</i> | |
| 17. Which procedure was followed for the selection of: – Fund of Funds, if applicable ? – Financial intermediaries? Is the procedure applied in line with the applicable law (including public procurement)? | Art. 38(4)(a), (b), (c) CPR Guidance for Member States on Article 38(4) CPR - Implementation options for financial instruments by or under the responsibility of the managing | | <p><i>Please indicate if there was a direct award or a public procurement procedure.</i></p> <p><i>In case of a public procurement procedure, please fill in the public procurement checklist per body.</i></p> <p><i>In case of Art. 38(4) (d) the selection procedure refers to the intermediate body.</i></p> | |

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| | authority | | | |
| 18. Should there be no obligation to use a public procurement procedure for the selection of the fund manager, is the selection based on open, transparent, proportionate and non-discriminatory procedures, avoiding conflict of interest? | Art. 38(5) CPR | | <i>This is the case for the selection of the financial intermediaries when the FoF is not selected via a public procurement procedure.</i> | |
| 19. In case of Art. 38(4)(a), is the purpose of the investment eligible? | Art. 38(4) (a) CPR | | <i>Please verify if the purpose of the MA's investment in the FI is to implement new investments and not to recapitalise existing legal entities (i.e. the capital should not be used as capital reserves to cover already existing activities of the legal entity)</i> | |
| 20. In case of SME Initiative, is the purpose of the investment eligible? | | | <i>Investments are restricted to SME only. Re-financing is not allowed (only new debt)</i> | |
| 21. In case of in-house award, is the award legal and regular? | Directive 2004/18/EC Directive 2014/24/EU | | <i>Depending on the applicable Directive, please verify if:</i> <i>The conditions according to Directive 2004/18/EC are fulfilled cumulatively</i> <ul style="list-style-type: none"> • 100% public ownership • Control of the contracting authority over the entity similar to the control over its own departments • Entity carries out the essential part of its activities for the contracting authority <i>OR</i> <i>The conditions according to Directive 2014/24/EU are fulfilled cumulatively</i> <ul style="list-style-type: none"> • If there is a private participation in the entity, it should not be in a controlling or blocking position | |

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| | | | <ul style="list-style-type: none"> • <i>Control of the contracting authority over the entity similar to the control over its own departments</i> • <i>Entity carries out more than 80% of its activities for the contracting authority</i> | |
| 22. In case of inter-administrative cooperation, is the award legal and regular? | Directive 2004/18/EC Directive 2014/24/EU | | <p><i>Depending on the applicable Directive, please verify if:</i></p> <p><i>The conditions for an award to be outside of the scope of Directive 2004/18/EC are fulfilled cumulatively</i></p> <ul style="list-style-type: none"> • <i>Cooperation concerns only public authorities</i> • <i>Equal treatment is ensured, i.e. no private provider receives an advantage</i> • <i>Pursuit of objective in the public interest which the authorities have to perform</i> <p><i>OR</i></p> <p><i>The conditions for an award to be outside of the scope of Directive 2014/24/EU are fulfilled cumulatively</i></p> <ul style="list-style-type: none"> • <i>The aim is a cooperation between authorities in order to ensure the provision of public services they have to perform</i> • <i>The cooperation is governed solely by considerations related to public interest (in particular with regard to remuneration)</i> • <i>The administration should perform less than 20% of the activities concerned by the cooperation on the open market</i> | |
| 23. In case of direct award of the FI management contract to publicly-owned banks or institutions, did the MA justify its decision based on the fulfilment of the conditions of Article | Art. 38(4)(b)(iii) CPR Guidance for Member States on | | <i>Those conditions have to be analysed ex-ante and not ex-post and met by the bank or institution at the moment of the entrustment of the tasks. The analysis should be done based on the terms under which the bank is established (under the conditions of its</i> | |

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| <p>38(4)(b)(iii)? Are those criteria complied with?</p> | <p>the selection of bodies implementing financial instruments</p> | | <p><i>statutes)</i></p> <p><i>These conditions are:</i></p> <ul style="list-style-type: none"> - <i>There is no direct private capital participation with the exception of non-controlling and non-blocking forms of private capital participation</i> - <i>Operates under a public policy mandate</i> - <i>Carries out, as all or part of its activities, economic development activities contributing to the objectives of the ESI Funds</i> - <i>Operates without a main focus on maximising profits but on sustainable activities</i> - <i>Ensures that the direct award does not provide any direct or indirect benefit for commercial activities</i> - <i>Is subject to the supervision of an independent authority</i> | |
| <p>24. In case of financial instruments implemented directly by the MA/IB under Article 38(4)(d):</p> <ul style="list-style-type: none"> - is the financial instrument providing only loans and guarantees? - is the selection of final recipients transparent and justified on objective grounds? - does the MA/IB have the capacity to implement a FI operation (e.g. administrative capacity, including the technical skills, organisational structure and governance framework of the MA/IB)? - are the costs related to the | <p>38(4)(d) CPR</p> <p>6(1)(a) CDR</p> <p>6(1) CDR</p> <p>42(1)(d)</p> | | <p><i>Management costs and fees in accordance with Article 42(1)(d) CPR are not eligible expenditure under the FI</i></p> | |

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| management of the FIs covered by technical assistance or resources paid back attributable to ESI Funds? | | | <i>operation directly managed by the MA/IB. They can be charged only by the bodies implementing financial instruments covered by the other implementation options.</i> | |
| III. Funding Agreement - general governance arrangements | | | | |
| 25. In case the financial instrument is managed by a legal entity, the EIB, international or national financial institution or a body governed by public or private law, does the funding agreement include the elements mentioned in Annex IV (1) CPR? | Art. 38(4) (a), (b) and (c) CPR, Art. 38(1)(c) Annex IV CPR | | <p><i>The following elements have to be part of the funding agreement:</i></p> <ul style="list-style-type: none"> • <i>Investment strategy, including implementation arrangements, financial products, final recipients, and envisaged combination with grants (if applicable)</i> • <i>Business plan including the expected leverage effect</i> • <i>Target results</i> • <i>Provisions of monitoring of implementation and deal flows (including in case of bankruptcies of final recipients, late payments, etc.)</i> • <i>Documentation, audit trail and provisions for access</i> • <i>Management of phased contributions, including fiduciary/separate accounting</i> • <i>Management of interest and other gains</i> • <i>Calculation and payment of management costs and fees</i> • <i>Re-use of resources returned during the eligibility period</i> • <i>Re-use of resources returned after the end of the eligibility period</i> • <i>Conditions for total or partial withdrawal of programme contributions</i> | |

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| | | | <ul style="list-style-type: none"> • <i>Provisions for independence and professional standards for the bodies implementing the financial instrument</i> <p><i>In addition, where financial instruments are organised through a fund of funds, the funding agreement between the managing authority and the body that implements the fund of funds must also provide for the appraisal and selection of bodies implementing the financial instruments, including calls for expression of interest or public procurement procedures.</i></p> | |
| 26. In case the financial instrument is managed directly by the MA, do the strategy documents include the elements mentioned in Annex IV (2) CPR? | Art. 38(4) (d) CPR Annex IV CPR | | <p><i>The following elements have to be part of the strategy documents:</i></p> <ul style="list-style-type: none"> • <i>Investment strategy and conditions for the envisaged debt products, target recipients and actions to be supported</i> • <i>Business plan including the expected leverage effect</i> • <i>Use and re-use of resources</i> • <i>Monitoring and reporting of implementation</i> | |
| 27. Are the eligibility rules defined in the funding agreement in line with the eligibility rules of the programme(s) axis/axes? | Operational programme(s) | | | |
| 28. Are there measures ensuring that the resources paid back (including capital repayments and gains) are to be used for a similar purpose either in a financial instrument or in other forms of support after the end of the eligibility period during a period of at least 8 years? | Art. 45 CPR Annex IV (1)(j) CPR | | <i>Please verify, if appropriate</i> | |

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| 29. Are there procedures foreseen in the Funding Agreement on the winding up of the financial instrument? | Annex IV (1)(m) CPR | | <i>Please verify, if appropriate</i> | |
| 30. Does the funding agreement/strategy document include provisions concerning prevention of money laundering, fight against terrorism, tax avoidance and tax fraud? If not, how the compliance with this Article is ensured by the MA? | Art. 38(4)2 nd subparagraph CPR Art 155 (2) and (3) of the Financial Regulation | | | |
| 31. Is the Fund of Funds and/or the financial intermediary established in a territory whose jurisdiction does not co-operate with the Union in relation to the application with internationally agreed tax standards? | Art. 38(4) CPR | | | |
| <p>IV. Compliance with State aid rules <i>(please fill for each of the following levels: Fund of Funds, financial intermediaries, private co-investors, final recipients)</i> <i>(Specific State aid rules apply to EAFRD and EMFF²)</i></p> | | | | |
| 32. Does the support come from State resources and is it imputable to the State? | Art. 107(1) TFEU Art 37(12) CPR Staff Working Document (2017)156 Guidance on State aid in European Structural and Investment (ESI) | | <p><i>National public resources and ESI Funds under shared management (i.e. Member States have a discretion about their use) are considered State resources.</i></p> <p><i>EIB Group investing own resources at own risk is considered private financing (no State resource). EFSI as well is no subject to State aid rules.</i></p> <p><i>Should Member States provide guarantee for EIB</i></p> | |

² For the European Agricultural Fund for Rural Development (EAFRD) and the European Maritime and Fisheries Fund (EMFF) special rules on State aid apply (see Article 8(2) of Regulation (EU) No 508/2014, OJ L 149 of 25.05.2014, page 1 (EMFF Regulation) and Article 81(2) of Regulation (EU) 1305/2013, OJ L 347 of 20.12.2013, page 487 (EAFRD Regulation)).

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| | Funds Financial instruments in the 2014-2020 programming period | | <i>Group investments, i.e. no full own risk, such investments are considered State resource.</i> | |
| 33. Is the recipient of aid an undertaking? | Art. 107(1) TFEU | | <i>Undertaking is an entity engaged in economic activity, i.e. offering goods and services on the market. The definition is independent from the public/private nature of the entity, its status as non-profit organisation. It depends only on the specific activity.</i> | |
| 34. Does the support represent an advantage? | Art. 107(1) TFEU Staff Working Document (2017)156 Guidance on State aid in European Structural and Investment (ESI) Funds Financial instruments in the 2014-2020 programming period | | <ul style="list-style-type: none"> • <i>For co-investors there is no advantage, if the investments are done under the pari passu principle (i.e. the same terms and conditions apply to the public and private investors, when both intervene simultaneously, and the intervention of the private investor is min. 30%)</i> • <i>For bodies implementing financial instruments (Fund of Funds, financial intermediaries) there is no advantage if the management costs and fees do not exceed market rates and the advantage is passed to final recipients. Market rates can be established based on a public procurement selection of those bodies. For direct award, the thresholds for the management costs and fees are determined in Article 13 CDR.</i> • <i>For the final recipients, there should be as a rule an advantage as ESI Funds should respond to market failures. Therefore, the final recipient should not be able to receive</i> | |

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| | | | <i>the same product under the same conditions on the free market taking into account eligibility rules, in particular those concerning territorial eligibility. Please refer to the ex-ante assessment.</i> | |
| 35. Does the support distort competition and affect trade between Member States? | Art. 107(1) TFEU Commission Regulation (EC) No 1407/2013 | | <i>De minimis aid (200 000 Euro over a 3-year period) does not distort competition or affects trade between Member States.</i> <i>In case of a group of companies at the level of the final recipient, please verify the de minimis threshold for the undertaking”, i.e. the whole group of companies.</i> | |
| 36. Conclusion: Is State aid applicable? | Art. 107(1) TFEU EC Regulatory Guidance (Guidance on State aid in European Structural and Investment (ESI) Funds financial instruments in the 2014-2020 programming period) Staff Working Document (2017)156 Guidance on State aid in European Structural and Investment (ESI) | | <i>Please verify that at each of the above mentioned three levels the four conditions dealt with in questions 34 to 37 are cumulatively applied with.</i> <i>If the conclusion is yes, please reply to questions 39 and 40.</i> | |

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| | Funds Financial instruments in the 2014-2020 programming period | | | |
| 37. Did the MA use one of the exemptions foreseen in GBER? | Commission Regulation (EC) No 651/2014 | | <p><i>Please indicate which of the following exemptions applies (non-exhaustive list):</i></p> <ul style="list-style-type: none"> • <i>Art. 14 (regional investment aid)</i> • <i>Art. 16 (regional urban development aid)</i> • <i>Art. 21 (risk finance aid), i.e. equity</i> • <i>Art. 22 (aid for start-ups)</i> • <i>Art. 39 (investment aid for energy efficiency projects in buildings)</i> • <i>Art. 52 (aid for broadband infrastructure)</i> <p><i>If applicable, please fill in the respective section in the State aid checklist.</i></p> <p><i>As regards fisheries and aquaculture, please consider the sector-specific Regulation, Commission Regulation (EU) No 1388/2014.</i></p> | |
| 38. If State aid is applicable and not subject to GBER exemptions, is the presence of State aid notified to the Commission? | | | <p><i>Please verify if the financial instrument complies with the conditions of the Commission decision for compliance of the aid with the internal market.</i></p> <p><i>If applicable, please fill in the respective section in the State aid checklist.</i></p> | |
| V. Payments | | | | |
| 39. Did the bodies implementing the FI open a fiduciary account or a separate block of finance or a separate account? | Art. 38(6) CPR Art. 39(6) CPR Art. 1 CIR 821/2014 | | <i>In case of contributions to a financial instrument from more than one programme or more than one priority axis or measure, separate accounts or accounting</i> | |

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| | | | <i>codes should be maintained.</i> | |
| 40. Is the application for interim payment equal to or less than 25% of the total amount of programme contributions committed to the financial instrument? | Art. 39(7) CPR Art. 41 CPR EC Regulatory Guidance (Guidance for Member States on Article 41 CPR– Request for payment) | | <i>For EU level instruments the Commission can pay up to 100% of the amounts to be paid by the Member State to the EIB as agreed in the funding agreement. Such request for payment shall comply with the condition of Article 39(7) CPR.</i> <i>The capping of 25% concerns the programme contribution (both ESIF and national co-financing)</i> | |
| 41. In case the second application for interim payment is subject to the audit, was at least 60% of the amount included in the first application for payment spent as eligible expenditure? | Art. 41 (c) CPR | | <i>Please consider possible systemic findings from the control tests which might put in question the achievement of the 60% threshold.</i> | |
| 42. In case the third or subsequent applications for interim payment is subject to the audit, was at least 85% of the cumulative amount included in the previous applications for payments spent as eligible expenditure? | Art. 41 (c) CPR | | <i>Please consider possible systemic findings from the control tests which might put in question the achievement of the 85% threshold.</i> | |
| 43. In case of ESIF/EFIS combination is the interim payment claim phased in line with the payment schedule set out in the funding agreement? | Art. 39a(10) CPR | | <i>This payment schedule shall further correspond to the payment schedule agreed for other investors in the same financial instrument.</i> | |
| 44. In case of the SME Initiative for which the Member State's payment application to the Commission shall be made on the basis of 100 % of the amounts to be paid by the Member State to the EIB, did the amounts requested by the EIB cover | Art. 39(7) CPR | | | |

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| commitments under guarantee agreements or securitisation transactions to be finalised within the three following months? | | | | |
| VI. Eligibility of management costs and fees | | | | |
| 45. Does the MA calculate the management costs and fees in accordance with the signed funding agreement? | | | | |
| 46. Does the funding agreement include a performance-based calculation methodology? Is this methodology applied by the MA? | Art. 12 CDR | | <p><i>Please verify that the MA's calculation includes the following elements, as applicable:</i></p> <ul style="list-style-type: none"> • <i>Payment depending on the disbursement of contributions to final recipients</i> • <i>Payment depending on the resources paid back or release of resources committed in case of guarantees</i> • <i>Payment depending on the quality of measures accompanying the investment before and after the investment decision to maximise its impact</i> • <i>Payment depending on the contributions of the financial instrument to the objectives and outputs of the programme</i> | |
| 47. For the SME Initiative are the thresholds and provisions set by article 14 of Decision 2014/660/EU in line with the funding agreement? | Art 14 of Decision 2014/660/EU | | | |
| VII. Irregularities | | | | |
| 48. Are individual irregularities identified in previous audits replaced by regular | Art. 40(5a) CPR | | | |

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| expenditure? | | | | |
| 49. Are irregularities declared as irrecoverable from the bodies implementing the financial instrument to the MA? | Art. 6(3) CDR | | <i>If yes, the following cumulative conditions should be fulfilled:</i> <ul style="list-style-type: none"> • <i>The irregularity occurred at the level of the final recipient, or in case of Fund of Funds, at the level of the financial intermediary;</i> • <i>There is no fault of the body implementing the FI when performing their obligations described in Art. 6(1) CDR, in particular with regard to the selection of the final recipients;</i> • <i>The body implementing the financial instrument pursued all applicable contractual and legal measures to recover the expenditure.</i> | |
| 50. Has the risk of conflict of interests been addressed by the national authorities, both during the FI selection phase and during the FI implementation (including selection of final recipients)? Have you noted any cases of (potential) conflict of interests? | Art. 61 Regulation (EU) 2018/1046 | | <i>The staff involved at all levels (MA, FoF, financial intermediaries) in selection, implementation and control of the FI should declare any risk of conflict of interests to their hierarchy.</i> | |
| VIII. Audit trail, performance, information and communication | | | | |
| 51. Is there an appropriate audit trail allowing the performance of the present audit assignment? | Art. 40 CPR Art. 9 CDR | | <i>Following documents should be made available upon request:</i> <ul style="list-style-type: none"> • <i>establishment of the financial instrument (ex-ante assessment, funding agreement, etc.);</i> • <i>documents related to the selection of the FoF and/or financial intermediaries;</i> • <i>amounts contributed, financial flow and</i> | |

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| | | | <p><i>separate accounting;</i></p> <ul style="list-style-type: none"> • <i>monitoring, reporting and verifications, including checklists;</i> • <i>interest, gains, use and re-use of resources;</i> • <i>exit of programme contributions;</i> • <i>management costs and fees;</i> • <i>state aid compliance (e.g. de minimis aid, GBER, notification, etc.);</i> • <i>documents related to the selection of final recipients such as agreements (loan, guarantee, shared purchase, etc.) signed with final recipients.</i> | |
| 52. Is there an appropriate documentation of the national co-financing (public and private), in particular in the case when the national co-financing is made at the level of final recipients? | Art. 1(3) CIR 821/2014 | | <p><i>Following evidence should be available:</i></p> <ul style="list-style-type: none"> • <i>Legal agreements with the private or public investors</i> • <i>Proof of the effective transfer of resources</i> | |
| 53. In case of Art. 38(4)(b) (i)/(ii), entrusting tasks to EIB and international financial institutions, are the recommendations from the annual independent audit report implemented? | Art. 40 CPR and Implementing act | | <p><i>This report shall be issued annually. It should cover the set up and the selection and monitoring of the financial intermediaries.</i></p> <p><i>The implementation of the recommendations can be verified with the next reports.</i></p> | |
| 54. Were the final recipients informed about the participation of ESI Funds ? | Article 115, Art. 6(1)(b) CDR | | | |
| <p>Final recipient level</p> <p><i>(please fill this section for each file of a final recipient selected)</i></p> | | | | |
| <p>IX. Eligibility of the final recipient</p> | | | | |

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| <p>55. Is the final recipient selected according to the eligibility rules of the funding agreement and the programme/priority axis?</p> | <p>Art. 65(1) CPR Art. 6(1) CDR</p> | <p><i>Please note that the eligibility rules set in the funding agreement should contribute to the programme objectives (see question 30 above). In case of finding under question 30, no positive answer can be provided under this question.</i></p> | |
| <p>56. In case the financial instrument is supporting financing to enterprises, including SMEs, is it targeting eligible final recipients?</p> | <p>Art. 37(4) CPR</p> | <p><i>If yes, the instrument should be targeting one of the following:</i></p> <ul style="list-style-type: none"> • <i>Establishment of new enterprises</i> • <i>Early stage capital (i.e. seed capital and start-up capital)</i> • <i>expansion capital</i> • <i>capital for the strengthening of the general activities</i> • <i>realisation of new projects</i> • <i>penetration of new markets</i> • <i>new developments by existing enterprises</i> <p>Verification of the SME status: <i>(please prepare, if needed, additional working papers with the specific calculations)</i></p> <ul style="list-style-type: none"> • <i>Medium-sized company: headcount < 250, turnover ≤ € 50 m or balance sheet total ≤ € 43 m</i> • <i>Small company: headcount < 50, turnover ≤ € 10 m or balance sheet total ≤ € 10 m</i> • <i>Micro company: headcount < 10, turnover ≤ € 2 m or balance sheet total ≤ € 2 m</i> <p><i>The following guidance contains all elements needed to assess the SME status:</i> https://ec.europa.eu/docsroom/documents/42921</p> | |

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| | | <p>DG GROW has also provided a SME self-assessment tool: https://ec.europa.eu/growth/tools-databases/SME-Wizard/smeq.do;SME_SESSION_ID=2LROGIShp3WkpPQqkqWiRKky_tEjG7yNNFNjQD2PxMcCYBpe-rx!2141392090?execution=e1s1</p> <p>Please consider any national rules and documents required with regard to SME status as well.</p> <p>Some specificities to be noted:</p> <ul style="list-style-type: none"> • A change of the ownership structure of the beneficiary has an immediate impact on the SME status (i.e. in such cases the SME status is to be assessed on the basis of the ownership structure valid at the time of granting the aid and not at the time of closure of the latest accounts). • In addition to the legal entity of the beneficiary itself, also the following enterprises should be taken into account for the assessment: • Partner enterprises of the beneficiary situated immediately upstream or downstream from the beneficiary and enterprises which are linked to these partner enterprises. • Enterprises linked (directly or indirectly) to the beneficiary and partner enterprises of these linked enterprises, situated immediately upstream or downstream from them. • Enterprises linked to the beneficiary through a natural person or group of natural persons acting jointly, should also be considered if they engage in their activity or in part of their activity in the same | |
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| | | | <p><i>relevant market or in adjacent markets. An ownership of the enterprise by such natural person(s) is not a condition for the link.</i></p> <ul style="list-style-type: none"> • <i>Data from at least the two latest closed accounting years before the investment decision should be considered for the assessment.</i> • <i>For newly created enterprises, estimates of the relevant data (e.g. from business plans) should be considered for the calculation of the respective thresholds.</i> | |
| 57. Was the selection of the final recipient transparent, justified on objective grounds and in the absence of conflict of interest? | Art. 6(1) CDR | | The check can be performed also when replying to question 27 above. | |
| X. Eligibility of the expenditure | | | | |
| 58. Does the support through FIs comply with Fund-specific rules and is in line with the requirements set out under the relevant programme and priority? | Programme eligibility conditions | | | |
| 59. Is the investment located in an eligible area? | Art. 70(2) CPR | | <p><i>Please consider the derogations mentioned in Art. 70(2) CPR (to be complied with cumulatively):</i></p> <ul style="list-style-type: none"> • <i>The investment is outside the programme area but within the Union;</i> • <i>The investment is for the benefit of the</i> | |

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| | | | <p><i>programme area;</i></p> <ul style="list-style-type: none"> • <i>The total amount from the ERDF, Cohesion Fund, EAFRD and EMFF invested outside of the programme area do not exceed 15% of the allocation of the Funds to the programme at the level of the priority;</i> • <i>The monitoring committee has given its approval;</i> • <i>The obligations of the programme authorities with regard to management, control and audit apply.</i> <p><i>For investments under thematic objective 1, only 3rd and 5th bullet points above apply.</i></p> | |
| 60. Are there documents (a business plan or equivalent documents ³) provided in support of the potential economic viability of the investment and does the investment decision correspond to the main purpose of the requested investment? | Art. 6(1) CDR Art. 9 CDR Art 37(1) CPR | | <p><i>The purpose of this control is to check if the documents exist and if the investment decision is in line with the investment planned.</i></p> <p><i>Equivalent documents to a business plan can be the loan application form from which the loan's purpose is made clear and/or the internal rating of the financial intermediary, potentially coupled with the investment evaluation/credit analysis.</i></p> <p><i>The auditor is not expected to re-perform the assessment of the loan application or due diligence of the investment.</i></p> | |
| 61. Was the investment not physically completed or fully implemented at the date of the investment decision by the | Art. 37(5) CPR | | <p><i>The date of the investment decision refers to the moment when the loan/guarantee or equity investment is approved by the body implementing the</i></p> | |

³ Such equivalent documents can be an internal FI rating, a credit assessment or a project evaluation conducted by the financial intermediary, as well as a loan application, etc.

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| <p>body implementing the financial instrument?</p> | | <p><i>financial instrument. In the loan origination process, which includes all the steps from taking a loan application up to disbursement of funds (or declining the application), the date of the investment decision precedes the actual signature e.g. of the loan agreement and the disbursement of funds. In case of equity, the investment decision should precede the investment from the equity fund to the company.</i></p> <p><i>GBER requirements may further restrict the eligibility of the investment (e.g. incentive effect).</i></p> | |
| <p>62. Was the eligible expenditure incurred after the financial contribution from the programme to the financial instrument was granted?</p> | <p>Art. 2(9) CPR</p> | <p><i>In accordance with Article 2(9) CPR, a financial instrument operation is defined as the financial contribution from a programme to a financial instrument and the subsequent financial support provided by this financial instrument. Therefore, the support to final recipients or for the benefit of final recipients granted by financial instruments can be eligible as of the date of the programme contribution to the financial instrument (which occurs only after the signature of the funding agreement). Therefore, the date of the funding agreement is considered as the moment of the binding contribution of the programme to the financial instrument. This date should, therefore, precede the support provided by the financial instrument to the final recipients.</i></p> <p><i>In financial instruments implemented in accordance with Article 38(4)(d) expenditure can be eligible as of the date of presentation of a strategy document for examination by the monitoring committee.</i></p> | |

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| | | | <p>COVID-19 specificities – working capital: <i>The expenditure for operations fostering crisis response capacities in the context of the COVID-19 outbreak shall be eligible as from 1 February 2020. However, in case of ESIF financial instruments, the expenditure is eligible from the date the adequate amendments (if needed) are introduced in the funding agreements.</i></p> | |
| <p>63. Is the expenditure eligible?</p> <p>In case the financial instrument is supporting financing to enterprises, including SMEs, is the expenditure eligible?</p> | <p>Articles 42 CPR</p> <p>Art. 37(4) CPR Guidance for Member States on Article 37(4) CPR Support to enterprises /working capital</p> | | <p><i>Re-financing is not allowed (only new funding)</i> <i>Eligible expenditure is:</i></p> <ul style="list-style-type: none"> • <i>Payments to or for the benefit of final recipients in cases referred to in Art. 37(7) CPR</i> • <i>Resources committed to guarantee contracts (outstanding or already come to maturity) for the underlying disbursed new loans</i> • <i>Management costs and fees</i> <p><i>The investments can include tangible and intangible assets, working capital and/or proprietary rights.</i></p> <p><i>Working capital is understood to be the difference between current assets and current liabilities of an enterprise (e.g. payment of raw materials, manufacturing inputs, labour, inventories, overheads, finance of trade receivables and non-consumer sales receivables).</i></p> | |

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| | | | <p>Covid-19 specificities – working capital: <i>Conditions to be respected and verified ex-ante:</i></p> <ul style="list-style-type: none"> • <i>whether the business had been affected by the public health crisis⁴, as defined in national rules, when a given measure targets exclusively such expenditure in line with the amended Article 3(1) of the ERDF Regulation;</i> • <i>ensuring that no double financing regarding the same expenditure item is provided in case the SMEs are or have been supported also by other EU funded operations;</i> • <i>no requirement to provide, as part of the supporting documents, new or updated business plans or equivalent documents.</i> | |
| 64. If the instruments provide support to infrastructure investments supporting urban development or urban regeneration or diversification of non-agricultural activities in rural areas, does the investment concern a reorganisation of a debt portfolio? | Article 37(6) CPR | | <ul style="list-style-type: none"> • <i>If yes, is this reorganisation concerning infrastructure forming part of a new investment?</i> • <i>If yes, is the support from the financial instrument to the investment not exceeding 20% of the costs?</i> | |
| 65. Did you obtain evidence that the support provided through the FI was used for its intended purpose? | Art. 9(1)(e)(xi), CDR 480/2014 | | <p><i>In particular the following elements can be considered:</i> <i>Is the purpose for which the support was used the same as stipulated in the business plan or other equivalent documents?</i> <i>In general, there is no need to reconcile invoices.</i></p> | |

⁴ For the support in the form of financial instruments, working capital has been eligible already from the beginning of the 2014-2020 period. Hence, when the proposed measures support both working capital needed to provide such effective response to the public health crisis and other eligible working capital, there might be no need to include any specific checks concerning the crisis. When the financial instruments are already in place, there might be even no need to change the underlying funding agreements.

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| | | <p>For tangible and intangible assets, i.e. investments: Following evidence can be taken into account, in addition to the Funding Agreement and the business plan:</p> <ul style="list-style-type: none"> - Invoices - Accounting documents - External assessment (implementation reports produced by the financial intermediary or the final recipient, controls and audits by specialised experts relevant for the type of final recipient, by the fund manager(s) and/or coming from the OP MCS), other proofs. <p>For working capital: Any evidence is acceptable, in particular latest balance sheet of the company or cash flow/bank statements or report made by the final recipient or financial intermediary indicating how loan proceeds have been used. For further details see Annex 3 and chapter 2.4 of the Guidance on management verifications (EGESIF 14-0012, in particular page 29).</p> <p>Covid-19 specificities – working capital: When financial instruments provide support in the form of working capital there is no requirement to provide evidence allowing verification that the support provided through the financial instruments was used for its intended purpose.</p> | |
| 66. Is contribution in kind declared as eligible expenditure? | Art. 37(10) CPR, Art 69(1) CPR | <p><i>The question is not applicable for the SME initiative.</i></p> <p><i>If yes, confirm that it takes the form of land or real estate and is related to investments in rural</i></p> | |

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| | | | <p><i>development, urban development and urban regeneration</i></p> <p><i>If yes, confirm the compliance with the criteria laid down in Art. 69(1) CPR :</i></p> <ul style="list-style-type: none"> • <i>the sum of the financial instrument support and the in kind contribution does not exceed the total eligible expenditure</i> • <i>the value of the in kind contribution does not exceed the market value</i> • <i>the value and the delivery of the contribution can be independently assessed and verified</i> • <i>there is a certification of an independent qualified expert</i> • <i>In case of a lease agreement, is the nominal amount per annum not exceeding a single unit of the currency of the Member State?</i> | |
| 67. Is VAT at the level of the investment declared as eligible expenditure? | Art. 37(11) CPR | | <p><i>VAT at the level of investments made by the final recipients shall not be taken into account for the purposes of determining the eligibility of expenditure under the financial instrument.</i></p> <p><i>This question is to be replied only in case of a combination with a grant. For the part of the grant, the VAT should be separately verified if declared as eligible expenditure.</i></p> | |
| 68. If purchase of land is declared, is it eligible? | Art. 4 CDR | | <p><i>Land built on and not built on should not exceed 10% of the programme contribution paid to the final recipient or 20% in case of urban development or urban regeneration activities. In case of guarantees,</i></p> | |

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| | | | <i>the above percentage applies to the loan or other risk-bearing instrument provided.</i> | |
| 69. In case of combination of support in one operation (financial instrument operation), are the conditions met? | Art. 37(7) and (9) CPR Guidance for Member States on CPR Art. 37(7)(8)(9) – Combination of support from a financial instrument with other forms of support | | <p><i>The other forms of support can be technical support (i.e. technical preparation of the prospective investment for the benefit of the final recipient), interest rate subsidies, guarantee fees subsidies.</i></p> <p><i>The following conditions apply:</i></p> <ul style="list-style-type: none"> • <i>The support must be directly related to the financial instrument</i> • <i>The support must target the same final recipient</i> • <i>Grant support is used for the benefit of the final recipient (i.e. no disbursements of grant support to the final recipient)</i> • <i>State aid rules are complied with</i> • <i>Separate records are maintained for each form of support</i> <p><i>Please confirm if the conditions for the financial instrument were applied to the other types of support (co-financing rate, governance structure, payments, management costs and fees, etc.)</i></p> <p><i>Grants cannot be used to pre-finance or reimburse support received from financial instruments.</i></p> <p><i>Support provided through a financial instrument cannot be used to replace the national co-financing in a case of grants.</i></p> | |
| 70. In case a grant for technical support is | Art. 5 CDR | | | |

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| <p>provided in combination with the support from the financial instrument, is the grant used only for the purpose of technical preparation of the prospective investment for the benefit of the final recipient to be supported by that operation?</p> | | | | |
| <p>71. In case final recipients receive assistance from other ESI Funds priority or from another instrument supported by the budget of the Union for the same project, are there separate records maintained for each source of assistance? Is the support from the financial instrument part of an operation with eligible expenditure distinct from the other sources of assistance?</p> | <p>Art. 37(8) CPR</p> | | <p><i>This is the case of combination in two separate operations where each form of support follows its own rules.</i></p> <p><i>The auditors are expected to review the information available at the level of the fund managers and at the level of the MA.</i></p> | |
| <p>72. If the FI is combined with a grant in two separate operations, can you confirm that the rules are respected for the grant?</p> | <p>Art 69(3) CPR</p> | | <p><i>In such cases, the eligibility rules both for grants and for the FI investments apply.</i></p> <p><i>In line with Art 69(3) CPR the following costs are not eligible:</i></p> <p><i>a) interest on debt, except in relation to grants given in the form of an interest rate subsidy or guarantee fee subsidy;</i></p> <p><i>b) the purchase of land not built on and land built on in the amount exceeding 10% of the total eligible expenditure for the operation concerned. For derelict sites and for those formerly in industrial use which comprise buildings, that limit is increased to 15%. In exceptional and duly justified cases, the limit may be raised for operations concerning environmental</i></p> | |

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| | | | <p><i>conservation;</i> <i>c) value added tax except where it is non-recoverable under national VAT legislation.</i></p> | |
| 73. Is the support from the financial instrument covering the same expenditure item as the other forms of support? | Art. 37(9) CPR | | <p><i>If yes, confirm that the sum of all forms of support does not exceed the total amount of the expenditure item concerned</i></p> <p><i>If yes, confirm that the final recipient does not use the grant to reimburse the support received for the FI or that FI support is not used to pre-finance grants</i></p> | |
| <p>Eligible expenditure for FI at closure <i>(questions to be filled in addition to the questions under sections V, VI and VII)</i></p> | | | | |
| 74. Is the expenditure eligible? | Art. 42 CPR Article 11 CDR Article 14 CDR | | <p><i>Eligible expenditure at closure is:</i></p> <ul style="list-style-type: none"> • <i>Payments to or for the benefit of final recipients</i> • <i>Resources committed to guarantee contracts (outstanding or already come to maturity) for the underlying disbursed new loans</i> • <i>Management costs and fees</i> <p><i>Eligible expenditure at closure may also include programme resources paid into an escrow account to be used after the end of the eligibility period for the following purposes:</i></p> <ul style="list-style-type: none"> • <i>Capitalised interest rate subsidies or guarantee fee subsidies (for a maximum of 10 years after the end of the eligibility period, in combination with loans or risk-</i> | |

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| | | | <p><i>bearing instruments disbursed to final recipients during the eligibility period)</i></p> <ul style="list-style-type: none"> • <i>Management costs and fees in case of equity based instruments and micro-credit for a maximum of 6 years after the end of the eligibility period</i> • <i>For equity based instruments in case of follow-on investments to be made not exceeding four years after the end of eligibility period taking into account the cumulative conditions described in Article 42(3) CPR.</i> <p><i>Amounts which can be paid into escrow account for capitalised management costs and fees to be used after the end of the eligibility period in case of equity based instruments and micro-credit should follow the calculation requirements set out in Article 14 CDR.</i></p> | |
| 75. Is the expenditure declared as management costs eligible? | EGESIF 15/0021 EC Regulatory Guidance (Guidance for Member States on Article 42(1)(d) CPR– Eligible management costs and fees) | | <p><i>The question of what constitutes eligible expenditure regarding management costs is dealt with in the first instance by national rules.</i></p> <p><i>Such eligible expenditure may include costs incurred by the body implementing the FI as part of the preparation of investment decisions (by including also scouting costs for risk capital instruments), and the subsequent monitoring and follow-up of investments (e.g. technical studies, audit, legal expertise, etc) but should not include costs which are directly imputable to the preparation or implementation of individual projects or investment plans by final recipients, such as the costs of obtaining planning consent, technical feasibility studies, project management expenses,</i></p> | |

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| | | | <p><i>which are part of the costs of the investment. Following costs are in general considered eligible as management costs and fees:</i></p> <ul style="list-style-type: none"> • <i>Staff costs</i> • <i>Travel and subsistence expenses</i> • <i>Rent</i> • <i>Equipment</i> • <i>IT system</i> • <i>Consumables and supplies</i> <p><i>Such costs can incur during activities such as selection and tendering procedures, controls, monitoring and reporting, consultancy, information and communication. They can be calculated also as overheads (i.e. fees).</i></p> <p><i>Those costs should exclude preparation and implementation costs imputable to the single investments such as planning consent, technical feasibility studies, project management costs.</i></p> <p><i>Those costs should also exclude advisory, legal or accounting fees directly charged to the final recipients by the body implementing the financial instrument.</i></p> | |
| 76. Are capitalised interest rate subsidies and guarantee fee subsidies calculated at the end of the eligibility period as the total of discounted payment obligations? | Art. 11 CDR | | <i>The auditors should verify that the amount paid into escrow account has been calculated correctly respecting the applicable provisions of Article 42(1)(c) CPR and Article 11 CDR.</i> | |
| 77. Are capitalised management costs and fees calculated in case of equity based instruments and micro-credit according to the provisions of Article 42(2) CPR | Article 42(2) CPR Article 14 CDR | | <i>The auditors should verify that the amount paid into escrow account has been calculated correctly respecting the applicable provisions of Article 42(2) CPR and Article 14 CDR.</i> | |

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| and Article 14 CDR? | | | | |
| 78. Are the amounts calculated and paid into escrow accounts for follow-on investments in case of equity based instruments calculated taking into account cumulative conditions in Article 42(3) CPR? | Article 42(3) CPR | | <i>The auditors should verify that the amount paid into escrow account has been calculated correctly respecting the applicable provisions of Article 42(3) CPR.</i> | |
| 79. In case of a preferential remuneration of investors operating under the market economy principle, is it proportionate to the risk taken and limited to the minimum necessary to attract them ? | Art. 43a CPR and 6(1) (d) CDR | | <i>For example, the following elements can be reviewed:</i> <ul style="list-style-type: none"> • <i>Results of the ex-ante assessment</i> • <i>Results of a competitive tender (if applicable)</i> | |
| 80. Are interest and other gains used for the same objectives as those of the financial instrument? (treasury management) | Art. 43 CPR Guidance note about interest and other gains generated by European Structural & Investment Funds support paid to financial instrument | | <i>Those interest and other gains should be attributable to the ESI Funds support and differ from the re-use of resources paid back. The amounts not used in line with the provisions of Article 43 should be deducted from eligible expenditure at closure.</i> | |
| 81. Are resources paid back to the financial instruments until the end of the eligibility period used for: <ul style="list-style-type: none"> • further investments through the same or other financial instruments, in accordance with the specific objectives set out under a priority; • where applicable, to cover the losses in | Art. 44 CPR | | <i>The check is performed at the moment of the audit. It comprises of the check if such an obligation exists in the funding agreement and, for those resources effectively paid back till the moment of the audit, if the use is indeed for the listed purposes.</i> | |

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| <p>the nominal amount of the ESI Funds contribution to the financial instrument resulting from negative interest, if such losses occur despite active treasury management by the bodies implementing financial instruments;</p> <ul style="list-style-type: none"> • where applicable, reimbursement of management costs incurred and payment of management fees of the financial instrument | | | | |
| <p>82. Are the management fees eligible?</p> | <p>EGESIF 15/0021 EC Regulatory Guidance (Guidance for Member States on Article 42(1)(d) CPR– Eligible management costs and fees)</p> | | <p><i>Management fees are eligible if they are in line with the funding agreement and the calculation methodology set out in Article 13(1), (2), (3) CDR in case of non-competitive selection.</i></p> | |
| <p>83. In case of equity and a majority of capital provided by an investor, and the programme contributions are provided pari passu with the investor, do the management costs and fees exceed those paid by the investors?</p> | <p>Art. 13(5) CDR</p> | | <p><i>Majority of capital means more than 50%.</i></p> | |
| <p>84. In case of a Fund of Funds, do the management costs and fees exceed the thresholds? Is this justified by the results of the competitive selection on the market?</p> | <p>Art. 13(1), (3) and (6) CDR</p> | | <p><i>As from the signature of the funding agreement: 3% for the 1st year, 1% for the 2nd year and 0,5% for the following years of the programme contributions paid to the Fund of Funds 0,5% per annum of programme contributions paid by the Fund of Funds to financial intermediaries</i></p> | |

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| | | | <p><i>The aggregate amount paid to the Fund of Funds should not exceed 7% of the total amount of programme contributions</i></p> <p><i>In case a Fund of Funds is also implementing a specific financial instrument, the thresholds for management costs and fees are not cumulative. The Fund of Funds remuneration decreases with the amount of remuneration due for the implementation of the specific fund.</i></p> | |
| <p>85. In case of a body implementing the financial instrument providing equity, are the thresholds exceeded? Is this justified by the results of the competitive selection on the market?</p> | <p>Art. 13(2), (3) and (6) CDR</p> | | <p><i>Base remuneration: As from the signature of the funding agreement: 2,5% per annum for the first two years, thereafter 1% per annum</i></p> <p><i>Performance-based remuneration: 2,5% per annum of resources paid to final recipients or resources re-invested</i></p> <p><i>Aggregate amount should not exceed 20% of the total amount of programme contribution</i></p> | |
| <p>86. In case of a body implementing the financial instrument providing loans, are the thresholds exceeded? Is this justified by the results of the competitive selection on the market?</p> | <p>Art. 13(2), (3) and (6) CDR</p> | | <p><i>Base remuneration: As from the signature of the funding agreement: 0,5% per annum</i></p> <p><i>Performance-based remuneration: 1% per annum of resources paid to final recipients or resources re-invested</i></p> <p><i>Aggregate amount should not exceed 8% of the total amount of programme contribution</i></p> | |

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| <p>87. In case of a body implementing the financial instrument providing guarantees, are the thresholds exceeded? Is this justified by the results of the competitive selection on the market?</p> | <p>Art. 13(2), (3) and (6) CDR</p> | | <p><i>Base remuneration: As from the signature of the funding agreement: 0,5% per annum</i></p> <p><i>Performance-based remuneration: 1,5% per annum of outstanding guarantee contracts or resources re-invested</i></p> <p><i>Aggregate amount should not exceed 10% of the total amount of programme contribution</i></p> | |
| <p>88. In case of a body implementing the financial instrument providing micro-credit, are the thresholds exceeded? Is this justified by the results of the competitive selection on the market?</p> | <p>Art. 13(2), (3) and (6) CDR</p> | | <p><i>Base remuneration: As from the signature of the funding agreement: 0,5% per annum</i></p> <p><i>Performance-based remuneration: 1,5% per annum of resources paid to final recipients or resources re-invested</i></p> <p><i>Aggregate amount should not exceed 10% of the total amount of programme contribution</i></p> | |
| <p>89. In case of a body implementing the financial instrument providing grants, interest rate subsidies or guarantee fee subsidies in line with Article 37(7) CPR, are the thresholds exceeded? Is this justified by the results of the competitive selection on the market?</p> | <p>Art. 13(2), (3) and (6) CDR</p> | | <p><i>Base remuneration: As from the signature of the funding agreement: 0,5% per annum</i></p> <p><i>Performance-based remuneration: 0,5% of the grant amount paid to final recipients</i></p> <p><i>Aggregate amount should not exceed 6% of the total amount of programme contribution</i></p> | |

Conclusions

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| 90. Overview of findings | | | <i>Please list the findings</i> | <i>Please indicate the financial impact of each finding as well as the overall financial impact</i> |
| 91. Recommendations | | | | |