

19 Foro Iberoamericano

Madrid, 19 September 2014

European Investment Fund

EIF support of SMEs

Structure of presentation

1. EIF at a Glance

2. The SME Guarantee Facility

3. Cooperation with Guarantee Schemes in Europe

EIF at a Glance (I)

- **EU specialised institution for SMEs risk financing**
 - **Debt** - Structuring and Guaranteeing portfolios of SME loans, leases and micro-credit
 - **Equity** - Venture Capital and Mezzanine (fund of funds)

- **Geographic Focus:** EU 28, EFTA, Candidate Countries
- **Distribution through Banks and Funds** (Full delegation)



- Founded in 1994 & started VC activity in 1997
- **Multilateral Development Bank (MDB) status**
- **Basel II 0% risk weighting**
- **Aaa/ AAA/ AAA rating** (Moody' s/ S&P/ Fitch)

- **Subscribed Capital:** EUR 4.5bn
- **Shareholding Structure:**
 - **EB:** 66.9%
 - **EC:** 24.3%
 - **25 European Financial Institutions:** 8.8 %

EIF at a Glance (II)



“ We are a **prime provider of SME financing in Europe**”

Equity

2013 commitments:
EUR 1.4bn
which mobilised
EUR 7.1bn

Guarantees & securitisation

2013 commitments:
EUR 1.8bn
which mobilised
EUR 8.6bn

Microfinance

2013 commitments
EUR 54m
which mobilised
EUR 200m

480 venture and growth funds
306 banks, guarantee and promotional institutions
27 funds-of-funds and holding funds

EUR 13.5bn in total outstanding commitments mobilise **EUR 79bn**

EIF at a Glance (III)



“ We manage resources on behalf of a variety of stakeholders ”

European Investment Bank

- Risk Capital Resources (RCR)
- EIB Group Risk Enhancement Mandate (EREM)
- Progress Microfinance

European Commission

- CIP/COSME* allocated to guarantees and equity
- Risk-Sharing Instrument (RSI)/InnovFin
- Progress Microfinance
- WB EDIF**

National & Regional Funds

- 13 funds-of-funds incl. the Balkans, Germany, Poland, Portugal, Spain, Turkey, UK
- 14 Holding Funds supported by struct. funds

*CIP: Competitiveness and Innovation Framework Programme

**WB EDIF: Western Balkans Enterprise Development & Innovation Facility

Signed / Possible EU – EIF/EIB Financial Instruments

Central EU instruments

Research,
Development,
Innovation

Horizon 2020

Equity Facility for R&I
SME and Small Mid Caps
Guarantee Facility for R
(RSI successor)

EUR 1.1bn for guarantees to
SMEs/small mid caps
EUR 450m for equity

Creative Europe

Cultural and Creative Sector
Guarantee Facility
[EUR 120m]

Jobs,
Growth and
Social
Cohesion

Competitiveness & SME (COSME)

EUR 1.4bn (current prices):
Equity Facility for Growth
(GIF successor)
EUR 690m
Loan Guarantee Facility
(CIP successor)
EUR 746m

Erasmus for all

Student Loan Guarantee
Facility
[EUR 606m]

Social Change & Innovation

Progress Microfinance II
Social enterprise investing
[EUR 192m]

Structural/ Cohesion Funds

Instruments under Structural and Cohesion Funds

EU level instrument

(contribution of Member State (MS) funds from Operational Programmes to centrally managed EU programs)

Off-the shelf instruments

Tailor-made instruments

Significantly higher amounts than currently, but to be decided by each MS

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Competitiveness & Innovation Programme (CIP)

- **Flagship SME Guarantee Facility**
managed by EIF on behalf of EC since 1998
- **CIP financial instruments: EUR 1.1bn**
available from 2007 until 2013
- **Purposes**
 - Encourage the **competitiveness** of European enterprises
 - Provide better **access to finance**
 - Promote the increased use of **renewable energies** and **energy efficiency**
- **Products**
 - **Guarantees: SME Guarantee Facility**
 - **Venture capital: High Growth and Innovative SME Facility**

CIP Achievements

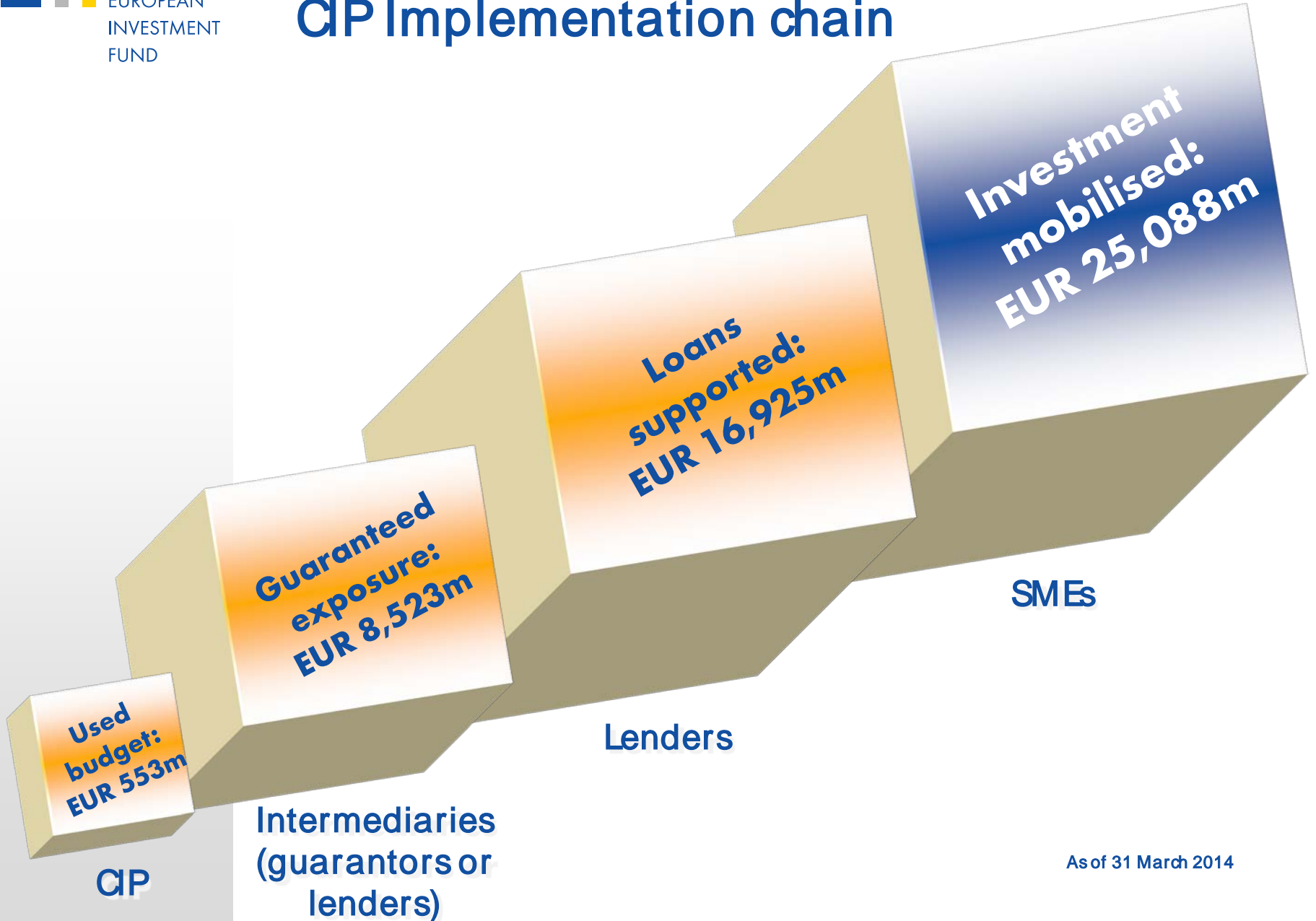
As of the Q1 2014, CIP has achieved the following milestones, with many agreements still open for inclusions:

- 67 Agreements signed
- 23 Countries covered
- 329,000 SMEs supported
- EUR 553m of committed budget
- EUR 16.9b of mobilised lending
- >30 Leverage



Plus 7 Transactions approved in 2013 and signed in Q2+Q3 2014

CIP Implementation chain



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Cooperation with Guarantee Schemes in Europe (I)

- **BF's activities** are based on an **intermediated** business model
- Your mission to provide Access to Finance for SMEs makes you a **natural partner** of BF
- **SME Guarantee Facility** set up in 1998 as one of the first EU financial instruments to support capacity of guarantee schemes
- Under CIP, **more than half** of the achievements thanks to guarantee partners
- Guarantee schemes offer access to finance for SMEs through, in principle, all banks in the country

Cooperation with Guarantee Schemes in Europe (II)

Some major challenges:

- Continue successful track record also in light of
 - **budgetary constraints** in
 - **exceedingly difficult market conditions**limiting the capacity to provide guarantees
=> EIF guarantees contribute to an increase in capacity

- Guarantees are more effective if they result in **Regulatory Capital relief** for partner banks
=> full benefit of guarantee can be passed on to SMEs

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