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DRAFT GENERAL BUDGET OF THE EUROPEAN UNION

Working Document Part X

#EUBudget

2023
FINANCIAL YEAR

Financial instruments

COM(2022) 400 - June 2022

Budget

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EUROPEAN COMMISSION

DRAFT GENERAL BUDGET
of the European Union
for the financial year 2023

Working Document
Part X

2022 Directorate-General for Budget

Draft General Budget of the European Union for the Financial Year 2023

Working Document Part X

Financial Instruments

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The 2023 Draft Budget is accompanied by thirteen 'Working Documents', as follows:

Part I: Programme Statements of operational expenditure

Working Document I contains, pursuant to Article 41(3)(h) of the Financial Regulation, Programme Statements, which provide for each spending programme comprehensive information on the financial implementation and progress in achieving the programme objectives. This year, the Programme Statements present the status at the end of 2021 for two different multiannual financial frameworks (MFF): 2021-2017, and 2014-2020 for those programmes for which substantial payments are still being implemented.

Part II: Human Resources of the EU institutions and executive agencies

Working Document II presents information on the human resources of the EU institutions and executive agencies, and in particular for the Commission, both for the establishment plans and for external personnel and across all headings of the multiannual financial framework. Moreover, pursuant to Article 41(3)(b) of the Financial Regulation, it provides a summary table for the period 2020 – 2023 which shows the number of full-time equivalents for each category of staff and the related appropriations for all institutions and bodies referred to in Article 70 of the Financial Regulation.

Part III: Bodies set up by the European Union having legal personality

Working Document III presents detailed information relating to all decentralised agencies and Joint Undertakings, with a transparent presentation of revenue, expenditure and staff levels of various Union bodies, pursuant to Article 41(3)(c) of the Financial Regulation.

Part IV: Pilot projects and preparatory actions

Working Document IV presents information on all pilot projects and preparatory actions which have budget appropriations (commitments and/or payments) in the 2023 Draft Budget, pursuant to Article 41(3)(f) of the Financial Regulation.

Part V: Budget implementation and assigned revenue

Working Document V presents the budget implementation forecast for 2022, information on assigned revenue (implementation in 2021 and estimation for 2023) and a progress report on outstanding commitments (RAL) pursuant to Article 41(3)(d) of the Financial Regulation.

Part VI: Commission expenditure under the administrative heading of the multiannual financial framework

Working Document VI encompasses administrative expenditure to be implemented by the Commission under the administrative heading of the multiannual financial framework (heading 7) in accordance with Article 317 of the Treaty on the Functioning of the European Union, as well as the budgets of the Offices (OP, OLAF, EPSO, OIB, OIL and PMO), pursuant to Article 41(3)(e) of the Financial Regulation.

Part VII: Commission buildings

Working Document VII presents information on buildings under Section III - Commission, pursuant to Article 266(1) of the Financial Regulation.

Part VIII: Expenditure related to the external action of the European Union

Working Document VIII presents information on human resources and expenditure related to the external action of the European Union, pursuant to Article 41(10) and (11) of the Financial Regulation.

Part IX: Funding to international organisations

Working Document IX presents funding provided to international organisations, across all MFF headings, pursuant to Article 41(3)(g) of the Financial Regulation.

Part X: Financial Instruments

Working Document X presents the use made of financial instruments, pursuant to Article 41(4) of the Financial Regulation.

Part XI: Budgetary Guarantees, Common Provisioning Fund and Contingent Liabilities

Working Document XI presents the implementation of Budgetary Guarantees, the Common Provisioning Fund and the assessment of the sustainability of the contingent liabilities arising from budgetary guarantees and financial assistance pursuant to Article 41(5) of the Financial Regulation.

Part XII: EU Trust funds

Working Document XII presents the activities supported by EU Trust Funds, their implementation and performance, pursuant to Article 41(6) of the Financial Regulation.

Part XIII: Payment schedules

Working Document XIII presents summary statements of the schedule of payments due in subsequent years to meet budgetary commitments entered into in previous years, pursuant to Article 41(3)(i) of the Financial Regulation.

Table of Content

Introduction

In accordance with Article 41(4) of the Financial Regulation ("FR"), where the Commission makes use of financial instruments, it shall attach to the draft budget a working document (WD) presenting information on each financial instrument. This is the fourth edition of the Article 41(4) Report.

This report covers the whole implementation period, from the launch of each financial instrument until 31 December of 2021. It provides information on 36 financial instruments; these:

(i) had a budgetary impact in terms of budgetary commitments or budgetary payments between its launch and 31/12/2020[1], and
(ii) are funded by the general budget of the EU[2].

The report covers financial instruments related to both internal (i.e. the benefiting recipients are predominantly located in the EU) and external policies (i.e. the benefiting recipients are predominantly located outside the EU).

The information of this Article 41(4) Report will be consolidated in the Article 250 Report. Indeed, pursuant to Article 250 of the FR[3] , the Commission is obliged to report annually to the European Parliament and to the Council on financial instruments in accordance with Article 41(4) FR

The information provided in the report for each individual financial instrument is structured in the 3 following sections:

- Description;
- Operational performance;
- Financial information.

The structure of this report covers the requirements of Article 41(4) as follows.

Description

Items of Article 41(4) covered:	– (a): general description of the instrument, basic act, impact on EU budget, added value of the EU contribution. – (b): financial institutions involved in implementation.

Operational performance

Items of Article 41(4) covered:	– (c): contribution to the achievements of the objectives of the programme. – (k): performance of the financial instrument, investments realised, leverage achieved. – (d): envisaged operations, target volumes, target leverage, leverage effect.

Financial information

Items of Article 41(4) covered:	– (e): budget lines, aggregated budgetary commitments and payments.

[1] Hence, this report covers financial instruments launched during the 2007-2013 and 2014-2020 Multi-Annual Financial Frameworks.
[2] Instruments financed exclusively by the European Development Fund or other external sources are not included in this report.
[3] Regulation (EU, Euratom) 2018/1046 of 18 July 2018 on the financial rules applicable to the general budget of the Union, Article 250.

	– (f) average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years. – (g) revenue and repayments under article 209(3), presented separately, including an evaluation of their use. – (h): value of equity investments. – (i): provision for risk and liabilities, financial risk exposure. – (j): impairment of assets and called guarantees. – (l): balance on fiduciary account.

Overview

This report presents the operational and financial results of the implementation of the Union's financial instruments. The 24 financial instruments established in internal policies (i.e. instruments whose beneficiaries are predominantly located in the EU) are presented under sections 1-4; those regroup the instruments covering the previous and current Multiannual Financial Framework (MFF), according to the four windows of the InvestEU programme 2021-2027. Pro memoria, those four windows are: 'Sustainable Infrastructure', 'SMEs', 'Research, Innovation and Digitisation' and 'Social Investment and Skills'.

Whilst taking into account that the 24 individual reports cover a large variety of different financial instruments (equity and debt, loan guarantees and venture capital, capacity building and risk sharing facilities) and that they relate to several MFF periods, a number of aggregate figures will now be represented to give a general idea of the performance of the instruments concerned.

- At the end of 2021, the overall budgetary commitments (i.e. the EU budget Contribution) to the 24 financial instruments stood at approximately **EUR 10.5 billion**.
- When adding to this EU Contribution of EUR 10.5 billion also financing from other sources, the total amount of 'financing provided by financial intermediaries to final recipients' would be **EUR 116 billion**. These figures suggest that the average leverage effect of the EU intervention is higher than **11**. In other words, each euro invested by the EU budget in financial instruments has enabled on average more than 11 euros of financial support.
- When aggregating figures on 'investments made by final recipients due to the financing received', the total amount amounts to almost **EUR 205 billion**. This figures points at an average multiplier effect of more than **19**.

The figures above provide a snapshot of the situation at the end of 2021 and give a provisional indication of the performance of financial instruments on a large scale over a long period. This seems a reasonable approach, as financial instruments have a lifecycle spanning around 20 years, which implies that their financial and operational performance is only fully visible well after the programming period.

Whilst it is rather challenging to present the overall impact of the different financial instruments, notably also as the type of recipients vary greatly (from large companies to students), it is possible to identify results and derive noteworthy trends. For instance, when looking at the 7 active instruments targeting in particular SMEs (section 4 in the report), the figures suggest that **about 1,280,000 SMEs and Small midcaps have been financed** in Europe.

Summary tables aggregating financial information are included in the Annex.

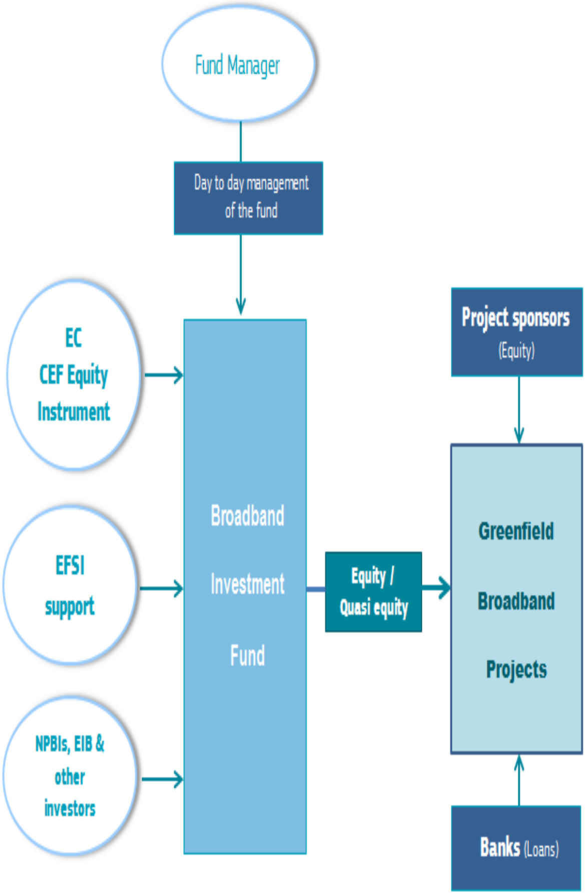
1.1 The Connecting Europe Broadband Fund (CEBF) – CEF Equity Instrument

Description

Identification / Reference to the basic act			
Regulation (EU) No 1316/2013 of the European Parliament and the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/2010 (OJ L 348, 20.12.2013, p. 129).			
Budget lines			
02.029907 under the current nomenclature			
	2021	**2022**	**2023**
Budgetary commitment appropriations	57.991.229,16	1.587.989	0
Budgetary payment appropriations	13.439.528,07	18.379.800	16.337.600

Initial financial envelope:	EUR 100.000.000
Current financial envelope[4]:	EUR 100.000.000
Overall financial envelope[5]:	EUR 100.000.000

[4] Committed amount.
[5] This amount includes EUR 1 billion budget used to support the 2017 CEF Transport Blending Call.



General description

The CEF Equity Instrument has established a financial instrument called the Connecting Europe Broadband Fund (hereafter, the 'CEBF' or 'the Fund'). The CEBF was set up to **meet the growing demand for financing of smaller-scale broadband projects across Europe**, which did not have easy access to funding. This support complements existing EU financial instruments for broadband development as well as other financing currently available on the market through private investors or private financial institutions. The CEBF also receives support under the European Fund for Strategic Investments (EFSI).

The CEBF has raised **EUR 555 million for broadband investment** and is expected to unlock **total investments of EUR 1-1.7 billion.**

Added value

The CEBF invests in **underserved areas** where there are strong opportunities for profitability. Eligible countries are EU Member States, as well as Norway and Iceland.

Projects (whether fixed line or mobile) should make a significant contribution to the achievement of the targets of the **Digital Agenda for Europe** (DAE), which means, at the minimum, the support to the connectivity necessary to achieve the DAE Target 2 (30 Mbps) and/or Target 3 (100 Mbps). Furthermore, in case of fixed line networks, minimum speed levels in line with DAE target 3 (100 Mbps) should be permanently available for at least one or several retail products out of the operator's commercial product offerings. Priority should be given to projects that facilitate the transition towards a European Gigabit Society by the deployment of networks upgradable to 1 Gigabit as well as to projects based on wholesale-only models.

The projects are to be deployed predominantly in underserved areas, which would be typically classified as grey Next Generation Access ('NGA') networks (i.e. only one NGA network exists or is planned) and white NGA areas (no NGA network exists), for state aid purposes.

CEBF only invests in **"greenfield" projects**. These projects are defined as investments carried out by "start-up" companies or companies that have an asset base which is small compared to the cumulative investments planned for new assets.

An investment by the Fund will not exceed EUR 30 million for one project.

The EUR 100m from the CEF Equity Instrument budget was committed in the junior equity tranche, subordinated to all other investors.

Financial institutions involved in implementation

The Fund is implemented under the CEF Equity instrument under direct management by the European Commission (DG CONNECT).

The Fund has been launched on 27 June 2018 with EUR 420 million at first closing through commitments from:

- The EIB for EUR 140 million (out of which EUR 100 million are backed by the EFSI);
- The European Commission, via the Connecting Europe Facility ('CEF'), for EUR 100 million;
- The German KfW for EUR 50 million;
- The Italian Cassa Depositi e Prestiti for EUR 50 million;
- The French Caisse des Dépôts for EUR 50 million;
- An additional EUR 25 million contributed by a European private investor; and
- Cube IM (fund manager) for EUR 5 million.

  Cube IM is a professional asset manager with extensive experience in infrastructure and, in particular, broadband investments in Europe and has been selected via an open and competitive selection process carried out by the EIB. For alignment of interests, Cube IM has subscribed into the Fund for an amount of EUR 5 million.

Three new closings occurred since the launch: one in July 2020 (with two new investors) one in May 2021 (with again two new investors) and the final one in June 2021. The total commitments made to the Fund to date amount to EUR 555 million, effectively outperforming the initial target set at the beginning of the project of EUR 500 million.

The investment period will last until June 2023 but if necessary, it could be extended by one year twice. The overall duration of the fund is planned for 20 years (until 2038).

Operational performance

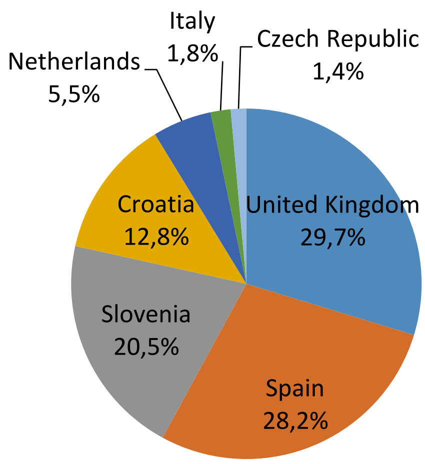
Contribution to the objectives of the programme

The eight projects in which the Fund has invested so far will deploy high quality FTTH network for 1,500,000 residential, business and public administration premises mostly in rural areas. One project will also deploy a backbone of about 1.800 km in Spain.

Geographical diversification

The CEBF can invest in all EU Member States, as well as EEA Member States participating in CEF Telecom, namely Iceland and Norway. The project pipeline shows solid geographical diversification, as do the projects already signed by the Fund to date (2 in Spain, 1 project each in Croatia, Slovenia, the United Kingdom*, the Czech Republic, the Netherlands and Italy).

* Project signed when the U.K was still an official member of the E.U.



Main issues for the implementation

As of today, the main difficulty for the European Commission is to determine properly the amount of payment appropriations (PA) to be set aside for a given year (and all the more, for the foreseeable years on a monthly basis), due to the uncertainties linked to the ongoing developments of the project pipeline, in particular linked to the normal progress of the due diligence process applied by the fund manager. As such, projects are constantly discarded due to specific issues arising during the negotiations with the project promoters (be it on the basis of the eligibility criteria, legal/administrative issues or the financial characteristics of the project), while others are regularly added based on ongoing market developments. That being said, this functioning of the Fund is perfectly normal and expected for this type of instrument.

Performance, target leverage effect and achieved leverage effect

The CEBF signed its first operation in January 2019. As at 31 December 2021, the Fund has invested in eight projects for a total invested capital of EUR 127.686.230

Key figures	Actual	Target
EU Contribution committed[6]	100.000.000	100.000.000
Leverage	1,3	5,2
Multiplier effect	8,3	10
Envisaged operations	23	17
Financing provided to final beneficiaries	127.686.230	0
Number of final recipients	8	17
Investments made by final recipients due to the received financing	829.000.000	1.000.000.000

Envisaged operations, target volumes based on targeted leverage effect

There will not be any further commitment to the CEBF from the Commission in 2022.

[6] This amount (EUR 100 million) only includes direct CEF funding. The CEBF receives additional EFSI support (EUR 100 million) via EIB's capital share.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

	Notes	2021	2016-2021
Capital	1		
Fund's capital			555.000.000
EU stake €			100.000.000
EU stake % (equal treatment)			0,18
EU Contribution	2		
Commitments		0	100.000.000
of which to technical assistance		*0*	*0*
Payments		13.454.115	31.724.308
Reflows	3		
Revenues		35.141	45.143
Repayments		2.251.839	3.666.984
Returned to the general budget		0	0
Returned to be used		2.286.981	3.712.127
Losses from operations	4		
Impairments		0	31.321.022
realised losses		0	0
Costs	5		
Management fees		1.350.000	4.718.158
of which to Implementing Partner		*0*	*0*

		2021	2020
Risk exposure	6		
Financial risk exposure		68.678.978	81.954.191
Value of equity investments		403.286	224.384
Investment at cost		31.724.308	18.270.193
Fiduciary Account	7		
Balance		0	0

Notes on financial information

For the number of envisaged operations, the fund can only invest a maximum of amount of EUR 30 million per project, hence 17 possible projects (as a minimum, though this size is the amount committed for almost all signed transactions to date).

1.2 Connecting Europe Facility (CEF) – Debt Instrument

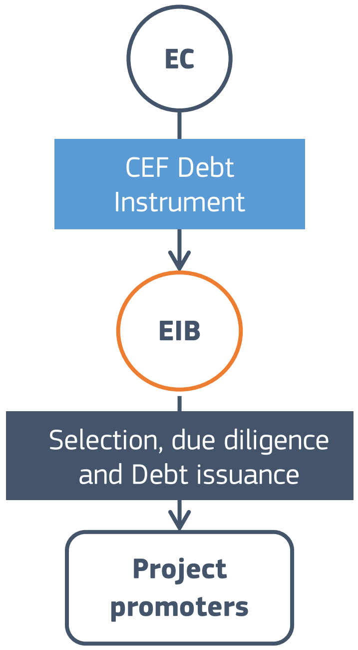
Description

Identification / Reference to the basic act			
Regulation (EU) No 1316/2013			
Budget lines			
02.029905, 02.029906			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	57.991.229,16	1.587.989	0

Initial financial envelope:	EUR 2.557.000[7]
Current financial envelope[8]:	EUR 755.000.000
Overall financial envelope[9]:	EUR 2.536.000.000[10]

General description:

The CEF Debt Instrument was established through Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility, amending Regulation (EU) No 913/2010 and repealing Regulations (EC) No 680/2007 and (EC) No 67/210.



Financing provided: **EUR 17,846 bn**
Investment realised: **EUR 17,846 bn**

The CEF Debt instrument aims to facilitate greater private sector involvement in the **long term financing of transport, energy and telecommunication** projects.

Duration

The implementation of the CEF Debt started in July 2015, when the Delegation Agreement with the EIB was signed.
The commitment period ended in 2020. The approval of any new operations has to be finalised by 31 December 2022, and the subsequent signatures have to follow by 31 December 2023.

Added value

The goal of the CEF Debt Instrument is to **contribute to Trans-European Network (TEN)** goals by addressing market failures.
All operations under the Debt Instrument are supported by a risk sharing mechanism with the EIB where the EU budget takes 95% to 100% of the first loss piece of the portfolio of such operations (100% only in the case of non securitisable financing). The first loss provisioning provided by the EU budget is shared among all projects in the three sectors covered by the CEF DI. This allows for higher diversification and hence maximises the number of projects that can be supported by the CEF Debt Instrument.

[7] Initial envelope available for CEF DI, as per Art.9 of CEF DI Delegation Agreement of 2015.
[8] Committed amount.
[9] This amount includes EUR 1 billion budget used to support the 2017 CEF Transport Blending Call.
[10] The CEF Regulation allows for implementing projects with FIs, using up to 8.4% of the total CEF budget envelope.

Financial institutions involved in implementation

The EIB is the entity entrusted with the implementation of the CEF Debt Instrument.

Operational Performance

Contribution to the objectives of the programme

The CEF DI has been used effectively to deliver projects of EU added value. By the end of 2021, the CEF DI portfolio (including the legacy LGTT and PBI instruments[11]) has grown to **32 projects[12] in 14 Member States**[13] with:

- Total investment realised **EUR 17,846.12 million**
- Achieved leverage and multiplier effect[14]: 24

The CEF Debt Instrument (CEF-DI) Delegation Agreement was amended in June 2019 to focus on green innovative investments, to ensure complementarity with the European Fund for Strategic Investments (EFSI) and to allow the absorption of unused NER 300[15] funds (managed by DG CLIMA) to be implemented through the CEF Debt Instrument in the transport sector. The amended CEF-DI Delegation Agreement introduces the 'Future Mobility' financial product to support high-risk deployment of alternative fuels infrastructure, the roll out of innovative technologies and smart mobility services.

The CEF DI pipeline foresees the full exhaustion of the CEF DI budget and the reliance to NER300 contribution to cover upcoming eligible operations. The amendment of the Delegation Agreement resulted in an increase of the portfolio with operations covering the deployment of electric buses and electric-vehicle fleets; the installation of electric and hydrogen charging points; the development of innovative technologies and smart mobility services for port and rail terminals. The instrument benefits from a strong pipeline forward covering the above-mentioned field.

Geographical diversification

By the end 2021, the CEF DI portfolio (including the legacy LGTT and PBI instruments) comprised 32 projects in 14 Member States. The distribution of total project investments (EUR 17,846 billion) is as follows:

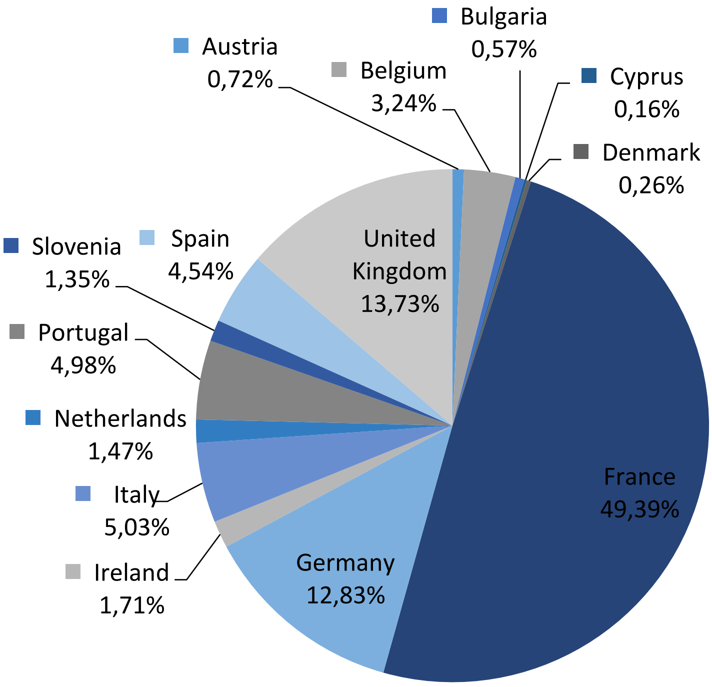
[11] Loan Guarantee for TEN Transport and Project Bond Initiative

[12] This figure includes operations already fully reimbursed.

[13] 2 transactions in the United Kingdom were all signed prior to the UK's withdrawal from the EU (31.01.2020) and are therefore listed.

[14] For this type of infrastructure projects these numbers are the same.

[15] EU ETS funding programme for innovative demonstration renewable energy and CCS projects



Main issues for the implementation

Due to the overlap in eligibility of the CEF Debt Instrument and EFSI, and the more flexible eligibility criteria of EFSI compared to CEF, the CEF DI had initially performed below expectations. The CEF DI Delegation Agreement was subsequently amended to increase the complementarity between the CEF DI and EFSI (amendment entered into force in 2019), and to implement contributions from unused NER300 funds. In the telecom sector, the entire commitment amount of EUR 17,5 million has been successfully mobilized in December 2020 to unlock a EUR 100 million EIB loan in support of a fiber rollout project in Slovenia As regard the energy sector, the pipeline of operations remains however constrained.

Performance, target leverage effect and achieved leverage effect

The achieved leverage exceeds 20. This high leverage is reflective of the subordinated nature of the financing supported by the CEF DI for many projects in the CEF DI portfolio.

Key figures	Actual	Target
EU Contribution committed	755,023,980	n.a.
Leverage	24	6 to 15
Multiplier effect	24	n.a.
Envisaged operations	32	n.a.
Financing provided to final beneficiaries	2,076,260,000	0
Number of final recipients	32	0
Investments made by final recipients due to the received financing	17,846,120,000	0

Envisaged operations, target volumes based on targeted leverage effect

The cap on the use of the CEF Debt Instrument, after the establishment of EFSI, has been set at 8.4% of the total CEF budget envelope.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

(in euros)

	Notes	2021	2007-2021
Overall budget	1		
Financial envelope available			755.023.980
EU Contribution	2		
Budgetary commitments			755.023.980
of which from third countries		*0*	*0*
of which from reflows			
Budgetary payments			755.023.980
Reflows	3		
Revenues		4.136.659	129.310.344
interest income			*19.717.141*
risk remuneration, dividends, fees		*4.136.659*	*90.294.882*
realised gains			*18.664.151*
other revenues			*634.170*
Repayments			
Payable to the Commission			
Returned to the general budget			2.028.733
Returned to be used			46.317.729
Losses from operations	4		
Guarantees called			
guarantee calls recovered			
Equity			
Impairments		0	
realised losses		0	0
Costs	5		
Management fees		-455.974	30.036.901
administrative costs		*-650.000*	*14.760.171*
incentive fees		*-223.740*	*11.420.634*
treasury management fees		*417.766*	*3.856.096*

Other operational and financial charges		11.000	56.968.501
negative interest			*77.587*
foreign exchange losses			
other charges		*11.000*	*56.890.914*
		2021	**2020**
Risk exposure	6		
Maximum financial risk exposure		567.581.439	578.768.439
Assets provisioned for risk and liabilities		766.092.663	768.253.336
Value of equity investments			
Provisions for risk and liabilities		30'055'592	
Fiduciary Account	7		
Balance in the fiduciary account			
in euro			
in non-euro currencies			
Other financial assets			

1.3 Private Finance for Energy Efficiency Instrument (PF4EE)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1293/2013 of the European Parliament and of the Council of 11 December 2013 on the establishment of a Programme for the Environment and Climate Action (LIFE) and repealing Regulation (EC) No 614/2007 (OJ L 347, 20.12.2013, p. 185), and in particular Article 17(1) thereof.			
Budget lines			
02.029909 under the current nomenclature			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0	12.000.000	0

Initial financial envelope:	EUR 80.000.000
Current financial envelope:	EUR 105.000.000
Overall financial envelope:	EUR 105.000.000

General description:

The LIFE programme is the EU funding instrument for the environment and climate action. The main objective of LIFE is to contribute to the implementation, update and development of EU environmental and climate policy and legislation, by co-financing projects with European added value. In addition to grants to projects and non-governmental organisations, LIFE developed financial instruments, such as the Private Finance for Energy Efficiency Instrument (PF4EE).

PF4EE aims to **address market barriers** by investing in projects that would not attract affordable financing, because they are considered too risky. Its core objective is the deployment of **energy efficiency loans** across Europe, increasing the availability of debt financing to support priorities set in the National Energy Efficiency Action Plans (NEEAPs) or the National Energy and Climate Plans (NECPs) of Member States.

Duration

The Phase I Commitment Period of the PF4EE Instrument ended on 31 December 2017, with the exception of Repayments, which may be re-used until 31 December 2022. The Phase II Commitment Period ended on 31 December 2020, with the exception of Repayments, which may be re-used until 31 December 2022.

The Implementation Period, during which the EIB may commit the EU Contribution Committed, started on the signature of the Delegation Agreement (08/12/2014) and ended the 31/12/2019 for Phase I. For Phase II, the Implemented Period will end on 31 December 2022.

Added value

Thanks to the guarantee provided by the LIFE programme, the EIB can sign **long-term loans with commercial banks** that will enable them to finance final recipients at more favourable conditions. The final recipients include private individuals, home-owner associations, SMEs, corporates and/or public institutions/bodies.

PF4EE has three components:

1. a risk mitigation mechanism (the PF4EE Instrument Risk Sharing Facility or RSF) for Financial Intermediaries to partially recover losses they may incur in their energy efficiency loan portfolio;
2. long term financing from EIB to fund the loans given by the financial institutions to finance energy efficiency investments; and
3. an advisory component (the PF4EE Instrument Expert Support Facility or ESF), aimed at providing expert support to the Financial Intermediaries.

The design of the Risk Sharing Facility enables the Commission to provide credit risk protection to the Financial Intermediaries, by making cash collateral available to them. The EIB loans complement the RSF, and are provided by the EIB at competitive rates and with long-maturities.

Financial institutions involved in implementation

The EIB is the entity entrusted with the implementation of the PF4EE Instrument.

Operational Performance

Contribution to the objectives of the programme

The PF4EE Instrument contributes to the general objectives of the LIFE. In particular, the PF4EE Instrument:

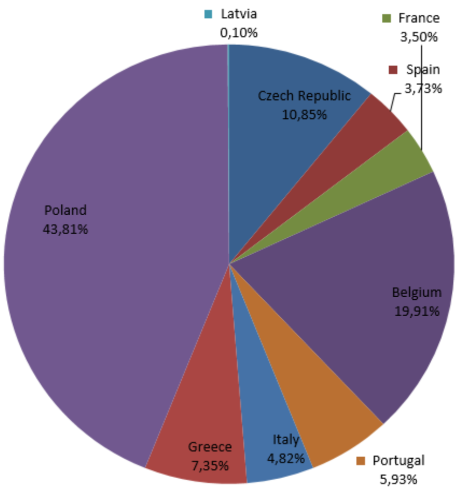
i. Addresses a major climate policy issue, contributing to the achievement of the Europe 2020 objective to secure **energy savings** and the associated **reduction in emissions**
ii. Provides the necessary level of piloting and demonstration of a new policy instrument, with major potential to deliver EU added value
iii. Complements and supports Member States' responsibilities under their National Energy Efficiency Action Plans (NEEAPs)
iv. Offers the potential to improve the cost-effectiveness of the LIFE Programme through leverage and complementarity
v. Builds longer term capacity in a sustainable commercial finance activity, thereby ensuring continuing and long-term support for sustainable development
vi. Supports solidarity and burden sharing
vii. Offers the potential to mainstream the initiative into Member State programmes (through NEAAPs and potentially other programmes and initiatives in line with EU Directives relating to Energy Efficiency).

The entire budget available for the Risk Sharing Facility under Phase I has been committed, in line with the target and the budget available for the Risk Sharing Facility under Phase II is expected to be committed also in line with the target.

So far, **14 operations** have been signed, out of which three (3) have been signed by the EIB in 2021. The EIB expects to commit in the next period the entire budget available for the Risk Sharing Facility under Phase II, in line with the target.

Geographical diversification

Geographical diversification of PF4EE is focused on the EU Member States. The geographical distribution of investments made by final recipients (EUR 417 million) is depicted below. Collateral agreements signed in 2021 have not yet resulted in loans nor investment – hence no values appear below due to lack of operations since the signature of the agreement:



Main issues for the implementation

During the first years of implementation, realised Energy Efficiency (EE) investments under the PF4EE instrument have been somewhat slower than originally envisaged, driven by – among others – the lack of existing infrastructure dedicated to energy efficiency lending products across European Financial Institutions (FIs). In more detail, the participating FIs needed to build their internal capacity that would allow them to address the EE-lending as a distinct market segment.
Moreover, with a view to enhance the actual implementation, several targeted actions were performed (e.g. further development of the Expert Support Facility in order to enhance the origination capacity of the FIs, a market-driven geographical diversification in combination with enabling of energy servicing companies (ESCO) structures). These actions have brought some very positive results in terms of the programme implementation, mainly in terms of appetite from new clients and ramping up of actual pipeline with some of the existing operations.

Performance, target leverage effect and achieved leverage effect

The actual leverage at 31 December 2021 was 3,4. The amount of Energy Efficiency Loans increased by more than EUR 125 Million during 2021 to reach almost 312 Million.
Bearing in mind that three collateral agreements were only signed in 2021 and still have to result in new loans, the PF4EE instrument seems well underway to reach it lifetime targets.

Key figures	Actual	Target
EU Contribution committed	92.300.000	93.500.000
Leverage	3,4	6,0
Multiplier effect	4,5	7,5
Envisaged operations	14	9-14
Financing provided by financial intermediaries to final recipients	311.925.927	560.000.000
Number of final recipients	24.585	1.167
Investments made by final recipients	416.596.837	700.000.000

Envisaged operations, target volumes based on targeted leverage effect

One further operation is expected to be signed in 2022.
Moreover, EIB submitted a request for re-commitment of an amount of up to EUR 15 000 000. A part of the re-committed funds (circa EUR 4m) will be utilised to cover the financing needs for the last PF4EE operation with Franfinance in France. In addition, an amount of circa EUR 10-11m is envisaged to cover the immediate financing needs under the PF4EE operation with BNP Paribas in Poland. BNP Paribas allocated by 31/12/2021 more than 94% of the target portfolio (EUR 166.6m). An increase in the portfolio size for BNP Paribas allows allocations to continue in Poland.
Total financing by the EIB under the PF4EE has been aimed to reach **EUR 560 million**. An amount of EUR 700 million is the target aggregate amount of finance available to eligible final recipients supported by the Financial Instrument. This amount does not include the financing that eligible final recipients make available from their own resources. The target leverage effect as indicated in the Delegation Agreement is 6 (EUR 560 million divided by EUR 93,5 million of Union contribution) over the lifetime of the financial instrument.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

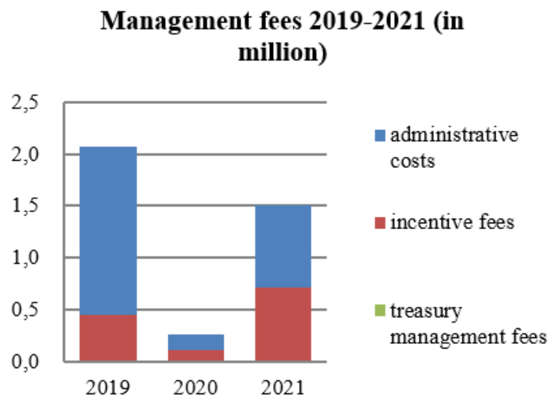
Not applicable

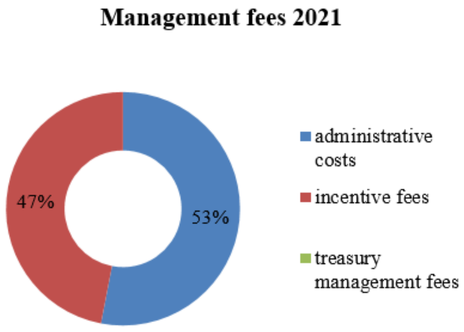
Financial Information

	Notes	2021	2014-2021
Overall budget	1		
Financial envelope available			105.000.000
EU Contribution	2		
Budgetary commitments			105.000.000
of which from third countries			
of which from reflows			
Budgetary payments			60.126.667
Reflows	3		
Revenues			402.668
interest income			
risk remuneration, dividends, fees		0	402.668
realised gains		0	0
other revenues		0	0
Repayments		0	0
Payable to the Commission		0	0
Returned to the general budget		0	0
Returned to be used			
Losses from operations	4		
Guarantees called		0	88.212
guarantee calls recovered		27.741	27.741
Equity		0	0

	Notes	2021	2014-2021
Impairments		0	0
realised losses		0	0
Costs	5		
Management fees		1.508.754	6.081.862
administrative costs		800.000	4.147.138
incentive fees		708.754	1.934.724
treasury management fees			
Other operational and financial charges		337.393	2.841.441
negative interest		0	0
foreign exchange losses		126.392	507.821
other charges		211.001	2.333.620

		2021	2020
Risk exposure	6		
Maximum financial risk exposure		84.452.368	74.005.492
Assets provisioned for risk and liabilities		53.437.967	53.679.730
Value of equity investments			
Provisions for risk and liabilities		6.498.096	
Fiduciary Account	7		
Balance in the fiduciary account		17.881.939	21.368.259
In euro		*17.881.939*	*21.368.259*
In non-euro currencies		*0*	*0*



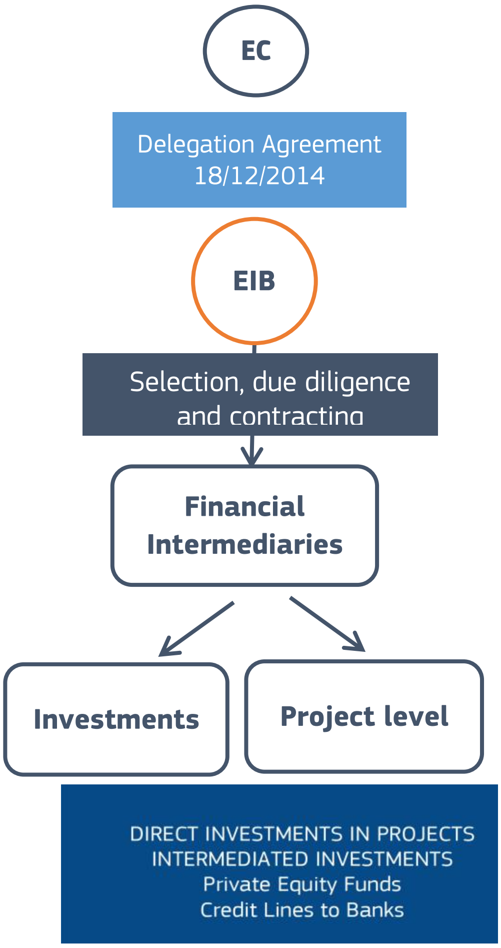


1.4 Natural Capital Financial Facility (NCFF)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1293/2013 of the European Parliament and of the Council of 11 December 2013 on the establishment of a Programme for the Environment and Climate Action (LIFE) and repealing Regulation (EC) No 614/2007 (OJ L 347, 20.12.2013, p. 185), and in particular Article 17(1) thereof.			
Budget lines			
02 02 99 09 under the current nomenclature			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0	0	0

Initial financial envelope:	EUR 60.000.000
Current financial envelope:	EUR 60.000.000
Overall financial envelope:	EUR 60.000.000



General description

The NCFF provides direct and indirect financing for **natural capital investment projects**. The financing may consist in loans or equity. It finances upfront investments and operating costs for revenue-generating or cost-saving projects which promote the **conservation, restoration, management and enhancement of natural capital** and which contribute to the Union's objectives for **biodiversity** and **climate change adaptation**, e.g. through ecosystem-based solutions to challenges related to land, soil, forestry, agriculture, water and waste

Duration

The second amendment signed in December 2021 has extended the implementation period of NCFF until and including 2022.

Added value

The added value of the NCFF is that it addresses market gaps and barriers for the private financing of projects in the field of biodiversity and climate change adaptation.The aim is to establish a pipeline of replicable, bankable investments that will serve as a "proof of concept" and that will demonstrate to private investors the attractiveness of such investments for the longer term. A further aim is to leverage funding from private investors for this pipeline of investments.

The NCFF supports projects that the EIB normally does not invest in, because they are too small, because the time to ensure an investment return is too long, or because the perceived credit risk of biodiversity and climate change adaptation investments is too high.

Financial institutions involved in implementation

The EIB is the entrusted entity for the NCFF Instrument.

Operational Performance

Contribution to the objectives of the programme

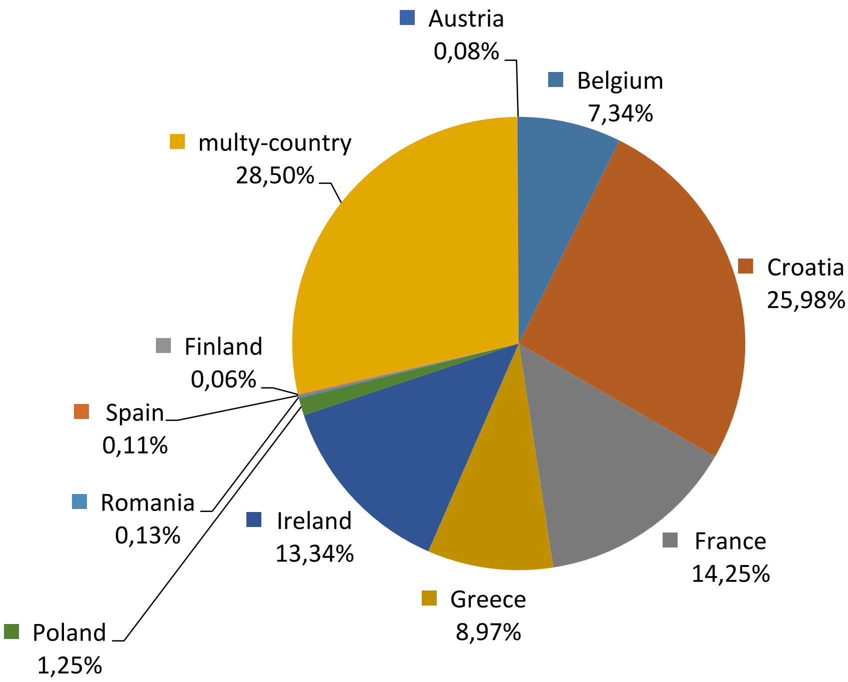
By the end of December 2021, the NCFF portfolio comprised nine signed operations (with three further operations having been approved): six direct loan operations, two indirect loan operations and one equity agreement for the Irish Sustainable Forest Fund.

In the reporting year, two loans with intermediate beneficiaries established in Luxembourg and France have been signed. The loan in Luxembourg will be used for the Ginkgo 3 Brownfield Fund that offers remediation actions and development of polluted industrial sites by integrating green and blue infrastructure. The other loan aligns with its long-term business model as it integrates a utility's activities with nature under its Biodiversity Strategy. The utility has an extensive network in the Île-de France Region: it is a backbone of ecological connectivity and controls significant areas of land around its infrastructures.

In 2021, the technical support facility supported seven operations.

Geographical diversification

The aim is to invest in some **9 to 12 operations**. The broad geographical coverage (EU Member States) is to enhance the effectiveness of the pilot phase. The nine operations from the NCFF Investment Facility amount to 58.383.679 EUR. They were signed with financial intermediaries from Ireland, Croatia, Greece, France, Belgium, Luxembourg and Poland. The the technical support facility - amounting to in total 2.859.590 EUR -(1.289.904 EUR in 2021) concerns operations in Romania, Spain, Ireland, Finland and Austria and all over Europe.



Main issues for the implementation

The key implementation issues to meet the aims and requirements of the Facility remained:

- to promote attractiveness of the facility and ensure its complementarity with other financial instruments which exist on national markets;
- to stimulate a sufficient uptake and support replicability of the NCFF instrument.

The rather limited amount of signed operations in the reporting year was partly due to the consequences of the COVID-19 crisis and the existence of other financial instruments contributing to the recovery during and after the COVID-19 period. The ensured complementarity has not led yet to an increase or further uptake of the operations. The deployment of the instrument has been much slower than initially expected. There has been strong demand for the technical assistance though. The technical assistance has been a strong incentive for closing financing agreements with beneficiaries. In particular, the feature of NCFF of being able to provide technical assistance after the signature of the financing for either implementation support or design work as well as the identification and development of smaller schemes for intermediaries has been a differentiating factor of the NCFF. Small assignments deployed as seed technical assistance for project development and for developing/shedding light on project structures or governance models has been proved very useful. It helped to create a clearer view on the feasibility of projects and building cooperation locally and between the NCFF and a variety of stakeholders.

While the technical assistance has proved very useful, it needs to be recognized that what many projects would have needed was some initial seed funding for developing their projects with the experts and teams already in place often being highly skilled and suitable. It has become clear that the main bottleneck was a lengthy project preparation time during which the project has no revenue streams available for financing the team/staff developing the project.

With a view to enhance the actual implementation progress, the NCFF team has amended the Delegation Agreement and prolonged the implementation period by one year. It means concretely that operations and technical assistance projects can be signed until the end of 2022. This remedy action has recently brought some results in terms of the programme implementation, mainly in preparing the approval of three additional operations and in finalising the technical assistance projects. The NCFF instrument can be considered as a pilot initiative preparing a ground for the wider take up of the operations aligned with the Green Deal policies implementation.

By end-2021, the NCFF Investments have reached the level of circa EUR 60 million.

Performance, target leverage effect and achieved leverage effect

The current achieved leverage exceeds 4 for the reporting year.

Key figures	*Actual*	*Target*
EU Contribution committed	**60.000.000**	**60.000.000**
Leverage	**4,3**	**4**
Multiplier effect	**1,4**	**2,8**
Envisaged operations	**9**	**12**
Financing provided by financial intermediaries to final recipients	**58.383.680**	**125.000.000**
Number of final recipients	**19**	**30**
Investments made by final recipients due to the received financing	**85.740.578**	**168.000.000**

There will not be any further commitment to the NCFF from the Commission in 2022, but additional eligible operations can be supported with budget from the NCFF.

Envisaged operations, target volumes based on targeted leverage effect

Three further operations are expected to be signed in 2022. From the start, the total financing by the EIB under the NCFF has been aimed to reach **EUR 100-125 million**. An amount of EUR 120-240 million is the target aggregate amount of finance available to eligible final recipients supported by the Financial Instrument. This amount does not include the financing that eligible final recipients make available from their own resources. The target leverage effect as indicated in the Delegation Agreement is 2-4 (EUR 120-240 million divided by EUR 60 million of Union contribution) over the lifetime of the financial instrument

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

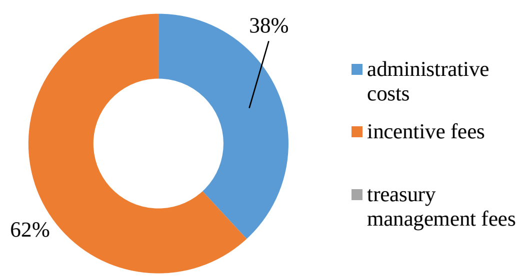
Not applicable

Financial Information

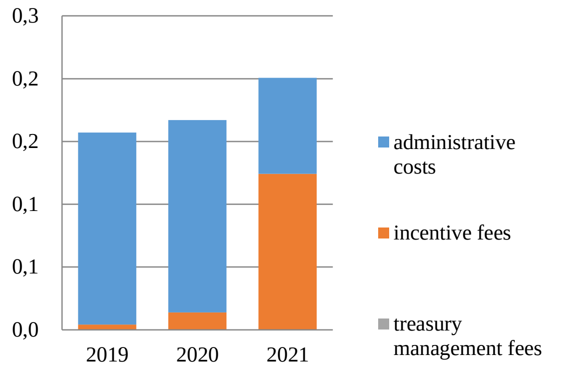
(in euros)

	Notes	2021	2014-2021
Overall budget	1		
Financial envelope available			60.000.000
EU Contribution	2		
Budgetary commitments			60.000.000
of which from third countries			
of which from reflows			
Budgetary payments			12.645.000
Reflows	3		
Revenues		24.052	73.329
interest income			
risk remuneration, dividends, fees		24.052	73.329
realised gains			
other revenues		*0*	
Repayments		0	0
Payable to the Commission		0	
Returned to the general budget		0	0
Returned to be used			
Losses from operations	4		
Guarantees called			
guarantee calls recovered			
Equity			
Impairments		0	
realised losses		0	0
Costs	5		
Management fees		200.721	1.599.986
administrative costs		76.531	1.423.469
incentive fees		124.190	176.517
treasury management fees			
negative interest			
foreign exchange losses			
other charges		6000	12419
		2021	**2020**
Risk exposure	6		
Maximum financial risk exposure		14.585.798	7.460.798
Assets provisioned for risk and liabilities		9.807.534	10.547.662
Value of equity investments			
Provisions for risk and liabilities		122.669	0
Fiduciary Account	7		
Balance in the fiduciary account		9.807.534	10.547.662
in euro			
in non-euro currencies			
Other financial assets			

Management fees 2021



Management fees 2019-2021 (in million)



Notes on financial information

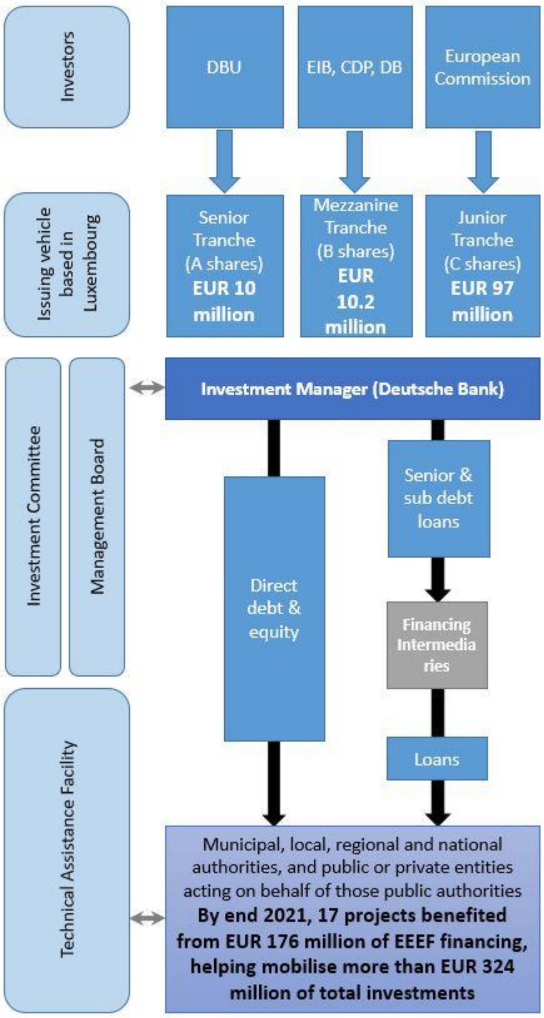
1. The administrative fees are amortised over the implementation period until 31 December 2022.
2. The incentive fees increase and administrative costs decrease due to changes in a calculation base introduced in the second Delegation Agreement Amendment.

1.5 European Energy Efficiency Fund (EEEF)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1233/2010 amending Regulation No. 663/2009			
Budget lines			
02.039904 - Completion of previous "Energy projects to aid economic recovery"			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0	0	0

Initial financial envelope:	EUR 146.334.644
Current financial envelope[16]:	EUR 116.203.765
Overall financial envelope:	EUR 116.203.765



General description

The EEEF is an alternative investment company with variable capital governed by the laws of the Grand-Duchy of Luxembourg and incorporated in the form of a public limited liability company. It is registered with

[16] Committed amount

the Commission de Surveillance du Secteur Financier (the "CSSF") as a specialized investment fund (fond d'investissement specialisé) in accordance with the Luxembourg law of 13 February 2007 relating to specialized investment funds, as amended.

It was established through Regulation (EU) No 1233/2010 of the European Parliament and of the Council of 15 December 2010 establishing a programme to aid economic recovery by granting EU financial assistance to projects in the field of energy.

The EEEF instrument is a **public-private investment vehicle**, with the objective to enhance **energy saving** and **energy efficiency** and foster **renewable energy sources** within the European Union, primarily through the provision of dedicated financing to municipal, local, regional or national authorities and public or private entities acting on behalf of those public authorities.

The period to allocate the EU contribution for investments ended in March 2014. The EU contribution amounts that were allocated during that period were disbursed by end 2015. No further contributions or payments are expected. Since 2017, the fund operates its own project development support platform, the EEEF Technical Assistance Facility.

Duration

The fund is open-ended and, through time, investments are made increasingly from income and redemption proceeds, rather than from funds in the initial budgetary commitment.

The fact that the Commission's shares have a redemption date in 2031 may also affect the evolution of legal commitments to projects until that date.

Added value

The added value of the Union contribution is the fact that the EEEF aims to support the climate goals of the European Union (EU 2030 framework for climate and energy and the climate-neutrality objectives of the European Green Deal) to promote a sustainable energy environment and foster climate protection by enabling projects in European cities, regions and communities to build resilient infrastructure.

Financial institutions involved in implementation

The fund's policy direction is set by the Investment Guidelines. The fund is jointly managed by its shareholders who are principally the Commission, the EIB and the CdP. DWS is the entrusted fund manager.

Operational Performance

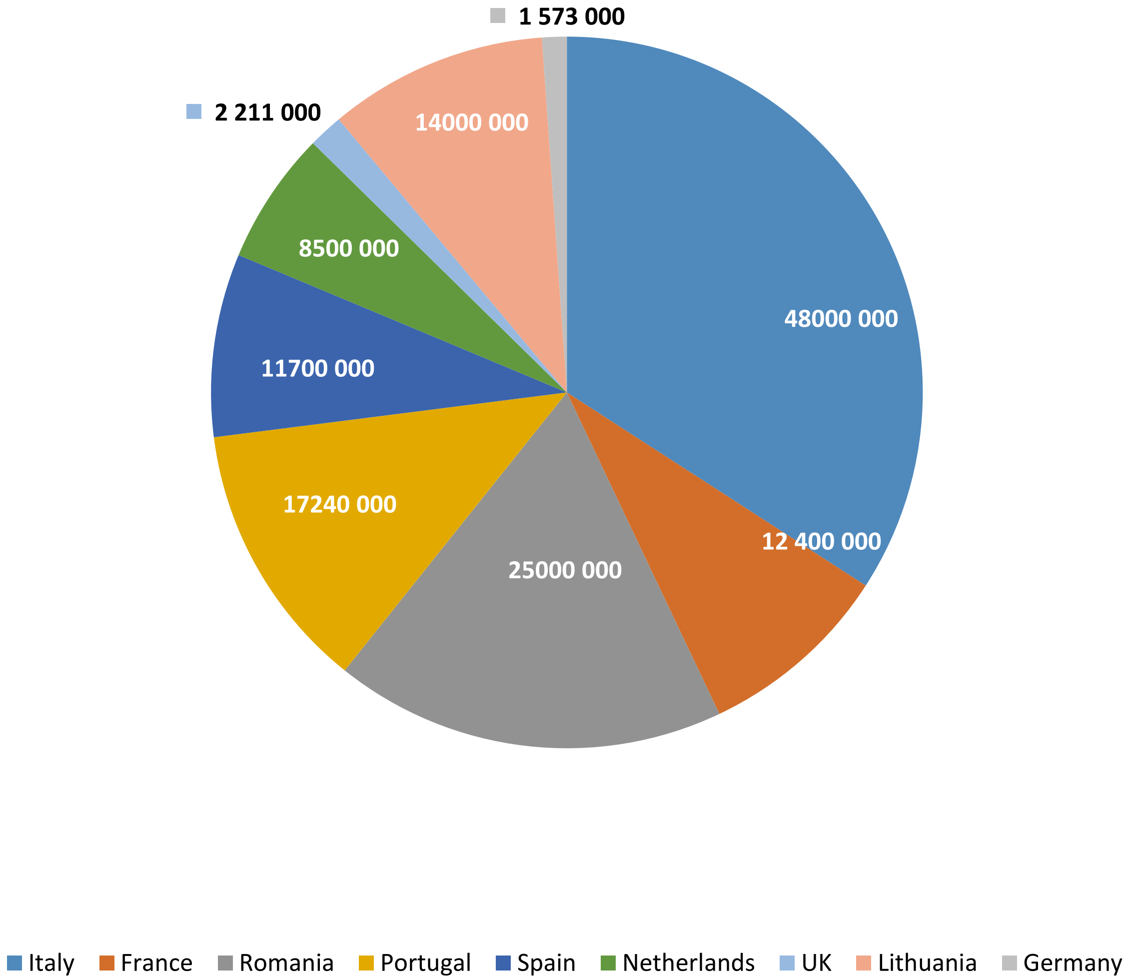
Contribution to the objectives of the programme

The EEEF had successfully disbursed EUR 99.8 million of EU contribution to the allocated projects by the end of the investment period, providing innovative financing solutions to energy efficiency and renewable projects. As of 31 December 2021, nearly EUR 176 million have been allocated to **17 projects** that have generated more than **EUR 324 million of total investments**. These projects already allowed reaching annually more than 6.7 million people.

The EEEF has a variety of financing instruments and technologies financed and has not incurred any losses since its inception. Two project loans have now matured, with the proceeds returned to the fund for reinvestment. The fund has paid dividends every year since 2013, including complementary dividends since 2015. Some of these dividends have partly financed the EEEF Technical Assistance facility. The EEEF achieved a leverage and multiplier effect of respestively 1,76 and 3,25 and has led to total investments realised of EUR 324.60 million

Geographical diversification

As of 31 December 2021, the EEEF has financed 17 projects in total. These projects can be split into two categories: i) a group of 15 projects where the Fund is actively investing and ii) a group of 2 other projects, both located in France, where the EEEF investments have matured. The fund aims to further geographically diversify investments and to increase its role in the newer EU Member states. The geographical distribution to the 15 projects where the EEEF is actively investing EUR 140.6 million of financing is described in the chart below:



Main issues for the implementation

From an operational point of view, the fund remains financially healthy but has continued to have its activity limited in 2021 by capital constraints. These constraints are stemming from several factors including the redemption on 31 March 2021 of the EIB's and CdP's senior tranche ("A") shares of EUR 32.8 million. (N.B. both investors retained their smaller "B" share holdings of EUR 5.2 million until 2026).

In order to address these capital constraints the Fund has been actively seeking replacement investment, and in Q1 2020 received EUR 10 million of investment in A shares from DBU, its first external investor beyond the initial investors. In 2020, the Fund has also approved a conversion of legal form, which should have the effect of making it available to a wider pool of private investors.

In 2021, following extensive discussions with the shareholders, the Fund modified its legal basis and now has a much more flexible legal framework to obtain financing. In parallel, to these legal changes the fund entered in intensive negotiations with potential investors. The outcome was successful – in December 2021, Generali Invest took a decision to commit EUR 77 million into EEEF A shares. The EEEF thus becomes the first fund in which the Commission participated directly with such a **sizeable private sector investment**.

Performance, target leverage effect and achieved leverage effect

Key figures	Actual	Target
EU Contribution committed to financial intermediaries *	99 829 868,36	125 000 000

Key figures	Actual	Target
Leverage	1,76	0
Multiplier effect	3,25	0
Envisaged operations	0	0
Financing provided by financial intermediaries to final recipients	175 400 000	0
Number of final recipients	17	0
Investments made by final recipients due to the received financing (minimum)	324 600 000	0

There was no additional commitment to the EEEF instrument from the Commission in 2021, but additional eligible operations can be supported thanks to the upcoming capital increase.

Envisaged operations, target volumes based on targeted leverage effect

Due to the capital constraints described above, the Fund was only able to commit financing to 2 new projects in 2021, notably a Sustainable resources development platform (in cooperation with the Lithuanian Public Investment Development Agency) and the project Enagas (in cooperation with Veolia, Spain).
The upcoming investments will allow the Fund to finance some of the projects in its pipeline: by December 2021 the Fund project pipeline included 12 projects with a potential value of EUR 147 million.
The EUR 21,2 million EC Technical Assistance Facility was created together with the Fund and provided grants for project development services related to technical and financial preparation of projects. The EC Technical Assistance Facility stopped functioning at the end of 2017 and was replaced by the EEEF Technical Assistance Facility, the fund’s own project development support platform. The EEEF TA facility has received ELENA funds, under the Horizon 2020 Programme of the European Union and builds on the experience gained from its predecessor facility. In 2021, EUR 4,9 million have been decommitted, reducing the total TA envelope to EUR 16,3 million.
As of December 2021, it was supporting eight beneficiaries in Italy, Spain and Lithuania. The EEEF technical assistance activities allowed reaching more than 1.6 million people annually.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

	Notes	2020	2007-2020
Overall budget			
Capital	1		
Fund's capital			117 210 702
EU stake €			97 044 383
EU stake % (equal treatment)			0,83
EU Contribution	2		
Commitments		4 960 748	116 203 765
of which to technical assistance		4 960 748	16.373.897
Payments		0	116 203 765
Reflows	3		
Revenues		0	0
Repayments		0	7 110 674

	Notes	2020	2007-2020
Returned to the general budget		0	2 612 258
Returned to be used		0	4 498 415
Losses from operations	4		
Impairments		0	0
realised losses		0	0
Costs	5		
Management fees		1 936 888	21 129 534
of which to Implementing Partner		0	0
		2021	2020
Risk exposure	6		
Financial risk exposure		106 568 947	104 393 786
Value of equity investments		106 568 947	104 393 786
Investment at cost		97 044 383	97 044 383
Fiduciary Account	7		
Balance		0	0

		2011	2021
Risk exposure	6		
Maximum financial risk exposure			
Assets provisioned for risk and liabilities			
Value of equity investments		104 393 786	106 568 947
Provisions for risk and liabilities		0	0
Fiduciary Account	7		
Balance in the fiduciary account		0	
In euro		0	
In non-euro currencies		0	0

Notes on financial information

1. Total commitment by all investors, of EUR 117.210.710 with Class-A shares ended on 31 March 2021 for EIB (€ 18 279 506) and CDP (€14 601 581). Total capital went down by € 32 881 087 as compared to 2020 (€ 150 091 798).

2. In 2021 the outstanding balance of EUR 4,960,748.02 related to the EC technical assistance facility was decommitted by the EC. Payments include EUR 99.829.868,36 paid for the Fund and EUR 16.373.896,98 for the EC Technical Assistance Facility.

3. The balance of the TA Trust account, (see footnote 7) of EUR 4.498.415,32 (pre financings) was returned to the Commission's budget as assigned revenue in late 2020, since this account was no longer needed.

5. Source: Unaudited 2022 budget as approved at the 23 February Board of Directors has 1.586.619 EUR for 2021 management fees composed of custodian, investment management and carbon fee (fixed fee for the setup and management of a CO2 reduction monitoring platform), with a Performance fee likely to be about 350 k EUR extra. Cumulated figures updated as per final audited 2020 Annual Report.

6. Source: EEEF Final audited annual report 2020 and Holdings Statements of Account as of 30 Sep 2021.

7. Two Trust accounts were created for EEEF: The Fund Trust account and the Technical Assistance (TA) Trust account. Only the Fund Trust account is a fiduciary account as defined in the Guidelines for the preparation of the report on Financial Instruments Articles 41(4) of the revised Financial Regulation (FR). Therefore, the reported balance excludes the balance of the Technical Assistance (TA) Trust Account.
The Fund Trust account was credited with the part of the EU contribution to be used for the Fund as well as interest earned and debited with the payments of EU Contribution to the Fund. Its balance on 31/12/2019 was zero. The account was closed early in 2020. The TA Trust Account was credited with the part of the EU Contribution to be used for the technical assistance, interest earned, and funds recovered from technical assistance. The account was debited with payments of EU Contribution to eligible costs for technical assistance, external audit costs, funds to be returned to the Commission and the technical assistance management fee. Its balance of EUR 4,498 million was returned to the Commission in late 2020, the account was closed in early 2021.

1.6 The 2020 European Fund for Energy, Climate Change and Infrastructure (Marguerite)

Description

Identification / Reference to the basic act			
Regulation (EC) No 680/2007 of the European Parliament and of the Council of 20 June 2007 laying down general rules for the granting of Community financial aid in the field of the trans- European transport and energy networks (OJ L 162, 22.6.2007, p. 1). Commission Decision C(2010) 941 of 25 February 2010 on European Union participation in the 2020 European Fund for Energy, Climate Change and Infrastructure (the Marguerite Fund).			
Budget line			
Article 02.029906 — Completion of previous "Connecting Europe Facility (CEF) — Transport" programmes (prior to 2021).			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0	272.000	0

Initial financial envelope:	EUR 80.000.000
Current financial envelope[17]:	EUR 71.909.749
Overall financial envelope:	EUR 71.909.749

General description

The Marguerite Fund is an equity fund based in Luxembourg, focused on investing in **infrastructure projects and companies** in transport, energy and mature renewable energy.

The overall objective of the Marguerite Fund is generating a **long-term rate of return** and **attracting investors (private as well as public).** However, the final shareholding in the fund itself was limited to public sector investors, whereas private investment was mobilised at the level of the projects financed by the fund.

The Commission directly manages its investment in the Marguerite Fund: there is no delegation or sub-delegation agreement to any entrusted entity. The investment in the Fund is managed by DG ECFIN through a cross-delegation from DG MOVE.

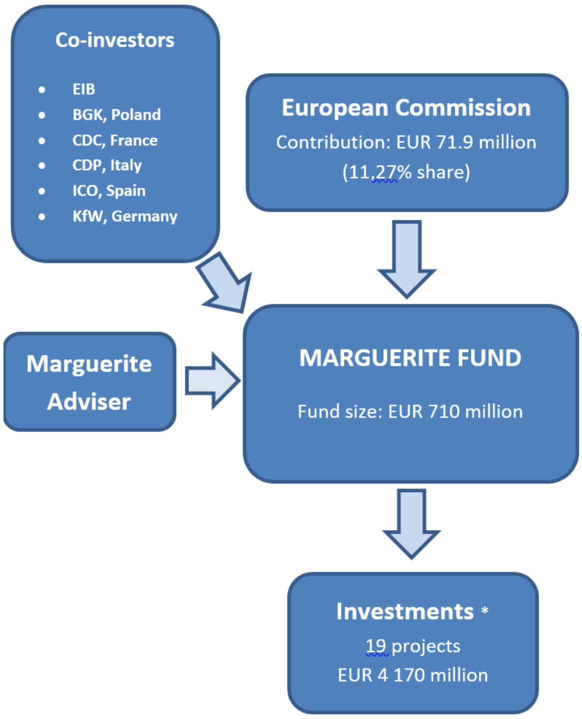
The contributions are paid directly hence no trust account is established. The Commission is a **pari-passu** investor with a 11,27% stake, together with the EIB and five national promotional banks ("core sponsors", each of them having a 14% stake).

The Investment Adviser "Marguerite Adviser S.A." employs the Advisory Team and provides investment advisory services to the Fund under an Advisory agreement. Marguerite Investment Management S.A. is a wholly-owned entity of the Marguerite Adviser S.A. and is responsible for the Fund's valuation, portfolio management and risk management.

Duration

The Marguerite Fund was set up in 2010 with an initial fundraising objective of EUR 1 500 000 000. The final size of the Marguerite Fund was **EUR 710 000 000** (final closing occurred on 31 December 2012). The maximum maturity of the Fund has been set at a term of **20 years** from the start of the initial closing (3 December 2009), but may be extended for up to two additional one-year periods (up to December 2031).

[17] The initial EUR 80 million commitment was reduced to EUR 71,9 million in 2018 following the end of the investment period.



Added value

By investing in Marguerite, the Commission has been able to achieve a high multiplier effect on the investment made. Moreover, the Fund was managed on **market terms** and ensured an adequate **return to the investment** deployed, thereby increasing the effectiveness and efficiency of the budget as a whole.
Marguerite Fund demonstrated that public financial institutions, along with the Commission, can co-invest in an equity fund that operates on market terms and is considered as a credible investor by other players in the market. The experience of the Commission contribution to the Marguerite Fund also increased its understanding of investment in equity funds.
The Fund's focus on investing in **greenfield projects** was an important differentiating factor from other infrastructure funds which had a greater interest for investing in brownfield projects. In addition, Marguerite has been able to close deals in, at the time, undeveloped infrastructure markets such as Croatia for TEN-T and Poland and Romania for waste-to-energy and onshore wind.

Financial institutions involved in implementation

Not applicable

Operational Performance

Contribution to the objectives of the programme

As of end December 2021, the Marguerite portfolio comprises of **5 projects based in 5 Member States**. It represents a total equity commitment **EUR 256 million**.

Geographical diversification

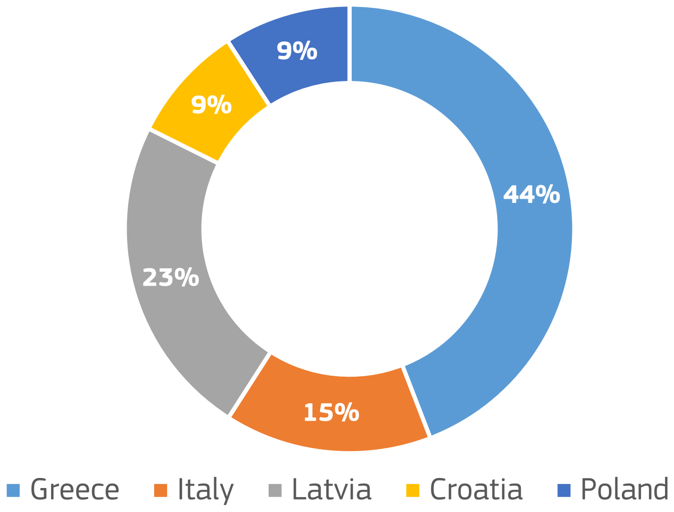
The Fund invested in a geographically diversified portfolio of investments accounting for EUR 751 million throughout the EU (in a total of 13 Member States) with particular regards to the needs of, and opportunities in, new EU member states (5 in EU-13 member states). The remaining equity commitments that are currently in the Fund's portfolio account for EUR 256 million and are distributed as shown in the chart.

By the end of the investment period term as of 31 December 2017, the Marguerite Fund has:

- been fully invested
- respected the objectives of diversification of the portfolio
- made more than 85% of the investments in the Core Sectors
- invested more than 65% of commitments in Greenfield projects

In total, the Fund invested in **19 projects in 13 Member States**. It represented a total equity commitment by the Fund of **EUR 751 million**.

In total EUR 4,17 billion was mobilised at the end of the investment period.



Main issues for the implementation

Project Aeolus (Poland) which remains in the portfolio of Marguerite Fund is slighlty underperforming.

Marguerite Fund reported a limited COVID-19 impact on the overall portfolio for two airport investments (Fraport Greece and Zagreb Airport) however the situation is improving in line with traffic growth observed throughout the 2021.

Performance, target leverage effect and achieved leverage effect

The achieved leverage exceeded 10.

Key figures	Actual	Target
EU Contribution committed	71.909.749	80.000.000
Leverage	10,44	18,75
Multiplier effect	58	49,31
Envisaged operations	n/a	20-30
Financing provided to final beneficiaries	751.000.000 *	1.500.000.000
Number of final recipients	19 **	20-30
Investments made by final recipients due to the received financing	4.170.000.000	3.945.436.872

* The closing of the Fund in 2012 was concluded at EUR 710 million compared to the initial target of EUR 1.5 billion which was a market potential based on the 2009 ex-ante market analysis. The evolving market situation and the specificity of the Fund’s governance structure, notably the weight of public investors, limited its capacity to attract private sector investment in the Fund.
** The current number of final recipients is five as shown in the table below. In 2021, two more projects were sold.

Envisaged operations, target volumes based on targeted leverage effect

The envisaged leverage was 18.75

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable: funds fully invested in 2017

Financial Information

	Notes	2021	2009-2021
Capital	1		

	Notes	2021	2009-2021
Fund's capital			624,106,000
EU stake €			70,321,760
EU stake % (equal treatment)			11.27%
EU Contribution	2		
Commitments		0	71,909,749
of which to technical assistance			
Payments		0	70,321,760
Reflows	3		
Revenues		7,371,886	7,371,886
Repayments		14,036,564	70,161,760
Returned to the general budget			0
Returned to be used		34,556,209	59,556,209
Losses from operations	4		
Impairments			0
realised losses			0
Costs	5		
Management fees		378,342	7,481,659
of which to Implementing Partner			0

		2021	2020
Risk exposure	6		
Maximum financial risk exposure		39,179,580	44,611,200
Assets provisioned for risk and liabilities			
Value of equity investments		37,290,797	44,611,200
Provisions for risk and liabilities			
Fiduciary Account	7		
Balance in the fiduciary account			
In euro			
In non-euro currencies			

Notes on financial information

1. See section operational performance above.
2. As of 31 December 2021, the Commission committed EUR 71,9 million (reduced from initial EUR 80 million commitment) and paid EUR 70,3 million. No payments for on-going commitments were made in 2021.
3. In 2021, the Commission recovered three Marguerite Fund distributions totalling EUR 21 408 450.

The total recovered distributions until end of 2021 amount to EUR 77 533 646. Out of total recovered amount, EUR 25 000 000 were already paid for provisioning of the EFSI Guarantee Fund. In addition, in 2021 an amount of EUR 34 556 209 was transferred to other financial instruments (Public Sector Loan Facility). An amount of EUR 17 977 437 is temporarily blocked on a waiting account for a period of three years in view to cover potential claims from the Fund. This amount represents a maximum of 25% of the total commitments.

5. The management and advisory fees cover the operating and administrative expenses of the Investment Adviser and the Investment Fund Manager. They are capped at 1% of the total commitments during the investment period (i.e. until 31/12/2017) and at 1% of investment acquisition cost after the investment period.

Management costs i.e. - advisory and operating and investment fees are fully paid out of the assets (revenues) and are not a separate cost position.
In 2021, the EC share of management and operating fees was EUR 378 342. The total aggregate amount of EUR 7 481 659 refers to the EC share of such costs since the set-up of the Fund.
6. In 2021, we estimate the financial risk exposure to be at EUR 39,179,580. The financial risk exposure equals to the EC share (11,27%) of the Fund's net assets at fair value and the undrawn commitments.

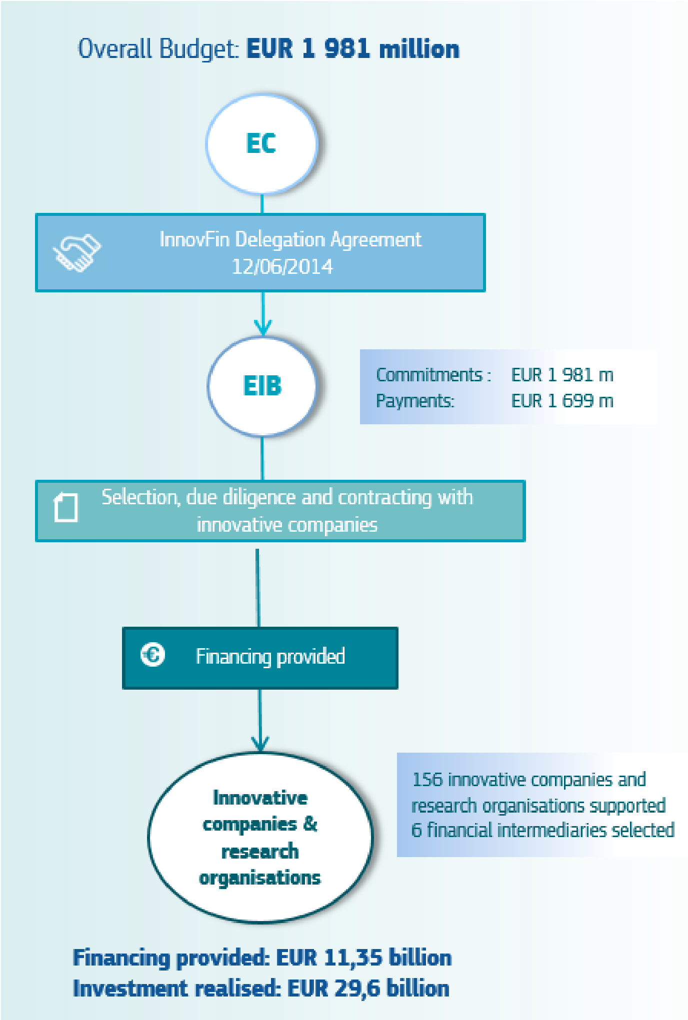
2.1 Horizon 2020 Loan Services for R&I Facility

Description

Identification / Reference to the basic act
Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) (OJ L 347/104, 20.12.2013) Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in ""Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)"" (OJ L 347/81, 20.12.2013) Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) (OJ L 347/965, 20.12.2013).
Budget lines
02.029903

	2021	2022	2023
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0	283.800.000	200.000.000

Initial financial envelope:	EUR 1.060.000.000
Current financial envelope:	EUR 1.981.100.000
Overall financial envelope:	EUR 1.981.100.000



General description

The Horizon 2020 Loan Services for R&I Facility (branded InnovFin) aims to increase the supply of loans, financial leases, mezzanine finance, guarantees and counter-guarantees, securitisation, equity and other forms of risk finance to R&I-driven enterprises, universities, public research organisations, R&I Infrastructures and Innovation-enabling Infrastructures and other entities located in Member States or Horizon 2020 Associated Countries.

This instrument helps addressing riskier projects or sub-investment grade promoters carrying out RDI investments across all Horizon 2020 Societal Challenges. It contains a particular approach to address the financing needs of midcap companies (with employees between 500 and 3 000).

Duration

The facility is planned to last until 31 December 2033 (until the last operations are wound down).

Added value

The InnovFin facility offers better access to risk finance in an open, demand-driven way through direct loans or hybrid/mezzanine investments made available by the EIB as well as through risk-sharing (guarantees) involving other banks and financial intermediaries.

The InnovFin facility covers a broad spectrum of final recipients with a flexible loan financing approach. The set of thematic products are complemented by a dedicated guarantee facility for loans and leases for innovative SMEs and Small Midcaps.

The funding of the Loan and Guarantee Service for Research and Innovation has two main components:

- demand-driven, providing loans and guarantees on a first-come, first-served basis, with specific support for final recipients such as SMEs and mid-caps. This component responds to the steady and continuing growth seen in the volume of Risk Sharing Finance Facility lending, which is demand-led. This demand-driven component is supported by the budget of the Horizon 2020 Access to Risk Finance programme.
- targeted, focusing on policies and key sectors crucial for tackling societal challenges, enhancing competitiveness, supporting sustainable, low-carbon, inclusive growth, and providing environmental and other public goods. Specific examples include the thematic products such as InnovFin Energy Demonstration Projects and InnovFin Infectious Diseases Finance facility, as well as the Thematic Investment Platforms, such as the European Circular Bioeconomy Fund. This component helps the Union to address research and innovation aspects of sectorial policy objectives. Additional funding can be provided from other programmes (such as other parts of Horizon 2020, other frameworks, programmes and budget lines in the Union budget) and from particular regions and Member States that wish to contribute with their own resources (including through Structural Funds) and/or specific entities (such as Joint Technology Initiatives).

Financial institutions involved in implementation

The EIB is the entrusted entity for the InnovFin facility.

Operational Performance

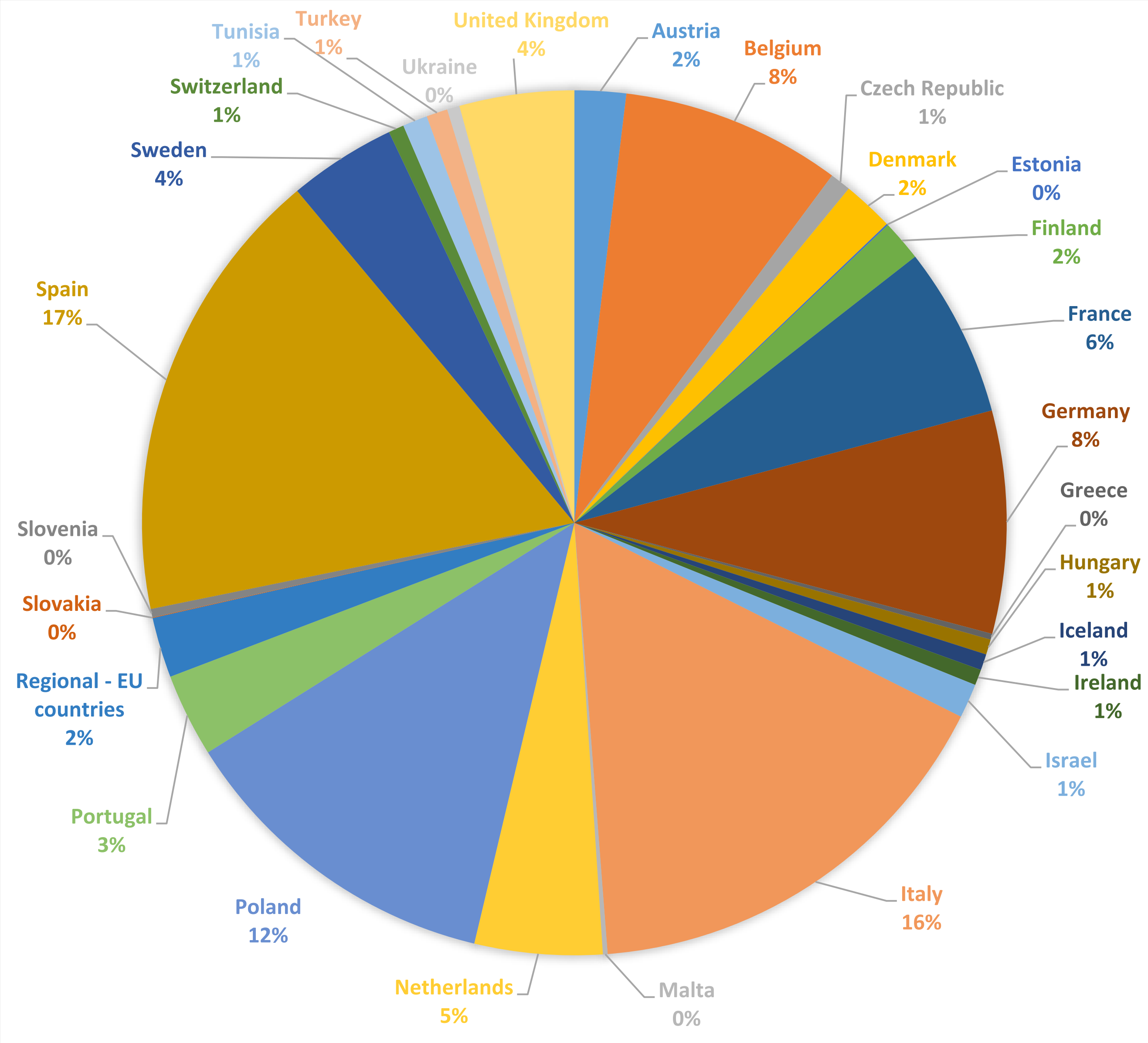
Contribution to the objectives of the programme

As of 31/12/2021, 138 InnovFin operations in Member States and 20 in Associated Countries to Horizon 2020 or the UK have been signed for a total financing amount of EUR 11 347 million which has triggered investment by final recipients amounting to EUR 29 565 million. For 2014-2020, the EU contribution of EUR 1 981 million was targeted to mobilise an amount of financing of EUR 17 830 million for the target final recipients.

Due to the COVID-19 crisis, EUR 400.1 million of repayments from the FP7 Risk Sharing Finance Facility have been recommitted to the Infectious Diseases Finance facility. EUR 238,5 million of loans have already been signed including EUR 75 million to CureVac and EUR 30 million of credit enhancement supporting the EUR 100 million financing to BioNTech under EFSI.

Geographical diversification

As of 31/12/2021, the InnovFin facility has been implemented in 20 Member States and 7 Associated Countries to Horizon 2020 or the UK. The chart below shows how the financing provided to the final recipients (EUR 11 347 million) is distributed by country.



Performance, target leverage effect and achieved leverage effect

Key figures	Actual	Target
EU Contribution committed	1.981.100.000	1.981.100.000
Leverage	5,56	9
Multiplier effect	14,78	18
Envisaged operations	156	175
Financing provided to final beneficiaries	11.346.708.955	17.829.900.000
Number of final recipients	156	175
Investments made by final recipients due to the received financing	29.565.229.119	35.659.800.000

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Envisaged operations, target volumes based on targeted leverage effect

New operations can be signed under the thematic products – InnovFin Energy Demonstration Projects and InnovFin Infectious Diseases Finance Facility – until 31 December 2022.

Financial Information

	Notes	2021	2014-2021
Overall budget	1		
Financial envelope available			1.981.100.000
EU Contribution	2		
Budgetary commitments			1.981.100.000
of which from third countries		*0*	
of which from reflows			*1.109.505.978*
Budgetary payments		24.775.394	1.699.602.144
Reflows	3		
Revenues		26.365.000	198.510.854
interest income			*9.737.229*
risk remuneration, dividends, fees		*26.365.000*	*163.242.400*
realised gains			*25.519.154*
other revenues			*12.071*
Repayments		0	39.757.000
Payable to the Commission		0	
Returned to the general budget		0	
Returned to be used			26.905.978
Losses from operations	4		
Guarantees called			143.836.000
guarantee calls recovered			39.756.001
Equity			
Impairments		N/A	*N/A*
realised losses		N/A	N/A
Costs	5		
Management fees		9.508.058	88.984.767
administrative costs		*5.692.007*	*44.637.870*
incentive fees		*3.261.358*	*44.346.897*
treasury management fees		*554.693*	
Other operational and financial charges		36.000	1.416.760
negative interest		*25.000*	*471.139*
foreign exchange losses			

	Notes	2021	2014-2021
other charges		*11.000*	*945.621*

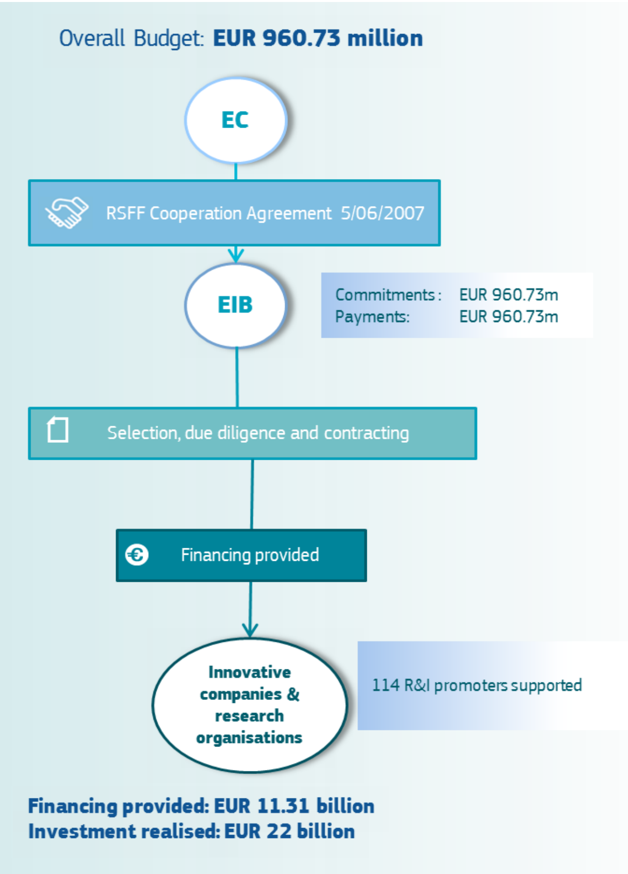
		2021	2020
Risk exposure	6		
Maximum financial risk exposure		1.718.858.565	1.439.977.052
Assets provisioned for risk and liabilities		1.607.421.065	1.661.924.725
Value of equity investments		N/A	N/A
Provisions for risk and liabilities		68'231'979	55.048.503
Fiduciary Account	7		
Balance in the fiduciary account		2.149	2.149
in euro		2.149	2.149
in non-euro currencies			
Other financial assets			

2.2 Risk-Sharing Finance Facility under the FP7 (RSFF)

Description

Identification / Reference to the basic act			
Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013) (OJ L 412, 30.12.2006, p. 1). Council Decision 2006/971/EC of 19 December 2006 concerning the specific programme 'Cooperation' implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013) (OJ L 400, 30.12.2006, p. 86). Council Decision 2006/974/EC of 19 December 2006 on the Specific Programme: 'Capacities' implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013) (OJ L 400, 30.12.2006, p. 299).			
Budget lines			
N/A: Former MFF 2007-2013			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0	0	0

Initial financial envelope:	EUR 960.730.000
Current financial envelope:	EUR 960.730.000
Overall financial envelope:	EUR 960.730.000



General description

The RSFF, co-developed by the European Commission and the EIB, was established in June 2007. The RSFF facilitates access to finance by providing loans and guarantees to a wide range of beneficiaries — including

SMEs, mid-sized enterprises, larger companies, research institutions, universities and research infrastructures —investing in RDI.

Duration

The facility is planned to last until 30 September 2023 (until the last operations will be wound down).

Added value

The EU and the EIB are risk-sharing partners for loans provided by the EIB directly or indirectly to beneficiaries. The European Union, through FP7 budget resources, and the EIB have set aside a total amount of **up to EUR 2 billion** (up to EUR 1 billion each) for the period 2007-2013 to cover losses if RSFF loans are not repaid. Through those EU/EIB contributions for risk-sharing and loss coverage, the EIB is able to extend a **loan volume of EUR 10 billion** to companies and the research community for their investments in R&D and Innovation. The overall budget of the facility has been committed and paid at 100% by end 2013.

Financial institutions involved in implementation

The EIB is the entrusted entity for RSFF.

Operational Performance

Contribution to the objectives of the programme

Loan agreements have been signed with 114 R&I promoters, with a total loan volume (active loans) of EUR 11,31 billion and the instrument had been implemented in 25 countries
Demand for RSFF loan finance has been high since the launch of the facility in mid-2007: in its first phase (2007-2010), its take-up exceeded initial expectations by more than 50 % in terms of active loan approvals (EUR 11,3 billion versus an initial forecast of EUR 6 billion).

The first interim evaluation concluded that the RSFF was successfully introduced into the EU's research funding scheme within FP7, was a model example of an EU financial instrument, and should be further developed and strengthened. Recommendations included the need to better target SMEs and research infrastructures. The second interim evaluation concluded that the RSFF had proved to be attractive to RDI companies and had met or exceeded its loan volume targets and enabled EIB to increase the bank's capacity to make riskier loans. The ex-post evaluation of RSFF concluded that the Facility addressed deep-seated market failures related to innovation financing in Europe and the reluctance of commercial banks to support projects perceived as being high risk. The evaluation suggested that RSFF provided the type of financing not available from other sources at the time, thereby demonstrating a high degree of financial additionality.

Geographical diversification

Loan agreements have been implemented in 25 countries. No new agreements have been signed since 2014.

Main issues for the implementation

The Facility has ended (no new operations since 2014): There are no issues to report on.

Performance, target leverage effect and achieved leverage effect

The RSFF has reached and easily exceeded almost all its operational and intermediate objectives. Three evaluations clearly demonstrate that RSFF is well on its way to realising longer-term objectives and wider achievements.

Key figures	Actual	Target
EU Contribution committed	960.730.000	960.730.000
Leverage	11,7	6,2
Multiplier effect	22,9	12,4
Envisaged operations	114	60
Financing provided to final beneficiaries	11.313.000.000	6.000.000.000
Number of final recipients	114	60

Key figures	Actual	Target
Investments made by final recipients due to the received financing	22.000.000.000	12.000.000.000

Envisaged operations, target volumes based on targeted leverage effect
The Facility has ended (no new operations since 2014).

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years
Not Applicable

Financial Information

	Notes	2021	2007-2021
Overall budget	1		
Financial envelope available			960.730.000
EU Contribution	2		
Budgetary commitments			960.730.000
of which from third countries		0	0
of which from reflows			
Budgetary payments			960.730.000
Reflows	3		
Revenues		2.117.128	295.814.481
interest income			74.027.092
risk remuneration, dividends, fees		2.117.128	196.948.049
realised gains			24.838.341
other revenues			999
Repayments			924.585.578
Payable to the Commission		0	
Returned to the general budget		0	
Returned to be used			1.132.689.570
Losses from operations	4		
Guarantees called			25.543.000
guarantee calls recovered		103.000	6.876.000
Equity			
Impairments		0	
realised losses		0	0
Costs	5		
Management fees			26.533.000
administrative costs			6.583.000
incentive fees			15.136.000
treasury management fees			4.814.000
Other operational and financial charges		323.515	53.343.173

	Notes	2021	2007-2021
negative interest		2.379	935.128
foreign exchange losses		0	1.074.000
other charges		321.136	51.334.045

		2021	2020
Risk exposure	6		
Maximum financial risk exposure		3.185.204	2.607.000
Assets provisioned for risk and liabilities		4.748.690	15.918.069
Value of equity investments		N/A	N/A
Provisions for risk and liabilities		0	
Fiduciary Account	7		
Balance in the fiduciary account		1.109	650.000
In euro		1.109	650.000
In non-euro currencies		0	2.607.000

2.3 RSI (Pilot guarantee facility for R&I-driven SMEs and Small Midcaps) under FP7

Description

Identification / Reference to the basic act			
Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013) (OJ L 412, 30.12.2006, p. 1). Council Decision 2006/971/EC of 19 December 2006 concerning the specific programme 'Cooperation' implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013) (OJ L 400, 30.12.2006, p. 86). Council Decision 2006/974/EC of 19 December 2006 on the Specific Programme: 'Capacities' implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013) (OJ L 400, 30.12.2006, p. 299).			
Budget lines			
N/A: Former MFF 2007-2013			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0	0	0

Initial financial envelope:	EUR 270.000.000
Current financial envelope:	EUR 270.000.000
Overall financial envelope:	EUR 270.000.000

General description

The RSFF, co-developed by the European Commission and the EIB, was established in June 2007. In early 2012, within this programme a new pilot guarantee facility, RSI (Risk-Sharing Instrument for SMEs and small midcaps, with maximum 499 employees) was launched to improve access to finance for RDI investments.

The RSI guarantee facility is part of the RSFF implementation and is carried out by the European Investment Fund (EIF).

Duration

The facility is planned to last until 30 September 2023 (until the last operations will be wound down).

Added value

The RSI is a dedicated guarantee facility for loan and lease finance addressing the finance gap for **innovative SMEs and Small Midcaps** (with up to 499 employees**)**. Through risk-sharing via guarantees provided by the EIF to financial intermediaries, it made a significant contribution to support innovative smaller companies by improving their access to finance.

No new commitment was made since 31/12/2013. The overall budget of the facility has been committed and paid at 100% by end 2013.

Financial institutions involved in implementation

The EIF is the entrusted entity for the RSI Facility.

Operational Performance

Contribution to the objectives of the programme

The introduction of the RSI Pilot in 2012, with its focus on SME innovation financing and use of financial intermediaries as a delivery mechanism, was an innovative initiative to address market failures and boost investment in RDI. The ex-post evaluation of RSI concluded that the scheme directly addressed deep-seated market failures with regard to innovation financing in Europe and the reluctance of commercial banks to support project perceived as being high risk. It suggests that the RSI provided the type of debt financing not available from other sources at the time, thereby demonstrating a high degree of financial additionality.

Geographical diversification

The facility covers 17 countries in the EU and Associated Countries.

Main issues for the implementation

The Risk Sharing Instrument (RSI) has come to an end, and has paved the way to the financial instrument SMEs & Small Midcaps R&I Loans Service under Horizon 2020 which is implemented on a larger scale in term of budget, geographical coverage and specific target groups.

Performance, target leverage effect and achieved leverage effect

The Risk-Sharing Instrument has provided **over EUR 2,32 billion in guarantees and counter-guarantees to 35 banks and guarantee societies**: this has enabled them to support up to **4.133 innovative SMEs and small midcaps** (estimated corresponding investment amount: EUR 4 642 million).

Key figures	Actual	Target
EU Contribution committed	270.000.000	270.000.000
Leverage	8,6	12,2
Multiplier effect	17,2	22,2
Envisaged operations	35	N/A
Financing provided to final beneficiaries	2.321.200.000	3.301.000.000
Number of final recipients	4133	3.000
Investments made by final recipients due to the received financing	4.642.400.000	6.000.000.000

Envisaged operations, target volumes based on targeted leverage effect

No new operations envisaged in 2022.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

	Notes	2021	2007-2021
Overall budget	1		
Financial envelope available			270.000.000
EU Contribution	2		
Budgetary commitments			270.000.000
of which from third countries		*0*	*0*
of which from reflows			
Budgetary payments			270.000.000
Reflows	3		
Revenues			2.018.126
interest income			*1.526.215*
risk remuneration, dividends, fees		*0*	

	Notes	2021	2007-2021
realised gains			*491.911*
other revenues		*0*	
Repayments		0	114.105.752
Payable to the Commission		0	
Returned to the general budget		0	
Returned to be used			125.845.752
Losses from operations	4		
Guarantees called		2.387.532	51.218.844
guarantee calls recovered			
Equity			
Impairments		*N/A*	*N/A*
realised losses		*N/A*	*N/A*
Costs	5		
Management fees		299.607	38.218.237
administrative costs		*221.000*	*28.939.265*
incentive fees			*7.695.000*
treasury management fees		*78.607*	*1.583.972*
Other operational and financial charges		266.786	2.875.084
negative interest		*21.318*	*1.146.206*
foreign exchange losses			*1.137.157*
other charges		*245.468*	*591.721*

		2021	2020
Risk exposure	6		
Maximum financial risk exposure		88.293.796	90.807.000
Assets provisioned for risk and liabilities		89.260.344	89 817 108
Value of equity investments		N/A	N/A
Provisions for risk and liabilities		1.366.419	56.563.842
Fiduciary Account	7		
Balance in the fiduciary account		10.554.241	9.351.657
In euro		*6.088.194*	*3.888.111*
In non-euro currencies		*4.466.047*	*5.463.546*

Notes on financial information

5. The amount of management fees includes EIF risk fees (EUR 2 278 034 for 2020).

3.1a Employment and Social Innovation Microfinance and Social Entrepreneurship Guarantee (EaSI-G)

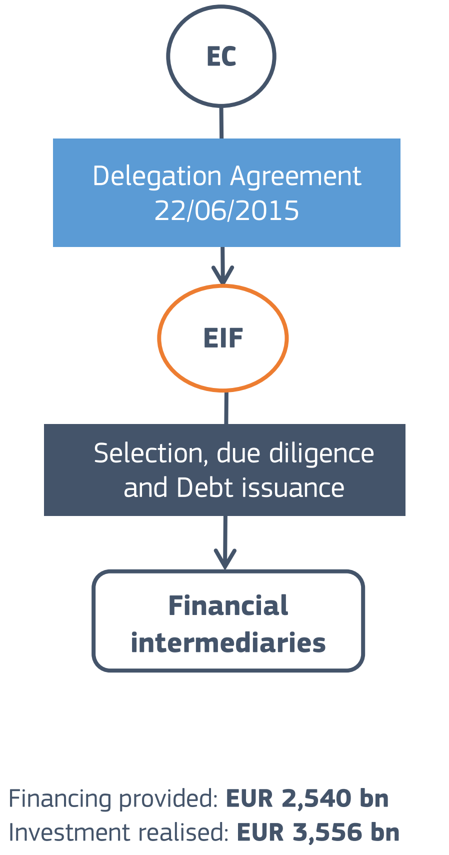
Description

Identification / Reference to the basic act			
Regulation (EU) No 1296/2013			
Budget lines			
02.029902 under the current nomenclature			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	8 363 847	8 025 761	5 605 864

Initial financial envelope:	EUR 96 000 000
Current financial envelope:	EUR 131 000 000[18]
Overall financial envelope:	EUR 131 000 000[19]

General description

The EaSI Microfinance and Social Entrepreneurship Guarantee was established through Regulation (EU) No 1296/2013 of the European Parliament and of the Council of 11 December 2013 establishing a European Union Programme for Employment and Social Innovation (“EaSI”) and amending Decision No 283/2010/EU establishing a European Progress Microfinance facility for Employment and Social Inclusion (OJ L 347/238, 20/12/2013).



The EaSI Microfinance and Social Entrepreneurship Guarantee (EaSI-G) aims:

- to increase access to, and availability of, microfinance for vulnerable groups who want to set up or develop their business as well as for existing micro-enterprises,
- to build up the institutional capacity of microcredit providers,
- to support the development of social enterprises, in particular by facilitating access to finance.

The EaSI Microfinance and Social Entrepreneurship Guarantee (EaSI - G) is implemented via direct guarantees and counter-guarantees. It provides risk coverage in the form of **capped guarantees** to selected financial intermediaries who undertake to develop a portfolio of loans targeting eligible final recipients (vulnerable persons, micro- and social enterprises).

The EIF is instructed to provide guarantees backed by the EU budget to financial intermediaries in order to cover a portion of expected losses of a portfolio of **newly generated loans to vulnerable persons, micro- and social enterprises with a higher risk profile**.

[18] Including EUR 1 000 000 committed for the Business Development Services Support pilot.
[19] Including EUR 1 000 000 committed for the Business Development Services Support pilot and excluding EUR 300 000 000 from EFSI

As an entrusted entity, the EIF is responsible for identifying, investigating, evaluating and selecting the financial intermediaries by applying selection criteria and processes set out in the Delegation Agreement.

The Delegation Agreement between the Commission and the EIF was signed in 2015 with technical amendments in 2016 and further amendments in 2017 and 2018 allowing for an additional top-up of EUR 300 000 000 from EFSI. It was further amended in 2020 to introduce Covid-19 support measures allowing for higher risk sharing. The initial overall budget of EUR 96 000 000 was increased by EUR 34 000 000 using reflows from the European Progress Microfinance Fund and the European Progress Microfinance Guarantee Facility, leading to an overall financial envelope, excluding EFSI top up, of EUR 131 000 000 (total amount available for the facility EFSI included is **EUR 431 000 000**).

From the above overall financial envelope of EUR 131 000 000, EUR 1 000 000 is earmarked for the implementation of the **Business Development Services (BDS) Support pilot** which is an additional component embedded in the EaSI Guarantee instrument. The purpose of BDS Support is to partially offset the costs incurred by Financial Intermediaries benefitting from an EaSI Microfinance Guarantee in view of offering Business Development Services to final recipients who qualify as Refugees and/or Migrants.

Duration

The Microfinance and Social Entrepreneurship Guarantee has been running since June 2015. The implementation period (signatures of new operations with financial intermediaries) runs until 30/06/2024.

Added value

The instrument provides support not directly to final recipients, but rather to relevant financial intermediaries, i.e. microfinance providers and social enterprise finance providers. The EaSI-G guarantees are widely accessible to financial intermediaries (microcredit providers, both banks and non-banks, and social enterprise finance providers) to **improve outreach to the hard-to-reach target groups**, namely micro-enterprises (including vulnerable persons) and social enterprises.

The "Microfinance Guarantee financial instrument" targets:

- **Vulnerable people**, i.e. persons who are in a disadvantaged position with regard to access to the conventional credit market and who want to start or further develop their own micro-enterprise, including self-employment; (special focus to young people as a vulnerable group).
- **Micro-enterprises**, meaning enterprises, including self-employed persons, that employ fewer than 10 people and whose annual turnover or annual balance sheet does not exceed EUR 2 000 000, in accordance with Commission Recommendation 2003/361/EC.

The "Social Entrepreneurship Guarantee financial instrument" targets:

- **Social enterprises**, regardless of their legal form.

The guarantee instrument provides capped guarantees up to 30% of portfolios, which include micro-credit loans granted by financial intermediaries to micro–enterprises, including self-employed persons and loans to social enterprises. The guarantees cover up to 80% of the individual micro-credit and loans to social enterprises included in the respective portfolios.

Financial institutions involved in implementation

The European Investment Fund (EIF) is the entrusted entity for the implementation of the EaSI Microfinance and Social Entrepreneurship Guarantee. Information on financial intermediaries is available in the following link http://www.eif.org/what_we_do/microfinance/easi/easi-signatures.pdf.

Operational Performance

Contribution to the objectives of the programme

As of 31/12/2021, **163 Guarantee Agreements** (119 for Microfinance with 116 of them currently active, 44 for Social Entrepreneurship) with **114 financial intermediaries** have been signed in **31 countries** (25 Member States and 6 Participating Countries) for a total guarantee cap amount of EUR 412 650 000 out of which EUR 317 812 286 from EaSI/EFSI resources.

Until end 2021 (latest available operational data as at 30/09/2021), the main results of the instrument are the following:

- Amount of financing already provided by the instrument to eligible final recipients: EUR 2 540 000 000 (EUR 1 800 000 000 for microfinance and EUR 740 000 000 for social entrepreneurship).
- Number of final recipients: 135 552 (130 783 for microfinance and 4 769 for social entrepreneurship)[20].
- Number of loans to micro and social enterprises: 154 137 (148 217 for microfinance and 5 920 for social entrepreneurship).
- Total amount of investment realised: EUR 3 556 000 000 (EUR 2 520 000 000 for microfinance and EUR 1 036 000 for social entrepreneurship)[21] Regarding the amount of private capital mobilised, it is the same as the total amount of investment realised (EUR 3 556 000 000) since it represents the sum of the amount that the financial intermediaries provide as loans to the final recipients plus the final recipients' private funding resources.
- Total number of employees (in the supported micro and social enterprises): 381 901 (244 639 for microfinance and 137 262 for social entrepreneurship)[22].
- For the EaSI-G microfinance window,[23] the gender breakdown shows that **considerable outreach to women** is already achieved (30,4% of the micro-borrowers guaranteed were women). In addition, 10,4% of individual micro-borrowers who received support under the instrument so far were either unemployed or inactive at the time they received their loan. Individuals who were final recipients of micro-loans were, by and large, educated at secondary school level (37,5%). Regarding the age group, with respect to final recipients who are natural persons, the outreach to individuals in disadvantaged age groups (younger and older people combined) is 11,5%.
- For the EaSI-G social entrepreneurship window,[24] reporting data collected shows that 17,3% of the social enterprises benefitting from EaSI-G have as a main activity producing and/or distributing healthy and/or affordable food. The vast majority (86,5%) of the social enterprises supported have an annual turnover of less than EUR 2 000 000.

Geographical diversification

As at 30/9/2021, the EaSI - G has supported the provision of financing in 31 countries (25 Member States and 6 Participating Countries) with the relevant breakdown presented here (distribution by country of EUR 2 535 679 177 of financing provided

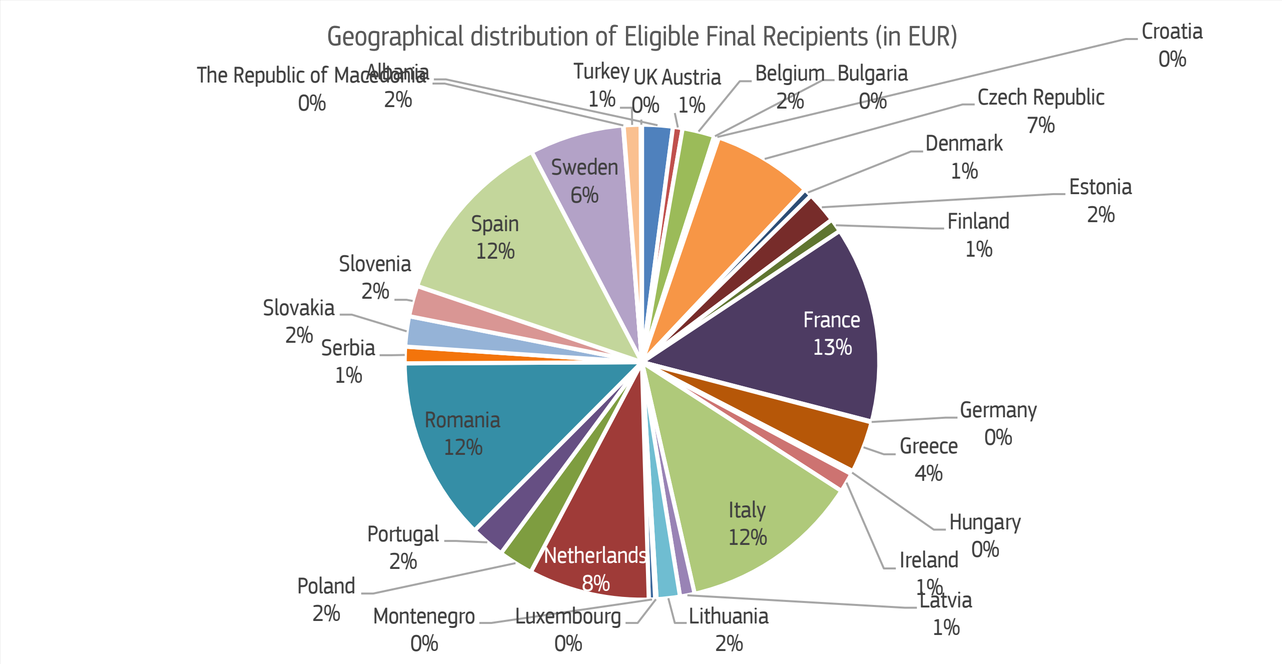
[20] Total number of final recipients for both windows – excluding duplicates – equals 135 552. Some final recipients have benefitted from both windows as the sum of microfinance and social entrepreneurship number of final recipients suggest (135 577 compared to 135 552).

[21] The respective figures were calculated by applying an external multiplier factor of 1,4 which reflects the multiplier used under EFSI.

[22] Total number of employees for both windows – excluding duplicates.

[23] EaSI – Annual Impact Report 2021. The data used in this paragraph is based on a survey of a sample of micro-borrowers.

[24] EaSI – Annual Impact Report 2021. The data used in this paragraph is based on a survey of a sample of social enterprises.



Main issues for the implementation

At present, EaSI-G has been successfully deployed, showing continuous **strong market demand**. The EU budgetary commitments under the EaSI programme, along with the additional top up from EFSI of EUR 100 000 000 and EUR 200 000 000 in 2017 and 2018 respectively, have been fully utilised and have enabled the EIF to sign operations and keep pace with market demand. In the area of social entrepreneurship, despite the initial slower take up due in part to the novelty of the instrument, the initially allocated EU budget of EUR 40 000 000 has been fully deployed.

Performance, target leverage effect and achieved leverage effect

As at 31/12/2021, based on the 163 signed Guarantee agreements for a total guarantee cap of EUR 412 650 000 out of which EUR 317 812 286 from EaSI/EFSI, the *expected* volumes of loans to final recipients are estimated to reach EUR 4 150 000 000, surpassing the overall minimum target loan volume (EUR 2 365 000 000).

As for the actual leverage, the total guarantee cap of EUR 412 650 000 has so far supported EUR 2 535 679 177 (data as at 30/09/2021) of new micro-loans and loans to social enterprises, suggesting an achieved leverage of 6,1.

The performance of the financial instrument is expected to out-perform the minimum target leverage factor and the minimum target loan volume. Performance results have been achieved also thanks to the top-up contribution from EFSI.

Key figures	Actual	Target
EU Contribution committed	412.650.388	430.000.000
Leverage	6,1	5,5
Multiplier effect	8,6	7,7
Envisaged operations	163	226
Financing provided to final beneficiaries	2.535.679.177	2.365.000.000
Number of final recipients	135.552	150.780
Investments made by final recipients due to the received financing	3.549.950.848	3.311.000.000

Envisaged operations, target volumes based on targeted leverage effect

The overall target leverage agreed with the EIF in the Delegation Agreement is 5,5 over the lifetime of EaSI-G. With an initial Union contribution of EUR 96 000 000, the minimum support of financing volumes envisaged was EUR 528 000 000. Due to the additional EUR 34 000 000 committed and the EUR 300 000 000 of EFSI top up, by applying the target leverage effect factor (5,5), the new minimum envisaged target financing volume to be supported is EUR 2 365 000 000. Overall, the total EU contribution (including EFSI) of EUR 430 000 000 (total of EUR 431 000 000 including the EUR 1 000 000 earmarked for the BDS support pilot) for the EaSI Guarantee instrument is estimated to mobilise up to EUR 4 billion in financing for micro-enterprises and social enterprises.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

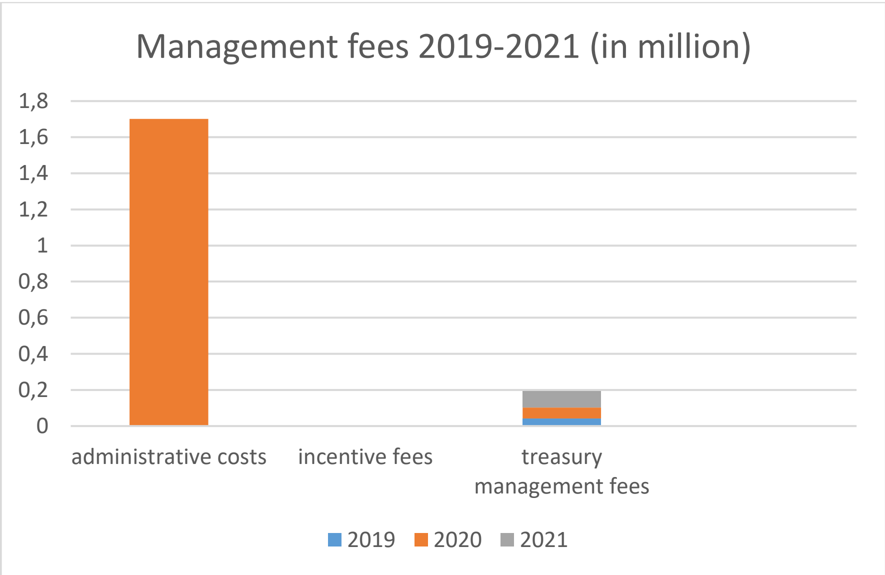
Not Applicable

Financial Information

Notes		2021	2015-2021
Overall budget	1		
Financial envelope available			131.000.000
EU Contribution	2		
Budgetary commitments			131.000.000
of which from third countries		*0*	*31.287*
of which from reflows			*2.401.756*
Budgetary payments		14.201.228	123.205.756
Reflows	3		
Revenues		1.130.803	2.082.888
interest income		*705.403*	*1.445.173*
risk remuneration, dividends, fees		*62.755*	*275.070*
realised gains			
other revenues		*362.645*	*362.645*
Repayments		0	0
Payable to the Commission		0	
Returned to the general budget		0	0
Returned to be used			
Losses from operations	4		
Guarantees called		17.415.878	54.247.110
guarantee calls recovered		112.870	875.840
Equity			
Impairments		0	
realised losses		0	0
Costs	5		
Management fees		90.102	8.481.113
administrative costs			*8.217.567*
incentive fees			
treasury management fees		*90.102*	*263.546*

Notes		2021	2015-2021
Other operational and financial charges		188.180	1.581.237
negative interest		100.777	*366.398*
foreign exchange losses		87.403	*1.214.839*
other charges			

		2021	*2020*
Risk exposure	*6*		
Maximum financial risk exposure		*63.306.905*	*75.143.305*
Assets provisioned for risk and liabilities		*103.295.603*	*106.809.333*
Value of equity investments			
Provisions for risk and liabilities		*60.840.124*	*79.404.355*
Fiduciary Account	*7*		
Balance in the fiduciary account		*103.276.027*	*106.209.933*
in euro		*13.755.562*	*24.381.948*
in non-euro currencies		*89.520.465*	*81.827.985*
Other financial assets			



Notes on financial information

3. The revenues received on the financial instrument accounts in previous calendar years are used to cover the management fees and the amount of revenues that were not offset by fees are recovered and returned to the EU budget. In 2021, all the amount was used to cover fees.

5. The administrative and incentive fees to which the EIF is entitles have reached the cap agreed in the Delegation Agreement (9% of the EU Contribution Committed up to EUR 96 000 000 and at 8% of the Additional Contribution Committed). Therefore, for 2021 the EIF is entitled receive only treasury management fees.

6. The maximum risk exposure is calculated by making the difference between the total guarantee cap and then excluding the net guarantee called and the EFSI amount. The provision for risks and liabilities represents the

expected estimated loss for each guarantee operation and subsequently reduced by the payment demands made by the financial intermediaries.

7. The amounts presented include accrued interests and EUR 53 218 000 received from EFSI for FX hedging purposes

3.1b EaSI Capacity Building Investments (EaSI CBI)

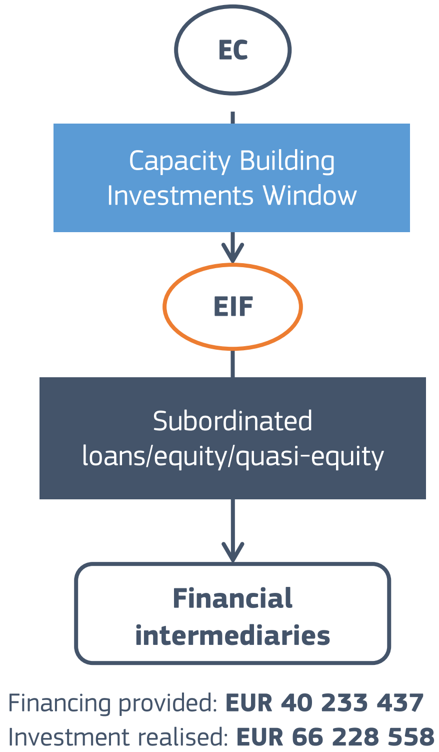
Description

Identification / Reference to the basic act			
Regulation (EU) No 1296/2013			
Budget lines			
02.029902			
	2021	**2022**	**2023**
Budgetary commitment appropriations	455.548	8.313.260	5.421.163
Budgetary payment appropriations			0

Initial financial envelope:	EUR 16.000.000
Current financial envelope:	EUR 45.000.000
Overall financial envelope:	EUR 45.000.000

General description

The EaSI Capacity Building Investment Window ("EaSI Capacity Building") is one of the financial instruments under the Employment and Social Innovation ('EaSI') programme. The general objectives of the programme are described in Regulation (EU) No 1296/2013 and can be found in Article 4:



- To promote employment and social inclusion by increasing the availability and accessibility of **microfinance for vulnerable people** who wish to start up a micro-enterprise as well as for existing micro-enterprises, and by increasing **access to finance for social enterprises**.

According to Article 26 of the legal base (Regulation (EU) No 1296/2013), "*In addition to the general objectives set out in Article 4, the specific objectives of the Microfinance and Social Entrepreneurship axis shall be to: (b) build up the institutional capacity of microcredit providers*".

The Commission has mandated the EIF to implement EaSI Capacity Building Investments Window through **direct and indirect equity investments** in financial intermediaries and **subordinated loans or quasi-equity** i.e. loans with an "equity-like" risk profile in term of subordination or maturity profile to financial intermediaries.
The initial budget of this instrument was EUR 16 000 000. Due to the **strong demand from the market**, the overall financial enveloped has increased to EUR 45 000 000.

Duration

The EaSI Capacity Building Investments Window was introduced in the EaSI Delegation Agreement between the Commission and the EIF on 19/12/2016. The implementation period (signatures of new operations with financial intermediaries) runs until 30/06/2024.

Added value

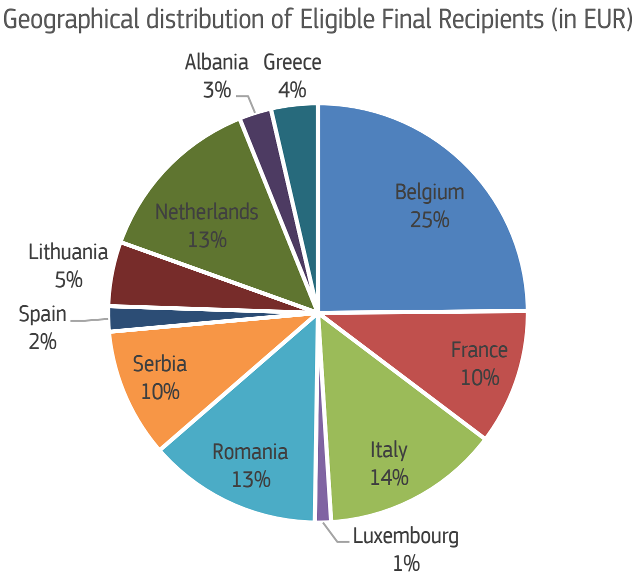
The EaSI Capacity Building instrument aims at building up the institutional capacity of financial intermediaries that have not yet reached sustainability (i.e. break-even, operational capacity, etc.), including greenfield financial intermediaries, or financial intermediaries that need risk capital, inter alia, to expand further their operations, both in the microfinance and in the social entrepreneurship space.

Financial institutions involved in implementation
The EaSI Capacity Building instrument is implemented by the European Investment Fund (EIF) on behalf of the European Commission.

Operational Performance

Contribution to the objectives of the programme
Until 31/12/2021, there were **14 signed operations** of EU equity or subordinated loans participations, worth of EUR 41 054 244 with 19 financial intermediaries, covering **11 participating countries**. The above mentioned signed transactions involve investments a) in organisational development and expansion, including branch expansion, scaling up/building up of IT infrastructure and human resources such as recruitment and training of staff and b) in strengthening the operational and institutional capabilities contributing to the sustainability of a Financial Intermediary (including Greenfield Financial Intermediary) and the increase of their indebtedness capacity.

Geographical diversification
By the end 2021, there were 19 signed operations, providing financing to financial intermediaries in 11 countries:



Main issues for the implementation
No issues arisen until now.

Performance, target leverage effect and achieved leverage effect
The minimum target leverage agreed with the EIF in the Delegation agreement is 2 over the lifetime of the instrument, calculated as the aggregate amount of financing made available to Financial Intermediaries and Sub-Intermediaries for the purpose of capacity building divided by the aggregate amount of Capacity Building Investments. Based on the target multiplier of the instrument, it was estimated that the total EU budget envelope (net of fees) of EUR 41 950 000 will generate around EUR 155 610 000 of financing provided to Financial Intermediaries and Sub-Intermediaries for the purpose of capacity building. The current EU participations committed amount of EUR 41 054 244 million has so far provided EUR 40 233 637 million of financing to benefitting financial institutions (the final recipients of the Facility), suggesting an achieved leverage of one.

Key figures	Actual	Target
EU Contribution committed	41.054.244	41.950.000
Leverage	1	2

Key figures	Actual	Target
Multiplier effect	1,6	3,8
Envisaged operations	19	10-12
Financing provided to final beneficiaries	40.233.637	81.900.000
Number of final recipients	19	10-12
Investments made by final recipients due to the received financing	66.228.558	155.610.000

Envisaged operations, target volumes based on targeted leverage effect

The instrument has already achieved the number of envisaged operations (19 signed operations compared to 10-12 envisaged). Out of the 19 signed operations, two are equity investments with the other 17 being subordinated loans.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

	Notes	2021	2016-2021
Overall budget	1		
Financial envelope available			45.000.000
EU Contribution	2		
Budgetary commitments			45.000.000
of which from third countries			
of which from reflows			
Budgetary payments		455.548	31.265.577
Reflows	3		
Revenues		814.111	1.656.584
interest income		*814.111*	*1.656.584*
risk remuneration, dividends, fees			
realised gains			
other revenues			
Repayments			
Payable to the Commission			
Returned to the general budget			
Returned to be used			
Losses from operations	4		
Guarantees called			
guarantee calls recovered			

	Notes	2021	2016-2021
Equity			
Impairments			
realised losses			
Costs	5		
Management fees		822.418	2.055.308
administrative costs		*821.085*	*2.026.580*
incentive fees			
treasury management fees		*1.333*	*28.728*
Other operational and financial charges		6.417	99.525
negative interest		*6.417*	*99.525*
foreign exchange losses			
other charges			

	Notes	2021	2020
Risk exposure	6		
Maximum financial risk exposure		33.512.862	24.080.693
Assets provisioned for risk and liabilities			
Value of equity investments		33.512.862	21.631.093
Provisions for risk and liabilities			
Fiduciary Account	7		
Balance in the fiduciary account		2.166.853	8.432.631
In euro		*2.166.853*	*8.432.631*
In non-euro currencies		*0*	*0*

Notes on financial information

3. These are interests on loans and receivables. The revenues received in the previous calendar year on the financial instrument account and notified by the EIF in June 2021 (EUR 642 260) were partly used to cover the management fees and partly reassigned to the InvestEU Fund.

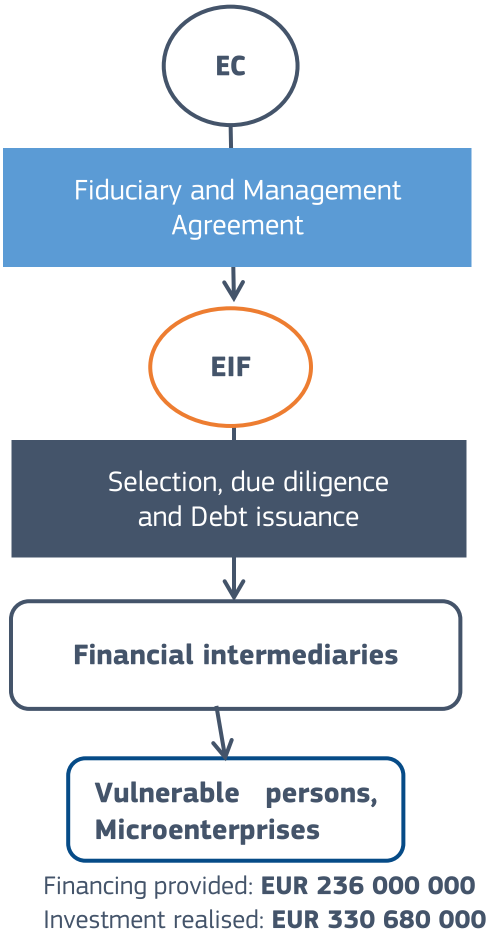
5. The EIF is entitled to receive administrative and incentive fees, which shall be capped at 8% of the total EU Contribution Committed to the Capacity Building Investments Window. Annually, the administrative fees are calculated as 2% of the aggregate amount of operations signed and are payable to the EIF in arrears, upon submission of a statement of fees.

3.2 European Progress Microfinance Guarantee Facility (EPMF - G)

Description

Identification / Reference to the basic act			
Decision No 283/2010/EU of 25 March 2010			
Budget lines			
02.029902e			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0	0	0

Initial financial envelope:	EUR 25.000.000
Current financial envelope	EUR 23.600.000[25]
Overall financial envelope:	EUR 23.989.699[26]



General description

The European Progress Microfinance Guarantee Facility was established through Decision No 283/2010/EU of the European Parliament and of the Council of 25 March 2010 establishing a European Progress Microfinance Facility for employment and social inclusion (OJ L 347/238, 20.12.2013).

Its aim was to **enhance access to microfinance** by reducing microfinance providers' risk.

The EPMF Facility provided Union resources to increase access to, and availability of, microfinance for:

1. **persons who lost or were at risk of losing their job,** or who had difficulties entering or re-entering the labour market, as well as persons who were facing the threat of social exclusion or vulnerable persons who were in a disadvantaged position with regard to access to the conventional credit market and who wanted to start or further develop their own micro-enterprise, including self-employment;
2. **micro-enterprises**, especially in the social economy, as well as micro-enterprises which employ persons referred to in point (1).

[25] Amount committed and including the fees paid to the EIF.

[26] Amount committed, including fees paid to the EIF and additional resources (regularised interests).

The EPMF Guarantee Facility (EPMF-G) was implemented via direct guarantees and counter-guarantees. It provided risk coverage in the form of **capped guarantees** to selected financial intermediaries who developed a portfolio of loans targeting eligible final recipients (vulnerable persons and micro-enterprises).

The EIF was instructed to provide guarantees backed by the EU budget to financial intermediaries in order to cover a portion of the expected losses of a portfolio of newly generated loans to self-employed and micro enterprises with a higher risk profile.

The EIF was responsible for identifying, investigating, evaluating and selecting the Financial Intermediaries ('FI') by applying selection criteria and processes set out in Annex 1 of the Financial Management Agreement (FMA), titled Operational Guidelines. Under the FMA, the EIF examined, on a continuous basis, proposals collected based on a call for expression of interest.

Duration

The Commission empowered and mandated the EIF to provide EU Guarantees in its own name but on behalf of and at the risk of the Commission, under an FMA (signed 01/07/2010). The implementation period (signatures of new operations with financial intermediaries) ran until 2013 and the facility was **terminated in 2021**.

Added value

The Facility allowed microfinance providers to reach out to target groups, who could otherwise not be served; for instance, because persons from these groups could not provide sufficient collateral or because the interest rates, which they would have to pay in accordance to their actual risk profile, were too high.
It provided capped guarantees up to 20% of portfolios, which included micro-credit loans granted by intermediaries to micro–enterprises, including self-employed persons. The micro-credit guarantee covered up to 75% of the individual micro-credit loans included in the respective portfolio. The guarantees provided by the EIF in accordance with the Agreement were open to any intermediaries being public or private bodies established on national, regional and local levels in the Member States, which provided microfinance to persons and micro-enterprises in the Member States, such as financial institutions, microfinance institutions, guarantee institutions or any other institution authorised to provide microfinance instruments. The budget of the EPMF Guarantee Facility was fully utilised by Q2 2014. In 2021 no new transactions took place..

Financial institutions involved in implementation

The EIF was the entrusted entity for the European Progress Microfinance Guarantee Facility.

Operational Performance

Contribution to the objectives of the programme

As of 30/09/2021, in total **36 Guarantee Agreements** have been signed in **18 countries** for a total guarantee cap amount of EUR 18 220 000.
Over the entire lifecycle of the instrument (final available operational data as at 30/09/2021), the main results of the instrument are the following:

- Amount of financing already provided by the instrument to eligible final recipients: EUR 236 203 114
- Number of final recipients: 19 740.
- Number of loans to micro enterprises: 20 996.
- Total amount of investment realised: EUR 330 684 360[27].
- Total number of employees (in the supported micro enterprises): 37 187.

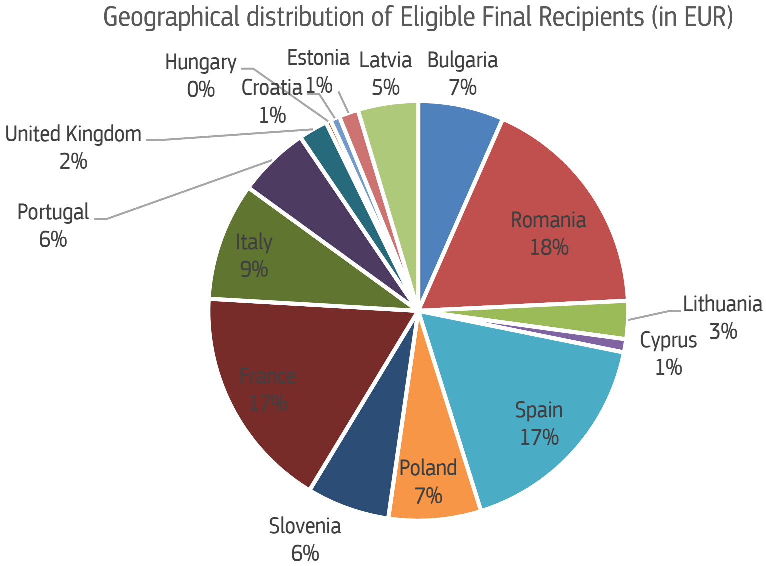
The EPMF Guarantee Facility portfolio reached its end in terms of loan inclusions and results at final recipient level already in 2018. Therefore, there are no more active contracts/agreements and there is no new data to report regarding the social and entrepreneurship impact evaluation report which remains unchanged compared to the 2018 report.
Under EPMF-G[28] the gender breakdown shows that **considerable outreach to women** was achieved (34,9% of the micro-borrowers guaranteed were women).

[27] The respective figure were calculated by applying an external multiplier factor of 1,4 which reflects the multiplier used under EFSI.
[28] EPMF-Annual Implementation Report 2018-Social and Entrepreneurship Impact Evaluation Report. The data used in this paragraph is based on a survey of a sample of micro-borrowers

In addition, 57,15% of individual micro-borrowers who received support under the Facility so far, were either unemployed or inactive at the time they received their loan. Individuals which were final recipients of micro-loans were, by and large, educated at secondary school level (39,7%). Nevertheless, EPMF also continues to be of importance in serving the financing needs of individuals with a higher education beyond the secondary school level (34,5%). Regarding the age group, with respect to final recipients who are natural persons the outreach to individuals in disadvantaged age groups (younger and older people combined) remains at noteworthy levels (15,2%).

Geographical diversification

As at 30/9/2021, the Facility covered **17 Member States** and the United Kingdom with the breakdown presented below (distribution of EUR 236 200 000 of financing provided:



Main issues for the implementation

Room for improvement was identified for accompanying mentoring and training for micro-entrepreneurs since it was considered an important factor for the sustainability of the micro-enterprises. This was taken into account in the EaSI – Guarantee Instrument (EaSI-G), the successor programme of EPMF-G, where the provision of such services from financial intermediaries to final recipients is mandatory.

Performance, target leverage effect and achieved leverage effect

As for achieved leverage until 30/09/2021, the total EU contribution committed of EUR 23 989 699 has supported EUR 236 203 114 of new micro-loans, implying a leverage of 9,85.
The main performance indicators are presented below:
a) Total investments realised (achieved at final recipients' level): EUR 330 684 360.
b) Achieved multiplier effect: 13,79
c) Achieved leverage effects (on total financing): 9,85.
As of 30/09/2021, the European Progress Microfinance Facility including both EPMF-Guarantees and FCP-Funded instrument already provided 60 435 micro-loans to final recipients reaching a volume of EUR 517 210 000, compared to the initial programme target of 46 000 micro-loans with the volume of EUR 500 000 000.
As already presented above, the financial instrument has out-performed the minimum target leverage factor and the minimum target loan volume.

Key figures	Actual	Target
EU Contribution committed	23.989.699	25.000.000
Leverage	9,85	6,67
Multiplier effect	13,79	9,33
Envisaged operations	36	n/a
Financing provided to final beneficiaries	236.203.114	166.750.000

Key figures	Actual	Target
Number of final recipients	19.740	n/a
Investments made by final recipients due to the received financing	330.684.360	233.450.000

Envisaged operations, target volumes based on targeted leverage effect

The minimum target leverage was estimated at 6,67. With an initial EU contribution of EUR 25 000 000 the minimum support of financing volumes envisaged was EUR 166 750 000.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

			(in euros)
Notes		**2021**	**2010-2021**
Overall budget	1		
Financial envelope available			25.000.000
EU Contribution	2		
Budgetary commitments			23.989.699
of which from third countries		*0*	*0*
of which from reflows			
Budgetary payments			23.989.699
Reflows	3		
Revenues			1.363.272
interest income			*410.953*
risk remuneration, dividends, fees		*0*	*46.520*
realised gains			
other revenues		*0*	*905.799*
Repayments		3.665.923	7.433.659
Payable to the Commission		0	
Returned to the general budget		0	0
Returned to be used		3.665.923	7.867.395
Losses from operations	4		
Guarantees called		68.738	14.581.231
guarantee calls recovered		1.782	73.149
Equity			
Impairments		0	
realised losses		0	0
Costs	5		
Management fees			1.840.751
administrative costs			*1.840.751*

			(in euros)
incentive fees			
treasury management fees			
Other operational and financial charges		35.600	723.582
negative interest		16.469	*113.848*
foreign exchange losses		3.631	*543.640*
other charges		*15.500*	*66.094*

		2021	***2020***
Risk exposure	*6*		
Maximum financial risk exposure			*3.409.678*
Assets provisioned for risk and liabilities			*3.778.228*
Value of equity investments			
Provisions for risk and liabilities			*3.709.586*
Fiduciary Account	*7*		
Balance in the fiduciary account			*3.778.228*
in euro			*2.592.186*
in non-euro currencies			*1.186.042*
Other financial assets			

Notes on financial information

3. As foreseen in the agreement, the EIF returns unused amounts to the Commission. These returned amounts may be reused for the next generation of financial instruments and budgetary guarantees.
5. Other operating charges is mainly composed of audit ad legal fees.

3.3a European Progress Microfinance FCP-FIS

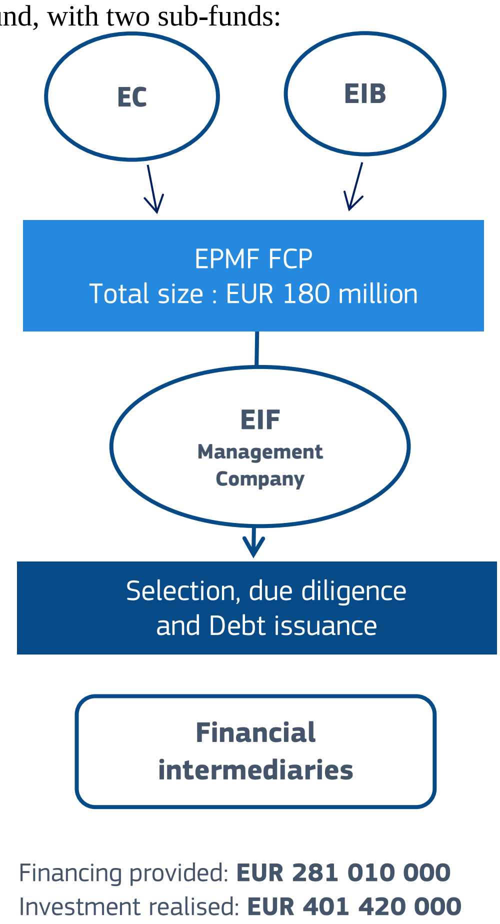
Description

Identification / Reference to the basic act			
Decision No 283/2010/EU of 25 March 2010			
Budget lines			
02.029902			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0	0	0

Initial financial envelope:	EUR 78.000.000
Current financial envelope	EUR 80.000.000
Overall financial envelope:	EUR 80.000.000

General description

The European Progress Microfinance FCP FIS (EPMF FCP) is a compartment of the EU Microfinance Platform FCP-FIS (the "Fund"). The Fund is structured as a Luxembourg "fonds commun de placement – fonds d'investissement spécialisé" (FCP - FIS) governed by the law of 13 February 2007 relating to specialised investment funds (the "2007 Law") and was launched on 22 November 2010. It is established as an umbrella fund, with two sub-funds:



- The European Progress Microfinance Fund ('EPMF FCP');
- The Employment and Social Innovation Fund (the 'EaSI Sub-Fund').

The EPMF FCP was implemented via a Dedicated Investment Vehicle (DIV) and provided mainly debt instruments (senior loans) It had a size of EUR 180 000 000. Its two founding investors were the European Commission and the European Investment Bank. The **EU contribution** amounted to **EUR 80 000 000** as a first loss piece and the **EIB contributed with EUR 100 000 000** as second loss piece.

In its role as Management Company, the EIF evaluated, selected and concluded the relevant loan agreements with selected financial intermediaries.

On their part, the selected financial intermediaries on-lent the received financing by developing loan portfolios aiming at specific target groups (self-employed persons, microenterprises). The provision of loan financing to intermediaries increased access to, and availability of, microfinance for the most vulnerable within the EU

The specific investment objective of the instrument was to increase access to, and availability of, a range of financial products and services in the area of microfinance for the following target groups (see also the objectives under the EPMF-Guarantee Facility):

- persons starting their own enterprise, including self-employment;
- enterprises, especially microenterprises;

- capacity building, professionalization, and quality management of microfinance institutions and of organisations active in the area of microfinance;
- local and regional employment and economic development initiatives.

Duration

The EPMF FCP FIS was established in 2010 with a duration of 10 years. In 2020, the liquidation procedure of the sub fund was launched and it was notified to the Luxembourgish supervisory authority (CSSF). The liquidation process will be finalised in 2022.

Added value

The EPMF FCP constituted one of the EU's core measures to mitigate the consequences of the 2007-2008 financial crisis. By providing debt, equity and funded risk sharing instruments to microfinance institutions (MFIs) located within the EU, it increased the access to, and availability of, microfinance for, inter alia, the most vulnerable. The microenterprise segment was the cornerstone of the EU economy: more than 90% of EU businesses and almost all start-ups are microenterprises. Some 66% of business start-ups were set up by unemployed people. The instrument enabled economic independence for micro-entrepreneurs who might otherwise have had difficulties accessing funds for their business. It provided concrete support for economic growth, employment creation and social inclusion.

Financial institutions involved in implementation

The EPMF FCP-FIS is managed by the EIF as Management Company.

Operational Performance

Contribution to the objectives of the programme

In total **50 agreements** were signed in **16 Member States** with a clear geographical balance between **Eastern and Western Europe**.

Over its entire lifecycle (latest available operational data as at 31/03/2020), the main results of the instrument are the following:

- Amount of financing already provided by the instrument to eligible final recipients: EUR 281 010 000
- Number of final recipients: 35 940.
- Number of loans to micro enterprises: 39 439.
- Total amount of investment realised: EUR 401 420 000[29].
- Total number of employees (in the supported micro enterprises): 67 288.

The EPMF FCP-FIS portfolio reached its end in terms of loan inclusions and results at final recipient level **in 2019**. Therefore, there is no new data to report regarding the social and entrepreneurship impact evaluation report, which remains unchanged compared to the 2019 report.

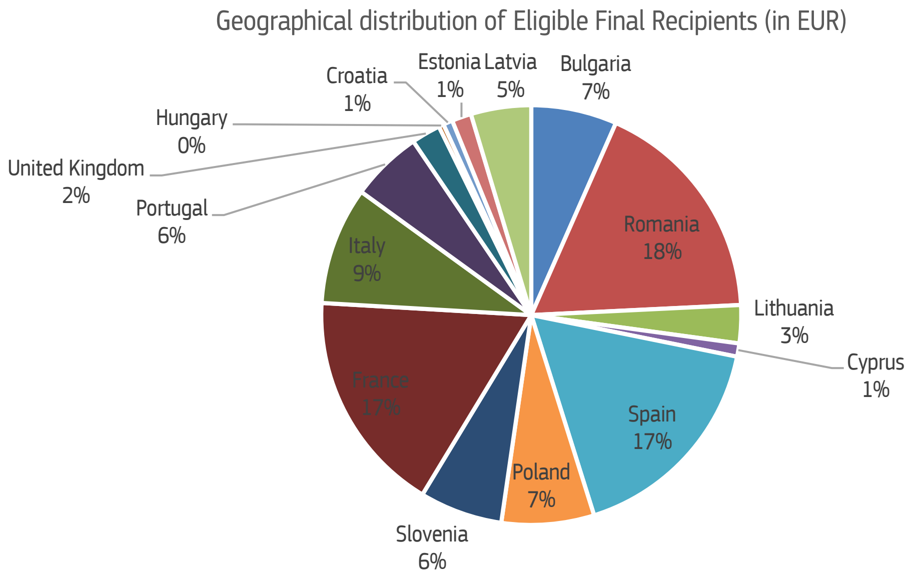
Based on the 2019 social and entrepreneurship impact evaluation report, the gender breakdown shows that considerable outreach to women was achieved (34,7% of the micro-borrowers were women).

In addition, 34,7% of individual micro-borrowers who received financing were either unemployed or inactive at the time they received their loan. Individuals who were final recipients of micro-loans were, by and large, educated at secondary school level (35,2%). Nevertheless, EPMF FCP-FIS also continued to be important in serving the financing needs of individuals with a higher education beyond secondary school level (39,8%). Regarding the age group with respect to final recipients who were natural persons, the outreach to individuals in disadvantaged age groups (younger and older people combined) remained at noteworthy levels (18,9%).

Geographical diversification

At 31/12/2021, the fund provided financing to 14 Member States and to the United Kingdom:

[29] The respective figure was calculated by applying a proxy index 7:10 (7 for loan volumes and 10 for investment volumes) which reflects the ratio used under EFSI.



Main issues for the implementation

Despite the positive effects of the microfinance sector in the area of employment and social inclusion, its growth and sustainability prospects, specifically for non-bank Microfinance Institutions, remained limited without access to stable funding and without the necessary capacity building component.

In addition, risk was inherent in the fund's activities but was managed through a process of on-going risk identification and measurement, monitoring of the benefited MFIs and other controls regarding the observance of specific portfolio limits and restrictions to ensure that the investments were diversified to an extent that an adequate spread of the investment risk was reached.

The Management Company monitored these investments on an on-going basis by analysing regular reports (i.e. quarterly financial covenants compliance, quarterly financial statements and key performance indicators such as portfolio, liquidity, capitalisation and profitability) and through direct contact with each financial intermediary and site visits.

The Management Company had in place monitoring processes to identify potential deterioration of counterpart creditworthiness and to anticipate potential impairments on the portfolio and/or review of the counterpart internal rating.

Performance, target leverage effect and achieved leverage effect

The main performance indicators are presented below:

a) Total investments realised (achieved at final recipients' level): EUR 401 420 000

b) Achieved multiplier effect: 5.

c) Achieved leverage effect (on total financing): 3,54.

As at 30/09/2020, the European Progress Microfinance Facility including both EPMF-Guarantees and FCP-Funded instruments already provided 60.435 micro-loans to final recipients reaching the volume of EUR 517 210 000, compared to the initial programme target of 46.000 micro-loans with the volume of EUR 500 000 000.

As already presented above, the financial instrument has out-performed the minimum target leverage.

Key figures	Actual	Tagret
EU Contribution committed	80.000.000	80.000.000
Leverage	3,5	2,83
Multiplier effect	5	4,04
Envisaged operations	50	n/a
Financing provided to final beneficiaries	281.010.000	226.400.000
Number of final recipients	35.940	n/a
Investments made by final recipients due to the received financing	401.420.000	323.428.571

Envisaged operations, target volumes based on targeted leverage effect

The minimum target leverage was estimated at 2,83. With an EU contribution of EUR 80 000 000, the minimum support of financing volumes envisaged was EUR 226 400 000.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

			(in euros)
Notes		**2021**	**2010 - 2021**
Capital	1		
Fund's capital			180.000.000
EU stake €			80.000.000
EU stake % (equal treatment)			0,44
EU Contribution	2		
Commitments		0	80.000.000
of which to technical assistance		*0*	*0*
Payments		0	80.000.000
Reflows	3		
Revenues		0	0
Repayments		865.078	28.376.975
Returned to the general budget		0	0
Returned to be used		0	0
Losses from operations	4		
Impairments		0	12.564.880
realised losses		0	0
Costs	5		
Management fees		0	8.997.131
of which to Implementing Partner		*0*	*8.997.131*

		2021	*2020*
Risk exposure	*6*		
Financial risk exposure		*1.578.489*	*1.876.322*
Value of equity investments		*1.578.489*	*1.876.322*
Investment at cost		*10.273.962*	*80.000.000*
Fiduciary Account	*7*		
Balance		*0*	*0*

Notes on financial information

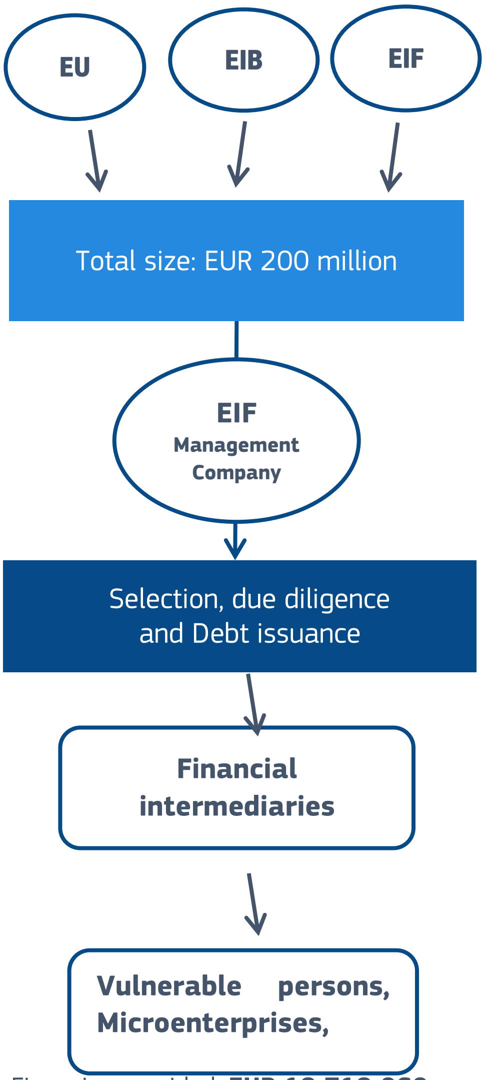
2. The total envelope was paid out in 2016.

3.3b Employment and Social Innovation Sub-Fund (EaSI FIS)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1296/2013			
Budget lines			
02.029902			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	42.000.000	0	0

Initial financial envelope:	EUR 67.000.000
Current financial envelope:	EUR 67.000.000
Overall financial envelope:	EUR 67.000.000



Financing provided: **EUR 18 718 060**
Investment realised: **EUR 26 738 749**

General description

The Employment and Social Innovation Sub-Fund is the second compartment of the EU Microfinance Platform FCP-FIS (the "Fund"), an umbrella fund with two sub-funds:
- The European Progress Microfinance Fund ('EPMF FCP'); now in liquidation;
- The Employment and Social Innovation Fund (the 'EaSI Sub-Fund').

The EaSI Sub-Fund has an overall size of **EUR 200 000 000** and is a partnership between the European Union, the European Investment Bank and the European Investment Fund. The EU budget resources available to the EaSI Sub-Fund are set at EUR 67 000 000 as a first-loss piece investment. The EU will be the only equity-holder in the sub-fund. The European Investment Bank (EIB) and the European Investment Fund (EIF) will provide funding respectively under a senior loan facility of EUR 110 000 000 and a mezzanine loan facility of EUR 23 000 000.

The EaSI Sub-Fund is intended to support **lending to micro-enterprises and social enterprises** and is another addition to the toolbox of EU instruments dedicated to microfinance and social finance. It shall provide debt instruments in the form of **senior and subordinated loans to financial intermediaries** to enhance access to finance for micro-enterprises and social enterprises. On their part, the selected financial intermediaries on-lend the received financing by developing loan portfolios aiming at specific target groups (self-employed persons, microenterprises, social enterprises).

Duration

The EaSI Sub-Fund was established in 2019 for a limited duration ending on 31 December 2032. Its implementation period (signatures of new operations with financial intermediaries) runs until 2023.

Added value

The Sub-Fund operations are meant to address a market failure by providing an incentive to Intermediaries to increase access to, and availability of, microfinance and to support the development of the **social investment market** and facilitate **access to finance for social enterprises**.

The EaSI Sub-Fund aims at replicating the success of its predecessor, the EPMF Sub-Fund, but has expanded its policy scope to also cover social enterprises.

Final recipients targeted by the EaSI Sub-Fund are in line with the EaSI policy objectives that aim to enhance access to finance for the following categories:

a. **vulnerable persons** who have lost or are at the risk of losing their job, or who have difficulties entering or re-entering the labour market, or who are at risk of social exclusion or are socially excluded and who are in a disadvantaged position with regard to access to the conventional credit market and who wish to start up or develop their own micro-enterprise, or

b. **micro-enterprises** in both the start-up and development phase, especially micro-enterprises which employ persons as referred to in point (a), or

c. **social enterprises** within the meaning of the EaSI Regulation.

Financial institutions involved in implementation

The EaSI Sub-Fund is managed by the EIF as Management Company.

Operational Performance

Contribution to the objectives of the programme

In total **15 agreements** were signed in seven Member States and three Participating Countries.

The instrument is still in its early stage of deployment. Its main results as of 30/09/2021 (latest available operational data) are the following:

• Amount of financing already provided by the instrument to eligible final recipients: EUR 18 718 060

• Number of final recipients: 1 000 (986 for microfinance and 14 for social entrepreneurship).

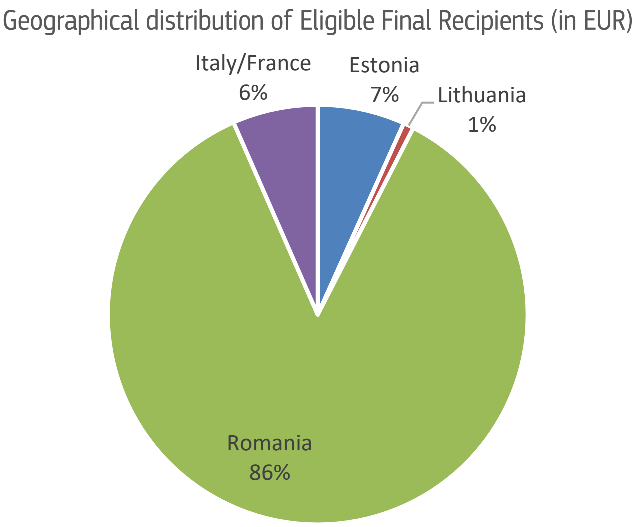
• Number of loans to micro- and social enterprises: 1 133 (1 119 for microfinance and 14 for social entrepreneurship.

• Total amount of investment realised: EUR 26 738 749.

• Total number of employees: 1 872 (1 807 for microfinance and 65 for social entrepreneurship.

Geographical diversification

At 31/12/2021, the distribution of financing to eligible final recipients was as follows:



Main issues for the implementation

The initial pace of implementation was quite slow, mainly due to the preparatory legal work and to the delays caused by the COVID-19 pandemic, which shifted the focus on the development of immediate and urgent measures to address the adverse effects on final recipients.

However, at the end of 2021, a loan volume of EUR 103 000 000 was signed with financial intermediaries and it is expected that the instrument will indeed provide an incentive for financial intermediaries to increase access to, and availability of, microfinance and to support the development of the social investment market and facilitate access to finance for social enterprises.

Performance, target leverage effect and achieved leverage effect

The main performance indicators are presented below:

a) Total investments realised (achieved at final recipients' level): EUR 26 738 749.

b) Achieved multiplier effect: 0,4.

c) Achieved leverage effect (on total financing): 0,3.

Key figures	Actual	Tagret
EU Contribution committed	67.000.000	67.000.000
Leverage	0,3	4,5
Multiplier effect	0,4	6,4
Envisaged operations	15	n/a
Financing provided to final beneficiaries	18.718.060	300.000.000
Number of final recipients	1000	n/a
Investments made by final recipients due to the received financing	26.738.749	428.550.000

Envisaged operations, target volumes based on targeted leverage effect

The minimum target leverage is estimated at 4,5. With an EU contribution of EUR 67 000 000, the minimum support of financing volumes envisaged is EUR 428 550 000.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

			(in euros)
Notes		**2021**	**2019-2021**
Capital	1		
Fund's capital			67.000.000
EU stake €			67.000.000
EU stake % (equal treatment)			0,00
EU Contribution	2		
Commitments		0	67.000.000
of which to technical assistance		*0*	*0*
Payments		42.000.000	67.000.000
Reflows	3		
Revenues		0	0
Repayments		0	0
Returned to the general budget		0	0
Returned to be used		0	0

			(in euros)
Losses from operations	4		
Impairments		0	0
realised losses		0	0
Costs	5		
Management fees		2.495.000	5.082.466
of which to Implementing Partner		*2.495.000*	*5.082.466*

		2021	***2020***
Risk exposure	*6*		
Financial risk exposure		*61.971.770*	*64.009.266*
Value of equity investments		*61.971.770*	*22.009.266*
Investment at cost		*67.000.000*	*25.000.000*
Fiduciary Account	*7*		
Balance		*0*	*0*

Notes on financial information

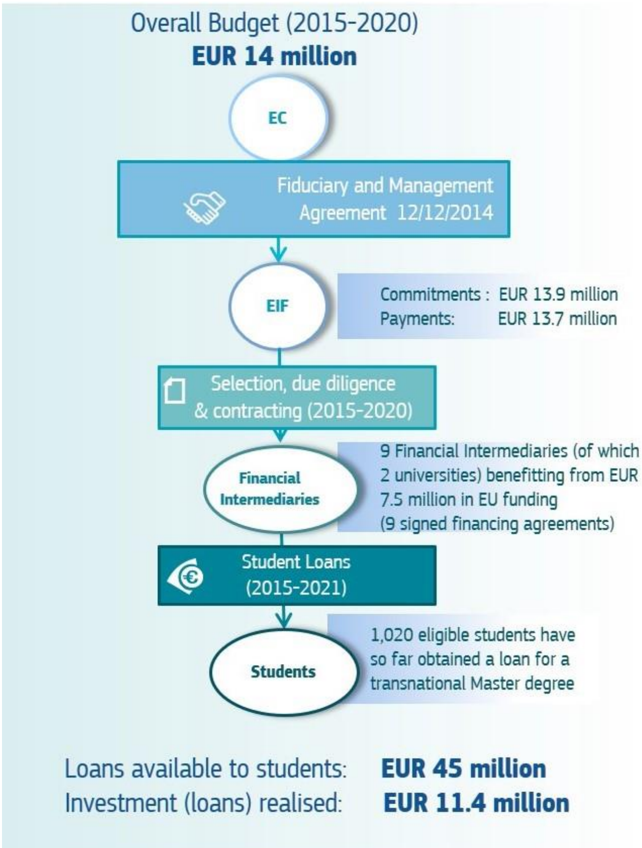
2. The EU contribution in commitments was finalised in 2020, reaching 100% of the Fund's capital amount. The commitments have been paid in full.
5. The management fees include a flat administrative fee of EUR 2 050 000, equal to 1.025% of the funds aggregate commitment (EUR 200 000 000), and a policy-based fee of EUR 445 000 linked to the performance of the fund (EUR 35 000 for each Operational Transaction signed in 2021 and EUR 25 000 for each first Final Recipient situated or operating in a Participating Country in which the Sub-Fund had not invested previously).

3.3 Erasmus+ Student Loan Guarantee Facility (SLGF)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1288/2013 of the European Parliament and of the Council of 11 December 2013 establishing 'Erasmus+': the Union programme for education, training, youth and sport (Text with EEA relevance)			
Budget lines			
"02.029910 under the current nomenclature ()			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0	0	0

Initial financial envelope:	EUR 517.000.000
Current financial envelope[30]:	EUR 13,911,503
Overall financial envelope:	EUR 13,911,503



General description:

The Student Loan Guarantee Facility (SLGF) was piloted under the Erasmus+ programme (2014-2020), aiming to support mobility, equity and study excellence via guarantees to financial intermediaries that agree to providing student **loans** with favourable conditions **to students moving for their Master's studies** to another Erasmus+ Programme country, regardless of the student's social background.. The EU capped guarantee (90% at individual level, 18% at portfolio level) thus mitigates the risk of lending to a group of borrowers that financial intermediaries currently do not consider or find too risky.

Duration

The SLGF scheme started in June 2015, with 2020 as the final year of its implementation period. In 2021 students could continue to apply for loans with 5 financial intermediaries. The scheme has not been renewed under Erasmus+, but student loan support will be provided under the InvestEU programme, building on the SLGF experience and following a successful testing phase through a Skills & Education Guarantee Pilot launched in 2020.

[30] Committed amount.

Added value

Master graduates will make an increasingly important contribution to innovation and entrepreneurship in Europe as the need for higher skills grows. Access to finance is all the more difficult for students who want to study abroad, although this is an economically rewarding and personally enriching experience.

The Erasmus+ Student Loan Guarantee Facility aimed to increase access to finance in order to enable students, regardless of their social background, to take a Master's Degree in another Erasmus+ programme country, as a contribution to tackling skills gaps in Europe.

The funding of student loans by private banks is unlocked through a public subsidy, which takes the form of a 90% guarantee on the repayment of individual loans, up to 18% of the portfolio volume of banks, and valid for 15 years. The Student Loan Guarantee Facility was integrated in the Erasmus+ programme (2014-2020) on a pilot basis.

Financial institutions involved in implementation

The management of the Student Loan Guarantee Facility was entrusted to the European Investment Fund.

Operational Performance

Contribution to the objectives of the programme

- Beneficiary surveys have been carried out since 2016, with consistently positive results[31]: the **concept is clearly valued by students**, [with satisfaction rates well above 70%] and they communicate that it has a particular 'graduate premium' in the labour market.
- ERASMUS+ SLGF has been a pioneer in student loans at the European level. It has been pioneering a number of innovative implementation modes. The lessons learnt from the Erasmus+ SLGF pilot could be used for the design of the **Skills & Education Guarantee Pilot** launched in 2020.
- The level of interest from financial intermediaries to the **broader scope of final beneficiaries** (targeting a wider range of individual students and learners, as well as of institutions requiring and providing education and skills) is considered positive by the market uptake in a very short time-frame.
- The EIF intends to grow this type of financial instrument further, under the Social Investment and Skills window of InvestEU throughout 2021-2027, supporting more financial intermediaries and final recipients who can benefit from education and skills related financial support.

Geographical diversification

- At its peak, the facility operated through 9 financial intermediaries established in 8 Erasmus+ Programme Countries. By far the largest number of final recipients comes from those countries where one of those financial intermediaries is or was operating (mainly Spain, UK, Turkey and France), since most intermediaries target outgoing students from within their country.
- As the Spanish intermediary is also providing loans to incoming students, the Student Loan Guarantee Facility enabled funding to Master students from 24 Erasmus+ Programme Countries, thus providing a truly European dimension. More than 15% of the 1.020 beneficiaries come from countries where no financial intermediary was established.

Main issues for the implementation

The pilot scheme had a much lower yield than initially envisaged. In the light of low take-up, the EIF and the European Commission maintained their commitment to the objectives but continuously downsized the budgetary allocations and reallocated to the Erasmus+ programme's higher education activities (mainly student mobility).

[31] The beneficiary surveys had a response rate around 50% annually.

The learning from the SLGF experience (broaden the scope of the target population and of the financial intermediaries, incl. education and training institutions) has been carried forward into the design of the Skills & Education Guarantee Pilot, successfully tested in 2020 under the EFSI programme.

Performance, target leverage effect and achieved leverage effect

Key figures	Actual	Target
EU Contribution committed	13,911,503	50,000,000
Leverage	5.9	6.2
Multiplier effect	N.A.	28
Envisaged operations	4	
Financing provided to final beneficiaries	11,388,563	310,000,000
Number of final recipients	1020	25,833
Investments made by final recipients due to the received financing	11,388,563	310,000,000

Since the Erasmus+ SLGF moved into the legacy period in 2020, there will not be any more commitments.

Envisaged operations, target volumes based on targeted leverage effect

- By end 2021 (Q4 reporting) 1.020 students had effectively benefited from EUR 11,4 million in EU-guaranteed Master Loans. This is well below initial expectations, and also below the budget available.
- In 2021 the scheme remained available to future Master students via 5 financial intermediaries established in 5 Erasmus+ Programme Countries (ES, TR, IT, HR & RO).

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

	Notes	2020	2007-2020
Overall budget			
Financial envelope available			13.911.503
EU Contribution	2		
Budgetary commitments			13.911.503
of which from third countries		*0*	*0*
of which from reflows			
Budgetary payments			13.711.503
Reflows	3		
Revenues		85.892	2.102.139
interest income		*85.892*	*2.102.069*
risk remuneration, dividends, fees		*0*	*0*
realised gains			
other revenues		*0*	*70*
Repayments		0	8.368.168
Payable to the Commission		0	

	Notes	2020	2007-2020
Returned to the general budget		702.472	1.484.041
Returned to be used			8.368.168
Losses from operations	4		
Guarantees called		89.224	296.143
guarantee calls recovered		1.715	1.715
Equity			
Impairments		0	
realised losses		0	0
Costs	5		
Management fees		2.007	6.657.232
administrative costs			*4.783.083*
incentive fees			*1.806.750*
treasury management fees		*2.007*	*67.399*
Other operational and financial charges		211.395	3.693.063
negative interest		4.043	*8.085*
foreign exchange losses		207.352	*3.677.128*
other charges			*7.850*

		2021	2020
Risk exposure	6		
Maximum financial risk exposure		3.867.757	4.192.280
Assets provisioned for risk and liabilities		3.570.157	4.561.180
Value of equity investments			
Provisions for risk and liabilities			1.063.753
Financial guarantee liability		1.695.752	
Fiduciary Account	7		
Balance in the fiduciary account		2.182.628	4.549.715
In euro		*2.013.989*	*3.636.473*
In non-euro currencies		*168.639*	*913.242*
Other financial assets		1.387.498	718.054

Notes on financial information

1+2) The budgetary commitments have been recalibrated in light of the operational performance below expectation.

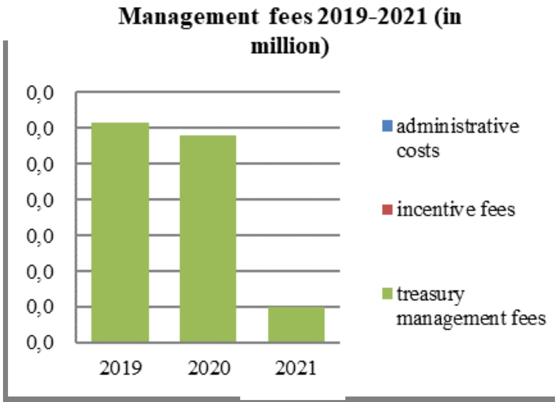
4) Given the low take-up by students, also the level of defaults is low. This may increase in the next years, as students are finalising their studies and start repaying their loans.

5) As the amount of fees for EIF's management has reached the cap level for administrative and performance fees, only asset management fees were paid in 2021.

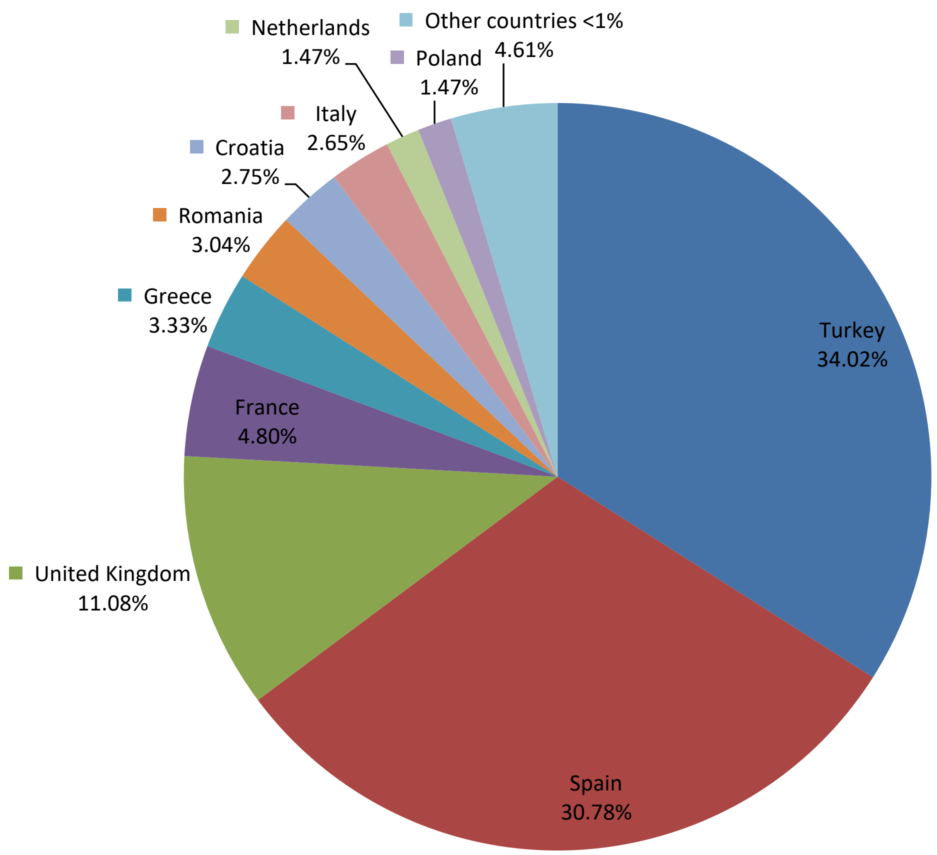
Foreign currency portfolios (in TRY mainly, as non-speculative hedging against exchange rate risks) have yielded some positive interest, but have also resulted in substantial exchange losses.

7) Risks on negative interest have been minimised through an avoidance strategy by EIF. A continued reduction of the Minimum Reserve to EUR 1 million was agreed with EIF for 2020 & next years.

Management fees 2019-2021 (in million)



Management fees 2021


Netherlands
1.47%
Other countries <1%
4.61%
Poland
1.47%
Italy
2.65%
Croatia
2.75%
Romania
3.04%
Greece
3.33%
France
4.80%
United Kingdom
11.08%
Turkey
34.02%
Spain
30.78%

4.1 COSME Loan Guarantee Facility (LGF)

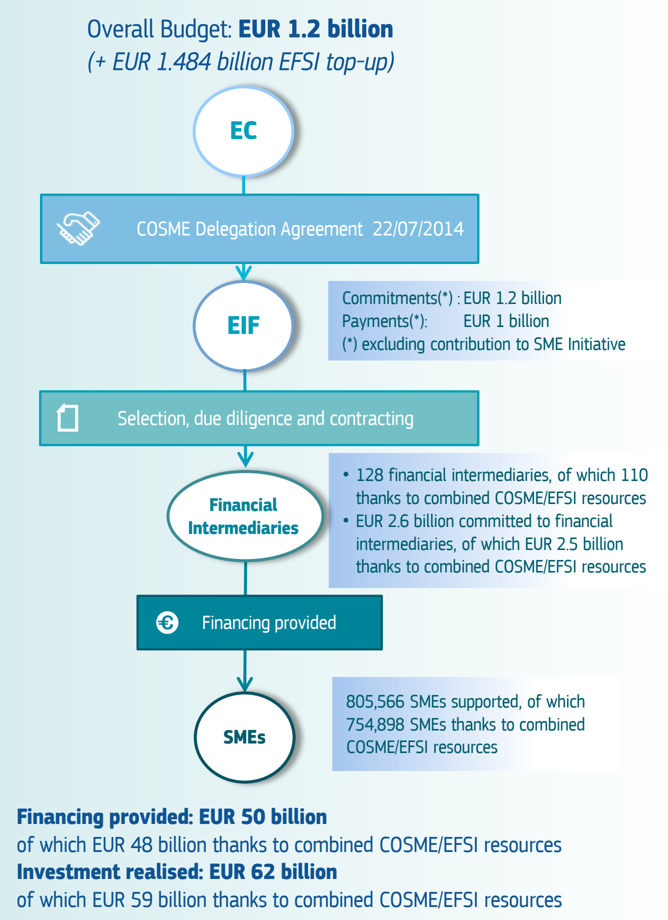
Description

Identification / Reference to the basic act			
Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020) and repealing Decision No 1639/2006/EC			
Budget lines			
02.029901 under the current nomenclature			
	2021	**2022**	**2023**
Budgetary commitment appropriations	-	-	-
Budgetary payment appropriations	118,864,897	115,000,000	80,000,000

Initial financial envelope:[32]	EUR 0.717 billion[33]
Current financial envelope:	EUR 1.2 billion (+ EUR 1.484 billion EFSI top-up)
Overall financial envelope:	EUR 1.2 billion (+ EUR 1.484 billion EFSI top-up)

[32] The COSME basic act provides that no less than 60% of the total financial envelope for the implementation of the COSME programme shall be allocated to the financial instruments.

[33] Based on the forecast distribution between the loan guarantee and equity facility in the legislative statement accompanying the COSME basic act, 52% of the overall budget was foreseen to be allocated to the LGF and 48% to the EFG.



General description

The COSME Loan Guarantee Facility (LGF) consists of **capped portfolio guarantees or counter-guarantees** for higher risk debt financing, including subordinated and participating loans, bank guarantees, leasing transactions and working capital financing. The LGF also covers **securitisation of SME debt finance portfolios**, providing guarantee coverage on a part of the mezzanine tranche of a securitised SME lending portfolio coupled with an undertaking by the originating institutions to build up a new SME loan portfolio.
The LGF covers, except for loans in the securitised portfolio, **loans up to EUR 150 000** and with a minimum maturity of 12 months. It may also cover loans above EUR 150 000 in cases where SMEs do not meet the innovation criteria specified in the InnovFin SME Guarantee Facility. Individual transactions can be guaranteed for up to 10 years.

Duration

The guarantee instrument is planned to last until 31 December 2034 (until last operations are wound down).

Added value

The EIF provides under the LGF (counter-) guarantees for a portfolio of newly generated SMEs transactions which have a higher risk profile than transactions offered by the financial intermediary under its normal business practice, thereby providing **financing to SMEs that otherwise would not be able to obtain financing.**

Financial institutions involved in implementation

The LGF is implemented by the EIF on behalf of the Commission. The Delegation Agreement signed with the EIF in 2014 ensured that the LGF was accessible for a broad range of financial intermediaries (guarantee societies, national promotional institutes, commercial banks, cooperatives, etc.) with experience and capacity to enter into financial transactions with SMEs. The LGF also contributes to the financial instruments deployed under the **SME Initiative**, a joint instrument combining COSME and/or Horizon 2020 EU funds and ESIF resources in cooperation with EIB/EIF with a view to generate **additional lending to SMEs in specific Member States**.[34]
Target final recipients under the capped portfolio guarantees and the securitisation transactions are SMEs without a specific sector focus.
The EIF was responsible for evaluating and selecting the financial intermediaries. The related open call for expression of interest for financial intermediaries published by the EIF is available at: https://www.eif.org/what_we_do/guarantees/single_eu_debt_instrument/cosme-loan-facility-growth/index.htm. However, applications are no longer accepted as the programming period ended in 2020.

Operational Performance

Due to **continuous high market demand**, the available LGF budget envelope was reinforced with **several top-ups from the European Fund for Strategic Investments (EFSI)** SME Window for a total of nearly **EUR 1.5 billion**, allowing the continuation of the accelerated roll-out of EU guaranteed financing of higher

[34] The LGF contribution to the SME Initiative Italy (securitisation option) is covered in fiche 4.9 (SME Initiative).

risk SME transactions. The EFSI top-up supported transactions related to the digitalisation pilot launched in 2019 and a response to the COVID-19 virus outbreak and its economic impact in 2020.
In reaction to the 2020 COVID crisis, EUR 714 million from the European Fund for Strategic Investments were redirected to the COSME Loan Guarantee Facility to allow the European Investment Fund (EIF) to incentivise banks to provide liquidity to SMEs affected by the COVID crisis. More flexibility was given to users of the Facility, and the guarantee rate was increased from 50 to 80%. So far (as of 31/12/2021), this helped more than 200,000 European SMEs to access more than EUR 9 billion of liquidity finance under the COSME COVID measure.

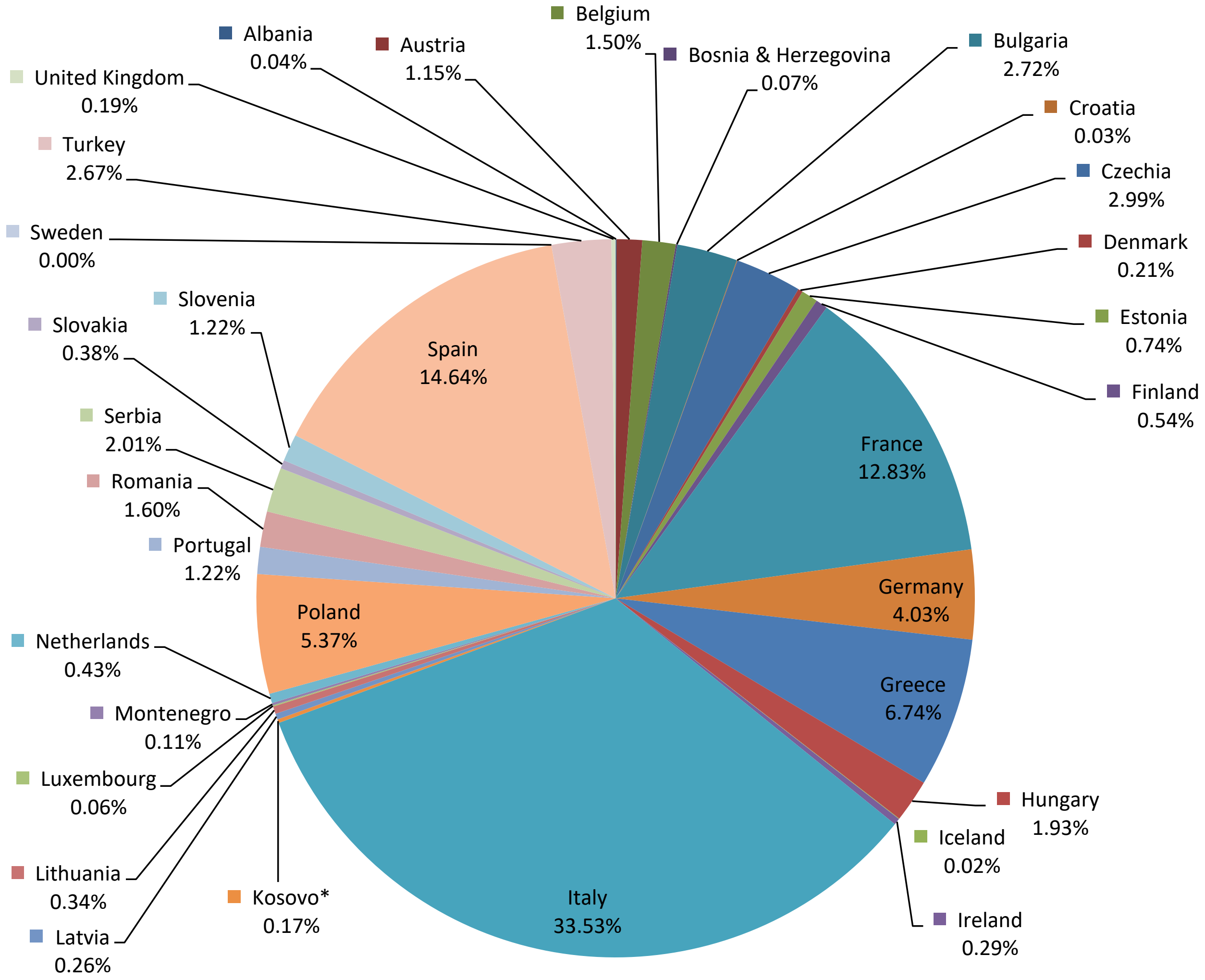
Contribution to the objectives of the programme

In terms of total investment realised, a maximum amount of financial support of up to **EUR 84 billion** will be **made available to SMEs** that otherwise would not be able to get the financing they need. The financing provided triggers significant **additional investments of 21-29% by the SMEs**, with medium or large SMEs investing higher amounts than small ones[35]. The amount of investments realised is estimated[36] at EUR 62 billion by the end of 2021.
The achieved leverage and multiplier effect are respectively 19 and 23.

Geographical diversification

By the end of 2021, the LGF provided guarantees and counter-guarantees to financial intermediaries located in **33 countries** (26 Member States and 7 countries participating to COSME) which supported the distribution of **EUR 50 billion** financing to more than **800,000 SMEs**.

[35] Cf. results of a survey carried out as part of the COSME interim evaluation, Final report: https://ec.europa.eu/docsroom/documents/28084
[36] Using a proxy of 1,25 between financing and investment amount.



* This designation is without prejudice to positions on status, and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

Main issues for the implementation

No particular risks as per the period up to end 2021. Looking forward to the post-programming implementation 2022-2034, due to the Covid-19 outbreak and the economic crisis arising as a consequence, resources committed towards the LGF are expected to be insufficient to avoid disruption in the last years of the programme and the transition towards the next multiannual financial framework for the years 2021 to 2027.
No critical risks have been identified with regard to eligibility of financial intermediaries and final recipients, contractual compliance process and performance.

Performance, target leverage effect and achieved leverage effect

The achieved leverage is 19, which approaches the target range of between 20 and 30 as per COSME Regulation (EU) No 1287/2013.

Key figures	Actual	Target
EU Contribution committed	2,655,271,617	2,684,167,459
Leverage	19	25

Key figures	Actual	Target
Multiplier effect	23	31
Envisaged operations	154	156
Financing provided to final beneficiaries	49,932,544,976	67,000,000,000
Number of final recipients	804,123	1,000,000
Investments made by final recipients due to the received financing	62,000,000,000	84,000,000,000

Available data shows that the LGF more specifically supports smaller and younger SMEs that encounter more difficulties to obtain the financing they need. Currently, more than 88% of the SMEs receiving finance have below 10 employees.

Evaluations

The LGF has been assessed twice in 2017, first by the European Court of Auditors[37] and secondly as part of COSME's interim evaluation[38]. Both assessments show that the LGF performs successfully. It is properly designed to help SMEs, which would otherwise struggle to obtain finance, to increase total assets, sales and employees when compared to the general SME population. The impact of the facility could be further strengthened by coordinating better with Member State activities. The additionality was identified as 63% out of the expected higher one.

The interim evaluation concluded that for each EUR 1 million invested into the LGF (effects fully attributable to the Loan Guarantee Facility), SMEs will benefit via 491 additional jobs created and EUR 22 million in additional turnover.

Based on lessons learned from audits and other assessments, the Commission proposed to set up one single programme (InvestEU Programme 2021-2027) establishing one single fund (the InvestEU Fund). It builds on the successful model of the European Fund for Strategic Investments. The InvestEU Fund will ensure a streamlined approach towards the management and reporting on financial instruments/budgetary guarantees. Under the InvestEU Fund, financial products catering towards the Commission's policy priorities, including the financing of SMEs, will be established.

Envisaged operations, target volumes based on targeted leverage effect

At the end of 2021, **154 (counter-)guarantee agreements** had been signed with **128 financial intermediaries** (promotional institutes, guarantee societies, commercial banks and leasing companies) for an EU Contribution of nearly **EUR 2.6 billion**, of which EUR 2.5 billion thanks to combined COSME/EFSI resources. Under these agreements, a maximum amount of financial support of up to EUR 67 billion will be made available to SMEs that otherwise would not be able to get the financing they need.

Overall, it is expected that the LGF, will generate more than EUR 67 billion of financing to at least 1,000,000 SMEs over the lifetime of the programme, leading to more than EUR 84 billion of investments. This shows that the LGF has an important impact on the real economy in the EU and participating third countries of COSME.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

(in euros)

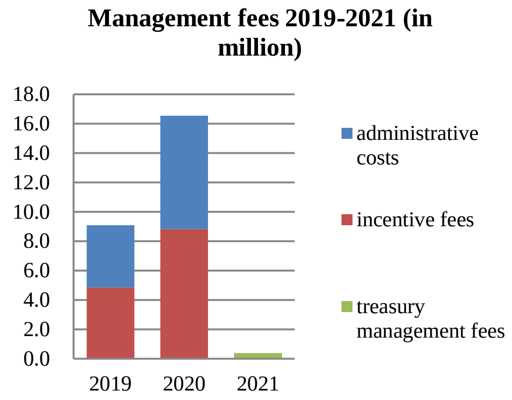
[37] Special report No 20/2017: EU-funded loan guarantee instruments: positive results but better targeting of beneficiaries and coordination with national schemes needed, available at https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=44174

[38] Interim evaluation of the COSME Programme, Final report available at https://ec.europa.eu/docsroom/documents/28084

	Notes	2021	2014-2021
Overall budget	1		
Financial envelope available			1,200,167,459
EU Contribution	2		
Budgetary commitments			1,200,167,459
of which from third countries		-	47,050,729
of which from reflows		-	-
Budgetary payments		118,864,897	1,003,831,752
Reflows	3		
Revenues		5,878,833	18,818,732
interest income		5,878,833	18,766,613
risk remuneration, dividends, fees			52,119
realised gains		-	-
other revenues		-	-
Repayments		-	-
Payable to the Commission		-	-
Returned to the general budget		-	-
Returned to be used		-	-
Losses from operations	4		
Guarantees called		117,044,888	340,624,856
guarantee calls recovered		9,219,086	25,339,673
Equity			
Impairments		-	-
realised losses		-	-
Costs	5		
Management fees		380,794	73,735,531
administrative costs			33,682,678
incentive fees			38,494,490
treasury management fees		380,794	1,558,363
Other operational and financial charges		10,009,486	28,378,232
negative interest		1,402,523	3,671,580
foreign exchange losses		8,606,963	24,694,302
other charges			12,350

		2021	2020
Risk exposure	6		
Maximum financial risk exposure		779,701,546	998,286,646
Assets provisioned for risk and liabilities		594,555,785	596,117,557
Value of equity investments		-	-
Provisions for risk and liabilities		779,701,546	906,745,239
Fiduciary Account	7		

		2021	2020
Balance in the fiduciary account		594,471,538	409,014,864
In euro		206,101,266	186 983 076
In non-euro currencies		388,370,272	409,014,864
Other financial assets		84,245	119,617



Notes on financial information

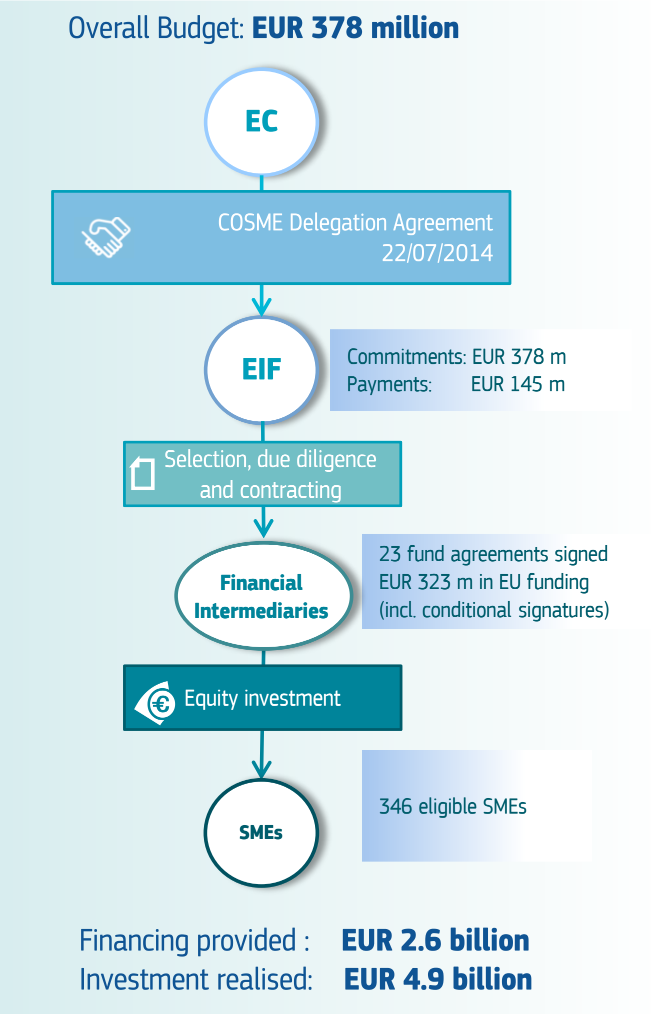
1. The financial envelope available is composed of the amounts committed towards the LGF for the years 2014-2020 in line with the amounts allocated towards the LGF in 2014-2020 as foreseen in the COSME work programmes (as adopted).
2. At the end of 2020, all commitment appropriations as authorised by the European Parliament and the Council of the EU for the period 2014-2020 were used in line with the planned operational implementation. The LGF has a rather accelerated budgetary implementation ratio, with a 84% budgetary execution rate of payments in comparison to commitments as of 31 December 2021. It is expected that already by the end of 2023 the budgetary implementation ratio would reach 100%, i.e. payment appropriations would match almost in full commitment appropriations.
3. In line with Article 209 (3) of the Financial Regulation, 2021 revenues are used to cover part of the management costs and fees of 2021. During the same year no repayments were received.
4. Payment appropriations are needed to allow the implementation partner (the European Investment Fund) to honour guarantee calls from financial intermediaries for defaulting loans and to hedge currency exposures (as a large number of financing is made available to SMEs in countries which are not part of the euro zone).
5. All management fee payments to the EIF were correctly executed within the contractual limits set. In 2020 the overall agreed management fee limits were reached resulting in zero charges for administrative costs and incentive fees for the following years.
6. and 7. Following the adoption of EU Accounting Rules 11 on Financial Instruments, provisions for liability for 2020 had to be revised and deposits for 2020 had to be reclassified.

4.2 COSME Equity Facility for Growth (EFG)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020) and repealing Decision No 1639/2006/EC			
Budget lines			
02.029901 under the current nomenclature			
	2021	**2022**	**2023**
Budgetary commitment appropriations	-	-	-
Budgetary payment appropriations	23,014,797	34,377,901	20,000,000

Initial financial envelope:	EUR 662 million
Current financial envelope:	EUR 378 million
Overall financial envelope:	EUR 378 million



General description

The Equity Facility for Growth (EFG) provides enhanced access to risk capital for which significant market gaps exist in Europe and supports the development of a **pan-European risk capital market**. The latter will be achieved by focusing investments predominantly in those risk capital funds which invest cross-border.

The EFG is a successor to the High Growth and Innovative SME Facility (GIF2) under the Competitiveness and Innovation Framework Programme (CIP, 2007-2013).

Duration

The instrument is planned to last until 31 December 2034 (until last operations are wound down).

Added value

The added value of the EFG lies, inter alia, in **strengthening the internal market for venture capital** and in developing a **pan-European SME finance market**, in transferring best practices and the standardisation of documentation across participating countries, as well as in addressing market failures that cannot be addressed by Member States on their own.

Financial institutions involved in implementation

The EFG is implemented by the European Investment Fund (EIF) on behalf of the Commission, as a window of a single Union equity financial instrument supporting EU enterprises' growth and research and innovation from the early stage, including seed, up to the growth stage. It focuses on funds that provide **venture capital and mezzanine finance**, such as subordinated and participating loans, to expansion and growth-stage enterprises, in particular those operating across borders, while having the possibility to make investments in early stage enterprises in conjunction with the equity facility for Research, Development and Innovation (RDI) under Horizon 2020. The financial support is given in the form of direct investments made by the EIF in financial intermediaries that provide equity or quasi-equity financing to SMEs or indirect investments via funds-of-funds as part of the Pan-European VC funds-of-funds project.

The 2014 Delegation Agreement with the EIF ensured that the EFG was accessible to a broad range of financial intermediaries provided that these are professionally and independently managed and that the funds were located in a COSME participating country.

From a technical point of view, the EIF was instructed to invest on a **pari-passu** basis with other private and public investors. Final target recipients are **SMEs in their growth and expansion stage** without a specific sector focus.

The EIF was responsible for evaluating and selecting financial intermediaries according to the Delegation Agreement. The related continuous open call for expression of interest for financial intermediaries published by the EIF is available at https://www.eif.org/what_we_do/equity/single_eu_equity_instrument/cosme_efg/index.htm. However, no more applications are accepted since the programming period has ended in 2020.

Operational Performance

The EFG invests in Expansion and Growth Stage and Multi-Stage equity funds alongside other investors that also invest in such funds on a pari-passu basis. The EFG invests **up to 25% of the fund size**, whereas the rest comes from other investors (public and private). In general, 70% of funding is provided by private investors and 30% comes from public investors. Private investors include banks (investing at own risk and from own resources), private endowments and foundations, family offices, Business Angels, private individuals, corporate investors, insurance companies and pension funds.

An additional implementation mechanism in the form of a contribution to the Pan-European VC Funds-of-Funds project has been put in place in February 2017 under the EFG. Two signatures with Funds-of-Funds managers took place in 2018 and 2019 for a total contribution of EUR 45 million. Those two Funds-of-Funds continue with the implementation of their investment strategies.

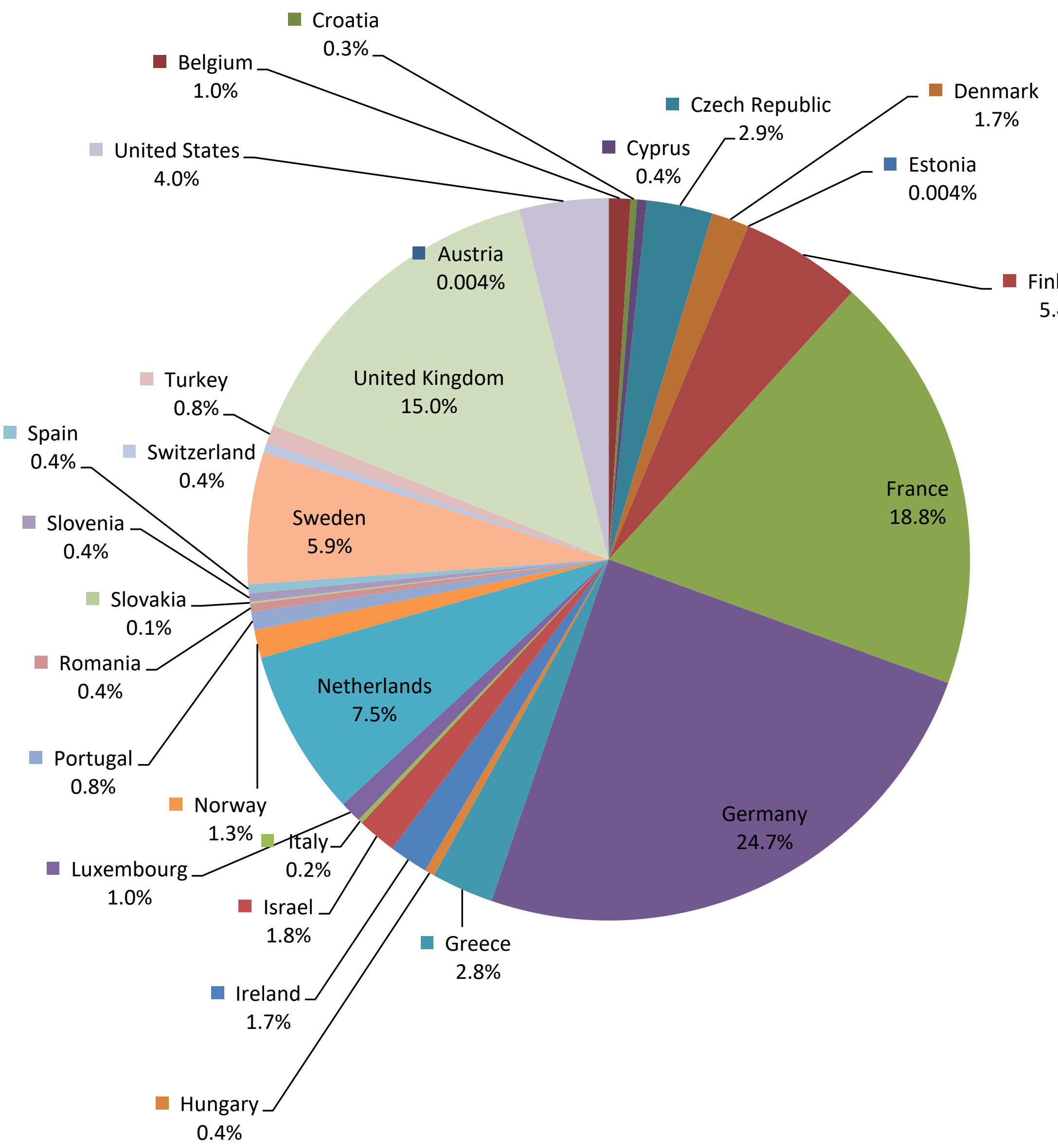
Contribution to the objectives of the programme

Total investment realised: more than **EUR 2.6 billion of financial support** was provided to **346 eligible SMEs** in 28 countries (see graph for geographical diversification), leading to an estimated EUR 4.9 billion of overall investments.

The achieved leverage and multiplier effect are respectively 6.8 and 12.8.

Geographical diversification

At the end of 2021, the EFG helped to provide investments to SMEs in their expansion and growth stage in **28 Member States**. From the overall financing volume of more than EUR 2.6 billion, 25% has been invested in Germany, followed by 19 % in France and 15 % in United Kingdom.



Main issues for the implementation

Compared to guarantee agreements, the due diligence process for equity is much more complex, and necessitates more time (e.g. due to the fund-raising process involved from various investors) which has resulted in a slower implementation of the EFG.

The implementation of the EFG was furthermore impacted by the establishment of the Expansion and Growth Window under the EFSI Equity instrument, which had largely the same investment focus as the EFG. As a result, an order of priority was established whereby the EIF was requested to first absorb investment capacity available under the EFSI Expansion and Growth Window before making use of EFG resources for investments taking place in Member States. However, the EFG also targeted investments in third countries participating in the COSME programme and these investments will continue to be made under the EFG only. As a consequence of reduced market demand for the EFG in Member States, the 2018-2020 EFG budget allocation was sized accordingly.

Performance, target leverage effect and achieved leverage effect

The achieved leverage of 7 exceeds the target range of between 4 and 6 as per COSME Regulation (EU) No 1287/2013.

Key figures	Actual	Target
EU Contribution committed	378,100,000	378,100,000
Leverage	6.8	4
Multiplier effect	12.8	7.5
Envisaged operations	23	23
Financing provided to final beneficiaries	2,555,536,541	1,500,000,000
Number of final recipients	346	205
Investments made by final recipients due to the received financing	4,855,519,428	2,850,000,000

Evaluations

The EFG has been assessed twice, first as part of COSME's interim evaluation[39] and secondly by the European Court of Auditors[40]. These assessments show that the EFG adds value by contributing to a favourable investment environment for growth-oriented SMEs; despite that the EFG has limited take up due to: multiannual investment periods, prioritisation of the Expansion and Growth Window under the EFSI Equity instrument EFSI, etc. The impact of the EFG could be further strengthened by aligning with other EU equity products. The additionality could not be measured at the time of the COSME's interim evaluation due to the limited number of investments at that time.

Based on lessons learned from audits and other assessments, the Commission proposed to set up one single programme (InvestEU Programme 2021 -2027) establishing one single fund (InvestEU Fund). It builds on the successful model of the European Fund for Strategic Investments. InvestEU will ensure a streamlined approach towards the management and reporting on financial instruments/budgetary guarantees. Under the InvestEU Fund, financial products catering towards the Commission’s policy priorities, including the financing of SMEs, will be established.

Envisaged operations, target volumes based on targeted leverage effect

At the end of 2021, **23 fund agreements** have been signed under the EFG for a total EU Contribution to financial intermediaries of EUR 323 million. 16 agreements relate to Growth and Expansion Stage funds. 7 relate to Multi-Stage funds in combination with the InnovFin Equity Facility for Early Stage set up under Horizon 2020.

The actual investments (2.6 billion) under the 23 agreements currently signed are above the overall amount of EUR 1.5 billion of risk capital, which has been expected to be invested in around 205 eligible final recipients (Expansion & Growth-stage SMEs) over the investment period of the funds (usually 5 years from the closure of the fund). This estimation is based on a target leverage of 1:4 by taking into account the target leverage effect as indicated in the COSME legal base. It ranges between 1:4 and 1:6. Furthermore, the expected EUR 1.5 billion of risk capital would have led to an overall investment of nearly EUR 2.9 billion[41].[42]

[39] Interim evaluation of the COSME Programme, Final report available at https://ec.europa.eu/docsroom/documents/28084

[40] Special report No 17/2019: Centrally managed EU interventions for venture capital: in need of more direction, available at https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=51616

[41] Estimation based on EIF - EFSI multiplier calculation methodology for equity, with 1.9 EUR of mobilised investments for 1 EUR of mobilised financing.

[42] The COSME basic act provides that (i) overall value of venture capital investments should have ranged from EUR 2.6 billion to EUR 3.9 billion and (ii) number of firms receiving venture capital investments should have ranged from 360 to 540. However, those projections were based on a forecast distribution between the loan guarantee and equity facility in the legislative statement accompanying the COSME basic act: 52% of the overall budget was foreseen to be allocated to the LGF and 48% to the EFG. Whereas, the allocation for the EFG is 24% for 2014-2020.

The average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

	Notes	2021	2014-2021
Capital	1		
Fund's capital			2,534,623,016
EU stake €			322,672,862
EU stake % (equal treatment)			13%
EU Contribution	2		
Commitments		0	378,100,000
of which to technical assistance		0	0
Payments		23,014,797	144,583,271
Reflows	3		
Revenues		60,923	646,060
Repayments		4,169,008	7,476,129
Returned to the general budget		861,887	861,887
Returned to be used		0	0
Losses from operations	4		
Impairments		0	0
realised losses		0	0
Costs	5		
Management fees		4,855,424	22,848,362
of which to Implementing Partner		4,855,424	22,848,362

		2021	2020
Risk exposure	6		
Financial risk exposure		23,077,084	352,320,601
Value of equity investments		168,998,694	104,149,387
investment at cost		0	0
Fiduciary Account	7		
Balance		8,876,209	14,791,035

Notes on financial information

2. The Equity Facility for Growth has a rather low budgetary implementation ratio, i.e. 38% budgetary execution rate of payments in comparison to commitments as of 31 December 2021 due the implementation specificities:

(i) Payment appropriations are needed to allow the implementation partner (the European Investment Fund) to honour drawdown notices from fund managers, who will use the cash to invest in portfolio companies. Since it is industry standard that venture capital fund managers have up to 5 years to make the first initial investments into SMEs following the creation of the venture fund, there is a significant delay between the time of signature of a fund agreement by the EIF and the respective drawdown notices by the fund managers. Moreover, following the initial investment by the fund manager, funds can hold on to their portfolio companies for up to 10-years during which they can undertake follow-on investments to grow the companies. This pattern of activity explains why there is a significant time delay between commitment and payment appropriations in the case of venture capital investments.

(ii) In addition, the EFG prioritised funds focused on investments in COSME third countries participating in the programme, whereas these third countries cannot be supported under the SME window of the European Fund for Strategic Investments.

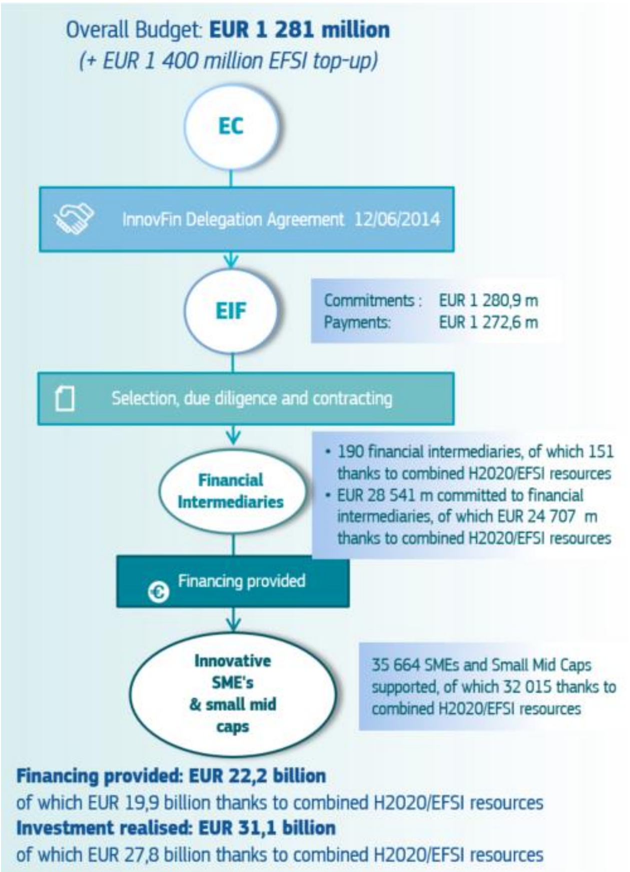
3. In line with Article 209 (3) of the Financial Regulation, 2021 repayments are assigned to another EU initiative as provided in the respective basic acts.

4.3 SMEs & Small Midcaps R&I Loans Service under Horizon 2020 (InnovFin SME Guarantee)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) (OJ L 347/104, 20.12.2013). Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in "Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)" (OJ L 347/81, 20.12.2013). Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) (OJ L 347/965, 20.12.2013).			
Budget lines			
02.029903			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	50,000,000	8,300,000	0

Initial financial envelope:	EUR 1.000.000.000
Current financial envelope:	EUR 1.280.914.300
Overall financial envelope:	EUR 1.280.914.300



General description

InnovFin SME Guarantee addresses the financing gap for innovative and digitalisation driven SMEs and Small Midcaps (with up to 499 employees) for their investments in innovative products and processes containing significant technology or application risks or for their investment in digitalisation.

Duration

The InnovFin SME Guarantee has been implemented since 10 June 2014, following the signature of the Delegation Agreement between the European Investment Bank and the European Investment Fund in respect of the financial instruments under Horizon 2020.
The facility is planned to last until 31 December 2033 (until the last operations are wound down).

Added value

By providing direct or indirect guarantees to financial intermediaries, such as commercial banks or alternative lenders, the EU and the EIF, as risk-sharing partners at EU level, support the provision of loan finance to innovative SMEs and Midcaps. The guarantee covers up to 50% of intermediaries' potential losses. The EIF also offers counter-guarantees to financial intermediaries, such as guarantee institutions, providing risk protection to banks extending loans to R&I-driven SMEs and Midcaps.

InnovFin SME Guarantee offers advantages in the form of risk-sharing and capital relief for the financial intermediaries, resulting in a significant loan and lease volume in support of innovative SMEs and Midcaps and their investment, thereby successfully addressing the financing gap for these companies.
R&I-driven SMEs or Small Midcaps wishing to apply for a loan should contact one of the financial intermediaries, which signed an agreement with the EIF. This is a demand-driven facility, with no prior allocations between sectors, countries or regions. However, the Commission incentivises the EIF to make a particular effort to ensure that a significant proportion of final recipients are eco-innovative SMEs and Small Midcaps.

Financial institutions involved in implementation

The EIF is the entrusted entity for the InnovFin SME Guarantee.
Financial intermediaries selected by EIF for the implementation of the facility may include private financial institutions as well as governmental and semi-governmental financial institutions, national and regional public banks as well as national and regional investment banks.

Operational Performance

Contribution to the objectives of the programme

As at 31/12/2021, the InnovFin SME Guarantee already contributed to provide EUR 22 232 million of financing to 35 664 final recipients, accounting for an estimated EUR 31 125 million investment amount. For the period 2014-2020, before EFSI additional support, the target was to mobilize a loan and lease volume of approximately EUR 9.5 billion in support of 30.000 innovative companies and their R&I investment.
The successful roll-out of InnovFin SMEG continued in 2021, also thanks to the additional risk bearing capacity available from the SME Window of EFSI.

Geographical diversification

InnovFin SME Guarantee is implemented in 27 Member States and 16 Associated Countries to Horizon 2020 and the UK. The chart below shows how the EUR 22.2 billion in financing is distributed by country.

Main issues for the implementation

It will be crucial for the implementation of the InnovFin SME Guarantee to attract a sufficient number of financial intermediaries (banks and guarantee institutions) as risk-sharing partners of the EIF and loan providers to final recipients. In this context, the fees charged to financial intermediaries need to reflect the risk taken at EU level while, at the same time, offering risk-sharing and capital relief for financial intermediaries. The contractual arrangements between the European Commission (represented by DG RTD) and the EIF allow for flexibility as regards product development for the period 2014-2020.

Performance, target leverage effect and achieved leverage effect

The achieved leverage and multiplier effect are below the target.

Key figures	Actual	Target
EU Contribution committed	2,680,914,300	2,030,000,000
Leverage	6,79	9
Multiplier effect	9,5	12,6
Envisaged operations	190	220
Financing provided to final beneficiaries	22,232,249,110	18,270,000,000
Number of final recipients	35,664	42,000
Investments made by final recipients due to the received financing	31,125,148,754	25,578,000,000

Envisaged operations, target volumes based on targeted leverage effect

There will not be any more commitment to the InnovFin SME Guarantee facility from the Commission in 2022.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

	Notes	2021	2014-2021
Overall budget	1		
Financial envelope available			1.280.914.300
EU Contribution	2		
Budgetary commitments			1.280.914.300
of which from third countries		*0*	*8.222.578*
of which from reflows			*113.609.627*
Budgetary payments			1.272.614.300
Reflows	3		
Revenues		2.044	26.205.425
interest income		*2.044*	*18.959.598*
risk remuneration, dividends, fees		*0*	*308.883*
realised gains			*6.936.944*
other revenues		*0*	
Repayments		0	0
Payable to the Commission		0	
Returned to the general budget		0	0
Returned to be used			20.015.069
Losses from operations	4		
Guarantees called		77.717.781	232.944.272
guarantee calls recovered		*9.502.690*	*17.612.713*
Equity			
Impairments		*N/A*	*N/A*
realised losses		*N/A*	*N/A*
Costs	5		
Management fees		32.896.213	180.509.861
administrative costs		*30.023.253*	*139.470.760*
incentive fees		*2.389.360*	*38.261.601*
treasury management fees		*483.600*	*2.777.500*
Other operational and financial charges		12.003	17.183.755
negative interest		*12.003*	*13.805.176*

	Notes	2021	2014-2021
foreign exchange losses		*0*	*3.378.579*
other charges			

		2021	2020
Risk exposure	6		
Maximum financial risk exposure		878.189.219	978.099.809
Assets provisioned for risk and liabilities		901.271.703	1.017.982.339
Value of equity investments			
Provisions for risk and liabilities		341.430.619	700.621.637
Fiduciary Account	7		
Balance in the fiduciary account		95.952.978	75.984.687
In euro		*17.214.642*	*5.217.792*
In non-euro currencies		*78.738.336*	*70.766.895*

Notes on financial information

5. Administrative costs include cumulative risk fees for an amount of EUR 60.8 million.

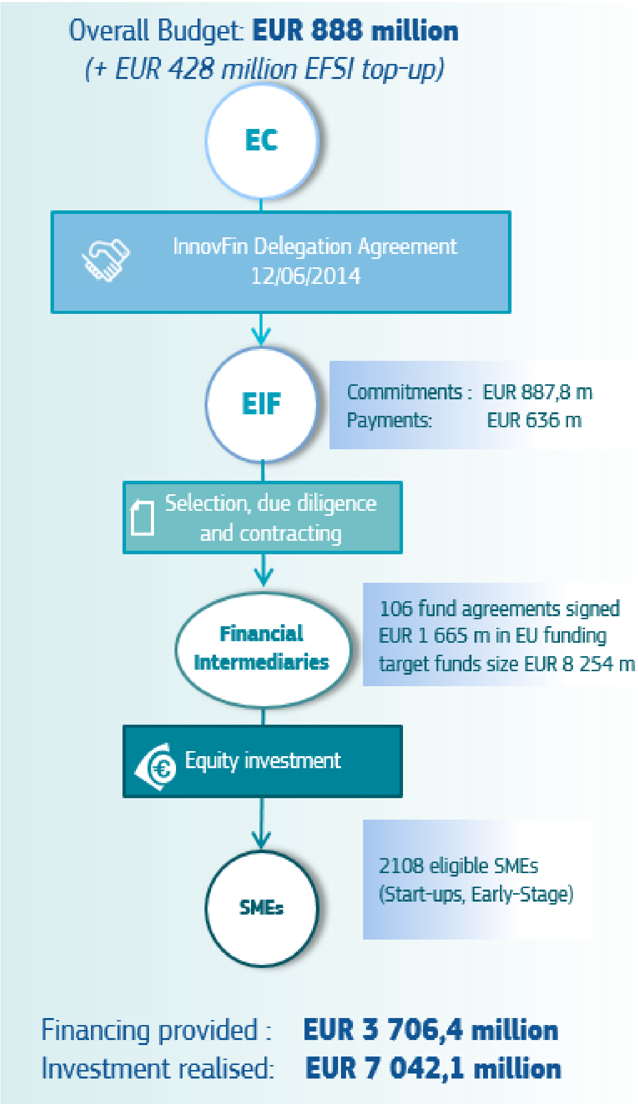
4.4 Equity Facility (early-stage capital) for Research and Innovation of Horizon 2020 (InnovFin Equity)

Description

Identification / Reference to the basic act			
Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) (OJ L 347/104, 20.12.2013). Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in "Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)" (OJ L 347/81, 20.12.2013). Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) (OJ L 347/965, 20.12.2013).			
Budget lines			
02.029903			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	115.561.990	0	0

Initial financial envelope:	EUR 495.000.000
Current financial envelope[43]:	EUR 887.805.268
Overall financial envelope:	EUR 887.805.268

[43] Committed amount.



General description

The InnovFin Equity facility succeeds and refines the GIF[44] scheme under CIP[45], and is part of a single equity financial instrument supporting the growth of enterprises and their R&I activities. It is designed to improve access to risk finance by early-stage R&I-driven SMEs and small midcaps through supporting **early-stage risk capital funds** that invest, on a predominantly cross-border basis, in individual enterprises.

Duration

It is planned to last until 31 December 2042 (until the last operations are wound down).

Added value

In terms of Union added value, the InnovFin Equity facility complements national and regional schemes that cannot cater for **cross-border investments in R&I**. The early-stage deals have a demonstration effect that can benefit public and private investors across Europe. For the growth stage, it is only possible to achieve the necessary scale and strong participation of private investors that are essential to the functioning of a self-sustaining venture capital market at European level.

Financial intermediaries (FIs), selected by the entrusted entity (EIF) for the implementation of financial instruments may include private or governmental / semi-governmental financial institutions as well as national and regional public / investment banks.

The EIF manages equity investments into risk-capital funds, while investing in a wide range of FIs, including those cooperating with business angels. The funds concerned make venture capital (VC) and quasi-equity (including mezzanine capital) early-stage investments in enterprises, which are likely to be mainly SMEs. In the case of multistage funds (i.e. covering both early- and growth-stage investments), funding can be provided pro rata from this facility and COSME programme's Equity Facility for Growth (EFG).

Eligible final recipients are SMEs and Small Midcaps located in Member States or in Associated Countries to Horizon 2020. The COSME's EFG complements this facility, which, with a set of accompanying measures, supports Horizon 2020 policy objectives.

InnovFin Equity is a **demand-driven facility**, with no prior allocations between sectors, countries, or regions. However, the Commission incentivises EIF via a performance indicator to ensure that a proportion of final recipients are **eco-innovative SMEs and Small Midcaps**. R&I-driven SMEs or Small Midcaps wishing to apply for an investment should contact one or more of the funds in the EIF portfolio.

Financial institutions involved in implementation

The EIF is the entrusted entity for the InnovFin Equity facility.

[44] High Growth and Innovative SME Facility

[45] Competitiveness and Innovation Framework Programme

Operational Performance

Contribution to the objectives of the programme

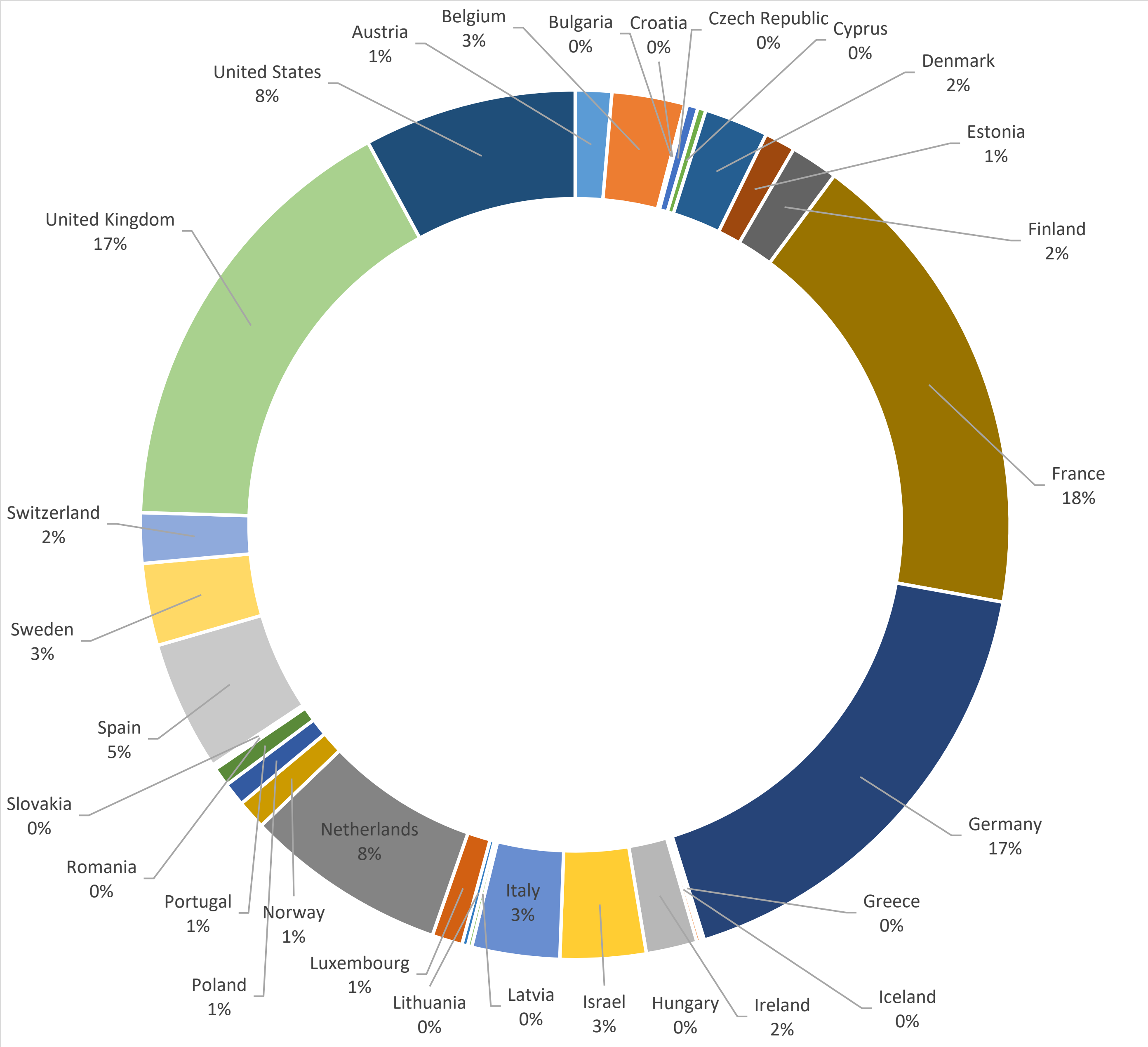
At the end of 2021, InnovFin Equity has a commitment towards **106 funds** for a total amount of **EUR 1 583 million**. Out of the 106 funds, 91 agreements relate to pure early stage funds, 12 agreements relate to multi-stage funds, in combination with the COSME Equity facility for growth and 3 with Funds of Funds in the frame of VentureEU.
Out of the EUR 1 583 million commitments towards 106 funds, which include conditional commitments, EUR 1 564 million have already been signed.
These funds have invested in **2.108 eligible final recipients** operating in **29 Member States**, associated countries to Horizon 2020 or the United Kingdom.
An additional implementation mechanism in the form of the Pan-European VC Funds-of-Funds project has been put in place in February 2017. This compartment is branded as Venture EU. Agreements have been signed with 3 funds of funds as of 31/12/2021.
An additional implementation mechanism branded the Recovery Equity Facility for Innovative Technology companies (RE-FIT) aims at mitigating the increased cash burn caused by the COVID-19 crisis by providing IFE Financial Intermediaries with a top up investment capacity necessary to support their portfolio companies that otherwise would be left in the short term without further support. As of 31/12/2021, the EIF signed 6 agreements with IFE Financial Intermediaries based in 5 Member States and 1 associated country, for an amount of EUR 83 million.

Performance, target leverage effect and achieved leverage effect

Key figures	Actual	Target
EU Contribution committed	887.805.268	887.805.268
Leverage	4.17	6
Multiplier effect	7.93	11,4
Envisaged operations	106	120
Financing provided to final beneficiaries	3.706.385.153	5.326.831.608
Number of final recipients	2108	3600
Investments made by final recipients due to the received financing	7.042.131.791	10.120.980.055

Geographical diversification

As of 31/12/2021 106 commitment to funds have been signed with Venture Capital Funds, Business Angels , Technology Transfer funds and Funds of funds established in 19 Member States and 4 Associated Countries to Horizon 2020or UK. The chart below shows how EUR 3 706 million invested in IFE eligible recipients is distributed by country.



Main issues for the implementation

The InnovFin Equity facility facilitates the availability of equity finance for early-stage investments and boosts the development of the EU venture capital market. During the technology transfer and start-up phases, new companies face a 'valley of death' where public research grants stop and it is not possible to attract private finance. Public support aiming to leverage private seed and start-up funds to fill this gap is currently too fragmented and intermittent, or its management lacks the necessary expertise. Moreover, most venture capital funds in Europe are too small to support the continued growth of innovative companies and lack the critical mass to specialize and operate transnationally.
Specific support actions such as information and coaching activities for SMEs should be provided. Regional authorities, associations, SMEs chambers of commerce and relevant FIs may be consulted on the programming and implementation of these activities.
Regarding conditional closings, despite EIF's firm commitment to invest into a fund it may be that fund managers fail to raise the required additional private and public funding to reach the first closing of a fund.

Envisaged operations, target volumes based on targeted leverage effect

The EIF may sign agreements that have been approved under the RE-FIT facility until 31 December 2022.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

	Notes	2021	2014-2021
Capital	1		
Fund's capital			0
EU stake €			0
EU stake % (equal treatment)			0,00
EU Contribution	2		
Commitments		0	887.805.268
of which to technical assistance		*0*	*0*
Payments		100.000.000	736.014.580
Reflows	3		
Revenues		10.188	5.445.916
Repayments		0	0
Returned to the general budget		0	0
Returned to be used		2.202.831	1.806.780
Losses from operations	4		
Impairments		0	329.455
realised losses		0	0
Costs	5		
Management fees		3.153.351	46.986.855
of which to Implementing Partner		*0*	*0*
		2021	**2020**
Risk exposure	6		
Financial risk exposure		795.027.081	650.846.569
Value of equity investments		420.977.418	179 288 986
Investments at cost		*308.639.758*	*178.124.335*
Fiduciary Account	7		
Balance		77.164.434	60.152.759

Notes on financial information

2. Reflows reported as recommitted to InnovFin Equity stem from InnovFin Equity and the High Growth and Innovative SME Equity Facility under CIP (compartment GIF 1). As of 31/12/2020 the amounts recommitted from reflows of CIP GIF 1 amount to EUR 76 245 657 (not included in the above table).

4.5 European Innovation Council Fund

Description

Identification / Reference to the basic act			
Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) (OJ L 347/104, 20.12.2013) Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in ""Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)"" (OJ L 347/81, 20.12.2013) Council Decision 2013/743/EU of 3 December 2013 establishing the specific programme implementing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) (OJ L 347/965, 20.12.2013).			
Budget lines			
0			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0	50.000.000	0

Initial financial envelope:	EUR 693.733.899
Current financial envelope:	EUR 693.733.899
Overall financial envelope:	EUR 693.733.899

General description:

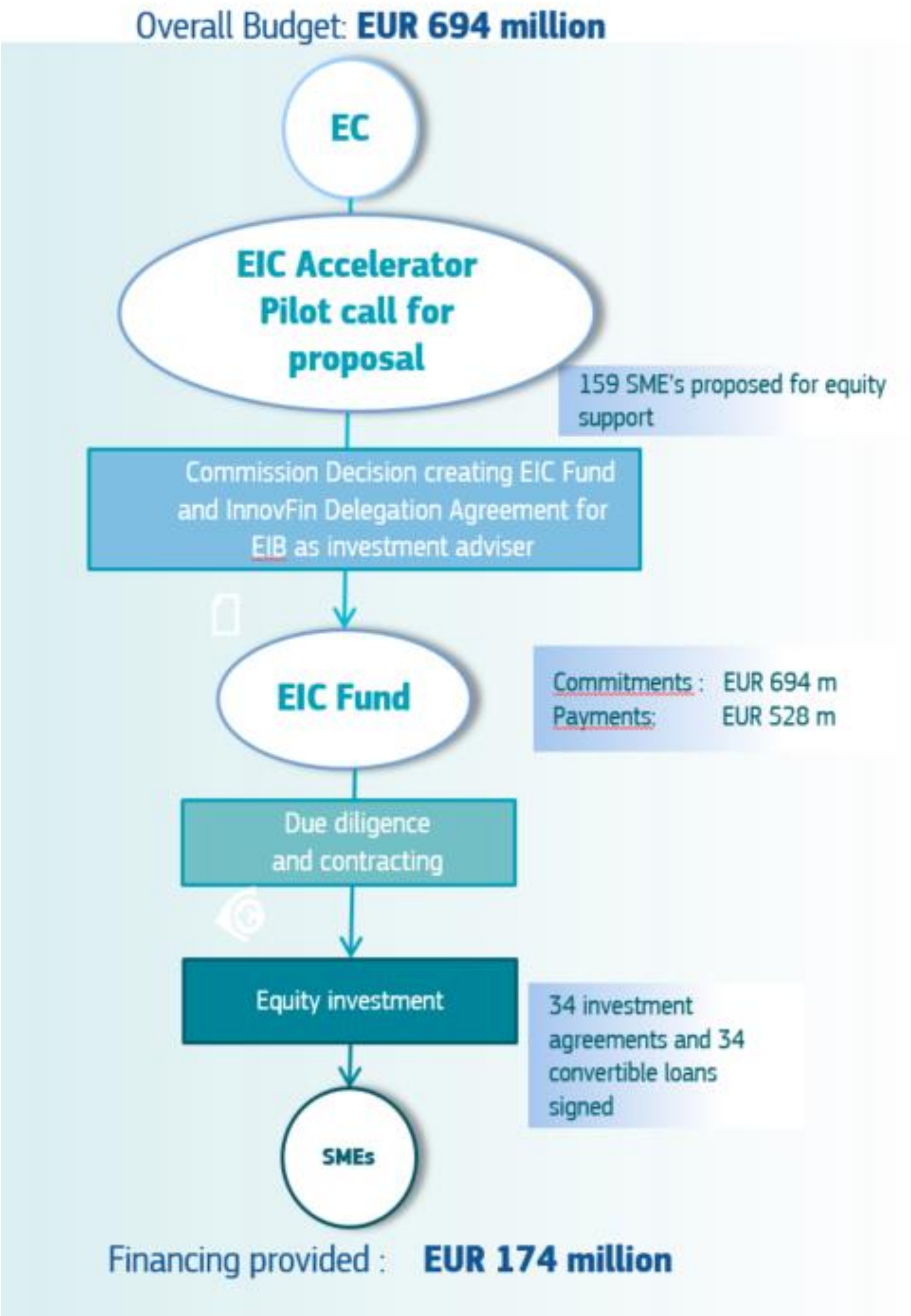
The EIC Fund is a breakthrough initiative of the European Commission (EC). It aims to fill a critical financing gap in the technology transfer (TT) market: the fact that despite the channelling of significant amounts of grant funding to research projects in Europe by EC and national schemes, very few projects subsequently manage to attract equity-type financing and reach the commercialization stage.

The EIC Fund has been incorporated on 22nd June 2020.

The EIC Fund implements the equity or quasi equity support to beneficiaries selected by the pilot call for proposal EIC Accelerator of Horizon 2020.

The investment decisions are taken by the EIC Fund Board upon recommendations from the Investment Committee. The EIB acts as investment adviser of the EIC Fund and prepares the ground for investment recommendations of the Investment Committee to the EIC Fund Board.

A Commission decision adopted in the second quarter 2022 has restructured the implementation of the EIC Fund which will be implemented in indirect management for both EIC Accelerator H2020 pilot and Horizon Europe compartment through an Alternative Investment Fund Manager (AIFM) to be selected. The EIB will remain the investment adviser of the EIC Fund.


Overall Budget: EUR 694 million
EC
EIC Accelerator Pilot call for proposal
159 SME's proposed for equity support
Commission Decision creating EIC Fund and InnovFin Delegation Agreement for EIB as investment adviser
EIC Fund
Commitments : EUR 694 m
Payments: EUR 528 m
Due diligence and contracting
Equity investment
34 investment agreements and 34 convertible loans signed
SMEs
Financing provided : EUR 174 million

Duration

The EIC Fund is set up with an unlimited duration.

Added value

The EIC Fund provides patient capital in the form of **equity or quasi-equity** (which will in most cases be **blended with a grant** component) to EIC Final Recipient companies with potentially **market-creating innovations** (whether based on breakthrough disruptive technologies originating from research (deep-tech) or on social innovation), thereby contributing to **bridge the gap between innovation and market take-up**. The EIC Fund is the first EU intervention of its kind in direct equity-type investments (as mentioned above, in most cases, in combination with a grant component (blended finance)).

Financial institutions involved in implementation

The EIC Fund is supported in its work by the EIB Group as its Investment Adviser.

Operational Performance

Contribution to the objectives of the programme

EIC Accelerator support consists of EIC blended finance, a mix of grant and investment support – in particular equity. By providing funding beyond the limited remits of usual grant mechanisms and to diminish significantly technological, market and financial risks, the EU intends to attract co- or alternate investors, therebygiving more impact to its financial support. The EIC Accelerator is the first EU intervention of its kind in direct investment, in particular equity-type investments.

Geographical diversification

As of 31/12/2021, 34 equity investments and 34 convertible investments have been signed for a total amount of 174 million euros in 18 countries (13 Member States, 4 associated countries and one in the USA).

Performance, target leverage effect and achieved leverage effect

In the frame of the EIC Accelerator pilot call, 159 beneficiaries have been selected for a support through blended finance. As of end May 2022, 140 investment recommendations have been approved by the EIC Fund Board, 132 term sheets have been accepted by future invested companies and 84 investment agreements have been signed.

Key figures	Actual	Target
EU Contribution committed	693.733.899	693.733.899
Leverage	0	0
Multiplier effect	0	0
Envisaged operations	142	159
Financing provided to final beneficiaries	173.993.201	693.733.899
Number of final recipients	68	159
Investments made by final recipients due to the received financing	330.587.082	1.318.094.408

Envisaged operations, target volumes based on targeted leverage effect

The EIC Fund will continue operating under Horizon Europe in the period 2021-2027.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

	Notes	2021	2018-2021
Capital	1		
Fund's capital			528.070.000
EU stake €			528.070.000
EU stake % (equal treatment)			1,00
EU Contribution	2		
Commitments		693.733.899	693.733.899
of which to technical assistance		*0*	*0*
Payments		250.000.000	528.100.000
Reflows	3		
Revenues		0	0
Repayments		0	0
Returned to the general budget		0	0
Returned to be used		0	0
Losses from operations	4		
Impairments		0	0
realised losses		0	0
Costs	5		
Management fees		17.312.890	7.805.960
of which to Implementing Partner		*11.505.180*	*6.461.604*

		2021	2020
Risk exposure	6		
Financial risk exposure		306.674.355	14.999.996
Value of equity investments		172.560.467	8.569.999
investment at cost		173.993.221	8.569.999
Fiduciary Account	7		
Balance		275.594.182	269.027.671

4.6 Cultural and Creative Sectors Guarantee Facility (CCS GF)

Description

Identification / Reference to the basic act			
REGULATION (EU) No 1295/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11 December 2013 establishing the Creative Europe Programme (2014 to 2020) and repealing Decisions No 1718/2006/EC, No 1855/2006/EC and No 1041/2009/EC			
Budget lines			
15 04 01			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	13.908.193	25.507.889	0

Initial financial envelope:	EUR 122.892.282
Current financial envelope:	EUR 252.892.282
Overall financial envelope[46]:	EUR 252.892.282

General description:

Part of the Creative Europe Programme (2013-2020), the Cultural and Creative Sectors Guarantee Facility (CCS GF) is a financial instrument under which the European Commission provides guarantees and counter-guarantees on debt financing to Financial Intermediaries through the European Investment Fund (EIF), with a view to improve access to finance to **SMEs and organisations from cultural and creative sectors (CCS)**.

Duration

The CCS GF implementation has been running since July 2016, when the Delegation Agreement with the EIF was signed.

The implementation period ended on 31 December 2020. Termination date for the EU Guarantee coverage is set for 31/12/2034.

Added value

The Cultural and Creative Sectors Guarantee Facility has been **one of the main innovations and biggest successes of Creative Europe** since its launch in 2016. As a **market-led** financial instrument, it has widened the range of support available and tapped into new, greater sources of funding by reaching out to the financial sector, thus enabling investment and growth. Traditionally in Europe, banks and other lending institutions perceived the cultural and creative sectors as being high-risk, and therefore even profit-oriented CCS companies found it difficult to obtain a loan. As the CCS organisations could not fully diversify their funding structure, they became more reliant on the support from the public side in the form of grants. In order to increase access to debt financing the CCS Guarantee Facility (CCS GF) was introduced. It reduces the financial institutions' risk by providing guarantees and counter-guarantees as well as a training programme for financial institutions interested in making use of the facility (capacity building).

[46] This amount includes a top up of EUR 130 million from EFSI fund.

Through the CCS GF, Financial Intermediaries selected by the EIF are able to provide additional debt financing to SMEs in Participating Countries. To target the **knowledge gap** between the financiers and the CCS companies, this action also provides **technical assistance/ capacity building** to the financial institutions wanting to build dedicated portfolios of loans targeting the CCS. This supports the further fine-tuning of financing products that are more suited to the specificities of CCS business.

This add-on feature of the support has proven to be an extra incentive for the uptake of the CCS GF by financial institutions, and has resulted in an **increase in the number of financial intermediaries working with cultural and creative SMEs**.

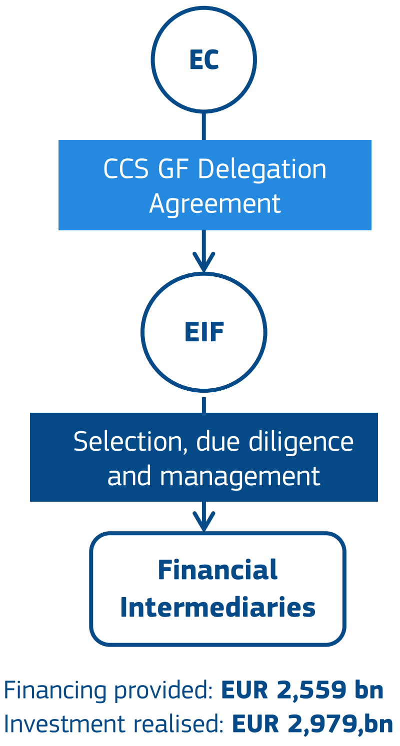
DG CNECT in cooperation with DG EAC is in charge of implementing the CCS GF. **Financial institutions involved in implementation**

The EIF is the entrusted entity for the CCS GF Instrument.

Operational Performance

Contribution to the objectives of the programme

The CCS GF was launched in July 2016 as the first financial instrument specifically targeting the cultural and creative enterprises. A total budgetary appropriation for CCS GF equalled to EUR 252.8 million (EUR 122.8 million from Creative Europe budget and top-ups of EUR 130 million from EFSI) in the 2016-2020 period. The targeted leverage effect of CCS GF was initially set at 5.7, but in reality reached a level of 11. To date CCS GF has **leveraged over EUR 2.9 billion of investments** in the cultural and creative industries.



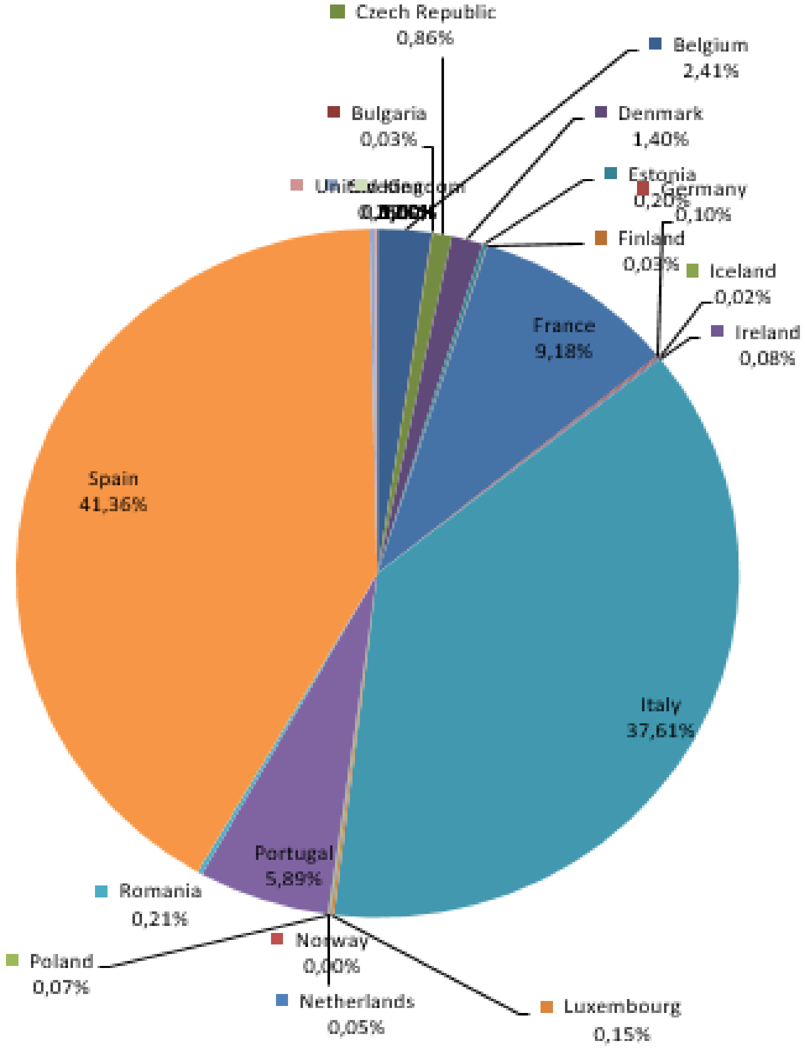
By the end 2021, **22 transactions with 21 Financial Intermediaries** were signed. **7858 loans**, worth over EUR 2,5 billion were granted to more than 6059 SMEs from creative sectors. The geographical availability of the CCS GF is also expanding quickly, as SMEs from 19 Member States benefited from easier access to finance.

This loans guaranteed by the CCS GF are diversified in terms of size of enterprises, geographical distribution as well as of the sectorial distribution. The majority of the support went to enterprises employing **less than 10 persons**. All cultural and creative sectors profited from the support, with the **audio-visual sector** being the biggest beneficiary, followed by performing arts, books and press, video games, visual art and other cultural domains.

Through the Capacity Building activities, the CCS GF helps financial intermediaries to better serve creative and cultural SMEs by providing high-level customised consultancy and support. The majority of the financial intermediaries opted in for this tailor-made support delivered by CCS experts. In addition, it helps in promoting this new source of finance through events, trade shows, and publication of market studies or market research.

Geographical diversification

By the end of 2021, the CCS GF portfolio comprised of 7858 loans, worth over EUR 2,5 billion which were granted to more than 6059 SMEs from creative sectors. The geographical distribution is presented below:



Main issues for the implementation

N/A

Performance, target leverage effect and achieved leverage effect

The achieved leverage is higher than 11.

Key figures	Actual	Target
EU Contribution committed	**252.892.282**	**252.892.282**
Leverage	**11**	**5,7**
Multiplier effect	**16,7**	**7,98**
Envisaged operations	**22**	**15**
Financing provided by financial intermediaries to final recipients	**1.354.813.371**	**2.320.941.723**
Number of final recipients	**6059**	**1700**
Investments made by final recipients due to the received financing	**2.979.770.324**	**2.320.941.723**

Envisaged operations, target volumes based on targeted leverage effect

The implementation exceeded targets set at the beginning in all aspects (number of operations signed, leverage effect, volumes of financing provided).

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

			(in euros)
	Notes	**2021**	**123205564**
Overall budget	1		
Financial envelope available			123.205.564
EU Contribution	2		
Budgetary commitments			123.205.564
of which from third countries		*0*	
of which from reflows			
Budgetary payments		11.655.507	63.574.770
Reflows	3		
Revenues		93.397	712.974
interest income		*93.397*	*552.699*
risk remuneration, dividends, fees		*0*	*0*
realised gains			
other revenues		*0*	*160.275*
Repayments		0	0
Payable to the Commission		0	
Returned to the general budget		0	0
Returned to be used			
Losses from operations	4		
Guarantees called		679.129	1.974.057
guarantee calls recovered		13.938	24.137
Equity			
Impairments		0	
realised losses		0	0
Costs	5		
Management fees		31.228	7.476.103
administrative costs			*4.301.230*
incentive fees			*3.072.307*
treasury management fees		*31.228*	*102.566*
Other operational and financial charges		436.372	2.618.598
negative interest		81.434	*224.266*
foreign exchange losses		12.813	*925.836*
other charges		*342.125*	*1.468.496*
		2021	**2020**
Risk exposure	6		
Maximum financial risk exposure		110.101.348	85.566.685
Assets provisioned for risk and liabilities		52.086.638	43.434.616
Value of equity investments			
Provisions for risk and liabilities		110.101.848	67.746.597
Fiduciary Account	7		
Balance in the fiduciary account		52.086.638	43.434.616
in euro		*22.759.816*	*18.195.753*
in non-euro currencies		*29.326.822*	*25.238.863*
Other financial assets		6.763	138.388

Notes on financial information

N/A

4.7 SME Guarantee Facility (SMEG07) under the Competitiveness and Innovation Framework Programme (CIP) - CIP SMEG 07

Description

Identification / Reference to the basic act			
Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013) (OJ L 310/15, 9.11.2006, p.15).			
Budget lines			
02 02 99 01			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0[47]	9.700.000	7.800.000

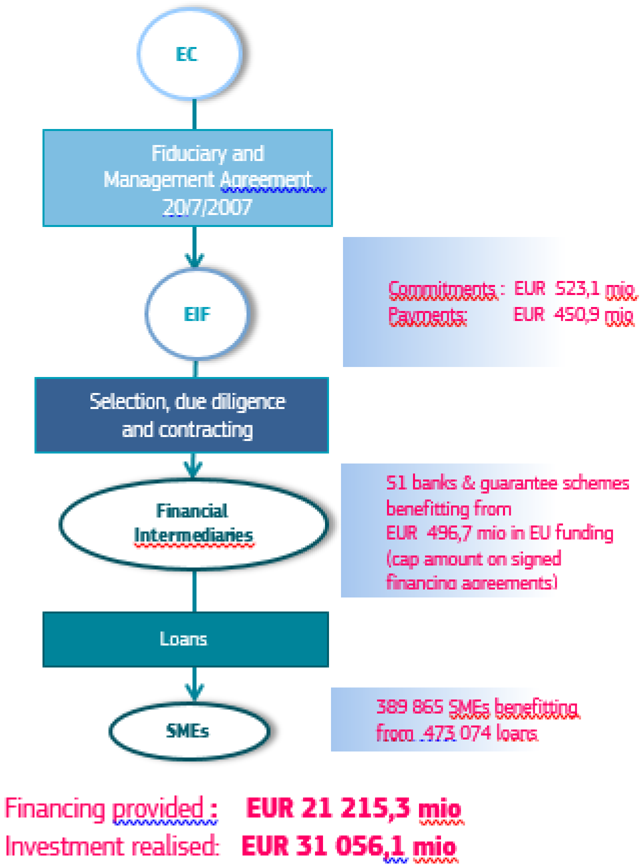
Initial financial envelope:	EUR 506 million[48]
Current financial envelope:	EUR 510,9 million[49]
Overall financial envelope:	EUR 523,1 million[50]

Policy DG in charge: DG GROW, with DG ECFIN for the design of the instruments

Implementing DG in charge: DG ECFIN

Implementing Partner in charge: EIF

[47] The payment demands under CIP comprising SMEG07 and GIF are depending on external events outside the control of the implementing partner, namely guarantee calls and drawdowns by venture capital funds. In 2021 the estimated needs did not realize, so the EIF did not require any payment out of the original appropriations of EUR 9.600.000.
[48] Initial voted commitments.
[49] Including increase /decrease in budget commitments from 2008 to 2021, ending up with a current envelope in amount of 510 982 223 EUR without additional resources.
[50] With additional resources



Implementation cycle

SMEG 07 is operated by the EIF under a 2007 Fiduciary and Management Agreement (FMA). Until 2013 the EIF was responsible for identifying, evaluating, and selecting Financial Intermediaries ('FIs') according to the FMA's Guarantee Policy.

ECFIN (the Designated Service in the Commission) was actively involved in the FI approval processes. Each deal needed approval of the Commission and the EIF's Board of Directors. The Commission will continue its monitoring and reporting obligations until the wind-down of the facility (estimated 2026).

Policy objectives and scope

SMEG 07 is part of the Entrepreneurship and Innovation Programme (EIP), one of the three specific programmes under the Competitiveness and Innovation Programme (CIP).

Its overall objective is the improvement of access to finance for the start-up and growth of SMEs to support their investment in innovation activities, including eco-innovation. It provides counter- or co-guarantees to guarantee schemes and direct guarantees to Financial Intermediaries operating in eligible countries with the aim of increasing lending volumes available to SMEs. The Facility is a demand-driven instrument, with only indicative country-based allocations, in order to ensure wide geographical coverage. The EIF provides a capped guarantee that covers potential losses against a commitment of the financial intermediary to provide more debt financing (loans, leases or guarantees that support loans and leases) to target SMEs.

Added value

Thanks to SMEG 07, financial intermediaries either provide more financing to SMEs, or extend their financing to more risky and previously not serviced segments of vulnerable SMEs, such as start-ups, young companies and companies lacking sufficient collateral.

Last budgetary commitment: 31/12/2013

End of agreements' signing period: 30/9/2014

Operational Performance

Contribution to the objectives of the programme

Until 31/12/2021 SMEG 07 consisted of **69 guarantee agreements** with **51 active Financial Intermediaries** from 23 countries for a total amount guaranteed of **EUR 7 088,1 million** (and a total of EUR 496,7 million guarantee cap amount from the Union budget for direct and counter-guarantees).

Until 31/12/2021 , SMEG achievements under CIP were as follows:

- Guarantee agreements: 69

- Eligible recipients (SMEs) achieved: 389 865

- Eligible final recipients (SMEs) initially targeted: 315 000

- Loans achieved: 473 074

- Employees at eligible final recipients (SMEs) at inclusion date: 1 358 178

- Jobs created or maintained[51]: 389 909

- Total financing achieved: EUR 21 215,3 million

- Total financing expected[52]: EUR 23 194,3 million

- Total investment realized[53]: EUR 31 056,1 million

[51] Estimate based on the methodology outlined in the 2011 Final Evaluation of the Entrepreneurship and Innovation Programme (1 job for each SME supported by the facility)
[52] i.e. : target financing volume ("estimated financing guaranteed" , source: EIF's Q4 Quarterly report dated 31/12/2021
[53] Source: EIF's Q4 Quarterly report dated 31/12/2021

For 2007-2021, EUR 1.065,7 million of commitment appropriations were made available for the CIP financial instruments, of which EUR 510,9 million for SMEG[54]. The appropriations were fully committed.

Regarding the payments appropriations for 2007-2021, out of the EUR 971,0 million made available for the CIP financial instruments, EUR 438,8 million were paid to the SMEG fiduciary account, managed by the EIF on behalf of the Commission[55]. Funds are drawn down from the fiduciary account as and when defaults occur under SMEG.

As at 31/12/2021, SMEG 07 already contributed to provide more than 21,2 billion EUR of financing to 389 865 SMEs through 473 074 loans[56], accounting for nearly 31,1 billion EUR investment. The corresponding

i) achieved financing leverage effect for CIP SMEG 07 at the level of entrusted entity (total loan volume received by the recipient SMEs / EU guarantee cap amount) is approx. 42,7[57] - meaning 1 EUR EU funding generated nearly 43 EUR loan for SMEs -, and

ii) ii) achieved multiplier effect is 62,5 (based on a total investment realised of EUR 31 056,1 million / EU guarantee cap amount) - meaning 1 EUR EU funding generated more than 62 EUR in investment at SME level.

The (expected) target financing leverage effect for signed operations (calculated as "Estimated SME financing" / EU guarantee cap amount) is around 46,7[58] for the duration of the programme.

Based on the financing and investment volumes supported so far (see details above), the CIP market-oriented instruments under both GIF and SMEG have shown high efficiency and relevance in addressing the difficulties faced by SMEs in getting access to finance from 2007 until now. The SMEG Facility is a counter-cyclical instrument and has helped final recipients to face difficulties arising from the economic conditions from 2007 until now, namely to obtain or maintain access to finance and to create or maintain jobs over the period. Although the overall effect of EU programmes on SMEs' financing remains limited (by nature, EU intervention is limited to market gaps or sub-optimal market situations, meaning by far the largest part of financing is provided by banking and finance market players), the Facility did, however, make a very positive contribution to the development and sustainability of EU SMEs.

Geographical diversification

By the end 2021, the CIP SMEG 07 financing provided is broken down as follows:

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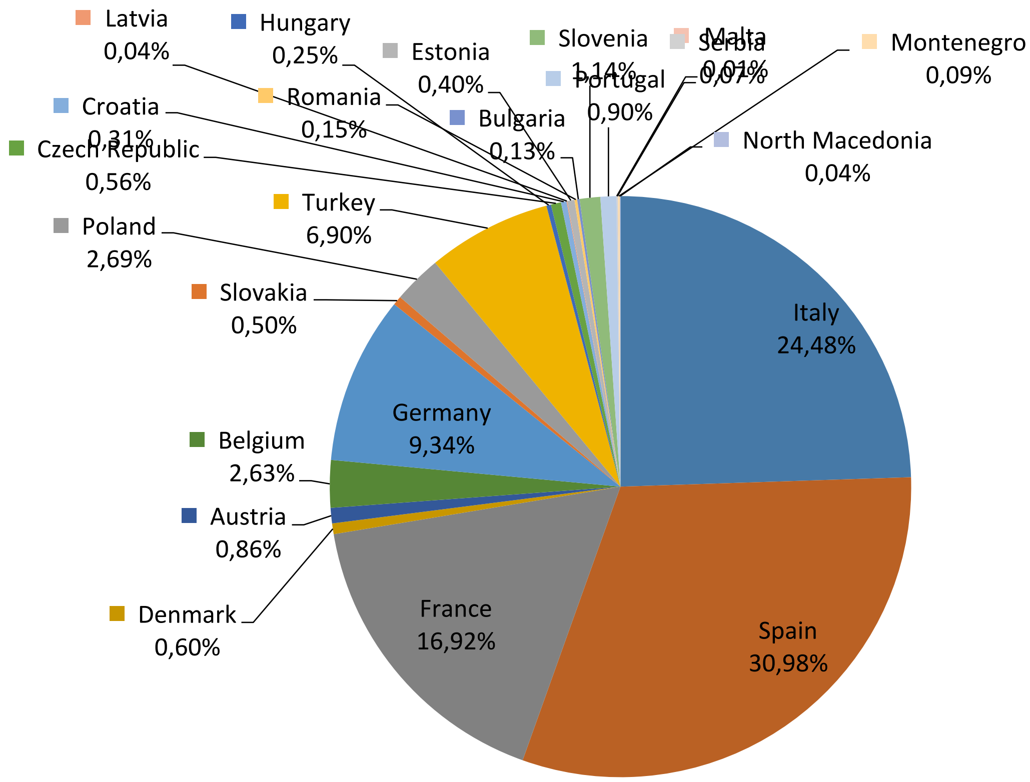
[54] Amounts without additional resources; including additional resources, the commitment appropriations were EUR 1 097,3 million for CIP out of which EUR 523,1 million for SMEG.

[55] Amounts without additional resources ; including additional resources, the payment appropriations were EUR 1 002,6 million for CIP out of which EUR 450,9 million for SMEG.

[56] Source: EIF's Q4 Quarterly report dated 31/12/2021

[57] Source: EIF's Q4 Quarterly report dated 31/12/2021; total loan volume received by the recipient SMEs = EUR 21 215,3 million / EU guarantee cap amount = EUR 496,7 million.

[58] Source: EIF's Q4 Quarterly report dated 31/12/2021; "Estimated SME financing" = EUR 23 194,3 million / EU guarantee cap amount = EUR 496,7 million



Latvia 0,04%
Hungary 0,25%
Estonia 0,40%
Slovenia 1,14%
Malta 0,01%
Serbia 0,07%
Montenegro 0,09%
Croatia 0,31%
Romania 0,15%
Bulgaria 0,13%
Portugal 0,90%
North Macedonia 0,04%
Czech Republic 0,56%
Turkey 6,90%
Poland 2,69%
Slovakia 0,50%
Italy 24,48%
Germany 9,34%
Belgium 2,63%
Austria 0,86%
Denmark 0,60%
France 16,92%
Spain 30,98%

Main issues for the implementation

The Facility is closed for new operations as from 30/9/2014 and the inclusion period for new loans into the supported portfolios is now finished as well. We did not identify so far any specific implementation issues. However, the EIF guarantee duration is 10 years, so the portfolio is still impacted by guarantee calls, which undergo a systematic prior check before payment by the EIF, ending up sometimes with the rejection of the operation and/or of the beneficiary: this ensures that any effective payment under the facility is compliant with the EU provisions, and in turn this also accounts for some decrease in the figures (financing, loans, final beneficiaries,etc.) as reported under the section "Operational Performance" above.

The latest evaluations related to GIF and SMEG reiterated that their effectiveness has increased over time. In more detail, there have been improvements in monitoring systems at the level of both EIF and FIs involved in implementation which contributed to tracking comprehensively the performance of the instrument and thus allows for more effectively pursuing its policy objectives.

Besides, the relevance of the instrument as assessed by the recipient SMEs is significant:

- 46% stated that the EU financing scheme was their only option available to get financing,
- 18% of recipient SMEs stated that without the EU support they would have received only part of the funding needed,
- 42% of recipient SMEs stated that the EU support helped them to get additional finance and
- 64% of recipient SMEs stated that EU support was crucial to find the finance needed.

Key figures	Actual	Target
EU Contribution committed to financial intermediaries	496.700.000	496.700.000
Leverage	42,7	46,7
Multiplier effect	62,5	65,3
Envisaged operations	69	69
Financing provided to final recipients by financial intermediaries	21.215.300	23.194.300
Number of final recipients	389.865	315.000
Investments made by final recipients due to the received financing	31.056.100	32.472.020

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not applicable

Financial Information

(in euros)

	Notes	2021	2007-2021
Overall budget	1		
Financial envelope available			523.072.107
EU Contribution	2		
Budgetary commitments			523.072.107
of which from third countries		*0*	*22.748.338*
of which from reflows			*12.089.884*
Budgetary payments		0	450.903.607
Reflows	3		

Revenues		359.680	41.399.284
interest income		*176.919*	*29.024.507*
risk remuneration, dividends, fees		*165.917*	*1.481.437*
realised gains			
other revenues		*16.844*	*10.893.340*
Repayments		0	0
Payable to the Commission		0	
Returned to the general budget		0	11.402.380
Returned to be used			12.089.884
Losses from operations	4		
Guarantees called		15.810.070	402.486.784
guarantee calls recovered		7.277.757	53.544.338
Equity			
Impairments		0	
realised losses		0	0
Costs	5		
Management fees		609.363	22.585.550
administrative costs		*609.363*	*22.585.550*
incentive fees			
treasury management fees			
Other operational and financial charges		251.711	21.528.721
negative interest		251.711	*1.377.307*
foreign exchange losses			*20.151.414*
other charges			
		2021	**2020**
Risk exposure	6		
Maximum financial risk exposure		133.356.992	110.044.610
Assets provisioned for risk and liabilities		56.659.149	64.977.215
Value of equity investments			
Provisions for risk and liabilities		38.055.199	136.037.381
Fiduciary Account	7		
Balance in the fiduciary account		56.658.243	64. 996.309
in euro		*35.584.333*	*38.570.770*
in non-euro currencies		*21.073.910*	*26.425.539*
Other financial assets			

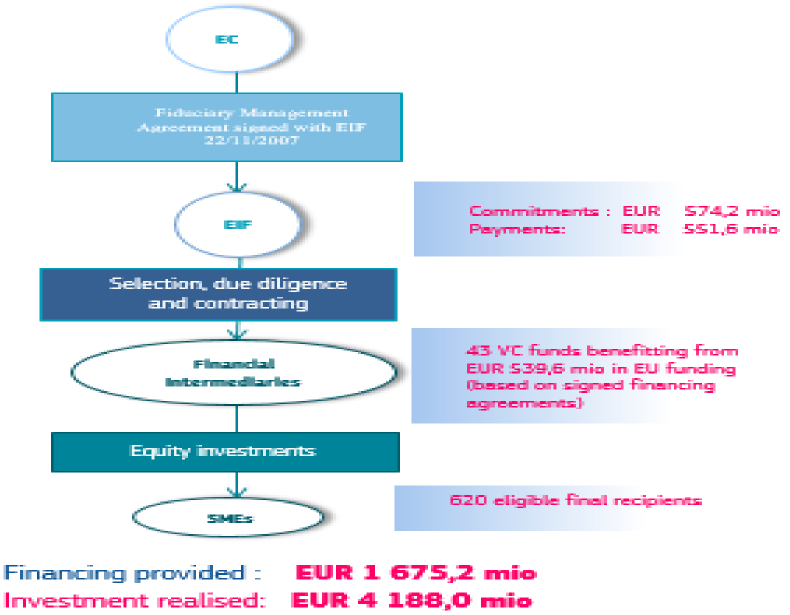
4.8 High Growth and Innovative SME Facility (GIF) under the Competitiveness and Innovation Framework Programme (CIP) - CIP GIF

Description

Identification / Reference to the basic act			
Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013) (OJ L 310/15, 9.11.2006, p.15).			
Budget lines			
02.02 99 01			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0[59]	9.700.000	7 800 000

Initial financial envelope:	EUR 623 mio[60]
Current financial envelope:	EUR 554,8 mio[61]
Overall financial envelope:	EUR 574,2 mio[62]

Policy DG in charge: DG GROW, with DG ECFIN for the design of the instruments
Implementing DG in charge: DG ECFIN
Implementing Partner in charge: EIF



[59] The payment demands under CIP comprising SMEG07 and GIF are depending on external events outside the control of the implementing partner, namely guarantee calls and drawdowns by venture capital funds. In 2021 the estimated needs did not realize, so the EIF did not require any payment out of the original appropriations of EUR 9.600.000.

[60] Initial voted commitments, including the CBS programme reallocations (EUR 73 million).

[61] Including increase /decrease in budget commitments from 2008 to 2021 without additional resources.

[62] Including changes in budget commitments from 2008 to 2021. The initial split CIP budget between the GIF and SMEG instruments was only indicative. CIP's share of the SMEG instrument has increased in line with market needs, leading to a lower current overall programme budget for GIF.

Policy objectives and scope

GIF 07 is part of the Entrepreneurship and Innovation Programme (EIP), one of the three specific programmes under the Competitiveness and Innovation Framework Programme (CIP).

Its objective is to improve access to finance for the start-up and growth of SMEs to support their investments in (eco-) innovation activities. GIF funds equity or quasi-equity to intermediaries, which then must provide long term equity or quasi-equity capital (including subordinated or participating loans and convertible bonds) to innovative SMEs. GIF therefore contributes to the establishment and financing of SMEs and the reduction of the equity financing gap (which prevents SMEs from exploiting their growth potential) and improves the European VC market. Moreover, it supports innovative SMEs with high growth potential, including in their cross-border expansion. Hence, GIF provided a critical lifeline of public support to the EU VC market during the crisis times in the late 2000s.

Implementation cycle

GIF is implemented by the EIF on behalf of the Commission. The EIF provides EU venture capital investments on behalf of and at the risk of the Commission, under a 2007 Fiduciary and Management Agreement ('FMA'). The EIF was responsible for identifying, evaluating and selecting the Financial Intermediaries ('FI') in accordance with the FMA's Investment Policy. The EIF examined proposals based on a call for expression of interest. Investment proposals by FIs were selected based on a notice of implementation.

DG ECFIN (the Designated Service) was actively involved in the FI approval process. Each deal was to be approved by the EIF Board of Directors and the Designated Service. The Designated Service will continue its monitoring and reporting obligations until the wind-up of the facility (estimated 2026).

Added value

The added value of the GIF instrument consists in addressing specific market needs, offering structuring input, and providing catalytic effects.

Date of last budgetary commitment: 31/12/2013

Date of end of agreements' signing period: 30/9/2014

Operational Performance

Contribution to the objectives of the programme

By 31/12/2021 GIF consisted of 43 venture capital funds having invested EUR 1 675,2 million in eligible final recipients from 18 countries (based on a total EUR 539,6 million EU contribution committed to financial intermediaries).

Until end 2021GIF achievements under CIP were as follows:

- Financial intermediaries: 43
- Final eligible recipients achieved: 620
- Jobs created or maintained: 9 908[63]
- Total financing achieved: EUR 1 675,2 million
- Total financing expected[64] : EUR 3 055,1 million
- Total investment realised[65]: EUR 4 188,0 million

[63] Note: Employment Report as at 31/12/2012 (latest available).

[64] i.e.: target financing volume ("Target Intermediary Size" , source: EIF's Q4 Quarterly report with data as at 31/12/2021).

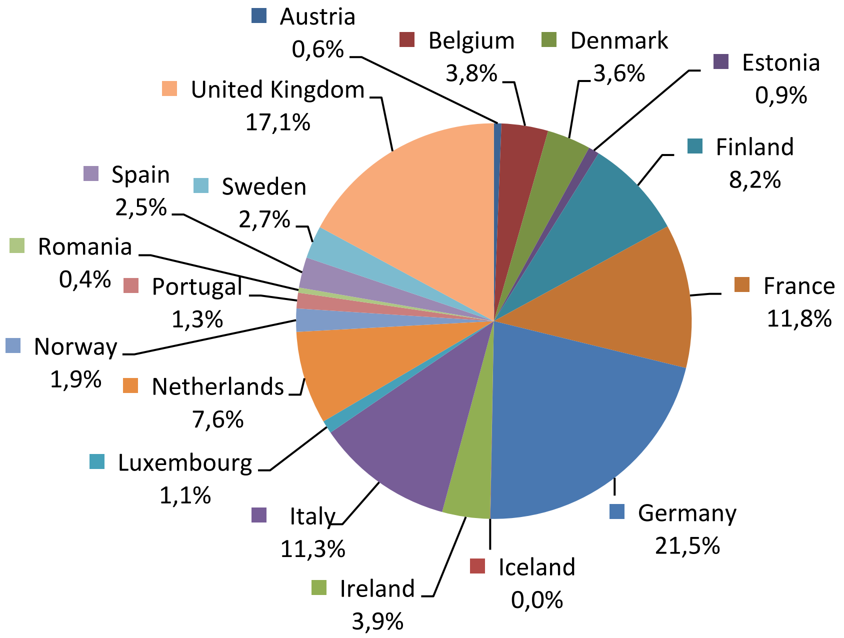
[65] Source: proxy 2,5 on financing amount out of EIF's Q4 Quarterly report with data as at 31/12/2021.

For 2007-2021, EUR 1 065,7[66] million of commitment appropriations were made available for the CIP financial instruments, of which EUR 554,8 million for GIF[67]. The appropriations were fully committed.
Regarding payments appropriations for 2007-2021, out of the EUR 971,0 million made available for the CIP financial instruments, EUR 532,2 million were paid to the GIF fiduciary account, managed by the EIF for the Commission[68]. Funds are paid from the fiduciary account when venture capital funds under GIF give a draw down notice.

Until 31/12/2021, the GIF already contributed to provide more than EUR 1,67 billion of financing to 645 final recipients[69] for an estimated investment amount over EUR 4 billion. The corresponding achieved financing leverage effect for CIP GIF at the level of the entrusted entity [70] is approx. 3,1[71] - meaning 1 EUR EU funding generated more than 3 EUR financing into SMEs. The achieved multiplier effect is nearly 7,8 (based on a total investment realised of EUR 4 188,0 million / EU Contribution committed to financial intermediaries of EUR 539,6 million) - meaning 1 EUR EU funding generated nearly 7,8 EUR in investment at SME level.
The (expected) target financing leverage effect for signed operations[72] is estimated at around 5,7[73] for the entire duration of the programme.
Based on the financing and investment volumes supported so far (see above), the CIP market-oriented instruments under both GIF and SMEG have shown high efficiency and relevance in addressing SMEs' access to finance difficulties from 2007 until now. Although the overall effect of EU programmes on SMEs' financing remains limited (by nature, EU intervention is limited to market gaps or sub-optimal market situations, thus by far the largest part of financing is provided by banks and finance market players), CIP's GIF components contributed very positively to the development and sustainability of SMEs from 2007 until now.

Geographical diversification

By the end of 2021, the GIF portfolio breakdown was as follows:



[66] This amount has been lowered in 2018-2021 by EUR 6 million decommitments.
[67] Including additional resources, the commitment appropriations were EUR1 097,3 million for CIP out of which EUR 574,2 million for GIF
[68] Including additional resources, the payment appropriations were EUR1 002,6 million for CIP and EUR 551,6 million for GIF.
[69] This is the total number of Final Recipients supported through the programme (source: EIF's Q4 quarterly report with data as at 31/12/2021). Out of those, 620 are Eligible Final Recipients. The VC funds supported may address non-eligible FBs as well as eligible, but EU finances only eligible FBs out of those.
[70] total amounts invested by the funds in eligible final beneficiaries of EUR 1 675,2 million / EU Contribution committed to financial intermediaries of EUR 539,6 million
[71] Source: EIF's Q4 Quarterly report with data as at 31/12/21.
[72] Target Intermediary Size / EU Contribution committed to financial intermediaries.
[73] Source: EIF's Q4 Quarterly report with data as at 31/12/2021.

Main issues for the implementation

The Facility is closed for new operations as from 30/9/2014; we did not identify so far any specific implementation issues. The GIF efficiency can be testified notably by the EIP Final Evaluation, as summarized below.

As from its launch until now, the GIF component (providing venture capital) provided an essential contribution to SME support in the participating countries, as outlined above and confirmed by the final evaluation results[74,75]. The main results are summarized below; no more recent data is available as at the date of writing.

On Relevance, the instrument met a clear need for finance for recipients and showed that gaps in SME finance can be addressed. 39% of recipients stated that this financing scheme was their only available option; 23% stated that without this support they would have been able to receive only part of the funding needed. In total, 62% said that the support was crucial to find the finance needed.

On Effectiveness, the funds are getting to the intended recipients with the desired effects for growth, innovation and employment. 77% stated that the equity financing made it easier to obtain additional financing. Over 90% said that the financial support had a positive impact on their long term growth prospects. 62% expected an increase in turnover (between 26% and 100%). 83% identified themselves as engaged in product / service innovation.

Recipients also received other support (i.e.: advice on business planning, access to a network, financial advice, special business advice).

On Efficiency, general stakeholders have the impression that the instruments are administered efficiently and that money is not wasted.

On Utility, most recipients said the support was the only option for obtaining the funds needed.

On Sustainability, possible improvements raised by EIPC[76] members and representatives of business organisations, related only to more general issues.

On European value-added, the report recognised the leverage effect achieved, the fact that 80% of GIF recipients operate internationally and that VC funds i) have a broader geographical focus and ii) operate across boundaries.

Key figures	Actual	Target
EU Contribution committed	539.608.922	539.608.922
Leverage	3,1	5,7
Multiplier effect	7,8	14,1
Envisaged operations	43	43
Financing provided to final beneficiaries	1.675.200.000	3.055.147.829
Number of eligible final recipients	620	620
Investments made by final recipients due to the received financing	4.188.000.000	7.637.869.573

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

	Notes	2021	2007-2021

[74] CSES (2011), The EIP Final Evaluation,

[75] Based on a telephone survey sample as part of the evaluation

[76] Entrepreneurship and Innovation Programme Committee.

Overall budget	1		
Financial envelope available			554.754.761
EU Contribution	2		
Budgetary commitments		-	600.938.346
of which from third countries		*0*	*24.830.403*
of which from reflows		*0*	*19.474.357*
Budgetary payments		0	551.653.505
Reflows	3		
Revenues		727	42.071.448
interest income		*727*	*6.318.312*
risk remuneration, dividends, fees		*0*	*27.954.489*
realised gains		*-*	*-*
other revenues		*0*	*7.798.647*
Repayments		60.553..570	279.944.597
Payable to the Commission		0	58.014.094
Returned to the general budget		0	11.578.463
Returned to be used		25.139.860	222.281.977
Losses from operations	4		
Guarantees called		0	0
guarantee calls recovered		*0*	*0*
Equity			
Impairments		*0*	*41.151.012*
realised losses		*0*	*1.385.704*
Costs	5		
Management fees		335.074	33.473.665
administrative costs		*335.074*	*33.473.665*
incentive fees		*0*	*0*
treasury management fees		*0*	*0*
Other operational and financial charges		525.835	4.497.628
negative interest		*525.835*	*2.070.392*
foreign exchange losses		*0*	*2.427.236*
other charges		*0*	*0*
		2021	**2020**
Risk exposure	6		
Maximum financial risk exposure		541.434.719	472.340.445
Assets provisioned for risk and liabilities		0	0
Value of equity investments		495.218.835	416.815.944
Provisions for risk and liabilities		0	0
Fiduciary Account	7		
Balance in the fiduciary account		110.383.357	67.375.248
in euro		*106.020.425*	*61.936.518*
in non-euro currencies		*4.362.932*	*5.438.730*

Notes on financial information

3. In line with Regulation (EU) 2021/1229, a part of the repayments (up to EUR 275 million) shall be assigned to the Public sector loan facility and in line with Regulation (EU) 2021/523 of part of the revenues and repayments shall be assigned to InvestEU.

4.9 EU SME Initiative (focus on indirect Commission management part, i.e. COSME/H2020)

Description

Identification / Reference to the basic act			
The EU SME Initiative may receive funding from the following 4 programmes: **COSME:** Regulation (EU) No 1287/2013 of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020). **H2020**: Regulation (EU) No 1291/2013 of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) and pursuant to the Decision No 2013/743/EU of the Council of 3 December 2013 establishing the Specific Programme implementing Horizon 2020 **ERDF and EAFRD** (Article of the 39 CPR): Regulation (EU) No 1303/2013 laying down common and general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and laying down common provisions on the European Agricultural Fund for Rural Development.			
Budget lines			
2,029901			
	2021	**2022**	**2023**
Budgetary commitment appropriations	282.886	0	0
Budgetary payment appropriations	0	0	0

Initial financial envelope:	EUR 175.000.000
Current financial envelope:	EUR 32.000.000
Overall financial envelope:	EUR 32.000.000[77]

General description

SME support is one of the main areas of support of the European Structural and Investment Funds (ESIF), and financial instruments play an increasingly important role within ESIF support. The basic act governing ESIF interventions is the so-called Common Provisions Regulation (CPR).

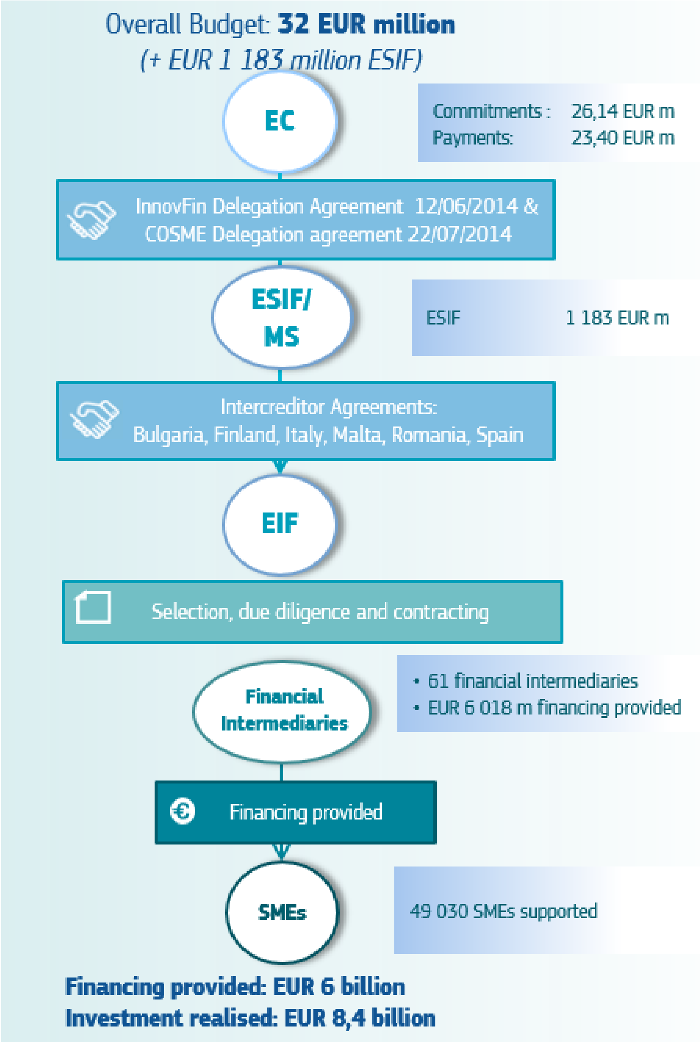
Within the financial instruments "family", the SME Initiative is a real novelty, in that it **combines different EU funding resources into one financial instrument** – namely resources from ESIF, COSME, Horizon 2020 and EIB Group resources. Thereby, it provides significant leverage of (both public and private) additional resources to be mobilised for SME support. Its overall aim is to enhance access to finance for SMEs, to stimulate economic growth and entrepreneurship. Access to finance is a real issue in the economy of at least several Member States in Southern and Eastern Europe: the problem is not so much the lack of liquidity in the market, but the missing transmission of that liquidity into the real economy, so that SMEs have adequate access to finance themselves at reasonable conditions, which would then enable them to invest, develop their competiveness and grow. Often, a lack of collateral on the SME side is the main reason why banks are not willing to lend.

Duration

The period of time during which the participating Member State may commit funds to the EIF was to expire on 31 December 2016, but was extended with changes to the CPR in 2018.

[77] H2020 reduced from EUR 60 million to EUR 28 million, COSME overall contribution is EUR 4 million.

End of eligibility period: 31/12/2023.



Added value

The SME Initiative contributes to the objectives of better SME access to finance and, thereby, enhanced SME competitiveness, innovativeness and growth.

The SME Initiative is a joint instrument, combining EU funds available under COSME, Horizon 2020 and ERDF-EAFRD resources in cooperation with EIB/EIF in view of generating additional lending to SMEs.

Three financial instruments can be implemented under the SME Initiative. In substance, they boil down to two alternative ways of operating, namely:

(*) uncapped guarantees providing capital relief to financial intermediaries for new portfolio of debt finance to SMEs, and

(**) securitisation instruments (with two possibilities, i.e. the option of a securitisation instrument with a MS contribution used exclusively for the participating MS and the option of a securitisation instrument with several MSs contributions pooled and used to provide protection on the aggregate exposure, particularly to the mezzanine tranches guaranteed by EIF).

A portion of the new Debt Finance portfolio equal to at least 20 times the contribution under the COSME Regulation and/or 9 times the contribution under the H2020 Regulation should fulfil respectively the COSME and/or H2020 eligibility criteria.

Financial institutions involved in implementation

The EIF is the entrusted entity for the SME Initiative.

Operational Performance

Contribution to the objectives of the programme

So far, the SME Initiative supported 49 030 final recipients in 6 Member States through 61 financial intermediaries.

5 Member States opted for the Guarantee instrument from Horizon 2020 under the SME Initiative (Bulgaria, Finland, Malta, Romania and Spain) and Italy opted for the securitization instrument from COSME.

Bulgaria: 8 financial intermediaries with a target volume of EUR 394 m and an actual volume of EUR 588 m for 4.635 transactions to 4.153 final recipients, Finland: 6 financial intermediaries with a target volume of EUR 285,4 m and an actual volume of EUR 548,9 m for 998 transactions to 926 final recipients,

Malta: 2 financial intermediaries with a target volume of EUR 96,5 m and an actual volume of EUR 80,5 m for 967 transactions to 812 final recipients,

Romania: 9 financial intermediaries with a target volume of EUR 1.452,4 m and an actual volume of EUR 924,5 m for 4.298 transactions to 3.415 final recipients,

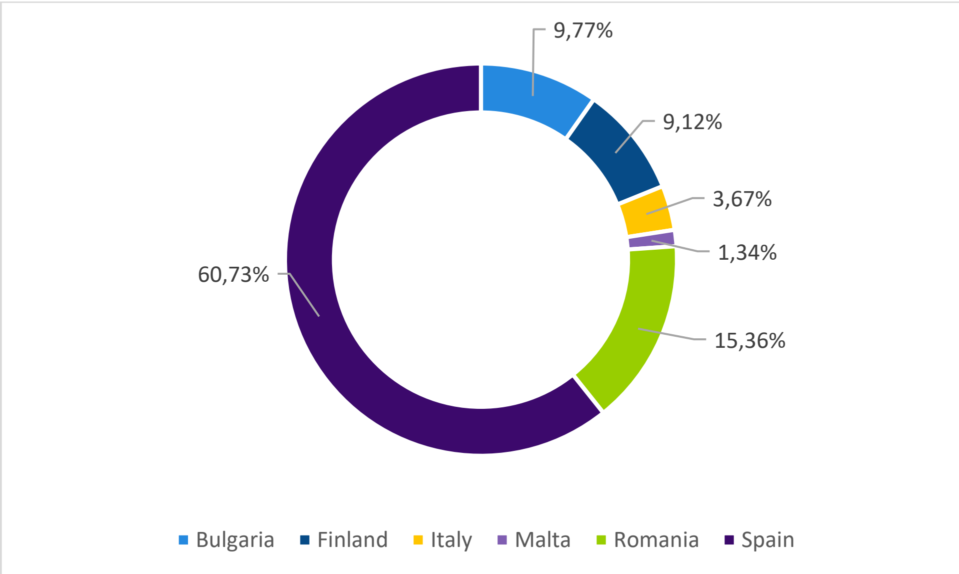
Spain: 27 financial intermediaries with a target volume of EUR 2.726,4 m and an actual volume of EUR 3.655,1 m for 45.828 transactions to 40.783 final recipients.

Italy opted for the use of the Securitisation instrument under the SME Initiative, combined with COSME resources. At the end of 2021, 9 agreements have been signed with nine Italian financial institutions, in the form of synthetic securitisation transactions, allowing the financial institutions to build up EUR 3 billion of new financing to SMEs over the next years, which should improve access to finance for over 14,000 SMEs located in Italy. As of 31/12/2021 the additional portfolios amounted to an actual volume of EUR 839 million for 4,150 transactions to 3,956 final recipients.

The reporting of the ERDF / EAFRD part will be submitted by the Member States as part of the annual exercise as required by Article 46 of Regulation (EU) No 1303/2013 and will be summarized in an annual publication to be prepared by 31 December 2022.

Geographical diversification

The SME Initiative is implemented in 6 Member States. Financing provided to final recipients (EUR 6 billion) is distributed by country as follows:



Main issues for the implementation

No specific issue has been identified.

Performance, target leverage effect and achieved leverage effect

Key figures	Actual	Target
EU Contribution committed	1.212.831.123	1.214.774.684
Leverage	4,962132556	8,32
Multiplier effect	6,946985578	10
Envisaged operations	61	94

Key figures	Actual	Target
Financing provided to final beneficiaries	6.018.228.800	11.700.000.000
Number of final recipients	49030	109.000
Investments made by final recipients due to the received financing	8.425.520.321	16.380.000.000

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

	Notes	2021	2014-2021
Overall budget	1		
Financial envelope available			32.000.000
EU Contribution	2		
Budgetary commitments		282.886	26.143.532
of which from third countries		0	0
of which from reflows			
Budgetary payments			23.400.451
Reflows	3		
Revenues		38.410	80.379
interest income			
risk remuneration, dividends, fees		38.410	80.379
realised gains			
other revenues		0	
Repayments		0	0
Payable to the Commission		0	
Returned to the general budget		0	0
Returned to be used			
Losses from operations	4		
Guarantees called			
guarantee calls recovered			
Equity			
Impairments		0	
realised losses		0	0
Costs	5		
Management fees			
administrative costs			
incentive fees			
treasury management fees			

	Notes	2021	2014-2021
Other operational and financial charges			
negative interest		0	
foreign exchange losses		0	
other charges			

		2021	2020
Risk exposure	6		
Maximum financial risk exposure		6.772.296	2.502.458
Assets provisioned for risk and liabilities			
Value of equity investments			
Provisions for risk and liabilities		0	
Fiduciary Account	7		
Balance in the fiduciary account			
In euro			
In non-euro currencies			

Notes on financial information

4. Losses from operations: guarantee calls reported are borne by all risk takers of the SME Initiative, including the EIF and the EIB group and thus can exceed the amounts committed by Horizon 2020 and COSME.

5. SME Initiative fees are included in fees paid within the frame of InnovFin SMEG and COSME LGF.

5.1 The Western Balkans Investment Framework (WBIF)

The **Western Balkans Investment Framework (WBIF)**, launched in December 2009, is a unique blending platform for the region that targets particularly **infrastructure projects** with a clear regional dimension. The framework is a joint initiative of the European Commission, the partner International Financial Institutions (European Investment Bank - EIB, European Bank for Reconstruction and Development - EBRD, Council of Europe Development Bank - CEB, Kreditanstalt für Wiederaufbau - KfW, Agence Française de Développement - AFD, World Bank Group – WBG) and bilateral donors.

In 2012, WBIF members took the decision to create a thematic platform on private sector development, whereby specific and tailored support would be provided to **SMEs** in the region. Therefore, the **Western Balkans Enterprise Development and Innovation Facility** (WB EDIF) was set-up, as an independent structure (legal basis, separate working and government bodies). Its members are most of the IFIs present in the WBIF initial setting, plus several bilateral donors and the beneficiaries themselves:

- Local institutions: the governments and the Chambers of the 6 Western Balkans economies,
- IFIs: the European Investment Bank Group, the European Bank for Reconstruction and Development, the Organisation for Economic Cooperation and Development; the World Bank Group;
- Bilateral donors: Austria, Germany, Italy.

EDIF is coordinated by the European Investment Fund (EIF) and the European Commission (DG NEAR). The objective of the platform is to foster economic development in the region and to help SMEs to access to financing. It provides assistance via financial instruments (equity, guarantees, loans) and specific programmes to boost the entrepreneurial capacity and investment readiness of the companies in the region (advisory services, accounting and financial reporting, trainings on how to attract and prepare for investments, studies etc.).

Since 2012, the European Commission provided a contribution of ca. **EUR 187.3 million to WB EDIF** under the Instrument for Pre-accession Assistance (out of which EUR 116.6 million for financial instruments and the rest- EUR 70.7 million for technical assistance). The following financial instruments are presented in this report:

- Guarantee Facility

  Guarantee Facility I: EUR 21.9 million

  Guarantee Facility II: EUR 17.5 million

  Guarantee Facility-Serbia: EUR 20 million

  Guarantee Facility-Youth: EUR 10 million

- Equity

  Enterprise Expansion Fund: EUR 11 million

  Enterprise Innovation Fund: EUR 21.2 million

The **European Fund for Southeast Europe** (EFSE) was established in 2005 by the German development bank KfW, with the support of the European Union, the German Federal Ministry of Economic Development and Cooperation, and other public and private investors. EFSE fosters economic development in the Southeast Europe region through the provision of finance to intermediate lending institutions (including commercial banks, microfinance institutions and other non-bank financial institutions) that **on-lend to micro and small enterprises (MSEs) and to private households**, with a special focus on **rural areas**.

This layered fund is a **public-private partnership** (PPP) and is registered in Luxembourg. It has its own legal personality, governance and procedures. The European Commission, through DG NEAR is a shareholder in the Fund, with separate contributions for the Neighbourhood region and for the pre-accession/enlargement region (i.e. the Western Balkans). The European Commission's shareholdings, in the form of 1st loss shares (C-shares), for the Western Balkans is administered by both the European Investment Fund (EIF) and, since 2021 the Kreditanstalt für Wiederaufbau (KfW) through trusteeship agreements. EFSE's partner lending institutions include commercial banks, microfinance banks, microcredit organisations and non-bank financial institutions.

The **Green for Growth Fund** (GGF) was established in 2009 by the German development bank KfW with the support of the European Union, the German Federal Ministry of Economic Development and Cooperation, and other public and private investors. The GGF fosters economic development in the Southeast Europe, North Africa and Middle East regions through the provision of finance directly to **renewable energy projects** and to intermediate lending institutions (including commercial banks, microfinance institutions and other non-bank financial institutions) that **on-lend to micro and small enterprises (MSEs) and to private households**, with a special focus **on energy efficiency** and **renewable energy investments**.

This layered fund is a **public-private partnership** (PPP), registered in Luxembourg. It has its own legal personality, governance and procedures. The European Commission, through DG NEAR is a shareholder in the Fund, with separate contributions for the Neighbourhood region and for pre-accession/enlargement region (i.e. the Western Balkans). The European Commission's shareholdings, in the form of 1st loss shares (C-shares), for the Western Balkans is administered by both the European Investment Fund (EIF) and, since 2021 the Kreditanstalt für Wiederaufbau (KfW) through trusteeship agreements. GGF's partner lending institutions include commercial banks, microfinance banks, microcredit organisations and non-bank financial institutions

At the Western Balkans Investment Framework Strategic and Operational Board of December 2021 the WBIF Stakeholders confirmed the integration of the WB EDIF, GGF and EFSE within the WBIF under its "Private Sector Blending" strand, finalising a process started in 2019 aiming at having the WBIF as a **single investment platform for boosting investments in the region** in various sectors.

Details on the various financial instruments related to WBIF are provided in the following sections (5.1.a to 5.1.f) of this report. Please note that the present report covers only financial instruments, and thus does not include WBIF grants.

5.1a Guarantee Facility I (GF I) under the Western Balkans Enterprise Development and Innovation Facility

Description

Part A Table Budgetary Information			
Identification/Reference to the basic act			
Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II) (OJ L 77, 15.3.2014, p. 11).			
Budget lines			
22020401			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	4.000.000
Budgetary payment appropriations	0	0	2.000.000

Initial financial envelope:	EUR 21.900.000[78]
Current financial envelope:	EUR 21.900.000
Overall financial envelope:	EUR 21.900.000

[78] Initial envelope available for GF I, as per Delegation Agreement signed in December 2012 and amended in July 2013.

General description

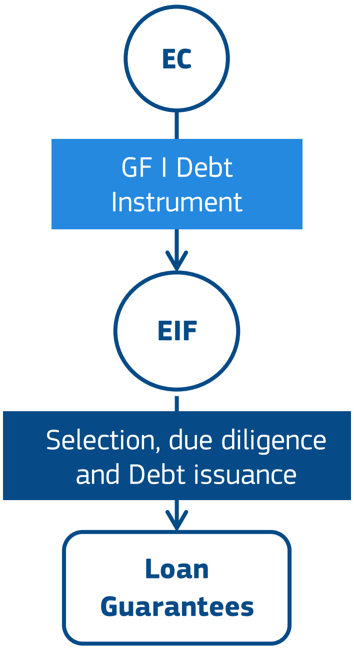
The Guarantee Facility I (GF I) was deployed under the Western Balkans Enterprise Development and Innovation Facility (WB EDIF) as the first EU scheme of this kind for the Western Balkans. The GF I debt instrument aims to **facilitate access to finance for the local SMEs** by provision of **concessional loans** to cover financing for investment and working capital of **up to EUR 500 000.**

Duration

The GF I is a debt Instrument that has been running since December 2012, when the Delegation Agreement with the EIF was signed. Its final date of implementation is 30/11/2023.
The entire amount of the capital has been allocated to guarantees in the course of 2014 and 2015. After the fast absorption of the above mentioned funding, GF I was further topped up with EUR 17,5 million in 2015, with EUR 20 million in 2017, EUR 10 million in 2018 and most recently- with EUR 60 million in 2021 (reported here separately).

Added value

The added value of the GF I is its function to provide an EU- funded guarantee for loan portfolios (max loan amount EUR 500 000) issued by commercial banks to local SMEs. Under the respective guarantee agreements, the intermediary banks, commit to transmit the benefit to the final beneficiaries, which may take the form of : lower interest rates, lower collateral requirements or longer loan maturities. GF I therefore improves SME access to lending by **lowering the cost of and easing borrowing conditions in the Western Balkans**, where access to loan finance remains still a challenge for SMEs.



Financing provided: **EUR 117, 9 m**
Investment realised: **EUR 160,4 m**

Financial institutions involved in implementation

The EIF is the entrusted entity for the GF I Debt Instrument.

Operational Performance

Contribution to the objectives of the programme

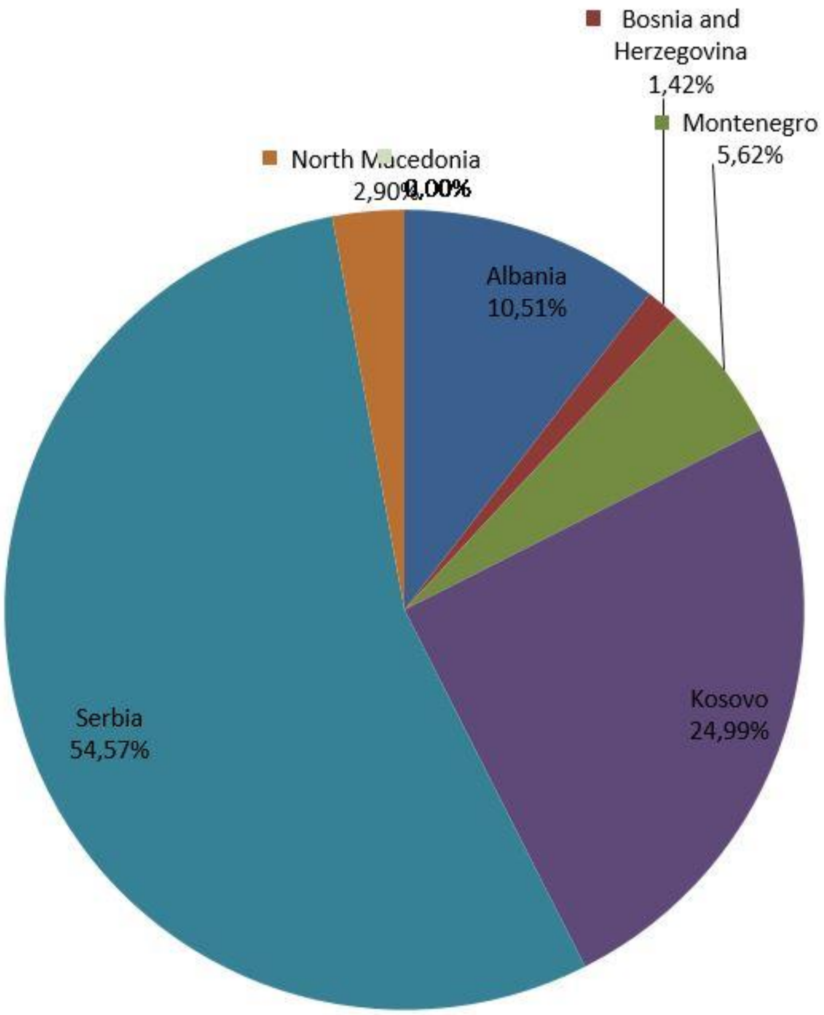
The EU contribution of EUR 21,9 million supported the deployment of a portfolio of new loans with an aggregate volume of EUR 117,9 million, creating leverage of 6 across six of the seven beneficiary economies.
The total investment realised amounts to EUR 160,4 million and the achieved leverage and multiplier effect[79] is 6.

The GF I Debt Instrument Delegation Agreement was launched in the Western Balkans to provide SME financing with features similar to those available for EU Member States (COSME). For the GF as a whole, ~88% of the loans originated under the Western Balkans Guarantee Facility are for EUR 150 000 or smaller amounts. This demonstrates that the GF indeed targets smaller SMEs which typically struggle to obtain access to finance in this region. As at 31 December 2022, all Financial Intermediaries reached maximum utilisation (97,1%). As the guarantee volume is considerably higher than the guarantee cap, there is a significant gearing effect. The guarantees called amount EUR ~2 million (~10,7% of the total Guarantee Cap amount). The supported loans cover all sectors, with particular strong figures in wholesale trade, retail trade, manufacturing.

[79] For infrastructure projects these numbers are the same.

Geographical diversification

By the end 2021, the GF I portfolio covers 5 out of the 6 Western Balkans beneficiaries and Croatia: the Republic of North Macedonia was not covered by GF I but by its replenishment:



Main issues for the implementation

The provision of regulatory capital relief under the Guarantee Agreements has been identified as a pivotal key success factors. This GF I was the first scheme of this kind to be deployed in the region. It paved the way for the deployment of other similar schemes under WB EDIF and COSME (Europe's programme for small and medium-sized enterprises). GF I was also used to build capacities at the level of intermediaries on how to implement EU-guaranteed instruments.

Performance, target leverage effect and achieved leverage effect

Final design for the Report 41(4) Part B Table Operational performance		
Key figures	***Actual***	***Target***
EU Contribution committed	**47.500.000**	**47.500.000**
Leverage	**7,6**	**7,7**
Multiplier effect	**10,6**	**13**
Envisaged operations	**15**	**15**
Financing provided by financial intermediaries to final recipients	**359.198.506**	**422.000.000**
Number of final recipients	**3157**	**0**
Investments made by final recipients due to the received financing	**502.877.908**	**618.800.000**

Envisaged operations, target volumes based on targeted leverage effect

There will not be any more commitment to the GF I from the Commission in 2022. The instrument is fully utilised.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Financial Information

(in euros)

	Notes	2021	2013-2021
Overall budget	1		
Financial envelope available			21.900.000
EU Contribution	2		
Budgetary commitments			21.900.000
of which from third countries		*0*	*0*
of which from reflows			
Budgetary payments			21.900.000
Reflows	3		
Revenues			
interest income			
risk remuneration, dividends, fees		*0*	*0*
realised gains			
other revenues		*0*	
Repayments		0	0
Payable to the Commission		0	
Returned to the general budget		0	0
Returned to be used			
Losses from operations	4		
Guarantees called		58.902	2.101.846
guarantee calls recovered			449.750
Equity			
Impairments		0	
realised losses		0	0
Costs	5		
Management fees			1.900.000
administrative costs			
incentive fees			
treasury management fees			*1.900.000*
Other operational and financial charges		6.787	307.580
negative interest		81.113	*141.784*
foreign exchange losses		0	
other charges		*19.501*	*196.276*

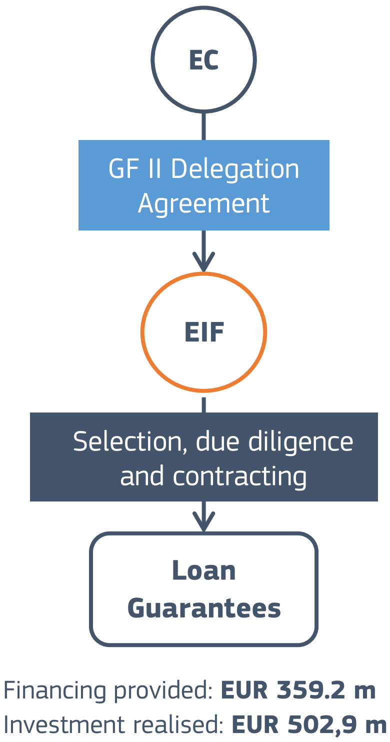
		2021	2020
Risk exposure	6		
Maximum financial risk exposure		17.750.636	17.573.076
Assets provisioned for risk and liabilities		18.351.708	18.264.782
Value of equity investments			
Provisions for risk and liabilities		1.085.291	17.665.908
Fiduciary Account	7		
Balance in the fiduciary account		18.351.708	18.264.782
in euro		*18.351.708*	*18.264.782*
in non-euro currencies			
Other financial assets			

5.1b Guarantee Facility II (GF II) – Debt Instrument

Description

Identification / Reference to the basic act			
Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II) (OJ L 77, 15.3.2014, p. 11).			
Budget lines			
22020401			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	4.000.000
Budgetary payment appropriations	0	0	2.000.000

Initial financial envelope:	EUR 47.500.000
Current financial envelope:	EUR 47.500.000
Overall financial envelope:	EUR 47.500.000



General description

Guarantee Facility II is deployed under the Western Balkans Enterprise Development and Innovation Facility (WB EDIF) and actually represents a direct continuation in the form of series of top-ups to the Guarantee Facility by the EU, as it follows: EUR 17.5 million in 2015, EUR 20 million in 2017 (for Serbia) and EUR 10 million in 2018 (for Youth employment). The product and its objectives are identical to GF I but the funds under the umbrella of GF II are committed in separate mandates because they are compliant to the new Financial Regulation of 2014 and the resources are coming from IPA II. As the previous guarantee, GF II provides a **capped guarantee for SME loans** via the participating commercial banks in the WB territories whereby such SMEs can obtain a loan finance investment and working capital **up to EUR 500.000**. This Guarantee is also managed by the EIF and entirely financed by the European Commission.

Duration

The GF II has been running since 2015, when the Delegation Agreement with the EIF was signed. The signature of any new operations would have to be finalised by December 2021 for some of the mandates, for the other there is bigger margin.

Added value

GF II is providing guarantees to targeted SMEs, with a guarantee rate of between 70% and 90%, depending on the risk profile of the companies. The Guarantee Cap is of **up to 25%.** The exact guarantee rate and cap is being determined on a case-by-case basis. EIF signed operations with several local banks in the region and almost all of them show very good results and nearly full absorption by the market.

Financial institutions involved in implementation

The EIF is the entity managing the GF II instrument.

Operational Performance

Contribution to the objectives of the programme

Through GF II, the EU budgetary allocation of **EUR 47,5 million** (administrative fees included) translated into an overall maximum amount available to final beneficiaries of **EUR 422 million SME loan -** more than the initially targeted, resulting in an increased expected leverage of ~ 8,9. GF II, at the reporting date, has supported **3 157 final beneficiaries** in all six Western Balkans countries. 3 596 loans were provided with all replenishments under GF II. Most of the transactions are in the wholesale, accommodation and services, and in the transport and storage sectors:

- Total investment realised: EUR 359.198.698[80]
- Achieved leverage and multiplier effect: 7.6 in average

The Guarantee Facility was adapted in 2017 in order to focus on investments in Serbia (including in innovative companies and start-ups) and further on in 2018 on investments promoting youth employment and entrepreneurship.

The Guarantee Facility was meant to provide concessional access to finance to the companies in the Western Balkans, whereby selected intermediaries are providing EU-guaranteed loans on concessional terms transmitting the benefit to the final beneficiaries on a case-by-case basis (lower interest rates and collateral requirements, flexible repayment conditions, longer loan maturities, support to riskier companies).

Envisaged operations, target volumes based on targeted leverage effect

The cap on the use of the GF II could vary depending on the features of the different top-ups, as well as the experience of the intermediaries in working with similar products.

Performance, target leverage effect and achieved leverage effect

The achieved leverage exceeds the initially envisaged leverage of 5. The actual leverage is 7.6 but can reach more than 8. This higher leverage, compared to GF I is reflective of development and the deployment of the instrument since 2013 in the region, the established relationship between EIF and the local intermediaries, as well as the improved experience of those intermediaries to develop EU-funded guarantee schemes.

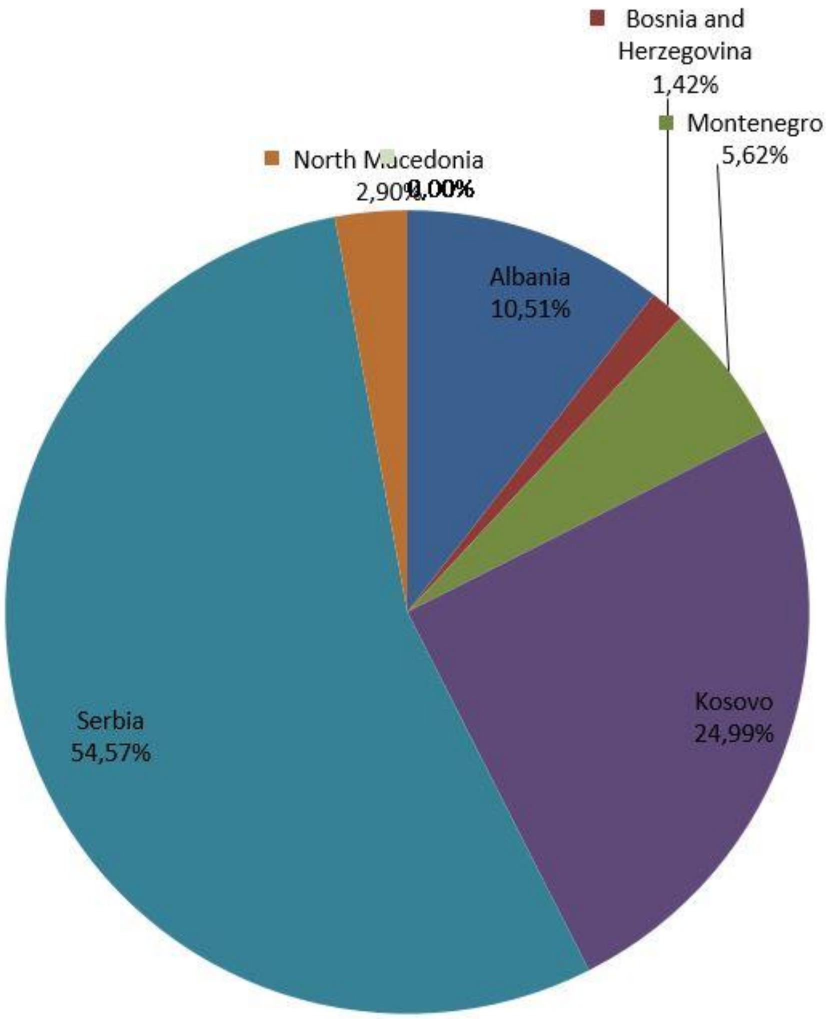
Key figures	Actual	Target
EU Contribution committed	47.500.000	47.500.000
Leverage	7,6	7,7
Multiplier effect	10,6	13
Envisaged operations	15	15
Financing provided to final beneficiaries	359.198.506	422.000.000
Number of final recipients		
Investments made by final recipients due to the received financing	502.877.908	618.800.000

There will not be any more commitment to the GF II replenishment from the Commission in 2022, but a new replenishment was signed in December 2021 amounting to EUR 60 million as part of the EU COVID-19 response package for the Western Balkans.

Geographical diversification

By the end 2021, the GF II portfolio (including all its replenishments 3157 companies in all 6 Western Balkans IPA beneficiaries. The distribution of total project investments (EUR 359.198.698) is as follows:

[80] Actual volume of all Final Recipient Transactions signed and reported as per the three replenishments



Main issues for the implementation

The concesssional character of the Guarantee Facility will be used by the European Commission as a crisis **response to deal with the COVID-19 related economic challenges** in the Western Balkans. A special additional replenishment of GF with EUR 60 million will be launched in 2022 with the aim to incentivise the local intermediaries to continue providing concessional lending to the businesses. Those types of 100%-funded Guarantee schemes are phasing out as to be replaced since 2022 by the new type of guarantee schemes under the terms of the EFSD+ (European Fund for Sustanable Devlopment). The new generation of budgetary guarantees to be launched under EFSD+ for the Western Balkans will achieve greater leverage effect via provisionning and by trying to crowd-in private capital and supporting private investment.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three year

Not Applicable

Financial Information

Final design for the Report 41(4)

Part C.2 Table Financial Information

	Notes	2021	2015-2021
			(in euro)
Overall budget	1		
Financial envelope available			47.500.000
EU Contribution	2		
Budgetary commitments		47.500.000	47.500.000
of which from third countries		*0*	*0*
of which from reflows			
Budgetary payments			22.850.000
Reflows	3		
Revenues			
interest income			
risk remuneration, dividends, fees		*0*	*0*
realised gains			
other revenues		*0*	
Repayments		0	0
Payable to the Commission		0	
Returned to the general budget		0	0
Returned to be used			
Losses from operations	4		
Guarantees called		1.498.957	2.074.598
guarantee calls recovered		1.498.957	1.512.253
Equity			
impairments		0	
realised losses		0	0
Costs	5		
Management fees		312.714	1.867.306
administrative costs		*98.636*	*973.578*
incentive fees		*200.000*	*837.500*
treasury management fees		*14.078*	*56.228*
Other operational and financial charges		48.347	97.298
negative interest		22.847	*71.789*
foreign exchange losses		0	
other charges		*25.500*	*25.500*
		2021	**2020**
Risk exposure	6		
Maximum financial risk exposure		40.674.197	47.789.217
Assets provisioned for risk and liabilities		18.895.940	19.978.324
Value of equity investments			
Provisions for risk and liabilities		9.284.518	28.823.972
Fiduciary Account	7		
Balance in the fiduciary account		18.895.940	19.977.655
in euro		*18.895.940*	*19.977.655*
in non-euro currencies			
Other financial assets		98.636	102.251

5.1c Enterprise Expansion Fund (ENEF) – equity instrument

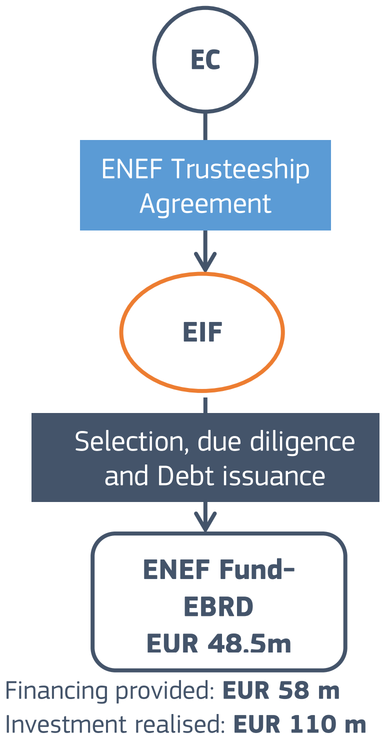
Description

Identification / Reference to the basic act			
Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA), and in particular Article 14(3) thereof (OJ L 210, 31.7.2006, p. 82).			
Budget lines			
22.02.51			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0	0	0

Initial financial envelope:	EUR 11.000.000[81]
Current financial envelope[82]:	EUR 11.000.000
Overall financial envelope:	EUR 11.000.000

General description

ENEF is one of the two equity funds deployed under the Western Balkans Enterprise Development and Innovation Facility (WB EDIF). The management of the EU contribution in it was entrusted to the EIF (European Investment Fund).



EBRD is the Investment Advisor of the fund responsible for origination, structuring, executing and monitoring investments. Investors in the fund are EIF, EBRD, DEG[83], IISF[84] and OeEB[85].

Duration

ENEF was formally incorporated under Luxembourgish Law on 14 February 2014 with an initial fund term of 10 years, further prolonged by 2 more years. The end of its implementation is set at 31 December 2026.

Following an investment period of maximum 5 years, ENEF's portfolio will be wound up in a subsequent period of maximum 5 years. No new operations could have been added to the portfolio of the fund since September 2020.

Added value

The Fund provides equity and quasi-equity funding (such as preferred shares, convertible bonds, mezzanine or subordinated debt) on a selective basis as to diversify the access to finance for high growth companies. Typical investment tickets are in the range of EUR 1 to 7.5 million, with additional co-financing by the European Bank for Reconstruction and Development (EBRD). The fund was established as a pilot as to allow for financial diversification and pave the way for the establishment of the equity market in the region.

Financial institutions involved in implementation

The EIF is the entrusted entity for ENEF.

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[81] Initial envelope available for ENEF, as per Art.3 of ENEF Trusteeship Agreement of 2012.
82 Committed amount.
83 Deutsche Investitions und Entwicklungsgesellschaft
84 the Italian Investment Special Fund
[85] The Oesterreichische Entwicklungsbank AG

Operational Performance

Contribution to the objectives of the programme

There are 16 investments realised by the end of 2021 for a total disbursed amount of EUR 57,9 million (doubled by co-financing by the EBRD at a 1:1 ratio).
Total investment realised: EUR 110,000,000
Achieved leverage and multiplier effect: 5,3 and 10
The Enterprise Expansion Fund's size is **EUR 48,5 million** and is further leveraged in a proportion 1:1 with **pari passu co-investments from the EBRD** via its Local Enterprise Facility (LEF). The investments don't target particular sectors, but are assessed against their potential for growth, intraregional and international trade potential. One realisation has been made to date in Albania and most of the self-liquidating instruments are making principal repayments. As of the end of the reporting period, the underlying investment projects were largely on track. As at 31 December 2021, the ENEF's aggregate capital commitment invested in portfolio investments stand at 59% of the committed capital. Distribution of capital to the investors was made in the last 4 years. The European Commission should receive its share through its Trustee.

Majority of the investments so far have debt characteristics and the exit strategy is linked to the repayment of the loan. Most of the investments are in the following sectors: **agriculture, manufacture, property and tourism**. ENEF's pipeline includes some very interesting investments. Most of ENEF clients also received complementary technical assistance by EBRD. According to the data, **women are very well represented** in the companies covered by ENEF (ca **50%** in average).

Performance, target leverage effect and achieved leverage effect

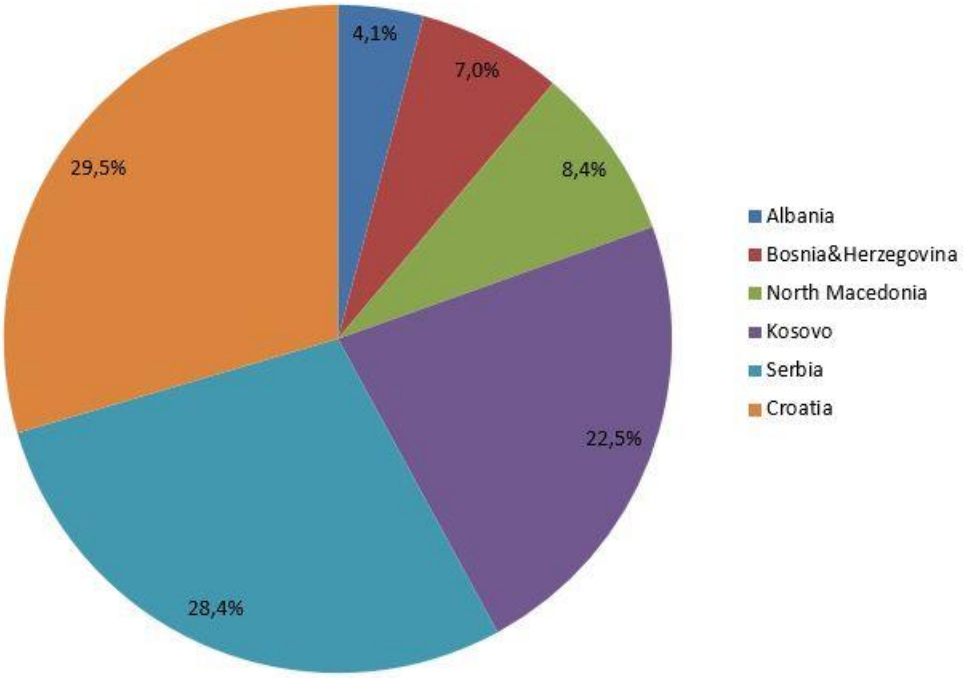
The achieved leverage is closed to 6 as the EU investment of EUR 11,000,000 helped to create an investment portfolio of ca. EUR 33,000,000 doubled by EBRD in 1:1 ratio. This leverage is reflective of the fact that EU is the major investor in the fund and the EBRD- doubling the size of the investment.

Key figures	Actual	Target
EU Contribution committed	11,000,000	11,000,000
Leverage	5.3	8.8
Multiplier effect	9.8	16.8
Envisaged operations	16	15 - 25
Financing provided to final beneficiaries	57.896.000	97.000.000
Number of final recipients	16	15 - 25
Investments made by final recipients due to the received financing	110.002.400	184.300.000

There will not be any more commitment to the ENEF from the Commission, but additional financing was committed for the second phase of the fund to start in Q3 2022 (EUR 19,000,000 investment and EUR 7,000,000 TA for ENEF II has already been contracted in December 2021).

Geographical diversification

By the end 2021, the ENEF portfolio comprised 16 companies in the entire region: 3 are in Bosnia and Herzegovina, 5 in Serbia, 2 in Croatia, 2 in North Macedonia, 1 in Albania and 3 in Kosovo. The distribution of total investments is as follows:



Main issues for the implementation

ENEF is one of the first funds of its kind, **paving the way for equity finance in the in the region**. The Fund had to face many difficulties since its inception related to its **pilot nature** (eg. to legally set-up the fund and selection of a fund manager able to fulfill the investment strategy). The additional challenges are linked to the economic and political reality, as well as the specific business culture in the Western Balkans, as well as the COVID-19 outbreak. ENEF provides added value supporting the equity funding in the Western Balkans. It is attracting European private sector investors to what is perceived as a risky and complex SME market. With its European profile the fund also plays an important role in the local equity market where investors from the USA, Asia and the Middle East have recently started to operate. Furthermore, building on the EBRD experience, ENEF diversifies the sources of financing available for the high-potential companies, thus enabling growth and employment creating investments.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not applicable

Envisaged operations, target volumes based on targeted leverage effect

The instrument was meant to create an investment portfolio of approximately 15-25 companies with deals ranging from EUR 1 m to EUR 7 m in all sectors of the economy. The actual portfolio includes also smaller investments. The portfolio contains tickets ranging from EUR 370,000 to 5,000,000.

Financial Information

Final design for the Report 41(4)

Part C.2 Table Financial Information

(in euros)

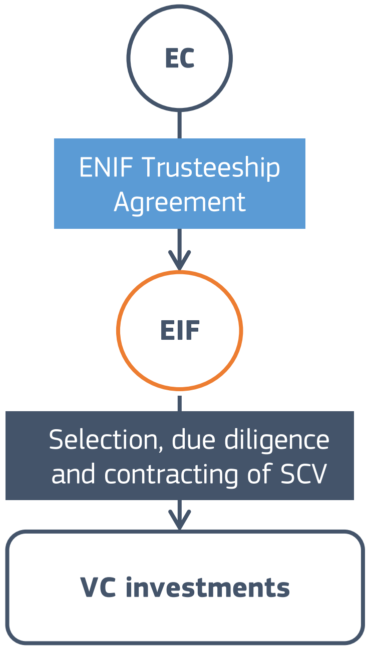
	Notes	2021	2013-2021
Capital	1		
Fund's capital			48.500.000
EU stake €			9.500.000
EU stake % (equal treatment)			20,00
EU Contribution	2		
Commitments		11.000.000	11.000.000
of which to technical assistance		*0*	*1.500.000*
Payments		11.000.000	11.000.000
Reflows	3		
Revenues		287.358	1.076.564
Repayments		293.814	0
Returned to the general budget		0	0
Returned to be used		0	0
Losses from operations	4		
Impairments		0	0
realised losses		0	0
Costs	5		
Management fees		0	585.943
of which to Implementing Partner		*0*	*0*
		2021	**2020**
Risk exposure	6		
Financial risk exposure		5.789.600	5.562.610
Value of equity investments		5.789.600	5.562.610
investment at cost		*6.059.330*	*5.538.526*
Fiduciary Account	7		
Balance		4.866.512	5.150.032

5.1d Enterprise Innovation Fund (ENIF) – Venture Capital instrument

Description

Identification / Reference to the basic act			
Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA), and in particular Article 14(3) thereof (OJ L 210, 31.7.2006, p. 82).			
Budget lines			
22.02.51			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0	0	0

Initial financial envelope:	EUR 21.200.000[86]
Current financial envelope[87]:	EUR 21.200.000
Overall financial envelope:	EUR 21.200.000



Financing provided: **EUR 33.5 m**
Investment realised: **EUR 63.7 m**

General description

ENIF is one of the two equity instruments under the Western Balkans Enterprise Development and Innovation Facility (WB EDIF). It is a stand-alone **venture capital fund** deployed by EIF[88] and its Fund manager is South Central Ventures (SCV). ENIF targets **innovative companies with high growth potential**, which are at early stage to later stage across a spectrum from pre-revenue and very early revenue through companies with established revenues and close to profitability.
The EU is the major investor in the fund- (EUR 21.2 m of which EUR 14.1 million investment, plus a direct contribution of EUR 6.2 million to the Fund Managers expenses during the investment period and fees). ENIF's ownership is structured so that each of the IPA beneficiary governments financially contributes to it corresponding to its GDP. The other investors are EIF, EBRD[89] and, KfW[90]. The final composition of ENIF's investors is: 78% Institutional, 12% Private, and 10% Governments.

Duration

The instrument started in 2015. Following an investment period of maximum 5 years. ENIF's portfolio will be wound up slightly until 2025. No new operations are added to the Fund's portfolio since 2020.

Added value

ENIF diversifies sources of financing for the innovative companies, enabling growth and employment creating investments. ENIF has particular added value as it finances the **riskiest segments of business- innovative SMEs and start-ups/early stage development**, typically of interest to venture capital investors, who have so

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[86] Initial envelope available for ENIF, as per Art.3 of ENIF Trusteeship Agreement of 2013.
[87] Committed amount.
[88] European Investment Fund
89 European Bank for Reconstruction and Development
90 Kreditanstalt für Wiederaufbau

far avoided the region. Hence, ENIF also serves as a market test for the venture capital investment potential in the region and a vehicle to attract private investors. ENIF was committed to dedicate an amount of EUR 1.5 million exclusively to 25-30 companies in pre-seed and seed stage across the entire WB region. Together with the Seed Pocket, the total number of companies to be supported was expected to be up to 55.
The focus of the Fund is on the technology sector, with particular emphasis on internet and mobile technologies (telecommunications, software development, mobile technologies, e-commerce).

Financial institutions involved in implementation

The EIF is the entrusted entity for the Commission's investment in ENIF. The Fund's Manager is South Central Ventures ("SCV"), which was selected on a competitive basis

Operational Performance

Contribution to the objectives of the programme

When setting-up the fund, it was estimated that the EU financial contribution of EUR 21.2 million would leverage total financing of approximately EUR 40 to 50 million (equalling a total fund size), implying expected leverage of around 2. ENIF reached its target volume already in 2018. The Fund remained faithful to its strategy. The actual ENIF portfolio comprises 29 companies, most of which start-ups, 8 for seed capital and only 2 in growth stage. ENIF's portfolio is covering 4 of the Western Balkan economies and Croatia (no investments in Albania, Bosnia&Herzegovina), with:

- Total investment realised: EUR 63.729.800 million
- Achieved leverage and multiplier effect: 1,6 and 3

The Fund has reached a percentage utilisation slightly below the amount triggering the end of the Investment in 2020, which left little room for additional investments. At the end of H2 2021, the potential value of all deals in the pipeline, based on available information, was estimated is more than 64 million.

Performance, target leverage effect and achieved leverage effect

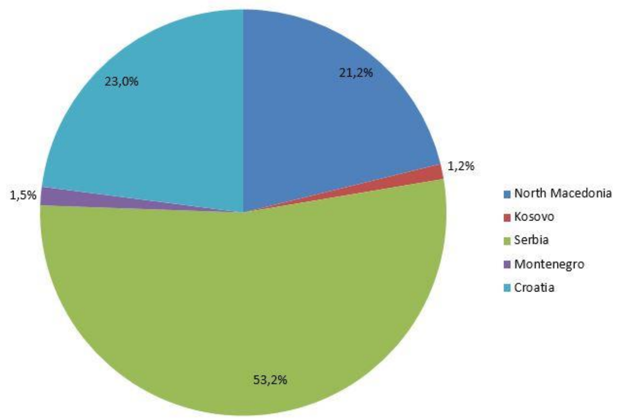
The achieved leverage of 3.5 exceeds the initially planned leverage of 2. This high leverage is reflective of the structure of the fund.

Key figures	Actual	Tagret
EU Contribution committed	21.200.000	21.200.000
Leverage	1,6	2
Multiplier effect	3	3,7
Envisaged operations	27	47
Financing provided to final beneficiaries	33.542.000	42.400.000
Number of final recipients	28	22
Investments made by final recipients due to the received financing	63.729.800	80.560.000

There will not be any more commitment to the CEF DI from the Commission in 2021, but additional eligible operations can be supported with budget from the NER300.

Geographical diversification

By the end 2021, the ENIF portfolio comprised 28 investments in 5 beneficiaries (1 investment changed ownership). There are no investments in Albania and Bosnia and Herzegovina. The distribution of total project investments (EUR 33,542 million) is as follows:



Main issues for the implementation

COVID-19 brought some challenges to ENIF's pipeline. The Fund manager took measures to provide further support to those companies who needed it to cope with those difficulties. Many of the companies, in the ICT sector, however benefiting from the situation and were even able to multiply their returns.
The second phase of ENIF was launched in the second half of 2021. The EU envisaged EUR 15 million participation in ENIF II but the Fund manager decided to develop the successor fund with private investors mainly as it was willing to perform operations not only in the Western Balkans but also in the wider geography (EU Member States). This new strategy of the fund was in collision with the IPA regulation and therefore made impossible the related EU investment.

Average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where this duration exceeds three years

Not Applicable

Envisaged operations, target volumes based on targeted leverage effect

About 30% of ENIF's capital is invested in SMEs with tickets ranging between EUR 0.5 – EUR 1m. The actual investment per company is between EUR 0.3 and .2.5m, while there are several investments which are of ca. EUR 100 000 and below, or bigger that EUR 1 m.

Financial Information

Final design for the Report 41(4)

Part C.2 Table Financial Information

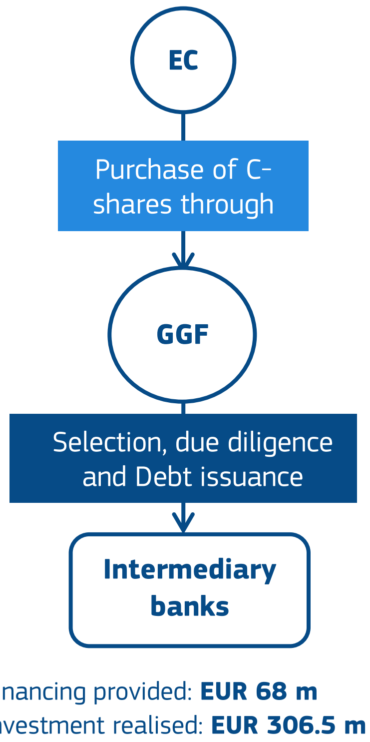
(in euros)

	Notes	2021	2014-2021
Capital	1		
Fund's capital			41.300.000
EU stake I			14.100.000
EU stake % (equal treatment)			35,00
EU Contribution	2		
Commitments		21.200.000	21.200.000
of which to technical assistance		*6.200.000*	*6.200.000*
Payments		0	21.200.000
Reflows	3		
Revenues		0	0
Repayments		538.043	0
Returned to the general budget		0	0
Returned to be used		0	0
Losses from operations	4		
Impairments		0	0
realised losses		0	0
Costs	5		
Management fees		0	6.703.179
of which to Implementing Partner		*0*	*1.165.184*
		2021	**2020**
Risk exposure	6		
Financial risk exposure		11.739.700	13.043.000
Value of equity investments		11.739.700	13.043.000
investment at cost		*14.577.211*	*0*
Fiduciary Account	7		
Balance		3.725.090	4.850.327

5.1e Green for Growth Fund (GGF) for the Western Balkans

Description

Identification / Reference to the basic act			
Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA) (OJ L 210, 31.7.2006, p. 82). Crisis Response Package, IPA 2009/021-373. Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II).			
Budget lines			
BGUE-B2009-22.020701, BGUE-B2009-22.020701, BGUE-B2009-22.020701, BGUE-B2009-22.020701, BGUE-B2017-22.020401; B2021-15.029901			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	9.450.000	0	0



Initial financial envelope:	EUR 19.000.000[91]
Current financial envelope[92]:	EUR 68.083.233
Overall financial envelope:	EUR 68.083.233

[91] Initial envelope subscribed c-shares into GGF by EIF by the Delegation Agreement of 2009.
[92] EU Contribution amount used to subscribe c-shares into the GGF.

General description:

The Green for Growth Fund (GGF) was established in 2009 by the German development bank KfW with the support of the European Union, the German Federal Ministry of Economic Development and Cooperation, and other public and private investors. The GGF fosters economic development in the Southeast Europe, North Africa and Middle East regions through the direct and intermediate financing. Provision direct finance includes investments to **renewable energy projects** (including energy service companies, renewable energy companies/projects, small scale renewable energy and energy efficiency service and supply companies) that meet GGF energy saving and/or emissions targets. **Intermediate lending** is channelled through intermediate lending institutions (including commercial banks, microfinance institutions and other non-bank financial institutions) which are in turn providing **loans to micro and small enterprises (MSEs), to private households and municipalities**, to finance energy efficiency measures such as insulation of houses, purchasing energy efficient devices and equipment or switching to energy efficient production processes.

Investments through intermediate lending institutions constitute the majority of GGF's investments (90% of the portfolio).

GGF is accompanied by a **dedicated Technical Assistance Facility** (TAF) that plays a key role by providing targeted technical assistance to financial institutions and project developers in conjunction with GGF funding.

Duration

The GGF implementation has been running since 2009, when the Delegation Agreement with the EIF for the purchase of c-shares on behalf of the European Commission was signed.

Note that the initial commitments from 2009 and 2011 were defined as perpetual c-shares into the fund. However, the new policy is to liquidate the funds after 20 years at the latest, which applies to the 2016 and 2021 new c-shares which should be redeemed by 2041 at the latest.

Added value, final recipients and projects

The Green for Growth Fund (GGF) is an impact investment fund that mitigates climate change and promotes sustainable economic growth, primarily by investing in measures that reduce energy consumption, resource use and CO2 emissions.

The fund, a blended finance structure, is a **public-private partnership** that leverages risk-capital provided by public institutions with additional private capital to substantially increase investment volumes to regions and sectors that do not normally attract such flows, and is an early and successful example of blended finance in action.

Financial institutions involved in implementation

The EIF was the entrusted entity to purchase c-shares and represent the Commission at the GGF Shareholder's meeting. In an exercise to consolidate all European Commission shares in the GGF, which also covers Neighbourhood East and South, through the same entrusted entity, the latest c-shares purchase in 2021 was done by KfW.

Operational Performance

Contribution to the objectives of the programme

The Green for Growth Fund (GGF) has been used effectively to deliver on investments in measures that reduce energy consumption, resource use and CO2 emissions in line with EU objectives. By the end of 2021, the GGF cumulative sub-loan portfolio since inception reached EUR 306.5 million loans from intermediate financing institutions to 25.794 final recipients in the Western Balkans region.

Total investment realised: EUR 68.083.233 EU Contribution in the form of c-shares purchased into the GGF has made available since inception EUR 803.382.149 of investments made by final recipients in the Western Balkans region.

Achieved leverage and multiplier effect: leverage reached of 5.3, multiplier effect of 11.8

Geographical diversification

[NEAR]: We do not have a geographical split of shares, usually DG BUDG does an artificial one

My proposal [AF]: there is no geographical split of shares.

Main issues for the implementation

For the GGF in general, efforts to improve information sharing and involvement of the EU Delegations are currently being made. The exchange of information and further involvement of the EU Delegations will allow for the creation of synergies with other programmes and efficiency gains. The Fund Advisor is also encouraged to liaise and exchange information with the EU Delegations directly. Efforts are also made to ensure coordination with the Commission services in charge of the investments in the Neighbourhood region as well as with other investors in the GGF, in particular with the investors in C shares. There is also still room for improvement of the reporting, monitoring and evaluation functions.

Performance, target leverage effect and achieved leverage effect

The achieved leverage exceeds 5.3. This high leverage is reflective of the capacity that the fund has to use risk-capital provided by the Commission and other donors to crowd-in private investors.

Key figures	Actual	Tagret
EU Contribution committed	68.083.233	N.A.
Leverage	5.3	4.5
Multiplier effect	11.8	N.A
Envisaged operations	N.A.	N.A
Financing provided to final beneficiaries	306.500.000	N.A
Number of final recipients	25.794	N.A
Investments made by final recipients due to the received financing	803.382.149	N.A

Envisaged operations, target volumes based on targeted leverage effect

N/A

Financial Information

	Notes	2021	2007-2020
Overall budget		68.083.233	58.633.233
Value of equity investments		66.070.400,97	56.465.481

		2020	2021
Risk exposure	6		
Maximum financial risk exposure		58.633.233	68.083.233
Assets provisioned for risk and liabilities		N.A.	N.A.

		2020	2021
Value of equity investments		56.465.481	66.070.400,97
Provisions for risk and liabilities		N.A.	N.A.
Fiduciary Account	7		
Balance in the fiduciary account		N.A.	N.A.
In euro			
In non-euro currencies			

Notes on financial information

N/A

5.1f European Fund for Southeast Europe (EFSE) for the Western Balkans

Description

Identification / Reference to the basic act			
Council Regulation (EC) No 1085/2006 of 17 July 2006 establishing an Instrument for Pre-Accession Assistance (IPA) (OJ L 210, 31.7.2006, p. 82). European Fund for Southeast Europe (EFSE) Community Assistance for Reconstruction. Development and Stabilisation (CARDS).			
Budget lines			
B2009-22.020701, B2009-22.020701, B2009-22.020701, B2011-22.020701,B2016-22.020401, B2021-15.029901			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	10.720.000	0	0

Initial financial envelope:	EUR 41.800.000[93]
Current financial envelope[94]:	EUR 100.769.341,17
Overall financial envelope:	EUR 100.769.341,17

General description:

The European Fund for Southeast Europe (EFSE), was established in 2005, by the German development bank KfW with the support of the European Union, the German Federal Ministry of Economic Development and Cooperation, and other public and private investors. The EFSE fosters **economic development in the Southeast Europe (SEE) region and in the European Eastern Neighbourhood** region through provision of additional development finance, notably to **micro and small enterprises and to private households** via qualified institutions.

EFSE invests in carefully selected local financial intermediaries which, in turn, on-lend to micro and small enterprises and private households. These investees include commercial banks, microfinance institutions, and non-bank financial institutions such as leasing companies.

EFSE's financial investments are complemented by **technical assistance, training, and other non-financial support** provided by the EFSE Development Facility to support building an environment that fosters sustainable entrepreneurship. The Development Facility works with institutions and individuals alike to build capacities, train skills, connect ecosystem players, study the market, and build a culture of entrepreneurship and responsible finance.

Duration

The EFSE implementation has been running since 2006, when the first EU Contributions to purchase of c-shares on behalf of the European Commission were done.

[93] Initial envelope subscribed c-shares into EFSE.
[94] EU Contribution amount used to subscribe c-shares into the EFSE.

Note that the initial commitments from 2006 onwards were defined as perpetual c-shares into the fund. However, the new policy is to liquidate the funds after 20 years at the latest, which applies to the 2021 new c-shares which should be redeemed by 2041 at the latest.

Added value

The European Fund for Southeast Europe (EFSE) is an impact investment fund that fosters economic development and prosperity by investing in the success of micro and small enterprises as well as improved living conditions for private households.

EFSE provides funding to local financial institutions that have confirmed their commitment to the fund's mission, and which have the capacity to reach entrepreneurs and private households. By supporting the ability of these financial intermediaries to serve EFSE's target group, the fund is not only amplifying its impact through the utilization of local financial infrastructure, it is also strengthening the ability of the financial sector in these regions to advance sustainable development in the long term.

The Fund was one of the first impact investment vehicles to pioneer a public-private partnership model. This layered "blended finance" structure leverages public contributions as a risk cushion to mobilize private investments – thus unleashing more resources for impact. As a result, public investors can achieve more social and economic development for their money, and private investors can enter markets that may otherwise have been viewed as too risky to enter alone

Financial institutions involved in implementation

The EIF was the entrusted entity to purchase c-shares and represent the Commission at the EFSE Shareholder's meeting. In an exercise to consolidate all European Commission shares in the EFSE, which also covers Neighbourhood East, through the same entrusted entity, the latest c-shares purchase in 2021 was done by KfW.

Operational Performance

Contribution to the objectives of the programme

The European Fund for Southeast Europe (EFSE) has been used effectively to deliver on reliable access to finance to support the success of micro and small enterprises as well as improved living conditions for private households in line with EU objectives. By the end of 2021, the EFSE cumulative sub-loan portfolio since inception made available **EUR 2.900.000.000 loans** from intermediate financing institutions to **473.662 final recipients** in the Western Balkans region.

Total investment realised: EUR 100.769.341,17 EU Contribution in the form of c-shares purchased into the EFSE has made available since inception EUR 7.400.000.000 of investments made by final recipients in the Western Balkans region.

Achieved leverage and multiplier effect: leverage reached of 29, multiplier effect of 74.

Geographical diversification

[NEAR] We do not have a geographical split of shares, usually DG BUDG does an artificial one

My proposal [AF]: there is no geographical split of shares

Main issues for the implementation

The impact of the COVID-19 crisis on MSEs in EFSE's regions was, and continues to be, significant. More than 80% of small businesses in the Western Balkans, for example – an area where MSEs account for 99% of all firms and 73% of employment – reported heavy losses in 2020 and 2021. EFSE focus on the period was to support small enterprises' ability to bridge liquidity bottlenecks, adapt to a changing environment, and stay in business, enabling entrepreneurs to maintain revenues and employment by channelling these resources through its network of MSE-dedicated financial institutions in Southeast Europe and the EU Eastern Neighbourhood.

For the EFSE in general, efforts to **improve information sharing and involvement of the EU Delegations** are currently being made. Exchange of information and further involvement of the EU Delegations will allow room for the creation of synergies with other programmes and efficiency gains. Fund Advisor is also encouraged to liaise and exchange information with the EU Delegations directly.

Efforts continue to be done to continue decreasing the part of the portfolio dedicated to support households in favour of a stronger focus on productive (SME) loans.

Performance, target leverage effect and achieved leverage effect

The achieved leverage reached 29. This high leverage reflects the capacity that the fund has to use risk-capital provided by the Commission and other donors to crowd-in private investors.

Key figures	Actual	Target
EU Contribution committed	100.769.341,17	N.A
Leverage	29	4.5
Multiplier effect	74	N.A
Envisaged operations	N.A	N.A
Financing provided to final beneficiaries	2.900.000.000	N.A
Number of final recipients	473.662	N.A
Investments made by final recipients due to the received financing	7.400.000.000	N.A

Envisaged operations, target volumes based on targeted leverage effect

N/A

Financial Information

	Notes	2021	2007-2020
Overall budget		100.769.341	91.319.341,17
Value of equity investments		124.525.539,26	112.064.664

		2020	2021
Risk exposure	6		
Maximum financial risk exposure		112.064.664	124.525.539,26
Assets provisioned for risk and liabilities		N.A.	N.A
Value of equity investments		112.064.664	124.525.539,26
Provisions for risk and liabilities		N.A	N.A
Fiduciary Account	7		
Balance in the fiduciary account		N.A	N.A
In euro			
In non-euro currencies			

Notes on financial information

N/A

5.2 Global Energy Efficiency and Renewable Energy Fund (GEEREF)

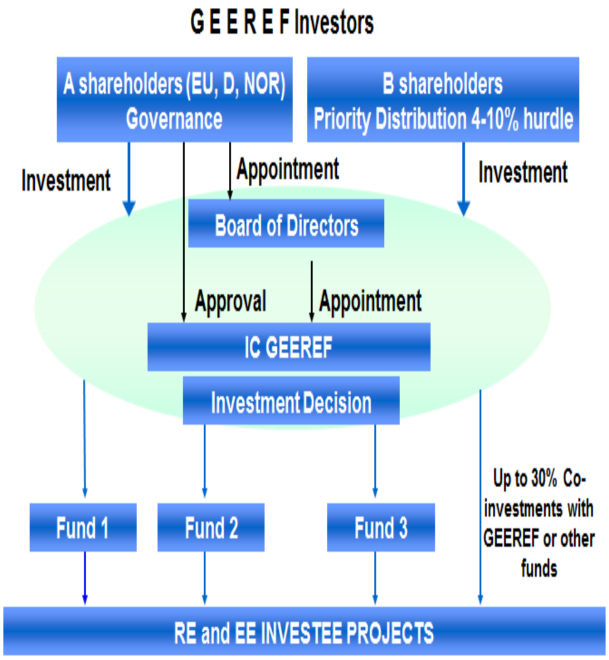
Description

Identification / Reference to the basic act			
Regulations (EC) No 1905/2006, (EU) Nos 233/2014 and 236/2014			
Budget lines			
14.029902			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	1.000.000	0	0

Initial financial envelope:	EUR 25.000.000
Current financial envelope[95]:	EUR 101.100.000[96]
Overall financial envelope	EUR 101.100.000

General description

GEEREF is a Fund-of-Funds, established as the first compartment of the European Initiative on Clean, Renewable Energy, Energy Efficiency and Climate Change related to Development SICAV, SIF. Its aim is promoting **energy efficiency and renewable energy** in developing countries and economies in transition. In addition to the **European Commission, Norway and Germany** have invested approximately EUR 13 and 23 million respectively in GEEREF and were actively involved in its creation. The Commission, Norway and Germany have all subscribed to first loss shares, and are called A-shareholders. In addition, **24 private investors** have committed EUR 110 million to the fund, while the **European Investment Bank (EIB)** has also invested EUR 10 million. The EIB and the private investors (called "B Shareholders) have second-loss shares in the fund.



Duration

The EC mandate to EIB group was signed in December 2007. GEEREF's duration is 15 years from the initial closing date, 6 Nov 2008 and the investment period ended in 2019. The duration of the activities may be extended up to 2028 at the Discretion of the GEEREF's

[95] Committed amounts budget and EDF.
[96] The EUR 101,1 million also include EUR 5 million for Technical Assistance and EUR 20 million financed under EDF

Board with the consent of GEEREF A-Shareholders representing at least 75 % of the GEEREF Total Commitments.

Added value

The goal of GEEREF is to invest in private equity investment funds with a regional focus on small and medium-sized projects in developing countries and economies in transition, which contribute to the development and extension of renewable energy, energy efficiency and related clean energy technology markets and services. In turn, these funds invest in private sector projects, increasing the leveraging effect of GEEREF's investments.

Financial institutions involved in implementation

GEEREF is advised by the EIB Group.

Operational Performance

The current operations and results are covered by the full contribution committed (not only by the EC budget share) and have been partially impacted by Covid19.

As of 31 December 2021, the Fund has signed commitments to 15 portfolio funds, of which 14 are still active:

- In 2009, the Fund invested ZAR 108,5 million (EUR 10 million at prevailing exchange rate) in Evolution One, which focuses on clean energy investment in Southern African Development Community ("SADC") countries. The fund has ended its investment period and the end of its lifetime is extended till end of 2021 to allow for the finalisation of its last investment sale.

- In 2009, the Fund invested EUR 12,5 million in the Renewable Energy Asia Fund ("REAF"), which focuses on renewable energy projects in Asia (primarily India and the Philippines). The team has successfully raised a successor fund, REAF II, into which GEEREF has also committed, cf. below for further information on REAF II.

- In 2010, the Fund made a conditional commitment of EUR 10 million in the DI Frontier Market Energy & Carbon Fund ("DI Frontier"), a private equity fund concentrating on renewable energy infrastructure in Eastern Africa. 13 (2 still under process) out of the 19 project companies of the DI Frontier's portfolio were sold to Frontier II. The Fund is using the proceeds of the sale of assets to Frontier II to finance the remaining capital need for the remaining assets.

- In 2011, the Fund made a conditional commitment of the USD equivalent of EUR 12,5 million (converted into USD 18,1 million) to Emerging Energy Latin America Fund II (formerly Cleantech Latin America Fund II), a private equity fund investing primarily in renewable energy infrastructure in Latin America and the Caribbean. Signature of the conditional commitment was completed on 4 July 2011. The last asset has been sold and the fund partnership has been dissolved on 7 November 2016 and no longer exists.

- In 2012, the Fund invested the USD equivalent of EUR 10 million in the Armstrong South East Asia Clean Energy Fund ("Armstrong") - a fund concentrating on investments in Southeast Asia. Its investment period was extended to 8th August 2018. Out of the 12 projects, 9 have been successfully disposed; 1 was sold in January 2021 and the exit of the last fund is foreseen in 2021.

- At the end of December 2012, GEEREF signed a conditional commitment of EUR 10 million in the MicroCarbon Development Fund ("MCDF") - a fund focusing on energy efficiency projects in Central America and the Caribbean. In 2013, the fund changed its name to MGM Sustainable Energy Fund ("MSEF"). MSEF has now committed or allocated all its capital into 27 active investments and finished its investment period.

- At the end of December 2014, GEEREF signed a EUR 12 million, in Indian Rupees, commitment to Solar Arise India Project Private Limited, an investment vehicle focussing on solar photovoltaic ("PV") investments in India. Solar Arise remains in investment mode. End 2019, Solar Arise had six deals in its portfolio. The sixth project is expected to be commissioned in Q1 2021.

- On 12 June 2015, GEEREF signed a USD 13 million conditional commitment agreement to the Caucasus Clean Energy Fund I ("CCEF"). The fund will invest primarily in small and medium scale green-field run-of-river HPPs, with a capacity of approximately 10-20 MW. The fund made 6 investments (5 still active).

- On 14 September 2015, GEEREF signed a USD 19,6 million commitment into the Africa Renewable Energy Fund ("AREF"), a fund focusing on renewable energy infrastructure investments (small and medium-sized hydro, wind, solar PV, geothermal and biomass projects) across Sub-Saharan Africa (except South Africa). The fund invested in 17 companies and has finished its investment period.

- In December 2015, GEEREF signed a conditional commitment of up to EUR 15 million to the Renewable Energy Asia Fund II ("REAF II"). REAF II is the first follow-on fund from the existing GEEREF portfolio and successor to the Renewable Energy Asia Fund. The final close of REAF II was achieved in November 2017 at a size of just above USD 200 million. REAF II is in investment mode till March 2021. The fund has built a portfolio of 14 projects, early stage renewable assets or project developers across different Asian countries.

- In July 2016, GEEREF signed a USD 16,6 million commitment to the Catalyst MENA Clean Energy Fund ("Catalyst" or "CMCF") which reached a size to USD 57,3 million. The investment period was restated as a result of a remedial action plan requested by the fund's limited partners. CMCF concentrates on renewable energy and energy efficiency investments in the Middle East and North Africa, with a special focus in Jordan with 4 investments made and 2 under process in Egypt.

- In December 2016, GEEREF signed a USD 21 million conditional commitment to Evolution II, the successor fund to Evolution One to focus on Sub-Saharan Africa. At end of 2019, the fund has built a portfolio of eight investments.

- In March 2017, GEEREF signed a commitment of USD 20,8 million (equivalent of EUR 20 million) in Frontier Energy II, the successor fund to DI Frontier Fund (see above), targeting Renewable Energy projects in East Africa. The portfolio comprises 24 investments in development/construction phase, only 2 operational end of 2020.

- In March 2019, MSEF II, the successor fund to MSEF achieved a closing including GEEREF. The main focus remains on Energy Efficiency projects in Latin America. The final closing at USD 125 million occurred in Q3 2020. It is expected, building on the pipeline, that MSEF II can swiftly deploy the capital.

- In July 2019, GEEREF made a USD 19,6 million commitment in a pan-African renewable fund ARCH Africa Renewable Power Fund L.P. ("ARPF"). This fund already had a first close in February 2019. Together with the General Partner and GEEREF, investors committed ~USD 126 million to ARPF. The fund manager of ARPF is in full fundraising mode which is significantly impacted by Covid-19. As of end 2020, ARPF has four investments in its portfolio.

Contribution to the objectives of the programme

The GEEREF is effectively contributing to deliver projects of EU added value in energy access and efficiency. It is expected that the GEEREF will lead to an increased engagement of the private sector by providing "patient capital". This will improve the investment conditions for private equity co-investors or senior lenders, thereby making selected project/SMEs eligible for funding from these sources, previously outside their reach. GEEREF ensures review and enhancement of the funds' E&S practices via regular monitoring.

As reported by the Fund Manager at the end of 2020, GEEREF has achieved the following results:

- 3,3 GW of clean energy capacity in different stages (installed and in development until December 2020).

Compared to 2019, in 2020 GEEREF's funds registered a 20,7 per cent increase in the operational installed capacity (almost 1.900 MW). Close to 1.450 MW capacity generation are still in development and construction.

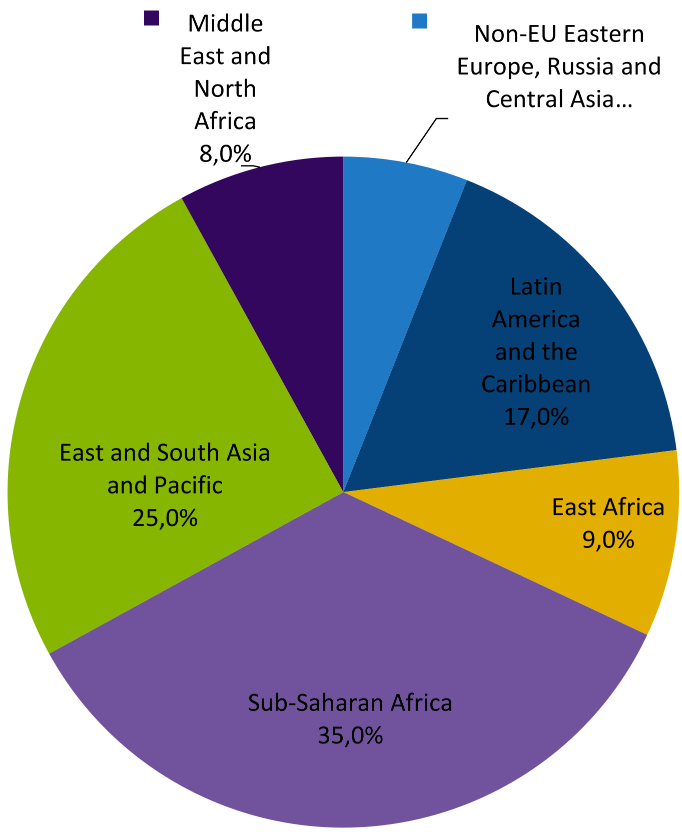
- 4.273 GWH of clean energy have been generated in 2020 and 136 GWH Energy saved per year. thanks to investments supported by GEEREF, a small increase as compared to 2019. This is equivalent to the annual energy consumption of more than 2,8 million households. Most of the generation happened in Africa, South and Southeast Asia

- 2,5 million tons of yearly emissions of CO_2 equivalent avoided.

In 2020, the electricity production and savings (including projects exited from the funds) contributed to the avoidance of an equivalent of 2,5 million tons of CO_2 annually. Cumulatively since 2014 and up to end 2020, GEEREF's operational projects (including projects exited by the funds) had a climate mitigation effect of +/- 12.1m tonnes CO_2 equiv.

Geographical diversification

The scope of GEEREF is to support regional sub-funds for Sub-Saharan Africa, Caribbean, and Pacific Island States, the countries of the European Neighbourhood Policy and Russia, Latin America, and Asia (including Central Asia and the Middle East). There is a special emphasis on serving the needs of the African Caribbean and Pacific (ACP) countries.



Main issues for the implementation

GEEREF is fully invested and the investment period ended in 2019. GEEREF has committed to 15 investments of which 14 are still active. No new investments will be concluded and GEEREF is in its monitoring phase. GEEREF will continue to develop and harvest its investments. Over the coming months several funds will enter into the liquidation/winding down stage as they end their life and are exited.

In 2021 GEEREF, its operations and funds, as the worldwide economy, continued to be affected by the effects of the COVID-19 pandemic.

Performance, target leverage effect and achieved leverage effect

Key figures	Actual	Target
EU Contribution committed	81.913.937	101.100.000
Leverage	1,65	2,19
Multiplier effect	11,93	9,89
Envisaged operations	14	13
Financing provided to final beneficiaries	135.544.267	222.000.000
Number of final recipients	198	73
Investments made by final recipients due to the received financing	977.043.592	1.000.000.000

Financial Information

(in euros)

	Notes	2021	2008 - 2021
Capital	1		
Fund's capital			182.090.656
EU stake €			81.913.937
EU stake % (equal treatment)			44,99
EU Contribution	2		
Commitments		0	81.100.000
of which to technical assistance		*0*	*5.000.000*
Payments		0	79.500.000
Reflows			
Revenues		0	0
Repayments		0	0
Returned to the general budget		0	0
Returned to be used		0	0
Losses from operations			
Impairments		0	8.276.805
realised losses		0	0
Costs	3		
Management fees		1.852.006	20.227.180
of which to Implementing Partner		*1.852.006*	*20.227.180*
		2021	**2020**
Risk exposure	4		
Financial risk exposure		65.797.085	66.024.195
Value of equity investments		65.797.085	66.024.195
investment at cost		*74.301.000*	*74.301.000*
Fiduciary Account			
Balance		314.452	405.584

Notes on financial information

1. Amounts provided at "Fair Value". Based on Q4 2021 Financial Report. Include EDF investments in the Fund.

2. Commitments and payments from Budget only. Includes TA.

3.1 Figures for "Management Fees" reflect the overall amount charged to the GEEREF sicav by the European Investment Fund as "Advisor". "Management Fees" levels are stablished on the GEEREF prospectus' Annex 1: "The Advisor". The "Management Fees" don't represent an additional disbursement for the Investors over their capital commitment, as the Management Fees are covered by the own activity of the GEEREF sicav.

3.2 An additional amount of EUR 1.155.698,50 - not included in the figures reflected in the table - has been paid to the European Investment Fund since the GEEREF inception due to the "European Community Mandate to European Investment Fund" concluded between the European Union (represented by the European Commission) and the European Investment Fund (EIF), on 14 December 2007.

4. Based on net asset value for shares as of 31 December 2021 (with values as of 30 September 2021 - excluding EDF funds).

5.3 Facility for Euro-Mediterranean Investment and Partnership (FEMIP) – Debt Instrument

Description

Identification / Reference to the basic act			
Regulation (EC) No 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument (OJ L 310, 9,11,2006, p.1)			
Budget lines			
22.04.51.00 and 14.029901			
	2021	**2022**	**2023**
Budgetary commitment appropriations	0	0	0
Budgetary payment appropriations	0	0	0

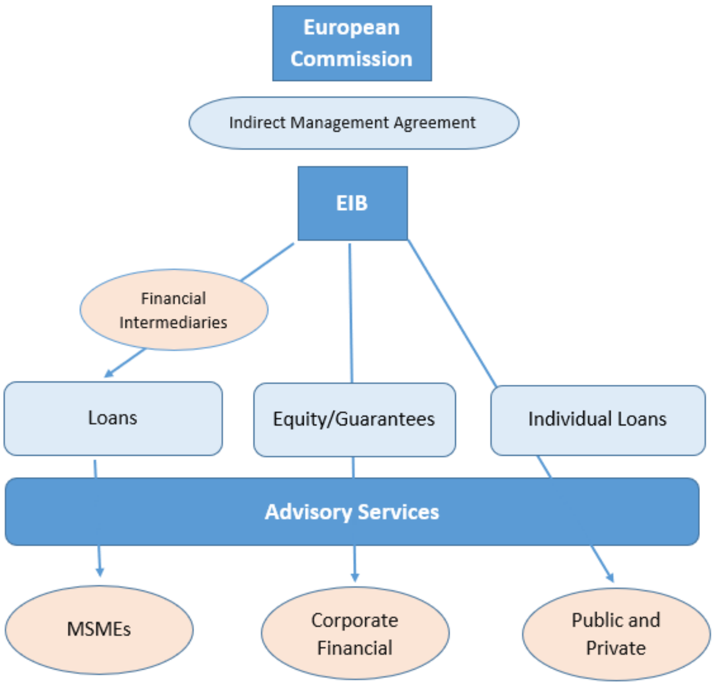
Initial financial envelope:	EUR 224,000,000
Current financial envelope:	EUR 122,713,436
Overall financial envelope:	EUR 101,286,564

General description:

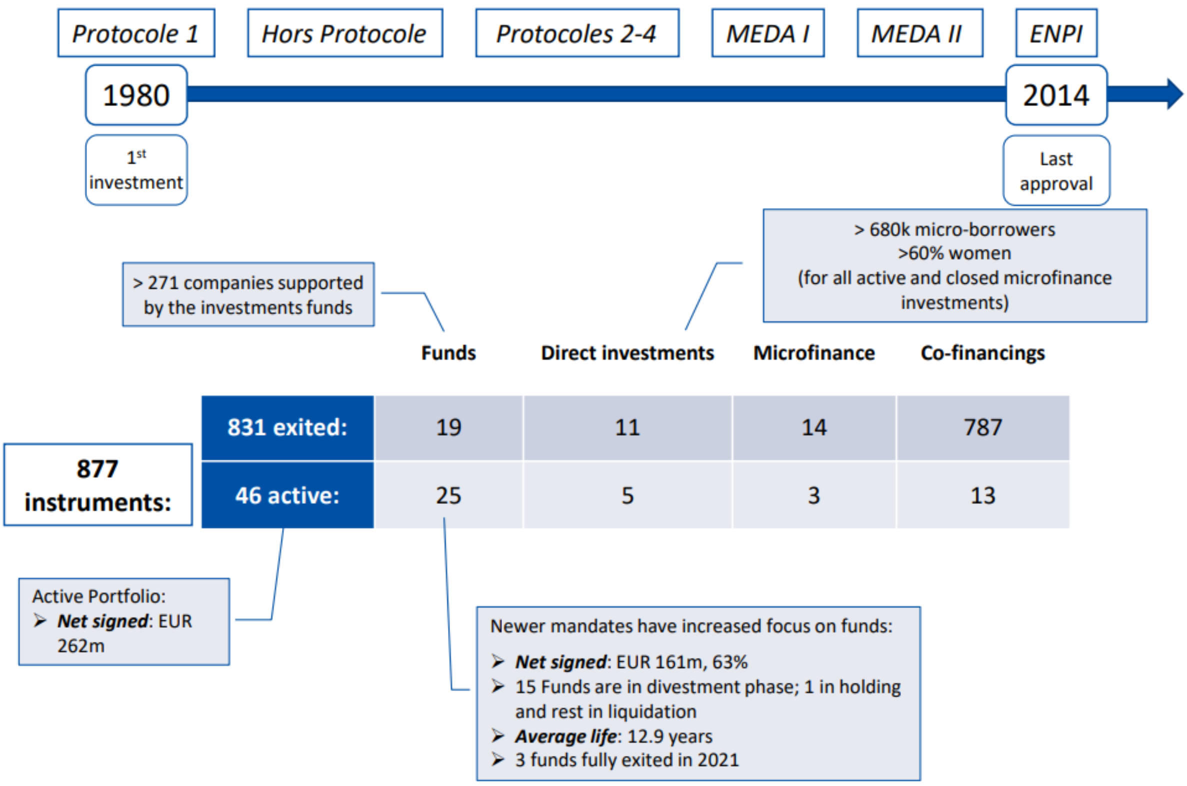
FEMIP was created in October 2002, following the conclusions of the Barcelona European Council in March 2002 that private sector development in the Mediterranean region should be stimulated, to facilitate a higher level of economic growth. FEMIP combined EIB loans with EU-budget resources to provide technical assistance, risk capital and interest rate subsidies for environmental projects.

The overall objective of FEMIP is to promote sustainable economic growth in the region through investments in infrastructure and especially in private sector development. The objective of the EU's support to FEMIP focusses on providing capital to the private sector of Mediterranean partner countries with other commercial investors in the region, in the form of risk capital, technical assistance and microfinance.

Operations are implemented in indirect centralised management with the European Investment Bank (EIB). The EIB is entrusted to carry out the implementation of these operations.



The operations accounted for under FEMIP were first initiated by Financial Protocols (since 1980), then under MEDA I and II (1997-2006) and finally under ENPI (2007-2013). Under the ENPI instrument, the EU budget allocated an annual funding of EUR 32 million to the EIB between 2007 and 2013 (i.e. EUR 224 million in total), of which 33,1 million were used for technical assistance. These EUR 224 million have been reduced to the current EUR 129,7 million, due to repayments subsequent to cancellation or undisbursed commitments.



Duration

The last commitment in the frame of the FEMIP was decided in 2014, with an effective last payment 5/2/2016.

Added value

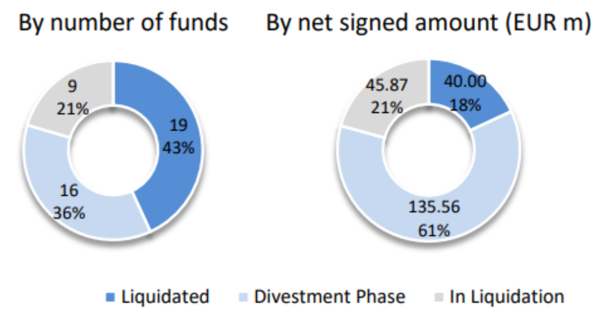
The investments helped develop the financial sector and provided a continuous, concrete difference in the local and regional economies. About 1,100 final beneficiaries reached through the funds, co-financings, and direct investments made, and more than 680,000 final beneficiaries supported through the microfinance operations; for its fund investments, a leverage effect of ca. 56.5x was reached, meaning that for each EUR 1 committed by the EIB, EUR 56.5 were available to the final beneficiaries.

Overall **EUR 237m** Net Signed Amount
- **44 funds** in the Overall Funds Portfolio

Active **EUR 161m** Net Signed Amount
- **25 funds** in the Active Funds Portfolio

TVPI **1.10x** for the Active Funds Portfolio

Maturity of the funds by number and net signed amount



- ### Operations active for more than 12 years:

Contract Name	Mandate	Signature Date	Net Signed Amount in EUR m	Disbursed Exposure in EUR m	Expected Deadline
Misr Compressor Factory II	Protocole 4	Dec-1995	6.00	1.01	01/10/2019 (For the loan instrument only - currently in arrears; for the equity instrument the timing of an exit is uncertain)
IDB VI Share subscription	MEDA	Nov-1997	5.00	1.7	Self-liquidating company; timing uncertain, between 5-7 years
Développement du secteur privé (volet 2) (mise à niveau)	MEDA	Dec-1997	9.44	1.0	Operation under liquidation
Reconversion compétitive des entreprises marocaines	MEDA	Apr-1998	27.76	1.49	Operation under liquidation
Appui au secteur privé tunisien	MEDA	Nov-1999	8.66	0.18	31/10/2014 (awaiting repatriation of funds; timing uncertain)
Middle East Technology Fund	MEDA	Feb-2001	6.00	0.56	Operation under liquidation
Upgrading Egyptian Enterprises II	MEDA II	May-2002	24.75	5.90	Operation under liquidation
Upgrading Egyptian Enterprises III	MEDA II	Dec-2005	7.05	6.93	Direct equity instruments - exit uncertain
Euromena Fund	MEDA II	Mar-2006	10.00	0.00	Extended to 15/02/2023
Maghreb Private Equity Fund II	MEDA II	Jun-2006	10.00	0.00	Extended to 30/06/2022
SGAM Kantara Fund	MEDA II	Oct-2006	10.00	0.00	Operation under liquidation
Moroccan Infrastructure Fund	MEDA II	Dec-2006	10.00	0.00	Extended to 13/02/2023
Capmezzanine Maroc	MEDA II	Nov-2007	6.00	0.00	Extended to 30/06/2022
Fund For The Mediterranean Region	MEDA II	Dec-2007	15.00	7.29	Extended to 20/06/2022
Altermed	MEDA II	Dec-2007	4.41	3.08	Operation under liquidation
MASSINISSA FUND	ENPI	Dec-2008	9.48	8.06	Extended to 02/01/2023
BELTONE MIDCAP FUND	ENPI	Dec-2008	1.85	1.74	Operation under liquidation
FONDS EUROMENA II	ENPI	Dec-2008	13.00	13.79	Extended to 01/06/2022
First Microfinance Institution Syria	ENPI	Dec-2008	2.00	0.04	Direct equity instruments - exit uncertain
MENA JOINT INVESTMENT FUND	ENPI	Oct-09	6.33	6.49	Settlement is being negotiated; repayment timing uncertain
SWICORP INTAJ CAPITAL II FUND	ENPI	Dec-09	9.92	4.05	All remaining asset are expected sold prior to end September 2023
	Sum:		202.65	63.31	

- ### Operations closed in 2021

Name of operation	Operation type	Name of Intermediary	Country
AFRICINVEST FUND	Fund	n/a	Regional - Mediterranean
ATTADAMOUNE	Microfinance	n/a	Morocco
COMPETITIVE UPGRADING EGYPTIAN ENTERPRISES ("CUEE")	Co-financing	The Peninsula Hotel, The Cascades Hotel, Soma Bay Development Company	Egypt
Developpement Secteur Privé 2	Co-financing	SICAR Invest	Tunisia
MICROFUND FOR WOMEN	Microfinance	n/a	Jordan
PRIVATE SECTOR SUPPORT OPERATION	Fund	n/a	Jordan
TURKISH PRIVATE EQUITY FUND I	Fund	n/a	Turkey

- **List of AECID Spanish Partnership investments alongside FEMIP operations**

Contract Name	Mandate	Signature Date	Net Signed Amount in EUR
AMETHIS MAGHREB FUND I (ex-CAPITAL NORTH AFRICA VENTURE FUND II)	AECiD (Spanish Initiative)	21/12/2011	10,000,000
FUND FOR THE MEDITERRANEAN REGION II	AECiD (Spanish Initiative)	20/12/2012	10,000,000
BADIA IMPACT FUND	AECiD (Spanish Initiative)	18/12/2012	3,714,961
EUROMENA III	AECiD (Spanish Initiative)	19/12/2013	9,917,690
CAPMEZZANINE FUND II	AECiD (Spanish Initiative)	20/12/2013	6,000,000
ABRAAJ NORTH AFRICA FUND II	AECiD (Spanish Initiative)	30/06/2014	11,305,209
FIRST NATIONAL BANK	AECiD (Spanish Initiative)	11/06/2014	5,503,658
		sum:	56,441,518

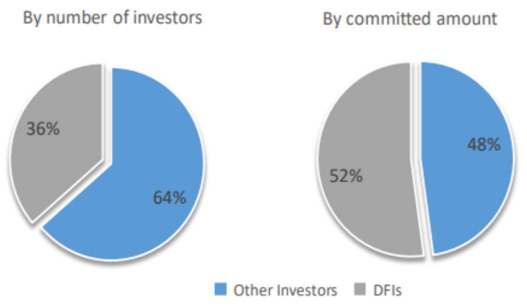
** ABRAAJ NORTH AFRICA FUND II – Undrawn commitment of 3.680.252 EUR cancelled in 2021 for AECID mandate*

- **Operations under active portfolio**

Contract Name	Mandate	Signature Date	Net Signed Amount in EUR
APPUI AU SECTEUR PRIVE (TUNISIE) EUROM	MEDA [1997/2005]	12/11/1999	8,662,066
MIDDLE EAST TECHNOLOGY FUND	MEDA [1997/2005]	02/02/2001	6,000,000
UPGRADING EGYPTIAN ENTERPRISES II	MEDA II [2002/2006]	15/05/2002	24,754,860
UPGRADING EGYPTIAN ENTERPRISES III	MEDA II [2002/2006]	21/12/2005	7,051,703
EUROMENA FUND	MEDA II [2002/2006]	10/03/2006	10,000,000
MAGHREB PRIVATE EQUITY FUND II	MEDA II [2002/2006]	30/06/2006	10,000,000
SGAM KANTARA FUND	MEDA II [2002/2006]	23/10/2006	10,000,000
MOROCCAN INFRASTRUCTURE FUND	MEDA II [2002/2006]	14/12/2006	10,000,000
CAPMEZZANINE MAROC	MEDA II [2002/2006]	26/11/2007	6,000,000
FUND FOR THE MEDITERRANEAN REGION	MEDA II [2002/2006]	10/12/2007	15,000,000
ALTERMED	MEDA II [2002/2006]	13/12/2007	4,406,000
MASSINISSA FUND	ENPI [2007/2013]	11/12/2008	9,484,795
BELTONE MIDCAP FUND	ENPI [2007/2013]	17/12/2008	1,849,505
FONDS EUROMENA II	ENPI [2007/2013]	18/12/2008	13,000,000
First National Bank	ENPI [2007/2013]	11/06/2014	5,503,658
FIRST MICROFINANCE INSTITUTION SYRIA	ENPI [2007/2013]	18/12/2008	2,000,000
MENA JOINT INVESTMENT FUND	ENPI [2007/2013]	01/10/2009	6,325,142
SWICORP INTAJ CAPITAL II FUND	ENPI [2007/2013]	18/12/2009	9,919,448
MISR COMPRESSOR FACTORY II	Protocole 4 [1990/2000]	07/12/1995	6,000,000
IDB VI GL - SHARE SUB.	MEDA [1997/2005]	28/11/1997	5,000,000
REC. COM. DES ENTREPRISES MAROCAINES	MEDA [1997/2005]	23/04/1998	27,758,043
THE PALESTINE GROWTH CAPITAL FUND	ENPI [2007/2013]	21/12/2010	833,072
FONDS PME CROISSANCE	ENPI [2007/2013]	13/07/2012	5,000,000
AMETHIS MAGHREB FUND I (ex-CAPITAL NORTH AFRICA VENTURE FUND II)	ENPI [2007/2013]	21/12/2011	10,000,000
FUND FOR THE MEDITERRANEAN REGION II	ENPI [2007/2013]	20/12/2012	10,000,000
BADIA IMPACT FUND	ENPI [2007/2013]	18/12/2012	3,715,715
ACAD MICROFINANCE PALESTINE	ENPI [2007/2013]	11/09/2013	733,622
EUROMENA III	ENPI [2007/2013]	19/12/2013	9,912,582
AL MAJMOUA - LOAN FOR MICROFINANCE II	ENPI [2007/2013]	19/12/2013	4,000,000
CAPMEZZANINE FUND II	ENPI [2007/2013]	20/12/2013	6,000,000
ABRAAJ NORTH AFRICA FUND II	ENPI [2007/2013]	30/06/2014	3,611,209
		sum:	247,017,762

Financial institutions involved in implementation

Overview of the co-investors types – *overall fund's portfolio*



- *Funds achieve a catalytic effect by gathering together and thus leveraging their investors' minority stakes*
- *The results on investments are maximized by cooperation with the companies' management and finding/creating synergies between the fund's portfolio investments*
- *DFI investors represent a smaller number but higher commitments than non-DFIs*
- *DFIs (including EIB) often act as anchor investors, with larger commitments to ensure sustainability of the business model*
- *Private investors (especially if new to the region and/or to the fund management team) tend to more prudently commit smaller tickets.*

The most common DFI co-investors in the region are IFC (World Bank Group), followed by European national development banks and institutions (France, UK, Germany, Belgium, the Netherlands, Switzerland) and Moroccan development institutions.

Operational Performance

Contribution to the objectives of the programme

Stable source of funding, supporting the development of the private sector in an environment with a recognised lack of equity resources, these operations are an important financing instrument for the Mediterranean region:

- Help promote best market standards in the private equity and venture capital sector and encourage necessary policy developments
- Cover the shortage of equity resources (particularly for SMEs)
- Benefit from the EIB's track record as a shareholder of bringing additional non-financial value by:
    i. attracting other potential investors and thus helping to mobilise funds,
    ii. ii. encouraging funds to follow good international market practice in terms of governance and reporting, and
    iii. iii. being involved at the board level/investment committee/advisory committee of the beneficiaries

The 2021 disbursements were exclusively under the ENPI Portfolio, for fund operations. The decrease in number and amount disbursed compared to previous years results from the advanced stage of the portfolio. Direct investments are generally fully disbursed within a short period after signature. All funds are now in divestment period, with more than 90% of the commitments already deployed. Most of the capital calls are for management fees and expenses. Performance improved in 2021:

‣ Overall TVPI of 1.00x (2020: 0.98x) i.e., the EUR 509.3m disbursed are expected to be recovered. Sustainable financial instruments can also support the regional private sector development and job creation (as opposed to other instruments such as non-refundable grants)

‣ Funds TVPI of 1.10x (2020: 1.03x) and net IRR of 2.47% (2020: 1.28%): fund investments are the most sustainable instrument, outperforming the other portfolios. Throughout the life of the FEMIP Risk Capital mandates, funds business in the region observed significant growth.

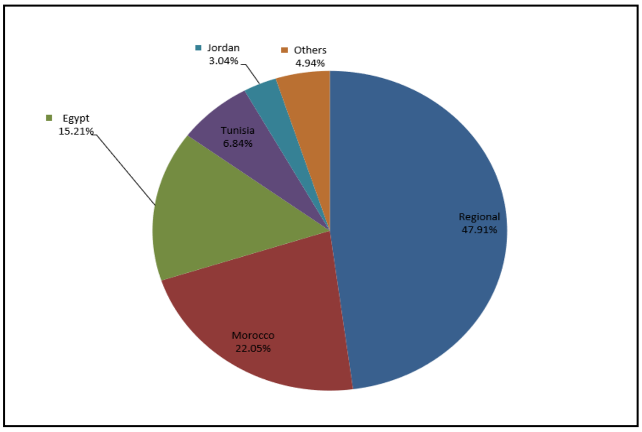
However, the unrealized valuation is evolving over time, impacting future performance. Potential impact of post-closing events, such as the recent Russian invasion of Ukraine, are not reflected in the valuation, as their effects on the FEMIP portfolio valuation (e.g. commodities price evolution, supply chain, general macro-economic impact) is too early to be assessed.

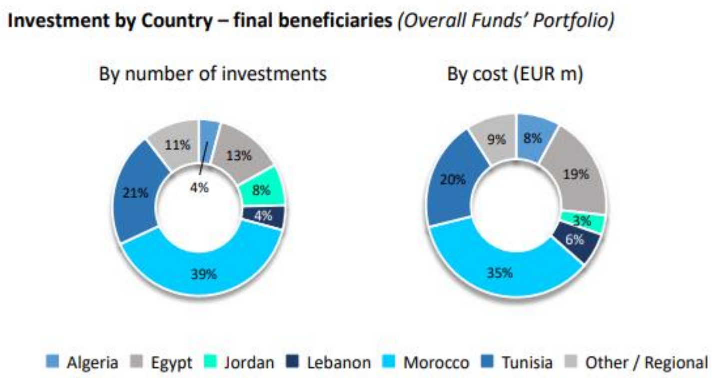
Envisaged operations, target volumes based on targeted leverage effect

Most funds have or will shortly reach tail-end phase. This often leads to stagnating or diminishing returns over time. Alternate exit routes are being considered (including secondary sales). However, given very early stages of the secondary market in the region, this is likely to attract high discount.

EIB and the EC continue to support the region via subsequent mandates, mainly the Risk Capital Framework ("RCF"). EIB and EC are also currently negotiating the setup of a new initiative, the MSME Platform (submitted under EFSD). This new program targets funds active in both the Southern and Eastern Neighborhoods. Leveraging on its strong investment experience and tangible results in the region, EIB also looks forward to further strengthening its cooperation with the EC as part of the EFSD+ Open Architecture.

Geographical diversification





Main issues for the implementation

The main difficulties encountered are the pandemic, Arab Spring, shortage of strategic buyers, challenging legal and regulatory frameworks acting as exit barriers (even fully exited funds can take years to be fully closed due to administrative burdens), very limited secondary market.

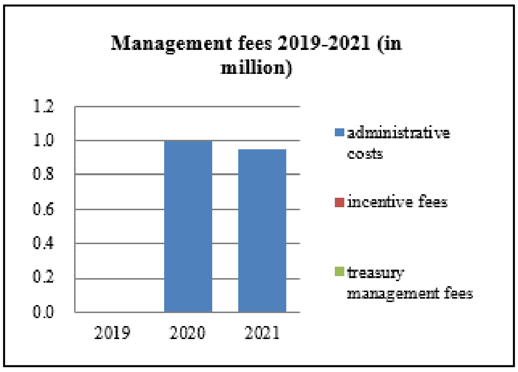
Local economies have been hit by a recession following the pandemic of COVID-19. 2021 has seen a recovery in the fair value of the underlying investments and repayments but the exit pace remains below pre-pandemic levels.

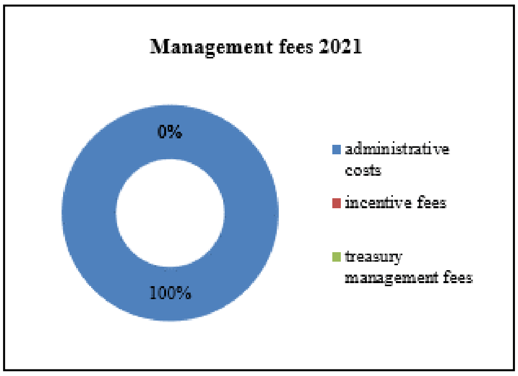
The full effects on the portfolio are still to be assessed.

Performance, target leverage effect and achieved leverage effect

Key figures	Actual	Target
EU Contribution committed	122,713,436	224,000,000
Leverage	8.7	0
Multiplier effect	46	0
Envisaged operations	25	0
Financing provided by financial intermediaries to final recipients	262,000,000	0
Number of final recipients	680000000	0
Investments made by final recipients due to the received financing	5,705,001	0

- ## Management fees in Million





Financial information

(in euros)

	Notes	2021	2007-2021
Overall budget	1		
Financial envelope available			224,000,000
EU Contribution	2		
Budgetary commitments			224,000,000
of which from third countries			
of which from reflows			
Budgetary payments			224,000,000
Reflows	3		
Revenues		38,390	15,961,495
interest income		*38,390*	*7,707,655*
risk remuneration, dividends, fees			*1,232,671*
realised gains			
other revenues			*7,021,169*
Repayments		6,963,383	94,323,181
Payable to the Commission			
Returned to the general budget			74,910,334
Returned to be used			
Losses from operations	4		
Guarantees called		1,384,319	2,470,374
guarantee calls recovered			
Equity			
Impairments			*20,395,600*
realised losses			322,002
Costs	5		
Management fees		946,546	12,897,603
administrative costs		*946,546*	*12,897,603*
incentive fees			
treasury management fees			
Other operational and financial charges		-3,391,551	44,214,155
negative interest			
foreign exchange losses		-3.397.703	*10,750,040*
other charges		*343,628*	*33,464,115*

		2021	2020
Risk exposure	6		
Maximum financial risk exposure		75,842,210	73,580,887
Assets provisioned for risk and liabilities		9,731,392	13,099,867
Value of equity investments		68,049,789	62,596,910
Provisions for risk and liabilities			-
Fiduciary Account	7		
Balance in the fiduciary account		9,731,392	13,099,867
in euro		*6,237,896*	*8,212,604*
in non-euro currencies		*3,493,496*	*4,887,263*
Other financial assets			

6.1. Neighbourhood Investment Platform (NIP)

Description

Identification / Reference to the basic act			
Regulation (EC) 1638/2006, Regulation (EU) 232/2014 and Regulation (EU) 236/2014			
Budget lines			
14.02011, 14.020111			
	2021	**2022**	**2023**
Budgetary commitment appropriations	43,600,000	0	0
Budgetary payment appropriations	35,872,761	0	0

General description

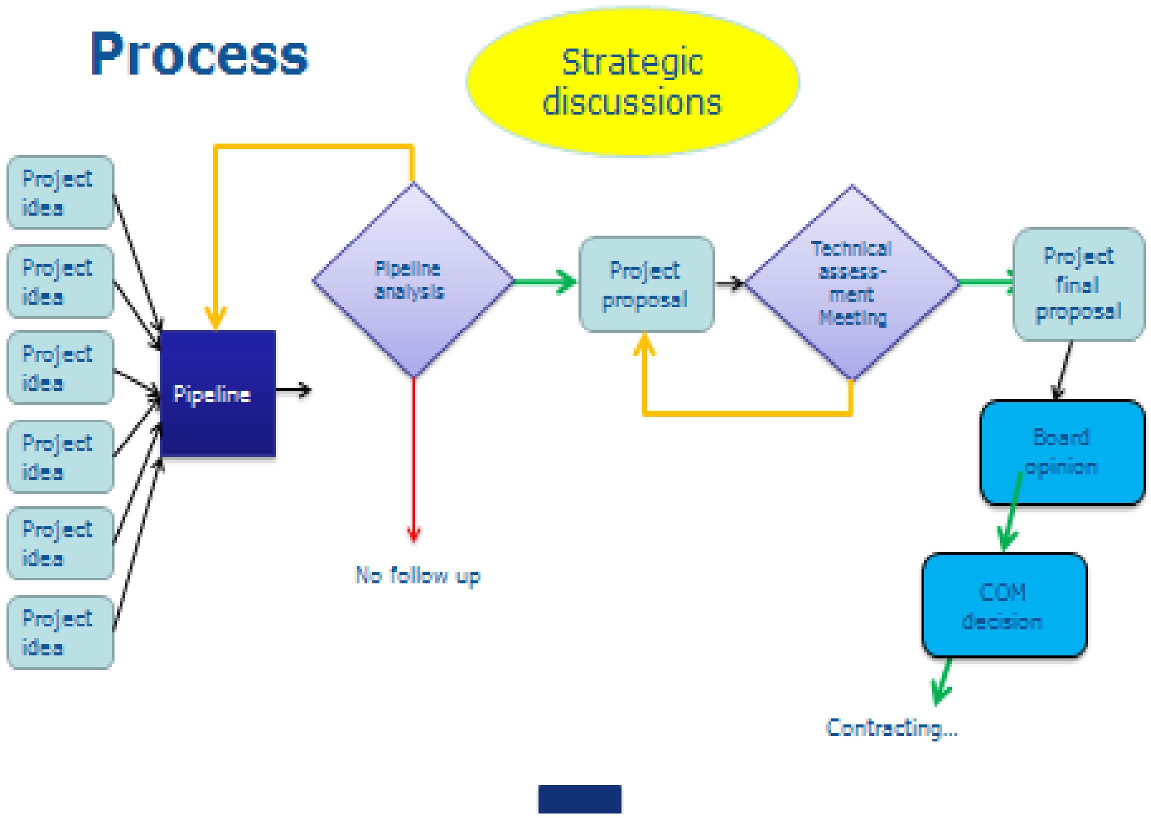
The NIP blending facility is composed of operations that can take the forms of technical assistance, investment grant, equity or guarantee. Since 2017 the NIP is part of the EU's External Investment Plan, which also features the new EFSD+ guarantee window.

The NIP focusses on different forms of assistance, the operations reported in the section entitled "key figures" are a limited sub-set of financial instruments in the form of equity or bank guarantees, which require opening a fiduciary account on behalf of the European Commission by a partner institution.

Among other projects, the NIP also supported two funds that will be shortly described as complementary examples.

- GGF: The Green for Growth Fund (GGF) is an investment fund that mitigates climate change and promotes sustainable economic growth, primarily by investing in measures that reduce energy consumption, resource use and CO2 emissions. The fund does so by channelling financing to businesses and households through domestic financial institutions as well as by directly financing eligible projects. The GGF operates in 19 markets across Southeast Europe, including Turkey, the European Eastern Neighbourhood Region, and the Middle East and North Africa.

- EFSE: The European Fund for Southeast Europe (EFSE) is a form of public-private-partnership and is managed by the European Investment Fund (EIF). Its objective is to attract capital from the private sector thereby leveraging public donor funds that will assist the development of the private sector in the region. EFSE extends loans to local commercial banks and micro-finance institutions in the Western Balkans and the Neighbourhood East region for on-lending to micro and small enterprises and households.



The decision process for financial instruments is the same as for other blended finance projects under the NIP.

Duration

The NIP blending facility is operational since 2008.

Added value

The NIP overall has demonstrated to be a successful aid modality throughout its existence. It has fully delivered on its objectives by supporting the development of a favourable environment for investments to be made in its priority sectors and countries. It has strengthened the effect of EU funding compared to previous years, which would be difficult to achieve without the NIP.

In addition to the financial leverage, the NIP has also given projects considerable qualitative leverage. These benefits are both socio-economic and environmental and thus not always easily measurable in financial terms.

Between 2008 and 2020, for the entire NIP programme (including its non—financial instrument part), a total of **206 projects** have received support through NIP financing, worth about **EUR 3,38 billion** (mainly from the EU budget as well as EUR 60 million from NIP Trust Fund), which have been blended with more than **EUR 29,5 billion of funding by European Financial Institutions** to projects approved during this period.

Financial institutions involved in implementation

In principle, any pillared-assessed Financial Institution can submit a project proposal to be supported by the NIP. Since 2008, three financial institutions benefited from NIP support: EBRD, EIB and KfW.

Operational Performance

Contribution to the objectives of the programme

The European Fund for Southern Europe (EFSE), which is among the projects funded by the NIP, is worth highlighting as an example:

The EFSE is **one of the world's largest microfinance fund** with around EUR 1 billion capital commitments. The fund is the leading provider of long-term funding to selected Partner Lending Institutions (PLI) in Southeast Europe (SEE) and Turkey as well as in the Eastern Neighbourhood Region (ENR) – the so-called Eastern Partnership Countries (EaP) – to serve the financing needs of micro and small enterprises (MSE) and low-income households.

EFSE was launched to create **partnerships between public donors and private investors** by implementing a microfinance investment fund in regions with difficult investment conditions. It was established in 2005 under the laws of the Grand Duchy of Luxembourg as a "SICAV" and an initial share capital of EUR 147 million. Since then, the fund has impressively demonstrated its ability to deliver funding with low transaction costs at a good quality standard and with an exceptional track record of only a very few losses on its lending in a difficult macroeconomic surrounding region. The fund has played and is still playing an important role in improving corporate governance and promoting corporate social responsibility with all partners and has made consistent efforts to strengthen financial sector frameworks for many years.

In both, broadening and deepening access to credit for its ultimate target group, micro, small and medium enterprises as well as low-income households, the Fund proves to be **an essential catalyst for self-propelled growth** through entrepreneurship.

EFSE seeks to generate impact at three different levels:

1. Supporting micro and small enterprises as the backbone of the local economies, therewith contributing to income generation and employment creation

2. Satisfying the basic need of decent shelter

3. Strengthening local financial markets.

Regarding the SDG goals, EFSE is supporting the following indicators:

➢ **1,103,990 sub loans** have been facilitated to MSEs and households. It enabled a long-term supply of 89,050 end borrowers in the target region, from which 77% consists of Micro and Small Enterprises (MSEs) and 23% of private households for housing modernisation measures.

➢ By providing long-term supply to end-borrowers, the fund supported more than **1.9 million jobs** by MSE. Furthermore, due to easier access to loans for housing modernization measures, a sustainable improvement in housing quality could be achieved. Thus, a better life quality through secured long-term income could be realized for affected people in the target region.

➢ A share of 76% of MSEs and rural sub-loans were disbursed in local currency. In addition, **47 000 women-owned enterprises** were founded through MSEs finance, which proves that EFSE contributes to sustaining and growing business income among marginalized entrepreneurs, such as women and rural populations.

➢ Thanks to the funding structure EFSE mobilize financial resources for countries with hard investment conditions. As a blended finance fund, EFSE does not only contribute to bringing together public and private investors but also strengths global partnership by support of partner institutions with technical assistance via EFSE Development Facility.

➢ EFSE closed the year with 1.04 billion EUR committed portfolio significantly exceeding the planned targets for 2021, driven by the timely measures for effective deployment of funds, particularly in local currency and enhanced focus on employment impact amid the still ongoing pandemic. Estimated 121,000 number of jobs supported by the Fund in 2021.

➢ Swift and flexible response to PLIs' needs and increased outreach to 12 new PLIs in 2021 to support the recovery of local businesses and economies, with EFSE financing 73 PLIs in the countries of its operations.

➢ The portfolio is healthy despite dynamic market developments, with robust risk absorption capacity.

➢ Local currency agenda implementation exceptionally successful both in terms of portfolio and visibility activities, enabled by timely strategic decisions by the Board

- Higher investments in local currency (more than 49% of total disbursements), resulting in more loans in local currencies to end borrowers (> 75%)
- Expansion to 3 new currencies: Moldovan Leu, Azerbaijani Manat & Serbian Dinar with the Fund providing currently financing in 7 local currencies
- 2 successful local currency events with local financial sector partners and clients in Georgia and Ukraine for raising awareness about the power of local currency.

➢ Strengthened MSME lending in Western Balkans despite the challenging market environment to maintain a solid regional footprint, thanks to the timely strategic support approved by Board and the accompanying dedicated TA packages for fostering entrepreneurship growth and development.

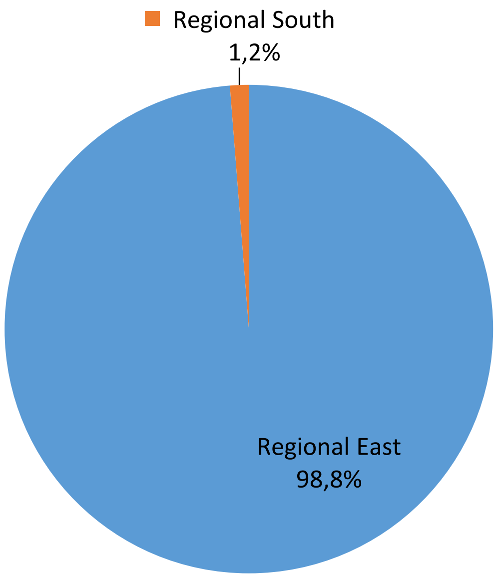
➢ Leveraging on the strong risk absorption capacity of the Fund, solid investments were made in capital instruments, including Tier-2 subordinated debt and the new MREL eligible bonds.

➢ With the successful refinement of impact strategy & framework and the rollout of impact scoring tool, the Fund is well equipped to enhance impact assessment, monitoring and data collection. The Advisor further developed additional methodologies to estimate female jobs supported1 (52,000 in 2021) and women-owned enterprises financed (3,400 in 2021).

➢ Finance in Motion (being a signatory to Operating Principles for Impact Management) underwent a successful impact verification by BlueMark, a specialized and independent provider of impact verification service, confirming the Fund's leading approach to impact management.

Key figures	Actual	Target
EU Contribution committed	439,339,490	N/A
Leverage	8	N/A
Multiplier effect	12,7	N/A
Envisaged operations	N/A	N/A
Financing provided to final beneficiaries	306,293,031,000	N/A
Number of final recipients	N/A	N/A
Investments made by final recipients due to the received financing	5,579,611,523	N/A

Geographical diversification



Main issues for the implementation

For the NIP in general, efforts to **improve co-ordination with the EU Delegations**, are currently made. Finance Institutions should ensure, for each project, their liaison with EU Delegations during early stage definition of the projects; this will allow room for the creation of synergies and efficiency. Delegations and Headquarters will undertake further efforts to send concurring messages to IFIs, both on strategic priorities and specific projects.

With regard to reporting, monitoring and evaluation, a blending-specific results-oriented monitoring (ROM) is in place and is entering its third annual cycle. Following an internal audit, internal reporting procedures are being strengthened.

The use of financial instruments will further develop under the EU's new EFSD+ regulation. Complementarity between financial instruments under existing blending platforms and under the new EFSE-guarantee function remains a key objective.

Financial Information

(in euros)

Instrument	Note		Risk Capital Facility for the Southern Neighbourhood countries	SEMED MSME Financial Inclusion Programme	Women in Business	Eastern Partnership SME Finance Facility (Phase II)	EU Deep and Comprehensive Free Trade Area (DCFTA) Facility	EU Deep and Comprehensive Free Trade Area (DCFTA) Facility	Participation in MENA Fund for Micro-, Small and Medium Enterprises (SANAD) (SANAD I) this column will consolidate with SANAD II,, II, III and SANAD III top-up)	Participation in Green for Growth Fund - Extension to NIF East Region	Participation in European Neighbourhood Fund window of the European Fund for South East Europe (EFSE)	Armenia SME Finance and Advice Facility	NIF EU Trade and Comp. Prog in Morocco, Tunisia, Egypt and Jordan	Trade and Competitiveness Egypt and Jordan	Participation in MENA Fund for Micro-, Small and Medium Enterprises (SANAD) II	SANAD MENA Fund for Micro, Small and Medium Enterprises III	Green for Growth Fund (GGF) - COVID 19-RESPONSE in the Southern Neighbourhood (NIP GGF C-shares Southern Neighbourhood)	Total
Type of instrument (equity/guarantees/fund/other)			Equity + TA	GF + TA	GF/+0,5mTA	GF (optional IRS)/+1mTA by KfW	GF/+1mTA	Equity/GF/+ 7,8mTA	Equity / +2m TA	Equity/+7.50 mTA	Equity	Equity/+4mTA	GF + TA	Equity + TA	ALL SANAD REPORTED TOGETHER	ALL SANAD REPORTED TOGETHER	Equity	
Year of inception			2015	2016	2015	2015/2016	2016	2016	2011	2013	2015	2015	2019	2018	-	-	2020	
Implementing Partner			EIB	EBRD	EBRD	EBRD/KfW	EIB (Eastern Neighbourhood)	EIB (Eastern Neighbourhood)	KfW	(EIB/)KfW	KfW	EBRD	EIB	EBRD	-	-	KfW	
Commitments	1	2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	43600000	**43,600,000**
		Aggregated since inception	50,9	27,640,	5,035,000	10,400,000	19,430,000	62,746,000	83,937,490	67,530,000	125,341,000	15,380,000	51,90	5,940,000	-	-	43,600,000	**439,339,490**
Payments	2	2021	4,802,000	-	-	73,000	-	172,000	30,605,761	140,000	60,000	-		-	-	-	20,000	**35,872,761**
		Aggregated since inception	34,542,000	27,640,	4,500,000	5,565,000	19,430,000	58,618,000	83,017,379	66,550,000	88,381,000	11,220,000	2,650,000	4,240,000	-	-	43,170,000	**421,883,379**
Maximum financial risk exposure	3	2021	20,509,000	13,076,326	857,921	-	-	56,864,989	67,383,142	55,272,438	88,560,605	-	-	4,914,021	-	-	24,951,720	**332,390,162**
		2020	19,750,000	14,198,·	2,881,000	4,561,195	3,644,400	51,816,742	36,535,158	52,234,706	84,251,090	8,714,729	-	2,112,538	-	-	34033976	**300,535,534**
Guarantees given	4	2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
		Aggregated since inception	-	16,444,308	4,020,915	-	-	49,750,000	-	-	-	-	-	-	-	-	0	**70,215,223**
Guarantees called	5	2021	-	-	12,003	-	-	1,043,098	-	-	-	-	-	-	-	-	0	**1,055,101**
		Aggregated since inception	-	-	68,938	7,516,297	-	1,680,965	-	-	-	-	-	-	-	-	0	**9,266,200**
Amounts recovered from guarantees called	6	2021	-	-	-	-	-	48,082	-	-	-	-	-	-	-	-	0	**48,082**
		Aggregated since inception	-	-	-	-	-	48,082	-	-	-	-	-	-	-	-	0	**48,082**
Value of equity	7	2021	20,509,000	-	-	-	-	2,912,860	67,383,142	55,272,438	88,530,605	-	-	4,914,021	-	-	24,951,720	**264,473,786**
		2020	17,490,113	-	-	-	-	2,704,609	36,535,158	52,234,706	50,551,090	90,340	-	2,112,538	-	-	34033976	**195,752,530**
Impairments and realised losses on equity	8	2021	1,965,000	-	-	-	-	-	5,674,421	-	7,409,515	-	-	2,009,374	-	-	15048280	**32,106,590**
		Aggregated since inception	2,638,838	-	-	-	-	25,047	21,365,416	5,508,278	465,267	-	-	2,009,374	-	-	15048280	**47,060,500**
Reflows: returned to the EU budget	9	2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
		Aggregated since inception	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
Reflows: returned to be reused	10	2021	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
		Aggregated since inception	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0	-
Implementing costs	11	2021	131,000	471,133	8,554	599,786	626,526	2,377,266	125,904	215,831	622,380	1,249,904	90,000	16,312	-	-	173,658	**6,708,254**
		Aggregated since inception	1,292,332	2,507,876	594,121	1,225,499	15,639,319	4,266,091	1,887,949	2,209,112	835,071	2,351,169	134,000	171,758	-	-	237,683	**33,351,980**

in euros

Implementing Partner	Note			EIB	EBRD	KfW	Total
Overall envelope entrusted	12			0	0	0	**0**
Budgetary commitments	13		2021	0	0	43600000	**43600000**
			Aggregated	165,546,000	78,625,000	369,208,490	**613,379,490**
Budgetary payments	14		2021	4,974,000	73,000	30,827,761	**35,874,761**
			Aggregated	63,420,000	40,715,000	185,558,761	**289,693,761**
Amounts committed by the Implementing Partner	15	Grants (including TA)	2021	-	-	-	-
			Aggregated	-	-	-	-
		Financial instruments	2021	-	-	-	-
			Aggregated	968,500,000	691,400,000	332,025,000	**1,991,925,000**
		Own resources	2021	0	0	0	**0**
			Aggregated	0	0	0	**0**
Administrative expenditure	16	Management fees	2021	-	-	-	-
			Aggregated	-	-	-	-
		Other financial and operating charges	2021	0	0	0	**0**
			Aggregated	0	0	0	**0**
		Total	**2021**	-	-	-	-
			Aggregated	-	-	-	-

6.2 Investment Facility for Central Asia (IFCA) & Asian Investment Facility (AIF)

Description

Identification / Reference to the basic act			
Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation, (OJ L 378, 27.12.2006, p. 41). Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020, (OJ L 77, 15.04.2014, p. 44) Regulation (EU) No 236/2014 of the European Parliament and of the Council of 11 March 2014 laying down common rules and procedures for the implementation of the Union's instruments for financing external action, (OJ L 77, 15.04.2014, p. 95). Regulation (EU) No 947/2021 of the European Parliament and of the Council of 9 June 2021 establishing the NDICI (Neighborhood, Development and International Cooperation Instrument - Global Europe)			
Budget lines			
14.020130, 14.020131 and 14.020132 for APIF since 2021			
	2021	**2022**	**2023**
Budgetary commitment appropriations	62.844.645	112.155.355	23.000.000
Budgetary payment appropriations	59.047.838	0	0

Initial financial envelope:	EUR 50.000.000
Current financial envelope:	EUR 735.000.000
Overall financial envelope:	EUR 838.478.533

General description

The main purpose of these two bending facilities is to promote additional investments with a focus on climate change relevant and "green" investments in the areas of energy, environment, and transport. The facilities may also help to improve access to finance for SMEs and to promote social sector investments.

The facilities include different forms of assistance. Supported operations that can take the form of technical assistance, investment grant, equity or guarantee.

Investment Facility for Central Asia (IFCA)

Since its creation in 2010, more than EUR 250 million have been allocated to this investment facility by the end of 2021, out of which EUR 165 million under the 2014 – 2020 DCI. This amount has been fully absorbed in support of **38 investment projects** which are expected to catalyse **investments worth EUR 2.5 billion** (a leverage ratio of 10.5).

Asian Investment Facility (AIF)

The facility has benefitted under the 2014-2020 period from DCI allocations of nearly EUR 485 million by the end of 2021. Since 2014, the AIF board has approved **50 projects** for total contributions of **€ 453 million**. AIF has the **highest average leverage factor (31.5x).**

Main sectors of support were environment and climate change, urban development, energy and agriculture.

Financial institutions involved in implementation

Individual projects financed under IFCA and AIF are implemented through indirect management. This means that the Commission delegates budget implementation tasks to eligible Financial Institutions, which have successfully undergone an ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012.

Budget implementation tasks consist of the launch of public procurement and grant award procedures and of concluding and managing the resulting contracts as well as execution of payments. The entrusted Member State agency or international organisation shall also monitor and evaluate the project and report on it.

The main **IFCA** partner has been EBRD, for which, during the 2014-2020 period, we supported 14 projects totalling € 118m, followed by AFD, EIB and KfW. However, the Commission is reaching out to other partners, including private sector arms of European development financial institutions such as, for example, the French PROPARCO.

AFD is the first recipient of **AIF**, followed by KFW and ADB, then EBRD, EIB and FMO (in terms of volume of funds managed).

Operational Performance

The following two sections, *Operational Performance* and *Financial Information*, present the implementation, in figures, of the 4 financial instruments of the facilities IFCA and AIF, which take form of equity or bank guarantees and required opening a fiduciary account on behalf of the European Commission by a partner institution.

Financial instruments implemented under the facilities

1. **Microfinance Initiative for Asia Debt Fund (MIFA)**
The basic objective of the MIFA Debt Fund is the support of micro and small enterprises (MSEs) and low income households (private sector development) and offer a flexible range of market based financial instruments to sound microfinance institutions (MFIs) in the region enabling them to provide MSEs and low income households with appropriate financial products.

The EU contribution of EUR 7,2 million is dedicated to the **support of micro and small enterprises (MSEs)** and **low income households** (private sector development) and to offer a flexible range of market based financial instruments to sound microfinance institutions (MFIs) in the region enabling them to provide MSEs and low income households with appropriate financial products.

The financial instrument has been running since December 2012, when the Delegation Agreement with KfW was signed and the contract end date of activities is the 31/12/2026.

The MSE sector provides a significant contribution to economic development in Asia. MSEs make up for about 90% of all companies in most Asian economies and contribute to a large part of national GDP. MSEs are very important for job creation and employment and are also drivers of innovation and growth in particular in rural areas. MFI clients are to a significant extent involved in setting up MSEs.

KfW is the entrusted entity for the implementation of the financial instrument.

The portfolio at the end of December 2021 was at EUR 123.39 million across eleven countries. During the fourth quarter, the Fund disbursed two loans for a total amount of EUR 1.57 million. East Asia and Pacific remains the largest region (43.1%), followed by South Asia (40.1%) and Central Asia (16.8%). For example, MBK Ventura, (one of the microfinance institution involved) is one of the largest microfinance organisations in Indonesia, focusing on low-income women primarily in rural and semi-urban areas of the country. As per end of October 2021, the institution reaches over 1.2 million clients, of which 100% are female and 75% are living below the national poverty line. MBK, whose name “Mitra Bisnis Keluarga” is Indonesian for “Family Business Partners”, uses the Grameen Bank approach to extend their clients´ working capital with small loans of approximately USD 100-300.

The targeted leverage effect of the action is 5,8.

2. **Support for Mongolian Economic Diversification through SME**

The Programme targets micro, small and medium-sized companies in a variety of industries, excluding the extractive industries. It covers all **21 provinces of Mongolia** and aims to increase financing for rural SMEs. It improves and increases the **access of SMEs to finance** through loans to Mongolian commercial banks for on-lending to SMEs.

3. The SME Finance Facility for Central Asia – Phase 2

The Action aims to provide long-term support to SMEs in Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan, through the deployment of a programme integrating finance and advice. The programme helps companies to grow, invest more in production and trading capacities, and become more competitive in a sustainable way.

The SME Finance Facility for Central Asia – Phase 2 was signed with EBRD in December 2017 as a successor programme to the "SME Finance Facility for Central Asia". While the Action has the same purpose of increasing access to finance for small and medium-sized enterprises (SMEs) in the region as the predecessor programme, it excludes indirect financing via partner financial institutions (PFIs) and concentrates on **direct financing of SMEs** in combination with **business advice**. The objectives of the Action include the following:

- Increasing the amount of direct financing to SMEs in the region.
- Expanding the limited availability of long-term, tailor-made funding to SMEs, with the involvement of a meaningful number of PFIs.
- Developing SMEs' capacity to improve competitiveness, access financing and grow through provision of business advice.

The EU's total contribution to the Action is split between the **Technical Assistance** ("TA") of EUR 3.4 million and the **first-loss guarantee** (the "First Loss Guarantee") of EUR 4 million. Remuneration, evaluation and communication costs amount to EUR 0.450 million. The EU has transferred EUR 7.79 million (inclusive of the EUR 350,000 management fee), of which the EBRD has disbursed 87 per cent of TA and legally committed 33 per cent of the First Loss Guarantee.

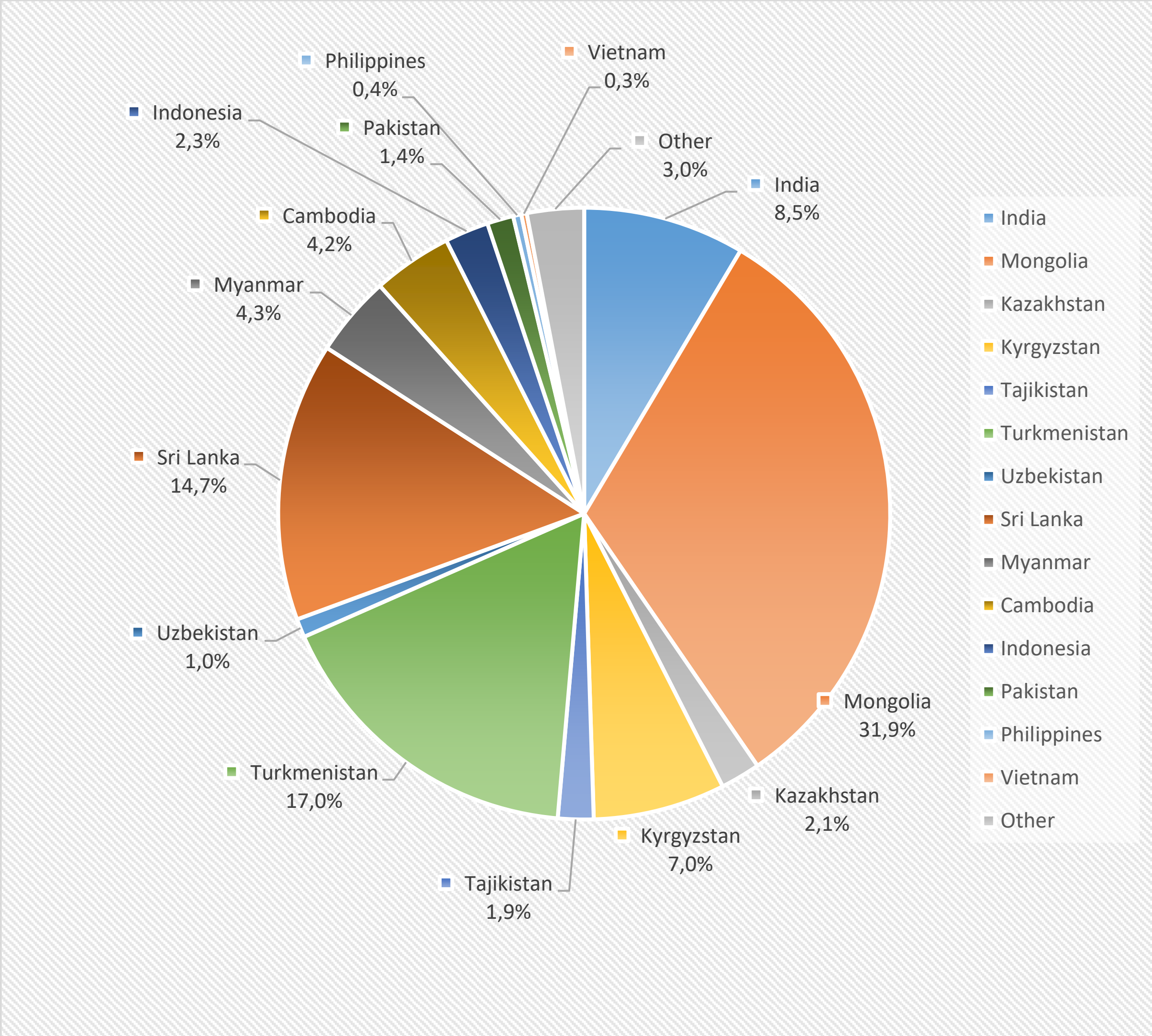
Since the start of implementation, the Action has brought about **EUR 19.2 million of EBRD direct finance to 17 SMEs** in all the five IFCA-eligible countries in the region. The financing, with an average maturity of 4.5 years, has been for working capital needs/capital expenditures to increase the scope of operations and to achieve a smooth functioning of the businesses. The Action has assisted **142 local companies** with their capital expenditure decisions, also to improve management, market performance and automation, i.e. with the expertise the SMEs would not be able to obtain or afford otherwise. It helped create **more than 1,500 jobs**. Up to 33 per cent of clients that received business advice could access financing from the EBRD and/or PFIs. The sectors of assisted enterprises vary, from food and beverage, retail and pharmaceutical to media/communication. Assistance provided to each SME is tailored to its specific needs. As at end 2021, 124 advisory projects have been evaluated. As at the end of 2021 more than 60 per cent of SMEs benefiting from this TA-funded business advice have increased turnover. Nine SMEs have grown exports.

The targeted leverage effect at the end of the Action is 6.6

The achieved leverage effect is 3.6

Geographical diversification

The distribution of total project investments (EUR 31,86 million) is as follows:



Main issues for the implementation

The Commission is trying to further diversify its blending cooperation and promote the Team European approach taking into account the needs for a green recovery following the COVID-19 pandemic.

Performance, target leverage effect and achieved leverage effect

Key figures	Actual	Target
EU Contribution committed	31.861.462	36.880.400
Leverage	17,60	5,60
Multiplier effect	20,93	3,68
Envisaged operations	249	23
Financing provided to final beneficiaries	560.733.192	206.502.308
Number of final recipients	318.946	10.035
Investments made by final recipients due to the received financing	666.821.538	135.548.462

Financial Information

(in euros)

Instrument	Note		MIFA Debt Fund “Microfinance Initiative for Asia”	SMED – Support for Mongolian economic diversification	SME finance facility for central asia	EDFI AgriFI Sri Lanka Country Window	Total
Type of instrument (equity/guarantees/ fund/other)			Equity	Guarantee	Guarantee	Investment Fund	
Year of inception			2012	2016	2018	2021	
Implementing Partner			KFW	EBRD	EBRD	FMO	
Commitments	1	2021	0	0	0	8.000.000	**8.000.000**
		Aggregated since inception	9.220.000	11.810.400	7.850.000	8.000.000	**36.880.400**
Payments	2	2021	0	0	0	4.693.385	**4.693.385**
		Aggregated since inception	9.220.000	10.158.077	7.790.000	4.693.385	**31.861.462**
Maximum financial risk exposure	3	2021	9.759.341	652.606	1.346.757	0	**11.758.704**
		2020	8.760.649	523.742	962.417	0	**10.246.808**
Guarantees given	4	2021	0	216.083	406.396	0	**622.479**
		Aggregated since inception	0	1.045.280	2.309.002	0	**3.354.282**
Guarantees called	5	2021	0	0	0	0	**0**
		Aggregated since inception	0	0	0	0	**0**
Amounts recovered from guarantees called	6	2021	0	0	0	0	**0**
		Aggregated since inception	0	0	0	0	**0**
Value of equity	7	2021	9.759.341	0	0	0	**9.759.341**
		2020	8.760.649	0	0	0	**8.760.649**
Impairments and realised losses on equity	8	2021	0	0	0	0	**0**
		Aggregated since inception	0	0	0	0	**0**
Reflows: returned to the EU budget	9	2021	0	0	0	0	**0**
		Aggregated since inception	2.000.000	0	0	0	**2.000.000**
Reflows: returned to be reused	10	2021	0	0	0	0	**0**
		Aggregated since inception	0	0	0	0	**0**
Implementing costs	11	2021	0	21.393	88.690	0	**110.083**
		Aggregated since inception	220.000	228.839	169.151	0	**617.990**

in euros

Implementing Partner	Note			KFW	EBRD	FMO	Total
Overall envelope entrusted	12			0	0	0	**0**
Budgetary commitments	13		2021	0	0	8.000.000	**8.000.000**
			Aggregated	9.220.000	19.660.400	8.000.000	**36.880.400**
Budgetary payments	14		2021	0	0	4.693.385	**4.693.385**
			Aggregated	9.220.000	17.948.077	4.693.385	**31.861.462**
Amounts committed by the Implementing Partner	15	Grants (including TA)	2021	0	3.844.800	0	**3.844.800**
			Aggregated	0	11.020.946	0	**11.020.946**
		Financial instruments	2021	7.220.000	622.479	0	**7.842.479**
			Aggregated	7.220.000	1.927.905	0	**9.147.905**
		Own resources	2021	138.028.073	10.117.785	0	**148.145.858**
			Aggregated	138.028.073	106.557.991	0	**244.586.064**
Administrative expenditure	16	Management fees	2021	0	19.989	0	**19.989**
			Aggregated	220.000	79.956	0	**299.956**
		Other financial and operating charges	2021	0	90.094	0	**90.094**
			Aggregated	0	318.034	0	**318.034**
		Total	**2021**	**0**	**110.083**	**0**	**110.083**
			Aggregated	**220.000**	**397.990**	**0**	**617.990**

Notes on financial information

The *EDFI AgriFI Sri Lanka Country Window* financial instrument has not yet started its activity at the reporting date.

6.3 Latin America Investment Facility (LAIF)

Description

Identification / Reference to the basic act			
Regulation (EU) No 236/2014, Regulation (EU) No 233/2014, Regulation (EU) No 947/2021			
Budget lines			
140299 (former 210201) and 14020140, under the current nomenclature			
	2021	**2022**	**2023**
Budgetary commitment appropriations	42.295.007	40.000.000	0
Budgetary payment appropriations	42.589.743	69.136.687	0

Initial financial envelope:	EUR 180.400.000
Current financial envelope:	EUR 359.252.280
Overall financial envelope:	EUR 542.827.945

General description:

The main purpose of the Latin America investment Facility (LAIF) is to promote climate change and environmental protection as well as support to jobs and growth. LAIF provides additional investments in infrastructures in the transport, energy, and environment sectors (including water and sanitation as well as agriculture and rural development) in social sectors such as health and education, and in private sector development growth of SMEs.

The LAIF included in 2011 a climate change window to support the implementation of projects helping partner countries tackle climate change through mitigation and/or adaptation measures.

In the implementation of LAIF, the EU Delegations have an important role in the decision-making process and beneficiary countries have a strong ownership. The blending framework ensures close coordination between the EU and the implementing financial institutions (both EU Member States' agencies and international/regional).

The Facility includes different forms of assistance. It is composed of operations that can take the form of technical assistance, investment grant, equity or guarantee.

Duration

Since its start of operations in 2009, LAIF has provided support to 60 projects. Grants have been approved for a total amount of EUR 508 million and it is estimated that its contribution has succeeded in mobilising a total investment of approximately EUR 15 billion.

Financial institutions involved in implementation

Individual projects financed under LAIF are implemented through indirect management mode. This means that the Commission delegates budget implementation tasks to eligible financial institutions, which have successfully undergone an ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012.

Budget implementation tasks consist of the launch of public procurement and grant award procedures and of concluding and managing the resulting contracts as well as execution of payments. The entrusted Member State agency or international organisation also monitors and evaluates the project and reports on it.

The main LAIF partner regarding financial instruments has been KfW.

Operational Performance

In 2009, the EU established the Latin America Investment Facility (LAIF) under the Development Cooperation Instrument (DCI), with a total EU contribution of EUR 180.4 million. From 2014 to 2021 EUR 360 million have been allocated to LAIF from the general budget of the Union (EUR 30 million in 2014; EUR 42.34 million in 2015; EUR 53.87 million in 2016, EUR 53.86 million in 2017, EUR 46.13 million in 2018, EUR 40 in 2019, 52 million in 2020 and 42 in 2021). 60 projects were endorsed by the LAIF Board and contracted, with a LAIF contribution of EUR 508 million including fees. These contributions are expected to leverage investments worth around EUR 15,100 million. 37.4% of the facility contribution to the projects was made in the form of investment grant, 49.9% as technical assistance, 9.5% in the form of risk-sharing instruments and guarantees and 3.2% as fees.

The added value of LAIF can occur at different levels, including:

- at the strategy and policy level, LAIF provides policy leverage, enhances the supply of public goods, increases EU visibility, assists in managing debt sustainability thresholds, and contributes to aid effectiveness;
- at the financial level LAIF, provides financial leverage, helps mitigate risks and lower borrowing costs and provides flexibility to tailor assistance to financing needs;
- at the operational level, LAIF stimulates financial discipline, efficient administration and monitoring, enables the acceleration of projects, improves project quality and increases donor coordination.

Water Supply and Sanitation (29%), **Sustainable Energy** (23%) and **Support to Small and Medium Enterprises** (10%) are the main sectors of the LAIF's portfolio.

The expected results of the LAIF is increased investment in key sectors of the economy contributing amongst others to:

1) better transport infrastructure,
2) sustainable energy infrastructure,
3) increased protection of the environment,
4) improved social services and infrastructures,
5) creation and growth of SMEs and improvement of the employment situations.

The final recipients are the people of Latin American countries foreseen in the DCI Regulation (EC) No 1905/2006 and those foreseen in Regulation (EU) 233/2014.

Special attention is paid to a balanced involvement of the different sub-regions and countries in LAIF, while ensuring support for quality operation proposals and keeping in mind the absorption capacity of individual countries and regions.

Other final recipients are the private sector and, in particular, SMEs for categories of operations dedicated to private sector development.

Financial instruments implemented under the facility

1. Eco.business Fund for SME development in Latin America and the Caribbean – Investment Fund

The eco.business Fund is a joint initiative of investors in support the promotion of business and consumption practices that contribute to biodiversity conservation, the sustainable use of natural resources, climate change mitigation and adaptation to its impact. In providing financing to the Fund's target group for investing in activities that conserve nature and foster biodiversity, the eco.business Fund seeks **investments that yield both financial and environmental returns**. The financing can be provided directly or through local financial institutions. In addition, final beneficiaries and local lending institutions can count on high impact technical assistance provided by the eco.business Development Facility.

In Latin America and the Caribbean, the eco.business Fund (EBF LAC) focuses on **four target sectors**: agriculture, forestry, aquaculture and fishery, and sustainable tourism. As part of its mission, the Fund also aims to leverage the capital provided by public investors by mobilising resources from the private sector.

The EBF LAC reached by end of 2020 a loan portfolio of **USD 395 million**, distributed among **eight countries** and **22 partner institutions**. The end-borrowers financed during 2020 by EBF LAC were mainly engaged in the production or transformation of **coffee, sugarcane and farmed shrimp**. During 2020, eligibility criteria for the **sustainable tourism** sector were developed further. The Fund also closed its first direct investment, supporting sustainable shrimp production in Ecuador.

The Fund could also strengthen its capital base by attracting new funding into all instruments. During 2020, the Sub-Fund subscribed USD 73 million Junior Shares, USD 12 million Senior Shares, USD 32 million Subordinated Notes and USD 21 million Senior Notes.

The Development Facility ("DF") of the EBF LAC continued in 2020 successfully to support the objectives of the Fund and its partners. The activities ranged from implementing environmental and social management systems in partner institutions to event sponsorship and capacity building, thereby directly responding to stakeholder needs.

With a portfolio expansion into new partners and a new country (Guatemala), a strengthened capital base and elevated private sector participation, the Fund is prepared to achieve **even more impact in the years to come**.

2. Green Bonds Fund (LAGREEN)

LAGREEN is the **first green bonds fund in Latin America**. Its main purpose is twofold: to finance climate- and resource-friendly investments and to mobilise local and international private capital towards the issuance of more green bonds in Latin America.

The specific objectives of this fund are:

- to mobilise additional funding for Nationally Determined Contributions (NDC) implementation;
- to push local capital market development towards a transition to sustainable finance – thereby fostering transparency and long-term commitments in financial and economic activity;
- to reach a substantial greenhouse gas emissions mitigation and / or climate change adaption impact.

3. Development Facility of the Green Micro, Small and Medium Enterprises (MSME) Initiative in Central America

The Green MSMEs Initiative aims at **reducing carbon emissions** in the Central American Region by ensuring the provision of financial and non-financial services to support **renewable power generation** and **energy efficiency measures in Micro, Small and Medium Enterprises (MSMEs).** In order to do so, the Initiative contains three main components:

- Technical Assistance for MSMEs as well as Participating Financial Intermediaries,
- Partial Risk Guarantees for MSMEs,
- Financing (loans) for Environmental Investments for MSMEs.

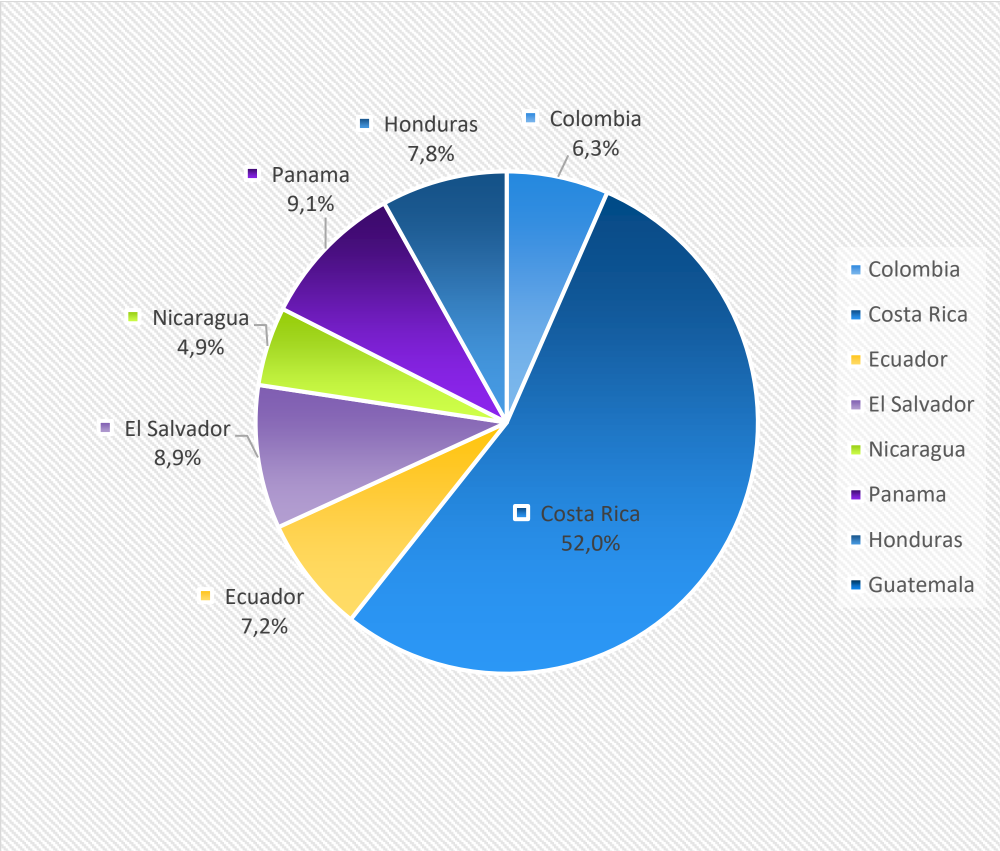
This Initiative represents a continuation of the "Energy Efficiency and Renewable Energy programme for SME in Central America". This programme has been successfully implemented and the achievements and lessons learnt constitute the basis for this initiative.

The start of implementation of the programme suffered some delays, mainly due to (a) CABEI's reorganisation process with staff changes and vacancies as well as to (b) the implications of the COVID-19 pandemic with major challenges for CABEI and the region. Both aspects absorbed resources of CABEI at all levels. However, CABEI was successful in setting up quickly a comprehensive Emergency and Economic Reactivation Program for Central America in response to the COVID-19 crisis.

The following sections Performance and Financial Information, present the implementation, in figures, of the three financial instruments under the LAIF facility, which take form of equity or bank guarantees and required opening a fiduciary account on behalf of the European Commission by a partner institution.

Geographical diversification

The distribution of total project investments (EUR 31,91 million) is as follows:



Main issues for the implementation

Attention must be paid to aspects such as regional interconnectivity, as well as to the strengthening and capitalising on policy dialogue. The potential of regional projects in interconnection projects remains untapped.

Blending is a major mechanism of implementation clearly linked to the overall EU objectives and policy priorities in the region. Blending is an appropriate tool to promote investment and engage in policy dialogue joining forces with other donors and achieving larger impact.

EU Delegations are involved early on in the design and preparation of blending operations, the alignment with the country level priorities and channels is fostered. A stable political and security climate at the regional level in general and at the country level in particular is needed to promote and secure investments. Partner countries should increase the level of investments through their own resources as well as through loans. The pipeline of operations must target the specific policy priorities and sectors set for the region/partner country, be of sufficient quality and volume, and provide the required EU additionally.

A greater use of financial instruments such as equity and other risk-sharing instruments is one way to use the catalytic effect of blending in crowding in more private financing. LAIF supported its first Financial Instrument Delegation Agreement Eco-business Fund signed in 2017 and in 2019 Green MSMEs and in 2020 the Latin America Green Bonds Fund were signed.

By financing technical assistance, innovative instruments (such as risk sharing), and providing complementary grants, LAIF encourages recipient governments and institutions to make essential investments, which would otherwise be postponed due to lack of resources.

LAIF also aims to provide better access to finance for Small and Medium Enterprises.

Reporting on individual projects is very heterogeneous in quality and quantity; continued effort is being undertaken by the EU both in HQ and in the EU Delegations to ensure follow-up of the projects and proper flow of information.

Performance, target leverage effect and achieved leverage effect

Key figures	Actual	Target
EU Contribution committed	31.911.643	43.690.000
Leverage	4,67	14,23
Multiplier effect	16,12	37,01
Envisaged operations	37	90
Financing provided to final beneficiaries	148.900.000	621.900.000
Number of final recipients	1.582.000	9.400.008
Investments made by final recipients due to the received financing	514.400.000	1.617.116.810

Financial Information

(in euros)

Instrument	Note		Eco-business fund for SME development in Latin America and the Caribbean	Green Bonds Fund (LAGREEN)	Green MSME initiative in Central America	Total
Type of instrument (equity/guarantees/ fund/other)			Fund (SICAV - SIF)	Fund (SICAV-SIF) & TA	Guarantee & TA	
Year of inception			2017	2020	2019	
Implementing Partner			KFW	KFW	KFW	
Commitments	1	2021	0	0	0	**0**
		Aggregated since inception	13.260.000	16.050.000	14.380.000	**43.690.000**
Payments	2	2021	0	14.298.886	4.000.000	**18.298.886**
		Aggregated since inception	13.032.757	14.298.886	4.580.000	**31.911.643**
Maximum financial risk exposure	3	2021	12.623.509	13.377.820	0	**26.001.329**
		2020	10.919.915	0	0	**10.919.915**
Guarantees given	4	2021	0	0	0	**0**
		Aggregated since inception	0	0	0	**0**
Guarantees called	5	2021	0	0	0	**0**
		Aggregated since inception	0	0	0	**0**
Amounts recovered from guarantees called	6	2021	0	0	0	**0**
		Aggregated since inception	0	0	0	**0**
Value of equity	7	2021	12.623.509	13.377.820	0	**26.001.329**
		2020	10.919.915	0	0	**10.919.915**
Impairments and realised losses on equity	8	2021	0	0	0	**0**
		Aggregated since inception	1.852.842	0	0	**1.852.842**

Reflows: returned to the EU budget	9	2021	0	0	0	**0**
		Aggregated since inception	0	0	0	**0**
Reflows: returned to be reused	10	2021	0	0	0	**0**
		Aggregated since inception	0	0	0	**0**
Implementing costs	11	2021	16.684	199.995	13.333	**230.012**
		Aggregated since inception	73.509	199.995	27.777	**301.281**

in euros

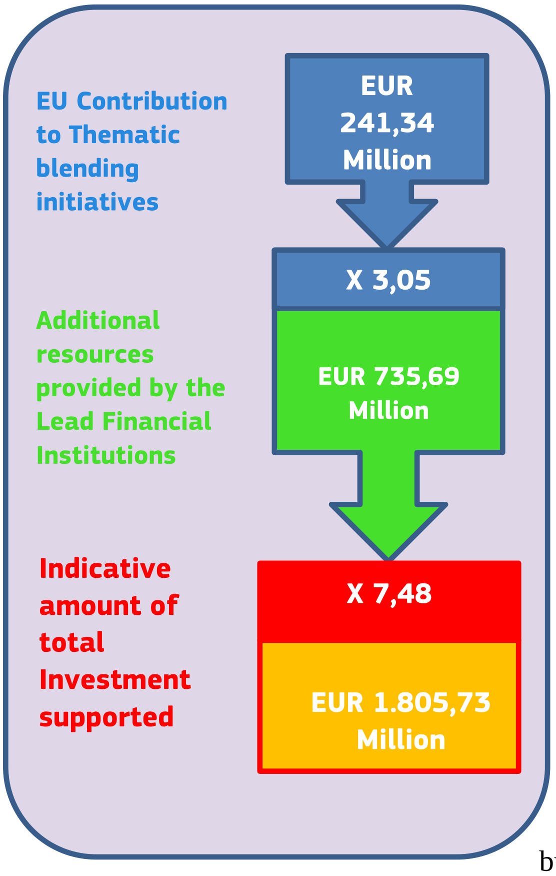
Implementing Partner	Note			KfW	Total
Overall envelope entrusted	12			0	**0**
Budgetary commitments	13		2021	0	**0**
			Aggregated	43.690.000	**43.690.000**
Budgetary payments	14		2021	18.298.886	**18.298.886**
			Aggregated	31.911.643	**31.911.643**
Amounts committed by the Implementing Partner	15	Grants (including TA)	2021	-	-
			Aggregated	-	-
		Financial instruments	2021	13.377.820	**13.377.820**
			Aggregated	13.032.757	**13.032.757**
		Own resources	2021	0	**0**
			Aggregated	0	**0**
Administrative expenditure	16	Management fees	2021	96.401	**96.401**
			Aggregated	167.670	**167.670**
		Other financial and operating charges	2021	133.611	**133.611**
			Aggregated	133.611	**133.611**
		Total	**2021**	**230.012**	**230.012**
			Aggregated	**301.281**	**301.281**

6.4 Thematic Blending (Energy, Food, Humanitarian, Environment)

Description

Identification / Reference to the basic act			
Regulation (EC) No 1905/2006, Regulation (EU) No 233/2014, Regulation (EU) No 236/2014			
Budget lines			
14.029902; 21.020702; 21020703			
	2021	**2022**	**2023**
Budgetary commitment appropriations	98.917.200	44.230.000	0
Budgetary payment appropriations	14.724.914	70.522.740	0

Initial financial envelope:	EUR 74.851.742
Current financial envelope:	EUR 564.043.346
Overall financial envelope:	EUR 564.043.346



Implementation cycle

ENERGY (total funds: EUR 444,6 million):

The Energy Thematic blending is constituted of **9 different financial instruments**, as detailed below.

ElectriFI Initiative: EUR 339,6 million

1. EDFI-ElectriFI

The EU contribution of EUR **125,9 million** is dedicated to unlock, accelerate and de-risk sustainable energy investments in our partner countries, with a particular focus on **rural, underserved areas in sub-Saharan Africa**.

The financial instrument has been running since July 2015, when the Delegation Agreement with FMO was signed. It was completed by several top-ups.

The signature of any new operations would have to be finalised by 31/12/2025, while the contract end date of activities is the 31/12/2031.

The objective of ElectriFI is to accelerate the development of businesses providing and improving access to modern, affordable and renewable energy services to populations living in underserved areas, by de-risking and unlocking private sector investments.

ElectriFI addresses the existing lack of access to seed, mid- and long-term funding, by providing the missing capital to early-stage, higher-risk companies providing mini-grids, Solar Home Systems (SHSs), Captive Power Plants (CPPs) or Independent Power Producers (IPPs), The involvement of the private sector in the electrification business, though bridging the financing gap, has an added value in attracting additional financing and enhancing the sustainability of investments and market expansion.

The FMO is the entrusted entity for the instrument, implemented by EDFI Management Company on behalf of FMO.

Since the start of operations in 2017, ElectriFI has expanded rapidly and now includes **40 ongoing operations in Africa, Asia and the Caribbean**, amounting to a total of **EUR 91,4 million of investments**, leveraging a total amount of EUR 346,1 million in investments (including external investors). The leverage factor is 4.

At the end of its life, it is envisaged that ElectriFI Global Window will reach 57 operations, with a target of providing 31,5 million people with electricity; avoiding 1,3 million tons of CO2 per year and adding 1.889 GWh per year.

The targeted leverage effect is 4.

The achieved leverage is 4.

2. Africa Renewable Energy Scale Up Facility (ARESUF)

The ARE Scale Up Facility aims to foster renewable energy projects in Africa. It is managed by the AFD Group via two components (i) a Technical Assistance component, managed by AFD for a total amount EUR 16.3million, and (ii) a Guarantee Fund managed by PROPARCO for a total amount of EUR 22.35million.The EU contributes **EUR 24,6 million to the Facility as a whole.** The EU contribution includes up to EUR 12.35 million as financial instrument (of which EUR 10 million as an unfunded guarantee facility) dedicated to de-risking equity financing of pioneer renewable energy businesses in Africa.

The financial instrument has been running since December 2016, when the Delegation Agreement with Proparco was signed.

The signature of any new operations would have to be finalised by 26/12/2022, while the contract end date of activities is the 27/12/2031.

By supporting renewable energy development in Africa and promoting private sector involvement in the field of access to modern energy services, the Scale up Facility will contribute to the two main objectives of AREI: overall acceleration of access to energy for all and deployment of renewable energy on the African continent. ARESUF supports investment in private companies active in the decentralised energy sector, including Solar Home Systems (SHS), off-grid and minigrid solutions. The guarantee provided by the EU helps catalyse funding from DFIs as well as private capital equity investments in these business models and contributes to bridging the financing gap of this sector, which is capital intensive. Cooperation among public and private investors helps ensure sufficient funding at scale.

Proparco is the entrusted entity for the implementation of the financial instrument.

To date, Proparco has invested EUR 10,75 million as part of funding rounds totalling EUR 48,55 million in 3 operations. The companies supported will help provide 250 MW of renewable energy benefiting 250.000 people, creating 1.200 jobs and saving 420 thousand tons of CO2eq per year.

The targeted leverage effect is 2

The achieved leverage is 2

The deployment of the Facility has slowed in recent months due to the impact of the COVID-19 crisis and related travel restrictions; a number of fundraising rounds were haltered and the performance of some companies deteriorated below the set threshold for investment. Nevertheless, the ARESUF pipeline continues to grow, with the aim to fully deploy by the end of 2022.

3. Climate Investor One (CIO)

The initial EU contribution to Climate Investor One (CIO) amounts to **EUR 30,7 million.** CIO is dedicated to develop, construct and operate renewable energy projects in emerging markets. CIO uses blended finance to catalyze private sector capital into developing markets.

The financial instrument has been running since December 2017, when the first Delegation Agreement was signed. The signature of any new operations would have to be finalized by 23/06/2032, while the contract end date of activities is the 23/06/2037.

CIO provides whole-of-life financing for renewable energy infrastructure in emerging markets with a primary focus on wind, solar and run-of-river projects. CIO helps develop, construct and operate renewable energy projects in regions with significant power deficits, in a more expedient manner and at reduced cost. Together with other donor capital, the EU contribution helps reduce the risk profile of CIO projects, unlocking investment from mainstream commercial investors.

FMO is the entrusted entity for the implementation of the financial instrument. Climate Fund Managers (CFM) is the Fund Manager of Climate Investor One.

Of the 18 ongoing projects in 10 countries, 7 have reached construction phase, with the support of the EU contribution amounting to EUR 27 million. Altogether, these operations would cost a total of EUR 960 million, and would help install 1.7 GW of renewable energy capacity, reaching 5,81 million people, creating up to 6000 jobs and saving 2.17 million ton of CO2 each year. In 2021, an additional EU contribution of **EUR 57.5 million** was made to Climate Investor One for an Energy Efficiency Initiative (CIO-EEI) to help unlock additional projects thanks to energy efficiency improvements of grid infrastructure and better integration of renewable energy generated by CIO-supported projects. CIO-EEI provides development stage and construction stage financing to power system equipment with a view to reduce system losses of generated renewable energy and improve the utilisation of renewable energy generation facilities connected to the grid. This Energy Efficiency Initiative will help install **500 MW of renewable energy**, catalysing over **1 billion euros in private sector investment** over 15 years.

The targeted leverage effect is 9 (14 for CIO-EEI).

The achieved leverage is 4.

Implementation challenges include the uncertainty created by COVID-19 and restrictions posed in the various countries where CIO projects are located, which affects construction progress (e.g. delays in getting visas, quarantine requirements, site lockdown measures).

4. Transferability and Convertibility Facility

The EU contribution of **EUR 26,9 million** is dedicated to cover transferability & convertibility risks for DFIs investing in Independent Power Producers (IPPs) in lower income countries particularly vulnerable for such risks. The Facility allows for the provision of a dedicated transfer and convertibility instrument for eligible Independent Power Producers (IPPs) during an inconvertibility and non-transferability event.

Transferability and convertibility risks represent a significant barrier to private financing of renewable energy projects as electricity is sold in local currency while power plants are typically financed in hard currency. During an inconvertibility or non-transferability event, IPPs might default on hard-currency payments because they are unable to convert local currency. The purpose of the facility is to mitigate these risks by financing a debt service reserve account available to lending DFIs to cover payment of scheduled interest and principal debt. The facility targets greenfield on-grid IPPS with a minimum installed capacity 10 MW in regions eligible under the DCI.

The delegation agreement has been signed in December 2017 and the financial instrument has been running since January 2018. The signature of any new operations would have to be finalized by 27/12/2023, while the contract end date of activities is the 31/12/2029.

Proparco is the entrusted entity for the implementation of the financial instrument.

Due to delays related to contractual aspects, the operations have not commenced. During the course of 2022 and 2023, a total of five operations amounting to EUR 26,8 million are expected to be supported under the T&C scheme, with an indicative leverage effect of 14,38, leading to a total project financing (also including other investors) of EUR 385,2 million.

The targeted leverage effect is 14,38.

5. Facility for Energy Inclusion (FEI)

The EU contribution of **EUR 40,2 million** provides long-term debt through finance structures. It is a debt financing platform for small-scale renewable energy projects – off-grid solar, small scale IPPs and mini-grids- with the objectives of aggregating capital, structuring bankable projects and accelerating their delivery as to increase access to clean energy across Africa while supporting the transition to low-carbon development pathways. FEI has two investment windows with different added value:

- FEI Off-grid window (OGEF): it offers a flexible, pragmatic and context driven approach to transaction structuring, provides local currency options to reduce risk for borrowers and their customers, and help create lasting local capital markets participation in the sector. OGEF also provides technical assistance to companies to support market development.

- FEI On-grid (OGEN); it supports small-scale Independent Power Producers (IPPs), mini-grids and captive power projects by providing various debt products, including corporate and project loans, construction/bridge loans and mezzanine finance, in both hard and local currencies. Focusing on smaller facilities it envisages bringing electricity to smaller countries or regions that are not adequately serviced by the main grid.

The Delegation Agreement was signed in December 2018 and the financial instrument has been running since January 2019 and the contract end date of activities is the 31/12/2034

The African Development Bank (AfDB) is the entrusted entity for the implementation of the financial instrument.

FEI on-grid window: Small-scale renewable IPPs, mini-grids and captive power projects (capital expenditures of less than USD 30 million and a capacity of <25MW). Project finance structures can access senior and mezzanine loans between USD 2 and 20 million, in USD, EUR or local currency, and with a tenor up to 12-15 years. The life of the facility is 15 years, with a 7-year investment period. Target number of covered operations 20-30 investments. Final Close of its equity in 2020 with a total equity based to approximately USD 145 million. The Commission provided an equity contribution of EUR 25 million.

FEI off-grid window: Pay-as-you-go system companies (PAYGO) and other innovative energy access distribution companies through lending to corporates and SPVs. Short-tenor debt instruments of 2-5 years for working capital, consumer finance and securitization. Debt instruments ranges from USD 2 million to USD 10 million in USD or local currency with foreign exchange risk hedging. The proposed facility life is up to 10 years with scope for two one-year extensions. This window also includes a TAF of EUR 1.6 million financed by the Commission. Target number of covered operations: 15-20. Final equity close with $59 million in committed equity capital and $36 million debt facilities. The Commission provided an equity contribution of EUR 13 million.

The targeted leverage effect is 5 and the leverage achieved so far is 3.

Some of the implementation challenges include finding deals that are fully compliant with EU financial regulation (avoiding AML listed countries). Also, the COVID pandemic has challenged the implementation of the FEI fund.

6. Digital Energy Facility (DEF) for the promotion of energy transition and energy access

The EU contribution of **EUR 23,5 million** is dedicated to support the modernization and digitalization of the energy sector, encourage innovative business models and the long-term sustainability of energy systems. The PAGODA FI signed in December 2019 focuses on contingent debt financing and related non autonomous technical assistance for a total of EUR 4,96 million. Thanks to the financing of digital innovation projects and products, the facility aims to support the integration of renewable energy sources into the grid, increase energy access and improve the performance of power utilities.

The financial instrument will be deployed through one or more Financial Intermediaries selected by AfD to source eligible operations for contingent debt financing. Such financing (<300 k€ benefiting approximately 10 companies), will address the specific needs of energy access companies to experiment and scale up access to **energy innovative services or products**. Few financial institutions and accelerators cover the financial needs at this stage of development of innovations. The investment criteria will include impact on economic development, development stage of the access to energy concept, availability of co-financing, among others.

The signature of any new operations would have to be finalized by 22/02/2034, while the contract end date of activities is the 22/12/2034.

AFD is the entrusted entity for the implementation of the financial instrument.

DEF altogether aims to reach up to 50 companies and public utilities, 100 MW of addition renewable energy capacity, 1 million people with improved access and 100.000 t of CO2 avoided every year. The project started in 2020 and the financial instrument (contingent debt component) will be deployed in 2023.

The targeted leverage effect is 0,81.

7. SPARK+Afrika Fund

The EU contribution of **EUR 10,348 million** covers part of the costs of the action currently estimated at EUR 43,129 million. It is to be invested to the Spark+ Africa Fund, **the first impact investment fund dedicated to Clean Cooking**. It is managed by Enabling Qapital and supported by a technical assistance of the Clean Cooking Alliance. The Fund will finance **clean, efficient and modern cooking solutions** in developing markets for rural, peri-urban and urban communities in Sub-Saharan Africa.

Access to clean cooking is a critical development milestone and can reduce preventable deaths, improve health and enhance quality of life for those at the bottom of the pyramid. Investments to achieve access to clean cooking solutions in Sub-Saharan Africa are generally managed by SMEs, which have been historically overlooked by traditional financiers, as they form the “missing middle”.

The Fund will mainly invest in long-term debt instruments, and to a lesser degree quasi-equity and equity instruments in small and medium size enterprises active in the cooking energy value chain.

The financial instrument has been signed in December 2021. The Investment Fund for Developing Countries (IFU) is the entrusted entity for the implementation of the financial instrument.

While the investments of the Fund started straight after the first close, the start of the implementation period of the EU contribution will be defined when the pillar assessment of IFU will be finalised.

The Fund targets a capitalization of USD 50-70 million with a 7-year term. The EU contribution to the structured fund will improve the accessibility, availability and affordability of clean cooking solutions in the underserved market. The Action will support 30 companies, benefitting 11.25 million people of which 5.6 living below poverty line, while saving nearly 16 million t of CO2 in GHG emissions.

The targeted leverage effect is 4,3.

Sustainable socio-economic development through clean and efficient energy solution initiatives: EUR 104,974 million

Demand side management, social infrastructure renewables and energy efficiency (DESIREE)

The EU contribution of **EUR 104,974 million** includes 52,910 million for financial instrument. The different types of Financial Instruments to be financed by the EU Contribution will be designed under the Technical Assistance window.

The ambition for this programme is to create an EU flagship programme and brand which can deliver meaningful impact and progress (higher electrification rates, reduction of emissions, diversification of the energy mix, equal access to energy, efficient use of energy) in the sectors and regions, showcase innovative and scalable solutions and demonstrate actual impact on the ground. The programme is currently planned to cover **actions in five low income and middle-income countries** (indicatively Côte d'Ivoire, Ecuador, India, Kenya and Uganda). DESIREE includes funding for technical assistance and programme management, and a mix of investment grants and financial instruments (i.a.: grants conditional on achieving results, equity participations and any other appropriate structure to incentivise alignment of interest and focus on result/impact).

The total EU budget required for the 5 year programme is estimated at EUR 104,974 million with an EIB contribution of EUR 200 million. An additional EUR 400 million of other sources of financing could be considered a reasonable estimate.

The Contribution Agreement has been signed in December 2020 including the Technical Assistance Window and a provision for Financial instrument. An addendum was signed in 2021 included the Investment Grant Window. The contract end date of activities is the 20/10/2029

The EIB is the entrusted entity for the implementation of the financial instrument.

The targeted leverage effect is 3.

ENVIRONMENT (total funds: EUR 46,1 million):

The Environment Thematic blending is constituted by 3 different financial instruments, as detailed below.

Climate change initiative – support to developing countries for innovative climate finance: EUR 8 million

Cities and Climate in Africa (CICLIA) Project in Sub-Saharan Africa

A delegation agreement has been signed with AFD in 2016 to cover technical assistance. It ends in December 2022. The CICLIA project supports selected Sub-Saharan cities in transforming local climate strategies into action plans, budgets, and urban investment projects with climate co-benefits on both mitigation and adaptation aspects. It will do so by supporting city climate planning when needed, preparing low-carbon and resilient urban infrastructure projects and providing technical assistance before project implementation to municipal staff.

The target leverage is 79,48%.

Water for prosperity, regional stability and resilient ecosystems initiative: EUR 19,7 million

Climate Investor 2 (CI2)

Climate Investor Two (CI2) is Climate Fund Managers (CFM) second blended finance facility, delivering water, sanitation, and oceans infrastructure projects in emerging markets. FMO is the entrusted entity for the implementation of the financial instrument. The government of the Netherlands, through the Dutch Fund for Climate and Development (DFCD), has provided EUR 75 million in finance to anchor CI2. The EU contributed with **EUR 19.7 million** in 2021 and is currently the second largest donor of the fund. The contract end date of activities is the 30/06/2041.

On November 10th, 2021, CI2 reached first close with USD 675 million in commitments.

Having achieved proof of concept with CIO, CI2 opens the way for transformational impact in a sector dominated by public funding and frequently facing financing shortfalls. As a cradle-to-grave finance facility, CI2 seeks to mobilize blended finance provided by donors and the commercial sector with its additional recycling feature to maximize impact and reduce risk in markets where development is needed and climate change solutions can have a significant and sustainable effect. CI2's overarching focus is to attract private finance for low and lower-middle income countries, on the back of enabling public sector funding. CI2's encompassing whole-of-life financing solution provides an attractive alternative to the current market practice of structuring project finance for water supply, sanitation and oceans infrastructure projects. CI2's approach targets market failures through two key pillars; (1) speed of development, construction and implementation, and (2) innovation through market development where existing models do not include private finance.

CI2 fund structure is characterised by one Development Fund (DF) and a Construction Equity Fund (CEF). The Development Fund ("DF") provides early stage development funding to projects and the Construction Equity Fund ("CEF") provides large-scale equity finance to construct projects and bring them into operations. Over the life of CI2 CFM expects to make an average of 30 investments in the following sectors bulk water supply, water distribution, wastewater and ecosystems and oceans.

In 2021, the DF has contracted to provide development funding to 8 Project Assets in Africa and 5 in Asia. Projects' scope vary widely, ranging for example, from leasing of solar energy powered desalination units, to rental of industrial wastewater treatments systems, to supplying bulk water in remote areas, to combining debt for nature swaps and blended finance for the commercial end-to-end development, financing and management of marine protected areas. With respect to challenges surrounding the implementation of CI2, these have been especially pronounced in relation to the consequences of COVID-19. In general, facing greater difficulty travelling to project sites and events, has made it more challenging for CI2's deal teams to complete their work. . It is anticipated that, as vaccination rates increase and unilateral measures restricting travel become less commonplace, the consequences of this challenge will also begin to abate.

The project's targeted leverage effect is 48, and the achieved leverage in this first year of implementation is 1.

Switch to green finance initiative: EUR 18,4 million

The Switch to Green Finance initiative was not contracted as the negotiation with KfW could not conclude positively.

AGRICULTURE (total funds: EUR 89,6 million)

Agrifi initiative - Inclusive and sustainable value chains and food fortification": EUR 89,6 million

Under the AGRIFI initiative, three blended finance instruments were contracted. All three of these seek to increase private investment in agriculture through the promotion of sustainable value chains, so contributing to the sustainable growth of our partner countries. The three instruments focus on different segments of the market.

1. African Agriculture Trade and Investment Fund (AATIF)

The EU contribution of **EUR 30,6 million** is dedicated to cover the first loss equity of the AATIF. Its duration is 10 years. This addresses the €5-15 million investment bracket, through both direct and indirect investments, aimed at promoting smallholder livelihoods. The larger ticket size keeps transaction costs lower, and hence focusses on larger off-takers. AATIF is an innovative public-private partnership dedicated to uplift Africa's agricultural potential for the benefit of the poor. The Fund aims at improving food security and providing additional employment and income to farmers, entrepreneurs and labourers alike by investing patiently and responsibly in efficient local value chains.

The financial instrument has been running since December 2017, when the Delegation Agreement was signed. The signature of any new operations had to be finalized by August 2018, while the contract end date of activities is the 18/12/2027.

KfW is the entrusted entity for the implementation of the financial instrument.

AATIF has continued its investments – after a difficult year, in light of the COVID restrictions. Nevertheless, the latest reports indicate that AATIF has disbursed investments in excess of EUR 331 million since the Fund's inception.

- AATIF closed 2 transactions with a committed volume of USD 7.5m.
- AATIF renewed two short-term facilities with a volume of USD 11m and USD 2m respectively.
- AATIF partner institutions together, employed almost 20,000 women and men

The Agricultural Leasing Company Zambia Limited funded through the AATIF Innovation Facility – continued its expansion and has 217 contracts for tractors and other agricultural implements outstanding.

The targeted leverage effect is 2.

The achieved leverage is 3.

The EU contribution (so far EUR 20,6 million disbursed) has allowed the AATIF to mobilize further private sector contributions around three times the EU contribution to date, with further contributions expected, as well as further first loss contributions by the German government. This is in excess of initial expectations – a leverage of around 2 additional euros for every EU euro.

On a net basis, AATIF's results turned negative. The Fund saw significant redemptions of cash from existing investments. These were not immediately reinvested given the lack of certainty on the Fund's capitalization, uncertain markets and the need for liquidity of AATIF during 2021.

2. HURUMA Fund

The EU contribution of **EUR 19,3 million** is invested the project. Huruma is an Impact Investment Fund set up with Cofides as finance institution, to address the traditional constraints of agriculture finance and the financing needs of smallholders and underserved farmers. The Fund invests both in Financial Institutions that have an agricultural portfolio and in Producer Organizations and Agriculture Value Chain SMEs that directly or indirectly work with excluded farmers. The total size of the Fund is of EUR 120 million and it is structured in two tranches. A first loss contribution to which the EU contributes with EUR 10 million through a contract with COFIDES, and a senior tranche, in which other investors contribute with up to EUR 90 million (EUR 21 million from COFIDES and FONPRODE and the rest from private investors). The aim of those investments is to allow those investees to increase their agricultural portfolio and provide access to finance to more smallholders.

Along with the investment, the Fund will also support investees with Technical Assistance, focusing on different areas according to the specific partner institution. EU is contributing to the TA with up to EUR 8,6 million, alongside the Fund itself.

The financial instrument has been running since October 2019, when the Contribution Agreement was signed. The contract end date of activities is the 30/10/2029.

Cofides is the entrusted entity for the implementation of the financial instrument.

During 2021, the TA facility (TAF) legal setup was completed and the TA steering committee (a body created to provide a strategic guidance to the implementation of the Facility) started its work.

Huruma is now the biggest social Fund in Spain and the first of its kind. The Fund provides debt financing (minimum 70% of the total size of the Fund) and in some cases equity investment is also being considered (up to 30%). The ticket size ranges between EUR 1 and 10 million. It has a global geographical scope, but focuses in Latin America, Asia and Africa. Up until the end of 2021, 8 investment projects in 8 MFIs have been approved by the Investment Committee in Ecuador, Peru, Bolivia and Panama, and 1 investment in equity has been approved in India. Twelve other investment proposals are in the approval process. Around 25 investments are expected to be made in total by the Fund.

The financing mobilized from the private sector has been superior to what was initially expected, thereby increasing the leverage to 6,21 (instead of the initial 5,8).

The targeted leverage effect is 5,8.

The achieved leverage is 6,21.

The implementation of the cross-cutting TA (not the TA Facility), was supposed to be provided by the FAO (same as with AgriFI), had to be abandoned following never-ending useless negotiations with them. Huruma team is now looking for another organisation to implement this kind of TA. It will probably go through an open international call, which will again take some time. Nevertheless, contrary to AgriFI, in this case it is not a problem because it is a kind of TA that should start in principle later in the life of the project, once there will be enough investments and that similar cross-cutting kind of needs will have been identified.

Apart from that no issues are to be noted. The implementation rate is quite impressive.

3. EDFI AgriFI Facility

The initial Global window was launched in 2018 with an initial budget of EUR 39 million and an initial duration of 12 years. The facility was extended to 15 years and the budget increased to **EUR 39,7 million**. Its geographical scope is global, but AgriFi invests only in low and lower-middle income countries, and has a specific focus on Sub-Saharan Africa. The aim is to provide long-term finance and/or working capital needs in the form of debt or equity of between EUR 0,5-5 million, on commercially-oriented terms, to MSMEs active in agri-food value chains and involving smallholder farmers.

TA (EUR 2 million available) will also be provided to the beneficiaries to accompany the investment. A contract with a TA provider is foreseen for this but has not been signed yet.

Following the success of the first Global window, 4 other specific windows were added in 2021 (amounting to 80M EUR), thereby bringing AgriFI's total budget to **120 M EUR:**

- A **regional window for ACP countries** (50 M EUR from the 11th EDF Intra-ACP; Dec 2021-Feb 2037): focusing on 11 value chains, but not exclusively
- A **Ghana windo**w (10 M EUR from the 11th EDF; Jan 2021 – June 2034): focusing on the Upper-West region
- A **Sri Lanka window** (8 M EUR from the 11th EDF; Dec 2021-Dec 2035): focusing on organic farming (a high priority of the government) and on cold chains and other food processing solutions (to reduce post-harvest loss and food waste as part of the objective under the previous MFF agriculture modernisation and new MFF circular economy/ waste management)
- A **Tanzania window** (12 M EUR from the 11th EDF; Dec 2021-Sept 2033): focusing on Tea, coffee and horticulture

All those windows also include the provision of TA.

The financial instrument has been running since January 2018, when the Delegation Agreement was signed, and the signature of new operations under the initial global window has to be finalized by December 2023. The end date of operations for the initial global window financial instrument is 31/12/2032.

The financial instrument is fully financed by the EU and managed by the EDFI Management Company (EDFIMC), which signed a sub-delegation agreement with the FMO in September 2018.

The added value of this initiative resides in the fact that, being fully financed by the EU:

- the EU is a member of the Investment Committee (made up of representatives of the European DFIs) and has a veto right and;
- AgriFI can take higher risks than other DFIs and private investors on their own, so it can serve as a de-risking tool or as a market developer, thereby leveraging further DFI/private investors' support. Indeed, AGRIFI can invest in companies that need financing to grow but they are not big enough to obtain financing from local commercial bank or international investors; provide smaller tickets; provide longer term loans; etc. The "blending" occurs therefore at the level of the individual investment, but maybe not at the same time

Eight investments have been made to date, representing EUR 29,3 million committed (EUR 16,3 million disbursed): two in two investment funds working with smallholders at a global scope; one in an agricultural MFI in Myanmar; one in a dairy cooperative in Senegal and; another one in a private company in Nigeria offering a whole set of services to farmer; one in an investment vehicle investing in rural MFIs serving fragile populations; one in a private company in Kenya processing coconuts and one in another private company distributing fresh products in Tanzania.

The financing mobilized until the end of 2021 totalized EUR 72 million, mainly from EDFIs, with a subsequent leverage effect of 4,5. It is expected that by the end of 2022, all the funds foreseen for the FI (EUR 29 million) will be committed, which will represent 11 to 12 investments in total, and that the project will reach a leverage effect of 6,1.

As regards to the Financial Instrument, the investment path has been quite low because of the COVID, but also because of the fact that 4 new additional windows were open last year, which ended up being very time and energy consuming for AgriFI team. Apart from that, some of the projects that had already received the final approval had to be finally abandoned for different reasons that were beyond the control of AgriFI team.

Same remark as regards to the implementation of the TA dedicated to the investees. As for Huruma, this one was initially supposed to be provided by the FAO, but which had to be abandoned following never-ending useless negotiations with them. AgriFI team is now looking for another organisation to implement the TA. It will probably go through an open international call, which will again take some time. The team is looking for alternatives.

WOMEN'S ECONOMIC EMPOWERMENT (total funds: EUR 9 million)

Women's Economic Empowerment Initiative (WWE): EUR 9 million[97]

Women's Financial Inclusion Facility (WFIF)

The EU contribution of **EUR 9 million** (total 10 million) is dedicated to first-loss risk capital contribution, jointly with other development capital providers and private investors, and technical assistance component.

The Women`s Financial Inclusion Facility ("WFIF") consists of Women`s World Banking Capital Partners II ("WWBCP II" or the "Fund II") and the Women`s World Banking Technical Assistance Programme ("TAP"). The WFIF invests in emerging market financial service providers that incorporate low-income women into

[97] This amount does not include the additional EUR 1 million contribution to the Women's Economic empowerment Initiative from a EU Parliament budget line.

their client base, expand gender diversity within their management teams, and utilise new technology solutions to enhance customer engagement. The EU funding will be used for investments in Sub-Saharan Africa. The Technical Assistance Programme is implemented as an independent action attached to WWBCP II.

The primary purpose of the EU contribution is to crowd commercial investors into the fund by de-risking what might otherwise be unacceptable risks from two types of commercial investors:

- investors new to either gender-lens investing or inclusive finance investing, who would see the first-loss contribution as both an endorsement and risk mitigation, and
- investors who would potentially invest in the fund, but would restrict its ability to invest some portion of the Fund's capital in earlier-stage (e.g. "Series A" or "Series B"), innovative solutions providers and / or World Bank-defined low income countries, including fragile states.

The financial instrument has been running since 2018, when the Delegation Agreement was signed. The signature of any new operations under the Agreement had to be finalised by 27/03/2020, while the contract end date of activities is the 26/09/2033.

KfW is the entrusted entity for the implementation of the financial instrument.

The WFIF has started already reaching **low-income women** with a wide range of products and services created to women and as such, creating a new market for the investee financial institutions. The technical assistance is also starting with gender assessments conducted at the organisational level and market/customer level, which will result in a gender action plan for each investee financial institution to close the gap on gender equality among the company's clients and in its employee base.

The fund has created a rich global pipeline of portfolio with financial institutions with potential and appetite to better reach and serve women across the pipeline countries. The fund has started its first investments in 2020 following its first closing. The EU contribution of EUR 9 million attracted additional funds, current size of the Fund is already USD 89.975 million (EUR 8061 million).

The Fund had its first closing March 2020 at size of USD 50m and second closing 26 May at USD 75m. The Fund has done five first investments. These are in housing finance in India, Agricultural insurance in Sub Saharan Africa (in particular Kenya, Nigeria and Zambia), microfinance in Colombia, peer-to-peer microfinance in Indonesia and rural microfinance in Uganda.

The EU participation as the anchor investor has been instrumental in leveraging important additional public and private investments to the fund.

The targeted leverage effect is 8.

The achieved leverage is 8.

The WFIF has been able to continue the fund raising, although with limitations due to Covid. The final closing of the fund is expected in the first half of 2022.

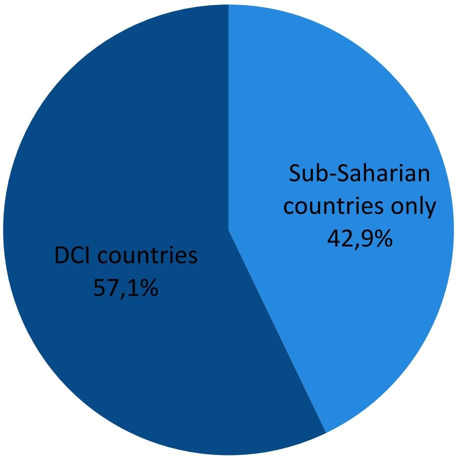
Performance, target leverage effect and achieved leverage effect

Key figures	Actual	Target
EU Contribution committed	241.343.928	564.043.346
Leverage	3,05	6,06
Multiplier effect	7,48	11,00
Envisaged operations	118	248
Financing provided to final beneficiaries	735.690.547	3.419.993.720
Number of final recipients	119.339	181.126
Investments made by final recipients due to the received financing	1.805.734.000	6.203.687.456

Geographical diversification

The thematic initiatives have a global approach, not being attributed a priori to a specific country. Target countries are the ones eligible under the DCI financing instruments. Some projects can only finance investments in Sub-Saharan Africa (CIO, AATIF, ARESUF, FEI, WFFI and DEF), for a total of € 103,4 million).

The distribution of total project investments (EUR 241,34 million) is as follows:



Financial Information

(in euros)

Instrument	Note		Digital Energy Facility	Facility for Energy Inclusion	HURUMA Fund	Agriculture Financing Initiative	Climate Investor Two	Climate Investor One	Electrificatio n Finance Initiative	Africa Agriculture Trade and Investment Fund	Women's Financial Inclusion Facility	Africa Renewable Energy Scale Up Facility - Guarantee Fund	Transferability and Convertibility Facility	Total
Type of instrument (equity/guarantees/ fund/other)			Debt	Equity	Fund	Blending	Fund	Fund	Equity	Fund	Fund + TAP	Guarantee	Guarantees	
Year of inception			2019	2018	2019	2017	2021	2017	2016	2018	2018	2016	2017	
Implementing Partner			AFD	AfDB	Cofides	FMO	FMO	FMO	FMO	KFW	KFW	PROPARCO	PROPARCO	
Commitments	1	2021	0	0	0	0	0	0	0	0	0	0	0	**0**
		Aggregated since inception	23.500.000	40.242.000	19.300.000	39.700.000	19.700.000	30.700.000	125.944.712	30.600.000	10.000.000	24.650.000	26.884.234	**391.220.946**
Payments	2	2021	0	0	0	5.250.000	7.044.298	5.256.116	0	0	0	0	0	**17.550.414**
		Aggregated since inception	4.643.283	35.042.000	6.642.308	28.310.000	7.044.298	28.280.546	78.204.000	20.600.000	6.000.000	9.791.528	16.785.965	**241.343.928**
Maximum financial risk exposure	3	2021	0	6.279.068	4.037.114	14.359.384	7.022.054	29.386.875	32.868.750	14.834.202	1.340.409	5.417.270	0	**115.545.126**
		2020	0	3.765.744	1.219.875	8.702.002	0	21.887.355	23.954.461	14.584.295	280.926	5.000.082	0	**79.394.740**
Guarantees given	4	2021	0	0	0	0	0	0	0	0	0	27.585	0	**27.585**
		Aggregated since inception	0	0	0	0	0	0	0	0	0	5.300.000	0	**5.300.000**
Guarantees called	5	2021	0	0	0	0	0	0	0	0	0	0	0	**0**
		Aggregated since inception	0	0	0	0	0	0	0	0	0	0	0	**0**
Amounts recovered from guarantees called	6	2021	0	0	0	0	0	0	0	0	0	0	0	**0**
		Aggregated since inception	0	0	0	0	0	0	0	0	0	0	0	**0**
Value of equity	7	2021	0	6.279.068	4.037.114	5.072.932	3.265.314	26.976.659	22.488.205	14.834.202	1.340.409	0	0	**84.293.905**
		2020	0	3.765.744	1.219.875	4.651.772	0	21.149.490	12.778.582	14.584.295	280.926	0	0	**58.430.684**
Impairments and realized losses on equity	8	2021	0	0	0	0	0	0	0	0	0	0	0	**0**
		Aggregated since inception	0	0	0	0	0	0	795.122	5.837.347	0	0	0	**6.632.469**
Reflows: returned to the EU budget	9	2021	0	0	0	0	0	0	0	0	0	0	0	**0**
		Aggregated since inception	0	0	0	0	0	0	0	0	0	0	0	**0**
Reflows: returned to be reused	10	2021	0	0	0	0	0	0	0	0	0	0	0	**0**
		Aggregated since inception	0	0	0	0	0	0	0	0	0	0	0	**0**
Implementing costs	11	2021	8.000	78.341	439.211	79.280	27.683	414.003	134.151	60.000	53.250	13.333	41.830	**1.349.082**
		Aggregated since inception	16.667	2.682.567	549.237	358.433	27.683	498.068	2.560.841	403.531	585.803	66.665	167.320	**7.916.815**

in euros

Implementing Partner	Note			AFD	Cofides	FMO	KFW	PROPARCO	AFDB	Total
Overall envelope entrusted	12			0	0	0	0	0	0	**0**
Budgetary commitments	13		2021	0	0	0	0	0	0	**0**
			Aggregated	23.500.000	19.300.000	216.044.712	40.600.000	51.534.234	40.242.000	**391.220.946**
Budgetary payments	14		2021	0	0	17.550.414	0	0	0	**17.550.414**
			Aggregated	4.643.283	6.642.308	141.838.844	26.600.000	26.577.493	35.042.000	**241.343.928**
Amounts committed by the Implementing Partner	15	Grants (including TA)	2021	0	939.362	2.496.598	0	11.083	0	**3.447.043**
			Aggregated	0	984.003	21.533.796	7.000.000	140.000	0	**29.657.799**
		Financial instruments	2021	0	3.952.050	25.240.338	0	0	6.090.837	**35.283.225**
			Aggregated	0	4.440.000	127.738.990	23.000.000	0	9.629.443	**164.808.433**
		Own resources	2021	0	319.000	0	53.822.298	0	15.000.000	**69.141.298**
			Aggregated	0	444.000	0	244.009.600	12.000.000	111.000.000	**367.453.600**
Administrative expenditure	16	Management fees	2021	8.000	30.000	104.238	77.772	55.163	24.587	**299.760**
			Aggregated	16.667	62.500	374.950	293.316	233.985	49.829	**1.031.247**
		Other financial and operating charges	2021	0	409.211	550.879	35.478	0	53.754	**1.049.322**
			Aggregated	0	486.737	3.070.075	696.018	0	2.632.738	**6.885.568**
		Total	**2021**	**8.000**	**439.211**	**655.117**	**113.250**	**55.163**	**78.341**	**1.349.082**
			Aggregated	**16.667**	**549.237**	**3.445.025**	**989.334**	**233.985**	**2.682.567**	**7.916.815**

Notes on financial information

1. The figures include projects contracted by the end of 2021, except for DESIREE, Spark+Africa Fund and Climate Investor One - Energy Efficiency Initiative (EEI), financial instruments that have not yet started their activity at that date.

Annex

Summary tables

Internal Instruments

Financial Instrument	Managing party	Financial envelope available	Budgetary Commitments		Budgetary Payments	
		Total	Aggregate	2021	Aggregate	2021
INFRASTRUCTURE AND CLIMATE CHANGE						
1.1 CEF Equity - Connecting Europe Broadband Fund	Other	100'000'000	100'000'000	0	31'724'308	13'454'115
1.2 Connecting Europe Facility (CEF) - Debt Instruments	EIB	755'023'980	755'023'980	0	755'023'980	0
1.3 Private Finance for Energy Efficiency Instruments Facility (PF4EE)	EIB	105'000'000	105'000'000	0	60'126'667	0
1.4 Natural Capital Financing Facility (NCFF)	EIB	60'000'000	60'000'000	0	12'645'000	0
1.5 European Energy Efficiency Fund (EEEF)	Other	97'044'383	116'203'765	4'960'748	116'203'765	0
1.6 The 2020 European Fund - Margeruerite Fund	Other	70'321'760	71'909'749	0	70'321'760	0
Sub-total instruments		1'187'390'123	1'208'137'494	4'960'748	1'046'045'480	13'454'115
RESEARCH AND INNOVATION						
2.1 InnovFin Debt - Horizon 2020 Loan Services for R I Facility	EIB	1'981'100'000	1'981'100'000	0	1'699'602'144	24'775'394
2.2 Risk-Sharing Finance Facility (RSFF)	EIB	960'730'000	960'730'000	0	960'730'000	0
2.3 Pilot guarantee facility for Research and Innovation-driven SMEs and small midcaps - RSI	EIF	270'000'000	270'000'000	0	270'000'000	0
Sub-total instruments		3'211'830'000	3'211'830'000	0	2'930'332'144	24'775'394
SOCIAL AND EDUCATION						
3.1a EaSI Microfinance and Social Enterprise (EaSI)	EIF	131'000'000	131'000'000	0	123'205'756	14'201'228
3.1b EaSI capacity building investments	EIF	45'000'000	45'000'000	0	31'265'577	455'548
3.2 European Progress Micro-Finance Guarantee Facility (EPMF – G)	EIF	25'000'000	23'989'699	0	23'989'699	0
3.3a European Progress Micro-Finance Fund (EPMF – FCP-FIS)	EIF	80'000'000	80'000'000	0	80'000'000	0
3.3b Employment and Social Innovation Sub - Fund (EaSI FIS)	EIF	67'000'000	67'000'000	0	67'000'000	42'000'000
3.4 Student Loan Guarantee Facility (Erasmus+) — SLGF	EIF	13'911'503		0	13'711'503	0
Sub-total instruments		361'911'503	346'989'699	0	339'172'535	56'656'776
SMES						
4.1 Loan Guarantee Facility under COSME (COSME-LGF)	EIF	1'200'167'459	1'200'167'459	0	1'003'831'752	118'864'897
4.2 Equity Facility for Growth under COSME (COSME-EFG)	EIF	322'672'862	378'100'000	0	144'583'271	23'014'797
4.3 InnovFin SMEG - SME and Small Midcaps R I Loans Service under Horizon 2020	EIF	1'280'914'300	1'280'914'300	0	1'272'614'300	0
4.4 InnovFin Equity - Equity Facility for R I under Horizon 2020	EIF	1'647'054'636	887'805'268	0	736'014'580	100'000'000
4.5 European Innovation Council Fund	EIF	528'070'000	693'733'899	693'733'899	528'100'000	250'000'000
4.6 Cultural and Creative Sectors Guarantee Facility – CCS GF	EIF	123'205'564	123'205'564	0	63'574'770	11'655'507
4.7 SME Guarantee Facility under CIP (SMEG 07)	EIF	510 982 223	523'072'107	0	450'903'607	0
4.8 High Growth and Innovative SME Equity Facility under CIP (GIF)	EIF	554'754'761	600'938'346	-	279'944'597	60'553'570
4.9 SME Initiative (COSME and Horizon 2020 contribution)	0	32'000'000	26'143'532	282'886	23'400'451	0
Sub-total instruments		5'688'839'582	5'714'080'475	694'016'785	4'502'967'328	564'088'771
TOTAL		**10'449'971'208**	**10'481'037'668**	**698'977'533**	**8'818'517'486**	**658'975'056**

Financial Instrument	Financial risk exposure of the Union	Provisions for risk and liabilities / Financial guarantee liabilities	Assets provisioned for risk and liabilities	Called guarantees		Guarantees calls recovered	
	Amount	If applicable	If applicable	Aggregate	2021	Aggregate	2021
INFRASTRUCTURE AND CLIMATE CHANGE							
1.1 CEF Equity - Connecting Europe Broadband Fund	68'678'978	0	0	0	0	0	0
1.2 Connecting Europe Facility (CEF) - Debt Instruments	567'581'439	30'055'592	766'092'663	0	0	0	0
1.3 Private Finance for Energy Efficiency Instruments Facility (PF4EE)	84'452'368	6'498'096	53'437'967	88'212	0	27'741	27'741
1.4 Natural Capital Financing Facility (NCFF)	14'585'798	122'669	9'807'534	0	0	0	0
1.5 European Energy Efficiency Fund (EEEF)	106'568'947	0	0	0	0	0	0
1.6 The 2020 European Fund - Margeruerite Fund	39'179'580	0	0	0	0	0	0
Sub-total instruments	881'047'110	36'676'357	829'338'164	88'212	0	27'741	27'741
RESEARCH AND INNOVATION							
2.1 InnovFin Debt - Horizon 2020 Loan Services for R I Facility	1'718'858'565	68'231'979	1'607'421'065	143'836'000	0	39'756'001	0
2.2 Risk-Sharing Finance Facility (RSFF)	3'185'204	0	4'748'690	25'543'000	0	6'876'000	103'000
2.3 Pilot guarantee facility for Research and Innovation-driven SMEs and small midcaps - RSI	88'293'796	1'366'419	89'260'344	51'218'844	2'387'532	0	0
Sub-total instruments	1'810'337'565	69'598'398	1'701'430'099	220'597'844	2'387'532	46'632'001	103'000
SOCIAL AND EDUCATION							
3.1a EaSI Microfinance and Social Enterprise (EaSI)	63'306'905	60'840'124	103'295'603	54'247'110	17'415'878	875'840	112'870
3.1b EaSI capacity building investments	33'512'862	0	0	0	0	0	0
3.2 European Progress Micro-Finance Guarantee Facility (EPMF – G)	0	0	0	14'581'231	68'738	73'149	1'782
3.3a European Progress Micro-Finance Fund (EPMF – FCP-FIS)	1'578'489	0	0	0	0	0	0
3.3b Employment and Social Innovation Sub - Fund (EaSI FIS)	61'971'770	0	0	0	0	0	0
3.4 Student Loan Guarantee Facility (Erasmus+) — SLGF	3'867'757	0	3'570'157	296'143	89'224	1'715	1'715
Sub-total instruments	164'237'783	60'840'124	106'865'760	69'124'484	17'573'840	950'704	116'367
SMES							
4.1 Loan Guarantee Facility under COSME (COSME-LGF)	779'701'546	779'701'546	594'555'785	340'624'856	117'044'888	25'339'673	9'219'086
4.2 Equity Facility for Growth under COSME (COSME-EFG)	23'077'084	0	0	0	0	0	0
4.3 InnovFin SMEG - SME and Small Midcaps R I Loans Service under Horizon 2020	878'189'219	341'430'619	901'271'703	232'944'272	77'717'781	17'612'713	9'502'690
4.4 InnovFin Equity - Equity Facility for R I under Horizon 2020	795'027'081	0	0	0	0	0	0
4.5 European Innovation Council Fund	306'674'355	0	0	0	0	0	0
4.6 Cultural and Creative Sectors Guarantee Facility – CCS GF	110'101'348	110'101'848	52'086'638	1'974'057	679'129	24'137	13'938
4.7 SME Guarantee Facility under CIP (SMEG 07)	133'356'992	38'055'199	56'659'149	402'486'784	15'810'070	53'544'338	7'277'757
4.8 High Growth and Innovative SME Equity Facility under CIP (GIF)	541'434'719	0	0	0	0	0	0
4.9 SME Initiative (COSME and Horizon 2020 contribution)	6'772'296	0	0	0	0	0	0
Sub-total instruments	3'574'334'640	1'269'289'212	1'604'573'275	978'029'969	211'251'868	96'520'861	26'013'471
TOTAL	**6'429'957'098**	**1'436'404'091**	**4'242'207'298**	**1'267'840'509**	**231'213'240**	**144'131'307**	**26'260'579**

Financial Instrument	Revenues		Repayments		Additional resources for the financial year 2020		
	Aggregate	2021	Aggregate	2021	EU Budget	Instrument	Total
INFRASTRUCTURE AND CLIMATE CHANGE							
1.1 CEF Equity - Connecting Europe Broadband Fund	45'143	35'141	3'666'984	2'251'839	0	2'286'981	2'286'981
1.2 Connecting Europe Facility (CEF) - Debt Instruments	129'310'344	4'136'659	0	0	0	0	0
1.3 Private Finance for Energy Efficiency Instruments Facility (PF4EE)	402'668	0	0	0	0	0	0
1.4 Natural Capital Financing Facility (NCFF)	73'329	24'052	0	0	0	0	0
1.5 European Energy Efficiency Fund (EEEF)	0	0	7'110'674	0	0	0	0
1.6 The 2020 European Fund - Margeruerite Fund	7'371'886	7'371'886	70'161'760	14'036'564	0	34'556'209	34'556'209
Sub-total instruments	137'203'370	11'567'739	80'939'418	16'288'404	0	36'843'190	36'843'190
RESEARCH AND INNOVATION							
2.1 InnovFin Debt - Horizon 2020 Loan Services for R I Facility	198'510'854	26'365'000	39'757'000	0	0	0	0
2.2 Risk-Sharing Finance Facility (RSFF)	295'814'481	2'117'128	924'585'578	0	0	0	0
2.3 Pilot guarantee facility for Research and Innovation-driven SMEs and small midcaps - RSI	2'018'126	0	114'105'752	0	0	0	0
Sub-total instruments	496'343'461	28'482'128	1'078'448'330	0	0	0	0
SOCIAL AND EDUCATION							
3.1a EaSI Microfinance and Social Enterprise (EaSI)	2'082'888	1'130'803	0	0	0	0	0
3.1b EaSI capacity building investments	1'656'584	814'111	0	0	0	0	0
3.2 European Progress Micro-Finance Guarantee Facility (EPMF – G)	1'363'272	0	7'433'659	3'665'923	0	3'665'923	3'665'923
3.3a European Progress Micro-Finance Fund (EPMF – FCP-FIS)	0	0	28'376'975	865'078	0	0	0
3.3b Employment and Social Innovation Sub - Fund (EaSI FIS)	0	0	0	0	0	0	0
3.4 Student Loan Guarantee Facility (Erasmus+) — SLGF	2'102'139	85'892	8'368'168	0	702'472	0	702'472
Sub-total instruments	7'204'883	2'030'806	44'178'802	4'531'001	702'472	3'665'923	4'368'395
SMES							
4.1 Loan Guarantee Facility under COSME (COSME-LGF)	18'818'732	5'878'833	-	-	-	-	--
4.2 Equity Facility for Growth under COSME (COSME-EFG)	646'060	60'923	7'476'129	4'169'008	861'887	0	861'887
4.3 InnovFin SMEG - SME and Small Midcaps R I Loans Service under Horizon 2020	26'205'425	2'044	0	0	0	0	0
4.4 InnovFin Equity - Equity Facility for R I under Horizon 2020	5'445'916	10'188	0	0	0	2'202'831	2'202'831
4.5 European Innovation Council Fund	0	0	0	0	0	0	0
4.6 Cultural and Creative Sectors Guarantee Facility – CCS GF	712'974	93'397	0	0	0	0	0
4.7 SME Guarantee Facility under CIP (SMEG 07)	41'399'284	359'680	0	0	0	0	0
4.8 High Growth and Innovative SME Equity Facility under CIP (GIF)	42'071'448	727	279'944'597	60'553'570	0	25'139'860	25'139'860
4.9 SME Initiative (COSME and Horizon 2020 contribution)	80'379	38'410	0	0	0	0	0
Sub-total instruments	135'380'218	6'444'202	287'420'726	64'722'578	861'887	27'342'691	28'204'578
TOTAL	**776'131'933**	**48'524'875**	**1'490'987'276**	**85'541'983**	**1'564'359**	**67'851'804**	**69'416'163**

Financial Instrument	Impairment of assets (for equity instruments)		Realised losses (for equity instruments)		Administrative expenditure (management costs)	
	Aggregate	2021	Aggregate	2021	Aggregate	2021
INFRASTRUCTURE AND CLIMATE CHANGE						
1.1 CEF Equity - Connecting Europe Broadband Fund	31'321'022	0	0	0	4'718'158	1'350'000
1.2 Connecting Europe Facility (CEF) - Debt Instruments	0	0	0	0	30'036'901	-455'974
1.3 Private Finance for Energy Efficiency Instruments Facility (PF4EE)	0	0	0	0	6'081'862	1'508'754
1.4 Natural Capital Financing Facility (NCFF)	0	0	0	0	1'599'986	200'721
1.5 European Energy Efficiency Fund (EEEF)	0	0	0	0	21'129'534	1'936'888
1.6 The 2020 European Fund - Margeruerite Fund	0	0	0	0	7'481'659	378'342
Sub-total instruments	31'321'022	0	0	0	71'048'100	4'918'731
RESEARCH AND INNOVATION						
2.1 InnovFin Debt - Horizon 2020 Loan Services for R I Facility	N/A	N/A	N/A	N/A	88'984'767	9'508'058
2.2 Risk-Sharing Finance Facility (RSFF)	0	0	0	0	26'533'000	0
2.3 Pilot guarantee facility for Research and Innovation-driven SMEs and small midcaps - RSI	N/A	N/A	N/A	N/A	38'218'237	299'607
Sub-total instruments	0	0	0	0	153'736'004	9'807'665
SOCIAL AND EDUCATION						
3.1a EaSI Microfinance and Social Enterprise (EaSI)	0	0	0	0	8'481'113	90'102
3.1b EaSI capacity building investments	0	0	0	0	2'055'308	822'418
3.2 European Progress Micro-Finance Guarantee Facility (EPMF – G)	0	0	0	0	1'840'751	0
3.3a European Progress Micro-Finance Fund (EPMF – FCP-FIS)	12'564'880	0	0	0	8'997'131	0
3.3b Employment and Social Innovation Sub - Fund (EaSI FIS)	0	0	0	0	5'082'466	2'495'000
3.4 Student Loan Guarantee Facility (Erasmus+) — SLGF	0	0	0	0	6'657'232	2'007
Sub-total instruments	12'564'880	0	0	0	33'114'001	3'409'527
SMES						
4.1 Loan Guarantee Facility under COSME (COSME-LGF)	-	-	-	-	73'735'531	380'794
4.2 Equity Facility for Growth under COSME (COSME-EFG)	0	0	0	0	22'848'362	4'855'424
4.3 InnovFin SMEG - SME and Small Midcaps R I Loans Service under Horizon 2020	N/A	N/A	N/A	N/A	180'509'861	32'896'213
4.4 InnovFin Equity - Equity Facility for R I under Horizon 2020	329'455	0	0	0	46'986'855	3'153'351
4.5 European Innovation Council Fund	0	0	0	0	7'805'960	17'312'890
4.6 Cultural and Creative Sectors Guarantee Facility – CCS GF	0	0	0	0	7'476'103	31'228
4.7 SME Guarantee Facility under CIP (SMEG 07)	0	0	0	0	22'585'550	609'363
4.8 High Growth and Innovative SME Equity Facility under CIP (GIF)	41'151'012	0	1'385'704	0	33'473'665	335'074
4.9 SME Initiative (COSME and Horizon 2020 contribution)	0	0	0	0	0	0
Sub-total instruments	41'480'467	0	1'385'704	0	395'421'887	59'574'337
TOTAL	**85'366'369**	**0**	**1'385'704**	**0**	**653'319'992**	**77'710'260**

Financial Instrument	Other operational and financial charges		Balance in the fiduciary account		EU Contribution committed to financial intermediaries	Financial provided by financial intermediaries to final recipients	Investment made by final recipients due to the received financing
	Aggregate	2021	2021	2020	Actual	Actual	Actual
INFRASTRUCTURE AND CLIMATE CHANGE							
1.1 CEF Equity - Connecting Europe Broadband Fund	0	0	0	0	100'000'000	127'686'230	829'000'000
1.2 Connecting Europe Facility (CEF) - Debt Instruments	56'968'501	11'000	0	0	755'023'980	2'076'260'000	17'846'120'000
1.3 Private Finance for Energy Efficiency Instruments Facility (PF4EE)	2'841'441	337'393	17'881'939	21'368'259	92'300'000	311'925'927	416'596'837
1.4 Natural Capital Financing Facility (NCFF)	0	0	9'807'534	10'547'662	60'000'000	58'383'680	85'740'578
1.5 European Energy Efficiency Fund (EEEF)	0	0	0	0	99829868,36	175'400'000	324'600'000
1.6 The 2020 European Fund - Margeruerite Fund	0	0	0	0	71'909'749	751.000.000 *	4'170'000'000
Sub-total instruments	59'809'942	348'393	27'689'473	31'915'921	1'079'233'729	2'749'655'837	23'672'057'415
RESEARCH AND INNOVATION							
2.1 InnovFin Debt - Horizon 2020 Loan Services for R I Facility	1'416'760	36'000	2'149	2'149	1'981'100'000	11'346'708'955	29'565'229'119
2.2 Risk-Sharing Finance Facility (RSFF)	53'343'173	323'515	1'109	650'000	960'730'000	11'313'000'000	22'000'000'000
2.3 Pilot guarantee facility for Research and Innovation-driven SMEs and small midcaps - RSI	2'875'084	266'786	10'554'241	9'351'657	270'000'000	2'321'200'000	4'642'400'000
Sub-total instruments	57'635'017	626'301	10'557'499	10'003'806	3'211'830'000	24'980'908'955	56'207'629'119
SOCIAL AND EDUCATION							
3.1a EaSI Microfinance and Social Enterprise (EaSI)	1'581'237	188'180	103'276'027	106'209'933	412'650'388	2'535'679'177	3'549'950'848
3.1b EaSI capacity building investments	99'525	6'417	2'166'853	8'432'631	41'054'244	0	0
3.2 European Progress Micro-Finance Guarantee Facility (EPMF – G)	723'582	35'600	0	3'778'228	23'989'699	236'203'114	330'684'360
3.3a European Progress Micro-Finance Fund (EPMF – FCP-FIS)	0	0	0	0	80'000'000	281'012'214	401'425'948
3.3b Employment and Social Innovation Sub - Fund (EaSI FIS)	0	0	0	0	67'000'000	0	26'738'749
3.4 Student Loan Guarantee Facility (Erasmus+) — SLGF	3'693'063	211'395	2'182'628	4'549'715	13'911'503	11'388'563	11'388'563
Sub-total instruments	6'097'407	441'592	107'625'508	122'970'507	638'605'834	3'064'283'068	4'320'188'468
SMES							
4.1 Loan Guarantee Facility under COSME (COSME-LGF)	28'378'232	10'009'486	594'471'538	409'014'864	2'655'271'617	49'932'544'976	62'000'000'000
4.2 Equity Facility for Growth under COSME (COSME-EFG)	0	0	8'876'209	14'791'035	378'100'000	2'555'536'541	4'855'519'428
4.3 InnovFin SMEG - SME and Small Midcaps R I Loans Service under Horizon 2020	17'183'755	12'003	95'952'978	75'984'687	2'680'914'300	22'232'249'110	31'125'148'754
4.4 InnovFin Equity - Equity Facility for R I under Horizon 2020	0	0	77'164'434	60'152'759	887'805'268	3'706'385'153	7'042'131'791
4.5 European Innovation Council Fund	0	0	275'594'182	269'027'671	693'733'899	173'993'201	330'587'082
4.6 Cultural and Creative Sectors Guarantee Facility – CCS GF	2'618'598	436'372	52'086'638	43'434'616	252'892'282	1'354'813'371	2'979'770'324
4.7 SME Guarantee Facility under CIP (SMEG 07)	21'528'721	251'711	56'658'243	64'996'309	496'700'000	21'215'300	31'056'100
4.8 High Growth and Innovative SME Equity Facility under CIP (GIF)	4'497'628	525'835	110'383'357	67'375'248	539'608'922	0	4'188'000'000
4.9 SME Initiative (COSME and Horizon 2020 contribution)	0	0	0	0	1'212'831'123	6'018'228'800	8'425'520'321
Sub-total instruments	74'206'934	11'235'407	1'271'187'579	1'004'777'189	9'797'857'411	85'994'966'452	120'977'733'799
TOTAL	**197'749'300**	**12'651'693**	**1'417'060'059**	**1'169'667'423**	**14'727'526'974**	**116'789'814'312**	**205'177'608'801**

External Instruments

Financial Instrument	Managing party	Financial envelope available	Budgetary Commitments		Budgetary Payments	
		Total	Aggregate	2021	Aggregate	2021
FINANCIAL INSTRUMENTS IN EXTERNAL POLICIES						
5.1a Guarantee Facility under the Western Balkans EDIF I	EIF	21'900'000	21'900'000	0	21'900'000	0
5.1b Guarantee Facility under the Western Balkans EDIF II	EIF	47'500'000	47'500'000	47'500'000	22'850'000	0
5.1c Enterprise Expansion Fund — ENEF under Western Balkan	EIF	9'500'000	11'000'000	11'000'000	11'000'000	11'000'000
5.1d Enterprise Innovation Fund – ENIF under Western Balkan	EIF	14'100'000	21'200'000	21'200'000	21'200'000	0
5.1e Green for Growth Fund (GGF)	EIF	68'083'233	0	0	29'450'000	9'450'000
5.1f European Fund for Southeast Europe (EFSE) under Western Balkans	EIF	100'769'341	0	0	10'720'000	10'720'000
5.2 Global Energy Efficiency and Renewable Energy Fund (GEEREF)	EIF	81'913'937	81'100'000	0	79'500'000	0
5.3 Support to the Facility for FEMIP	EIB	224'000'000	224'000'000	0	224'000'000	0
Sub-total instruments		567'766'511	406'700'000	79'700'000	420'620'000	31'170'000

Financial Instrument	Revenues		Repayments		Additional resources for the financial year 2020		
	Aggregate	2021	Aggregate	2021	EU Budget	Instrument	Total
FINANCIAL INSTRUMENTS IN EXTERNAL POLICIES							
5.1a Guarantee Facility under the Western Balkans EDIF I	0	0	0	0	0	0	0
5.1b Guarantee Facility under the Western Balkans EDIF II	0	0	0	0	0	0	0
5.1c Enterprise Expansion Fund — ENEF under Western Balkan	1'076'564	287'358	0	293'814	0	0	0
5.1d Enterprise Innovation Fund – ENIF under Western Balkan	0	0	0	538'043	0	0	0
5.1e Green for Growth Fund (GGF)	0	0	0	0	0	0	0
5.1f European Fund for Southeast Europe (EFSE) under Western Balkans	0	0	0	0	0	0	0
5.2 Global Energy Efficiency and Renewable Energy Fund (GEEREF)	0	0	0	0	0	0	0
5.3 Support to the Facility for FEMIP	15'961'495	38'390	94'323'181	6'963'383	0	0	0
Sub-total instruments	17'038'059	325'748	94'323'181	7'795'240	0	0	0

Financial Instrument	Financial risk exposure of the Union	Provisions for risk and liabilities / Financial guarantee liabilities	Assets provisioned for risk and liabilities	Called guarantees		Guarantees calls recovered	
	Amount	If applicable	If applicable	Aggregate	2021	Aggregate	2021
FINANCIAL INSTRUMENTS IN EXTERNAL POLICIES							
5.1a Guarantee Facility under the Western Balkans EDIF I	17'750'636	1'085'291	18'351'708	2'101'846	58'902	449'750	0
5.1b Guarantee Facility under the Western Balkans EDIF II	40'674'197	9'284'518	18'895'940	2'074'598	1'498'957	1'512'253	1'498'957
5.1c Enterprise Expansion Fund — ENEF under Western Balkan	5'789'600	0	0	0	0	0	0
5.1d Enterprise Innovation Fund – ENIF under Western Balkan	11'739'700	0	0	0	0	0	0
5.1e Green for Growth Fund (GGF)	68'083'233	0	0	0	0	0	0
5.1f European Fund for Southeast Europe (EFSE) under Western Balkans	124'525'539	0	0	0	0	0	0
5.2 Global Energy Efficiency and Renewable Energy Fund (GEEREF)	65'797'085	0	0	0	0	0	0
5.3 Support to the Facility for FEMIP	75'842'210	0	9'731'392	2'470'374	1'384'319	0	0
Sub-total instruments	410'202'200	10'369'809	46'979'040	6'646'818	2'942'178	1'962'003	1'498'957

Financial Instrument	Impairment of assets (for equity instruments)		Realised losses (for equity instruments)		Administrative expenditure (management costs)	
	Aggregate	2021	Aggregate	2021	Aggregate	2021
FINANCIAL INSTRUMENTS IN EXTERNAL POLICIES						
5.1a Guarantee Facility under the Western Balkans EDIF I	0	0	0	0	1'900'000	0
5.1b Guarantee Facility under the Western Balkans EDIF II	0	0	0	0	1'867'306	312'714
5.1c Enterprise Expansion Fund — ENEF under Western Balkan	0	0	0	0	585'943	0
5.1d Enterprise Innovation Fund – ENIF under Western Balkan	0	0	0	0	6'703'179	0
5.1e Green for Growth Fund (GGF)	0	0	0	0	828'316	276'120
5.1f European Fund for Southeast Europe (EFSE) under Western Balkans	0	0	0	0	5'101'320	376'120
5.2 Global Energy Efficiency and Renewable Energy Fund (GEEREF)	8'276'805	0	0	0	20'227'180	1'852'006
5.3 Support to the Facility for FEMIP	20'395'600	0	322'002	0	12'897'603	946'546
Sub-total instruments	28'672'405	0	322'002	0	50'110'847	3'763'506

Financial Instrument	Other operational and financial charges		Balance in the fiduciary account		EU Contribution committed to financial intermediaries	Financial provided by financial intermediaries to final recipients	Investment made by final recipients due to the received financing
	Aggregate	2021	2021	2020	Actual	Actual	Actual
FINANCIAL INSTRUMENTS IN EXTERNAL POLICIES							
5.1a Guarantee Facility under the Western Balkans EDIF I	307'580	6'787	18'351'708	18'264'782	21'900'000	114'500'000	160'300'000
5.1b Guarantee Facility under the Western Balkans EDIF II	97'298	48'347	18'895'940	19'977'655	47'500'000	359'198'506	502'877'908
5.1c Enterprise Expansion Fund — ENEF under Western Balkan	0	0	4'866'512	5'150'032	11'000'000	57'896'000	110'002'400
5.1d Enterprise Innovation Fund – ENIF under Western Balkan	0	0	3'725'090	4'850'327	21'200'000	33'542'000	63'729'800
5.1e Green for Growth Fund (GGF)	0	0	NA	NA	68'083'233	306'500'000	803'382'149
5.1f European Fund for Southeast Europe (EFSE) under Western Balkans	0	0	0	0	100'769'341	2'900'000'000	7'400'000'000
5.2 Global Energy Efficiency and Renewable Energy Fund (GEEREF)	0	0	314'452	405'584	81'913'937	135'544'267	977'043'592
5.3 Support to the Facility for FEMIP	44'214'155	-3'391'551	9'731'392	13'099'867	122'713'436	262'000'000	5'705'001
Sub-total instruments	44'619'033	-3'336'417	55'885'094	61'748'247	475'079'947	4'169'180'773	10'023'040'850

Blending Instruments

	6.1 Neighbourhood Investment Facility – NIF	6.2 Investment Facility for Central Asia (IFCA) and Asian Investment Facility (AIF)	6.3 Latin America Investment Facility — LAIF	6.4 Thematic blending (ElectriFI, AgriFI, Climate Change)	Total
Budgetary Commitments Aggregate	439'339'490	36'880'400	43'690'000	391'220'946	**911'130'836**
Budgetary Payments Aggregate	421'883'379	31'861'462	31'911'643	241'343'928	**727'000'413**
Maximum financial risk exposure 2021	332'390'162	11'758'704	26'001'329	115'545'127	**485'695'322**
Guarantees given Aggregate	70'215'223	3'354'282	0	5'300'000	**78'869'505**
Guarantees called Aggregate	9'266'200	0	0	0	**9'266'200**
Amounts recovered from guarantees called Aggregate	48'082	0	0	0	**48'082**
Value of equity 2021	264'473'786	9'759'341	26'001'329	84'293'905	**384'528'360**
Impairments and realised losses on equity Aggregate	47'060'500	0	1'852'842	6'632'469	**55'545'811**
Reflows: returned to the EU budget Aggregate	0	2'000'000	0	0	**2'000'000**
Reflows: returned to be reused Aggregate	0	0	0	0	**0**
Implementing costs Aggregate	33'351'980	617'990	301'281	7'916'815	**42'188'066**

Summary tables per managing party

Internal Instruments

Managing party			EIB	EIF	Other	Total
Financial envelope available		Total	3'861'853'980	6'288'751'085	267'366'143	10'417'971'208
Budgetary Commitments		Aggregate	3'861'853'980	6'318'838'145	288'113'514	10'468'805'639
		2021	0	693'733'899	4'960'748	698'694'647
Budgetary Payments		Aggregate	3'488'127'791	5'088'739'411	218'249'833	8'795'117'035
		2021	24'775'394	620'745'547	13'454'115	658'975'056
Revenues		Aggregate	624'111'676	144'522'848	7'417'029	776'051'554
		2021	32'642'839	8'436'598	7'407'028	48'486'465
Repayments		Aggregate	964'342'578	445'705'280	80'939'418	1'490'987'276
		2021	0	69'253'579	16'288'404	85'541'983
Guarantee calls	Called guarantees	Aggregate	169'467'212	1'098'373'297	0	1'267'840'509
		2021	0	231'213'240	0	231'213'240
	Guarantees calls recovered	Aggregate	46'659'742	97'471'565	0	144'131'307
		2021	130'741	26'129'838	0	26'260'579
	Total	Aggregate	216'126'954	1'195'844'862	0	1'411'971'816
		2021	130'741	257'343'078	0	257'473'819
Equity losses	Impairment of assets (for equity instruments)	Aggregate	0	54'045'347	31'321'022	85'366'369
		2021	0	0	13'275'212	13'275'212
	Realised losses (for equity instruments)	Aggregate	0	1'385'704	0	1'385'704
		2021	0	0	0	0
	Total	Aggregate	0	55'431'051	31'321'022	86'752'073
		2021	0	0	13'275'212	13'275'212
Administrative expenditure	Administrative expenditure (management costs)	Aggregate	153'236'516	466'754'125	33'329'351	653'319'992
		2021	10'761'559	63'283'471	3'665'230	77'710'260
	Other operational and financial charges	Aggregate	114'569'875	83'179'425	0	197'749'300
		2021	707'908	11'943'785	0	12'651'693
	Total	Aggregate	267'806'391	549'933'550	33'329'351	851'069'293
		2021	11'469'467	75'227'256	3'665'230	90'361'953
Balance in the fiduciary account		2021	27'692'731	1'389'367'328	0	1'417'060'059
		2020	32'568'070	1'137'099'353	0	1'169'667'423

External Instruments

Managing party			EIB	EIF	Other	Total
Financial envelope available		Total	224'000'000	343'766'511	0	567'766'511
Budgetary Commitments		Aggregate	224'000'000	182'700'000	0	406'700'000
		2021	0	79'700'000	0	79'700'000
Budgetary Payments		Aggregate	224'000'000	196'620'000	0	420'620'000
		2021	0	31'170'000	0	31'170'000
Revenues		Aggregate	15'961'495	1'076'564	0	17'038'059
		2021	38'390	287'358	0	325'748
Repayments		Aggregate	94'323'181	0	0	94'323'181
		2021	6'963'383	831'857	0	7'795'240
Guarantee calls	Called guarantees	Aggregate	2'470'374	4'176'444	0	6'646'818
		2021	1'384'319	1'557'859	0	2'942'178
	Guarantees calls recovered	Aggregate	0	1'962'003	0	1'962'003
		2021	0	1'498'957	0	1'498'957
	Total	Aggregate	2'470'374	6'138'447	0	8'608'821
		2021	1'384'319	3'056'816	0	4'441'135
Equity losses	Impairment of assets (for equity instruments)	Aggregate	20'395'600	8'276'805	0	28'672'405
		2021	0	0	0	0
	Realised losses (for equity instruments)	Aggregate	322'002	0	0	322'002
		2021	0	0	0	0
	Total	Aggregate	20'717'602	8'276'805	0	28'994'407
		2021	0	0	0	0
Administrative expenditure	Administrative expenditure (management costs)	Aggregate	12'897'603	37'213'244	0	50'110'847
		2021	946'546	2'816'960	0	3'763'506
	Other operational and financial charges	Aggregate	44'214'155	404'878	0	44'619'033
		2021	-3'391'551	55'134	0	-3'336'417
	Total	Aggregate	57'111'758	37'618'122	0	94'729'880
		2021	-2'445'005	2'872'094	0	427'089
Balance in the fiduciary account		2021	9'731'392	46'153'702	0	55'885'094
		2020	13'099'867	48'648'380	0	61'748'247

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