

# **EU OPEN FOR BUSINESS – A NEW COMPASS FOR SMEs**

**26-28 MAY 2021**

# We make it easier for SMEs and mid caps to access finance

For information about finance available under further EU initiatives, please visit <http://www.accesstofinance.eu>



**1.5m**  
*small businesses  
financed*



*Supporting*  
**EU goals**  
*of innovation,  
growth & job  
creation*



**6.8m**  
*jobs  
supported*



*Our role*  
*\*SMEs, small Mid-caps and Mid-caps.*

# Our solutions help entrepreneurs access finance

Unlocking finance for innovation, job creation and growth



“Thanks to the support, we will be able to boost production and start accepting more orders.”

**Frusack**  
**CZ**



“The investment definitely had a real impact in terms of job creation.”

**Sonnen**  
**DE**



“Without the loan, things would have been very difficult for us.”

**Helioz**  
**AT**



“We started producing the handbags, set up sales and marketing and we opened a flagship store here in Antwerp.”

**KAAI**  
**BE**



“The fund’s involvement was critical in terms of funding, boosting our image, offering advice and bringing new perspectives.”

**SmartBill**  
**RO**



# Our unique approach

We design financial instruments that share risks with our partners multiplying public resources and increasing the supply of finance

## Our resources

- European Commission
- European Investment Bank
- Local authorities & National Promotional Institutions
- Other investors\*

## Our approach

We design and deploy **financial instruments** that target funding gaps

## Our partners

Equity risk sharing

600+ Funds

Debt risk sharing

400+ Banks

## Small businesses

More than **€5** investment and lending to small businesses

5x leverage of public resources\*\*

\*Includes EIF's own resources and other external resources including private investors.

\*\*On aggregate based on 2019 transactions. Depending on the instrument and the transaction, the leverage achieved can range from 4x to 40x.

Source: EIF Annual Report 2019.

# Benefits of our approach

## We multiply resources

We design financial instruments that share risk with banks and funds and, as a result multiply resources

## We target funding gaps

We help our investors support new segments and target specific gaps at a European, national and local level

## We nurture ecosystems

We partner with established and new providers of equity and debt financing, often taking a cornerstone position when required

*Increasing the overall supply of finance for small businesses*

*Increasing financing options especially where markets don't work well*

*Increasing the number of local partners lending to and investing in small businesses*

# Pan-European Guarantee Fund

An EIB Group COVID-19 response measure

## Funding

*EU member states contribute pro rata to their shareholding in the EIB and/or other institutions.*

## Vehicle

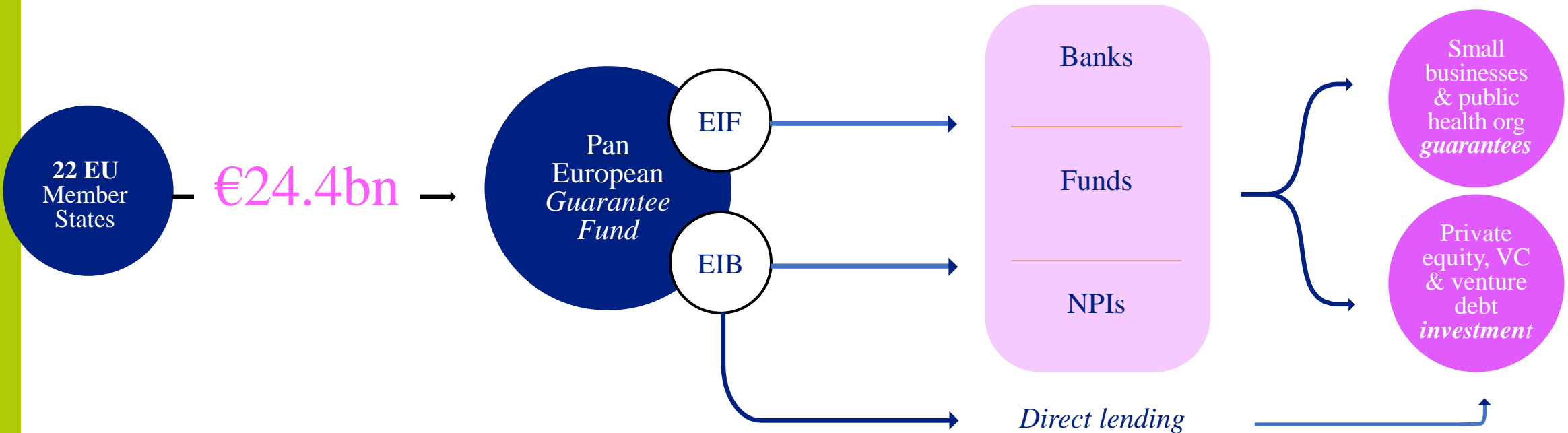
*An EIB Partnership Platform for Funds, providing guarantees to the EIB and the EIF to reimburse any possible losses.*

## Intermediaries

*Using standard products to share risk with our intermediaries. EIB will also engage in direct lending for some beneficiaries.*

## Beneficiaries

*Mitigating liquidity risk for SMEs, mid-caps and lending to public health organisations. By sharing risk with our partners, €24.4bn could be scaled up to ca €180bn.*



# Pan-European Guarantee Fund

€25bn target

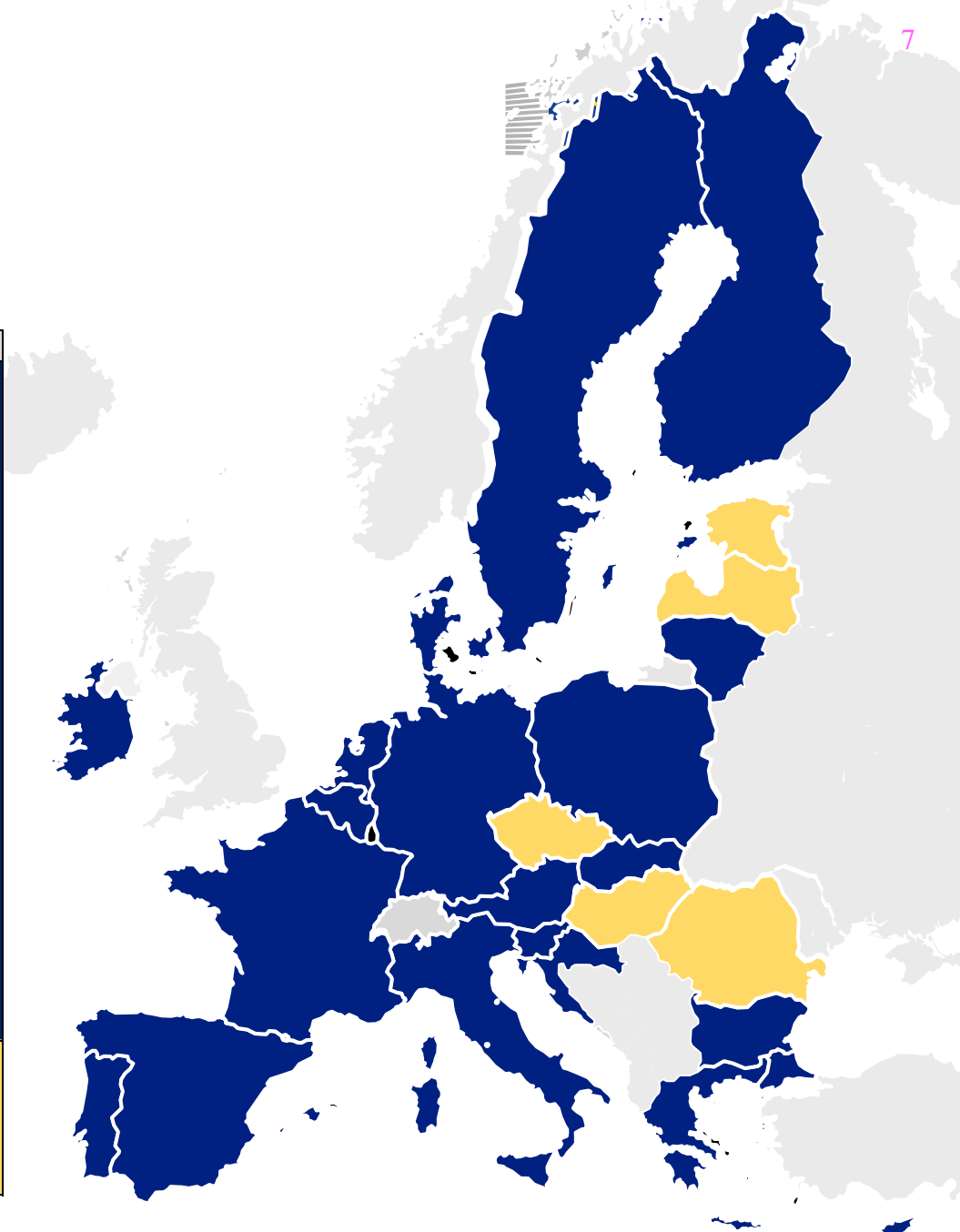
97.4%

Contributions finalised

2.6%

Will not contribute

Status	Country
Finalised contribution agreement	Austria
	Belgium
	Bulgaria
	Croatia
	Cyprus
	Denmark
	Finland
	France
	Germany
	Greece
	Ireland
	Italy
	Lithuania
	Luxembourg
	Malta
	Netherlands
	Poland
	Portugal
	Slovakia
	Slovenia
Spain	
Sweden	
Will not contribute	Czech Republic
	Estonia
	Hungary
	Latvia
	Romania

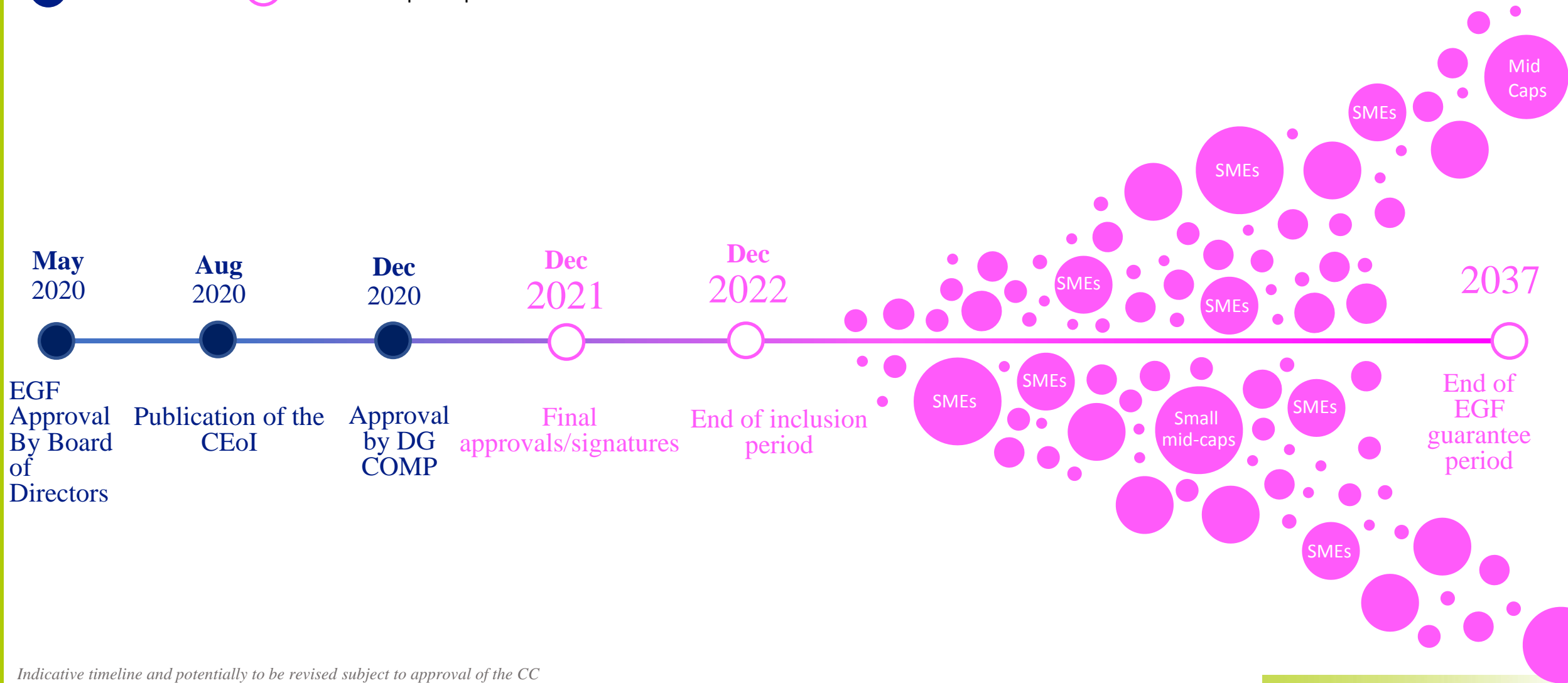


Status ■ Finalised Contribution Agreement ■ Will not contribute



# Implementation timeline

● Steps taken ○ Future steps: implementation



Indicative timeline and potentially to be revised subject to approval of the CC



# Products for SMEs via EIF partners

Debt  
products



Equity  
investments

# EIF Debt Products

A range of debt solutions for Europe's SMEs, small mid-caps and mid-caps during the COVID-19 crisis

## Financial Intermediaries

Commercial banks	Guarantee societies	Microfinance institutions
Ethical banks	National promotional banks	Alternative lenders
Crowd-lenders	Debt funds	SPVs
Leasing companies		

## Eligible financing

Senior loans	Leasing	Revolving credit lines
Documentary finance	With recourse factoring	Subordinated loans
Quasi-equity		

## Transfer of benefit (examples)

Lower level of collaterals provided as security

Reduction in interest rates, e.g. through the reduction of the credit risk spread

Increased access to finance for riskier borrowers such as start-ups.

## Guarantee fee

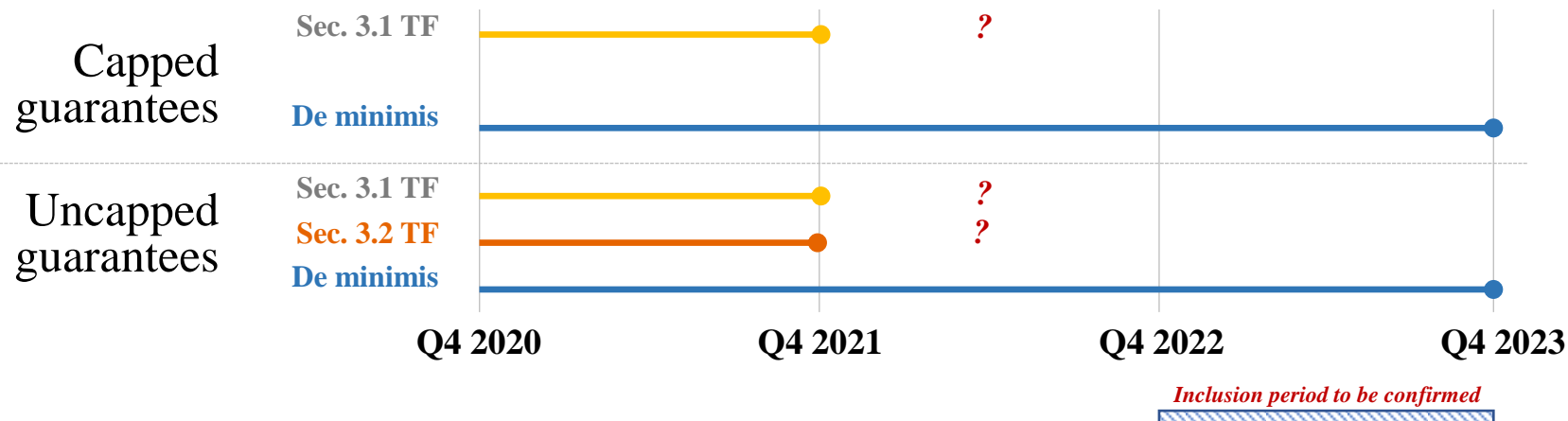
Capped Guarantees: **20bps** on the outstanding guaranteed amount

Uncapped Guarantees: **70bps** on the outstanding guaranteed amount

# EIF Debt Products – State aid requirements

## Compliance with State Aid requirements

- Guarantee products designed to comply with State Aid requirements. Financial Intermediaries shall include underlying financing in line with provisions under the **Temporary Framework** or the **De minimis Regulation**
- Applicable State Aid regime determines features of the financing (i.e. maturity, guaranteed amount, ranking) and the inclusion period. The temporary Framework currently allows for inclusions until Dec. 2021, while, for the moment, **only the De minimis Regulation will be available for inclusions starting from Jan. 2022.**
- Still open: confirmation on whether the **Temporary Framework** will be extended beyond Dec. 2021.



# EIF Equity Products

A range of solutions to address smaller company COVID-19 liquidity issues

	<b>Existing funds Top-up facility</b>	<b>Target fund size facility</b>	<b>Replacing defaulting LP facility</b>	<b>Turnaround / Special Situations Funds</b>	<b>Selective Loan Funds</b>
<b><i>Purpose</i></b>	Support funds with limited or insufficient undrawn capital to provide follow-ons to their portfolio companies or invest in new companies	Supporting funds with fundraising difficulties to help reach their targeted fund size in case of limited investors' interest during subscription period	Selectively replacing defaulting or likely to default investors allowing fund managers to complete their initial investment strategy	Investments into funds with dedicated turnaround/special situation strategies thereby supporting the recovery of COVID-19 impacted firms	Investments into loan funds with selective investment approach that provide bespoke debt solutions for companies. Focus on new financing origination.
<b><i>Targeted counterparts and final beneficiaries</i></b>	<i>VC/BA/TT/PE/Private Credit/Mezzanine funds. Two options: Top-ups can be structured on pari-passu or preferred terms.</i>	<i>VC/BA/TT/PE/Mezzanine funds fundraising or active in their subscription period. and investing in SMEs and Mid-Caps</i>	<i>VC/BA/TT/PE/Private Credit/Mezzanine funds investing in SMEs and Mid-Caps</i>	<i>Increased availability of financing for distressed SMEs and Mid-Caps.</i>	<i>Bespoke non-bank debt solutions for SMEs and Mid-Caps.</i>

# Selection of Financial Intermediaries

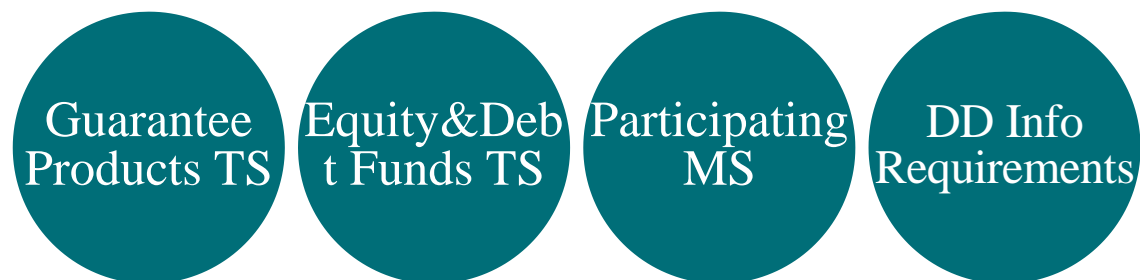
## Call for Expression of Interest to select Financial Intermediaries

Published on Aug. 31<sup>st</sup>, 2020

### Call for Expression of Interest



### Annexes



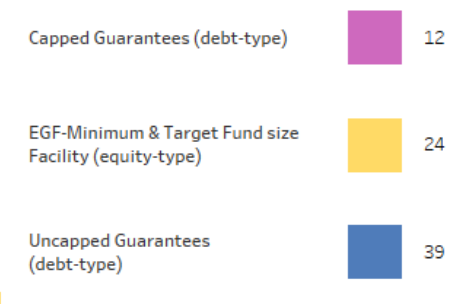
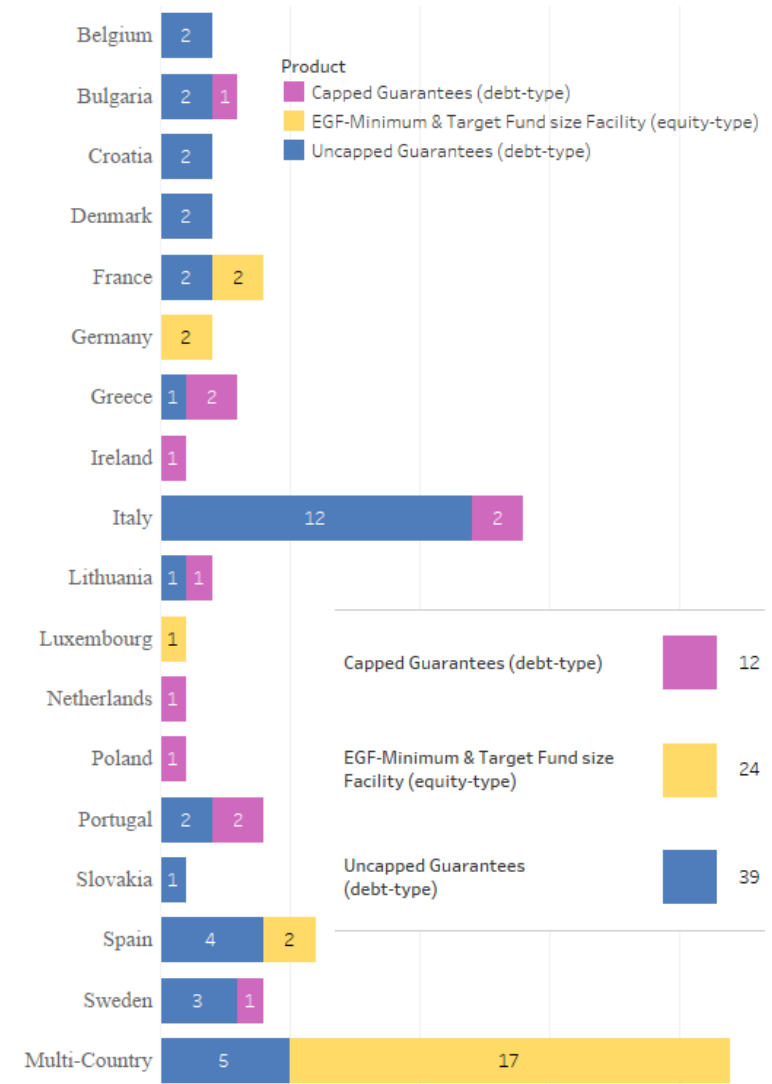
Expressions of Interest containing:

- Representations and declarations for the purposes of the Anti-Fraud and Transparency Policies
- Applicant identification details
- First screening information requirements: applicants provide indicative information on main features of the portfolio and on the proposal to transfer the benefit of the guarantee to the final recipients.

- Indicative Term Sheet for each product:
- Key product features & contractual clauses
  - Eligibility criteria
  - State aid guidelines
- Detailed DD requirements

# Signatures (as of 12 May)

Geographical focus (by product and number of contracts signed)



# Where to find our partners

- ✓ EGF: [European Guarantee Fund \(eib.org\)](http://eib.org),  
Project List
- ✓ For information about finance available under  
further EU initiatives, please  
visit <http://www.accesstofinance.eu>
- ✓ [www.eif4smes.com](http://www.eif4smes.com)