#Believe InSmall

INVESTEU

Impact of the EaSI Financial Instruments

Policy Forum_Romanian Microfinance Association

Bucharest, 29 September 2022

EaSI Instruments – Implementation in Romania

EaSI implementation in Romania

Mobilizing funding available for Final Recipients

€475m*

13 guarantees
3 EaSI CBI
4 EaSI Funded

16 FIs

6 banks

10 non-banks

- Patria Bank
- Libra Bank
- Idea Bank
- BCR/Erste Group
- Unicredit Group
- Raiffeisen Bank
- Patria Credit
- OMRO
- BCR Social Finance
- Vitas
- FAER
- ROMCOM
- BT Mic
- Agricover
- AsCAR-RV
- Mikro Kapital

22,600
Micro and social SMEs supported

61% unbanked/no prior loan

92% self-employed

33% female entrepreneurs

As of 30 March 2022

EaSI GFI impact

€420mn

signed

166 agreements

116 FIs

61 banks

55 non-banks

31 countries*

Aiming to mobilize

€4.2bn

€3.0bn

Already deployed to:

172,500 Micro and social SMEs supported

~500,000 jobs preserved

71% self-employed

24% migrants of non-EU origin

30% female entrepreneurs

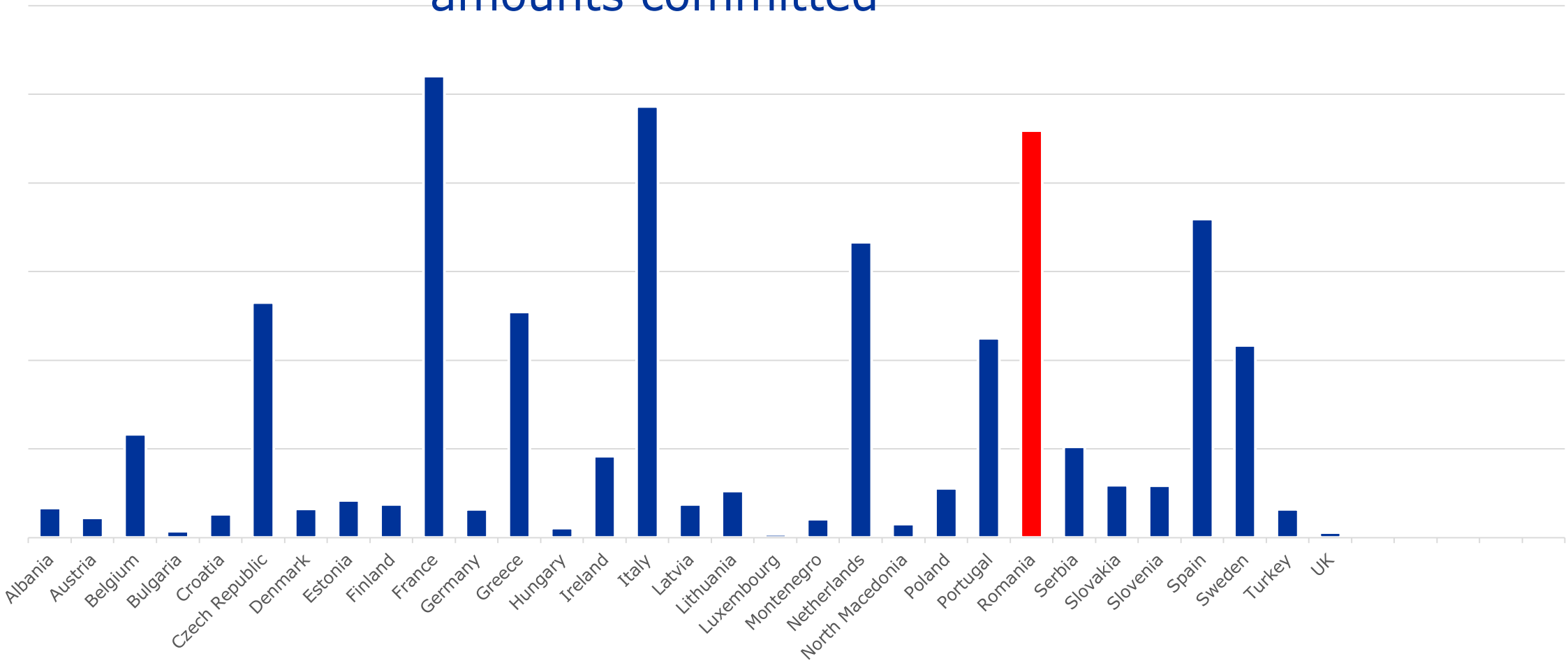
79% unbanked/no prior loans

.*25 EU-member countries & 5 non-EU countries

EaSI implementation in Romania

EaSI guarantee Instrument

- amounts committed -



InvestEU at a glance

InvestEU Fund

New finance to boost investments, innovation & job creation in Europe 2021-2027

€26.2bn
InvestEU Fund

EU guarantee to trigger a new wave of investments

To mobilise

€372bn

in investments across 4 windows:

- *Sustainable Infrastructure*
- *Research, Innovation & Digitalisation*
- *Small & Medium Sized Enterprises (SMEs)*
- *Social Investment & Skills*

Green transition → ***Digital transition*** → ***Continued recovery***

InvestEU Fund solution

A simplified guarantee benefiting from multiple resources and implemented by different partners

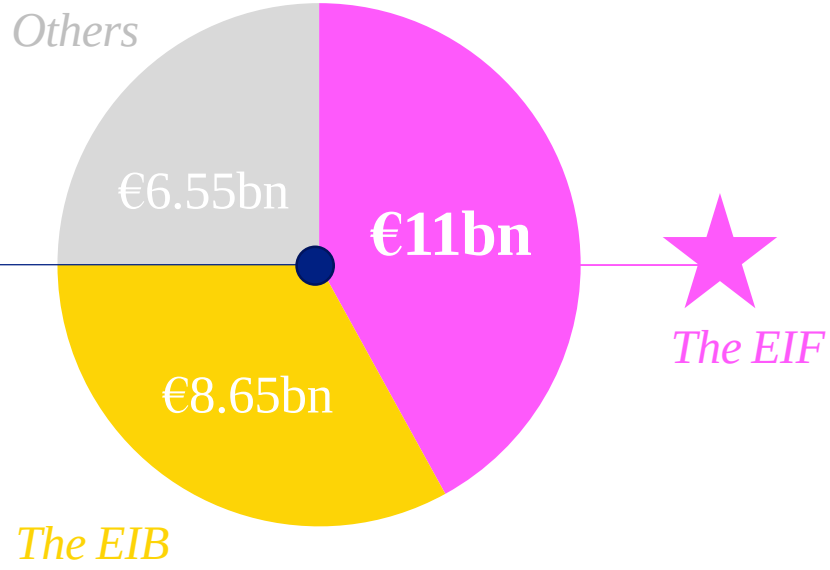
The InvestEU Fund is implemented via selected financial partners

Resources

13
EU financial instruments
& the European Fund for Strategic Investments (EFSI) into 1 instrument

€26.2bn
InvestEU Fund

Specialised partners



Thematic focus

Mobilising private resources through risk sharing instruments and support in key areas of policy focus

Thematic focus

- *Innovation & Digitalisation*
- *Competitiveness*
- *Culture & Creativity*
- *Climate & Sustainability*
- *Social Impact & Inclusion*
- *Skills & Education*

Guarantees

& counter guarantees for banks & micro-finance lenders for lending to SMEs, small mid-caps, mid-caps, individuals & households

Equity

investments in private equity, venture capital & climate & infrastructure funds to back start ups, scale-ups and projects

Advisory Support

InvestEU guarantee products overview

Six guarantee products to incentivise debt financing and a capacity building instrument:

Overview

- *Sustainability*
- *SME Competitiveness*
- *Innovation and Digitalisation*
- *Culture and Creative Sectors*
- *Microfinance and Social Entrepreneurship*
- *Skills and Education*

Comparison of guarantee key features (1/2)

	SME Competitiveness	Sustainability	Innovation & Digitalisation	Cultural & Creative	Micro & Social Entrepreneurship	Skills & Education
Type of instrument	**Capped Portfolio Guarantee** All Higher Risk Categories	• SMEs & Small Mid-Caps • Natural persons - zero and low emission mobility	All eligibility criteria	All eligibility criteria	Capped Portfolio Guarantee All eligibility criteria	Capped Portfolio Guarantee All eligibility criteria
	Uncapped Portfolio Guarantee Higher Risk Category 3 only	• SMEs & Small Mid-Caps • Natural persons & housing associations – RE & EE	All eligibility criteria	All eligibility criteria		
Guarantee rate	Up to 50% Higher risk category 1&2 Up to 70% Higher risk category 3	Up to 70% SMEs & Small mid-caps Up to 80% Natural persons and housing associations	Up to 70%	Up to 70%	Up to 80%	Up to 70% All categories except for A Up to 80% Category A
	Up to 80% Rate applicable to Cohesion and/or Just Transition Regions					
Cap rate	Up to 25%				Up to 30%	Up to 25%
Guarantee fee	0.2% p.a. Capped Portfolio Guarantee	0.75% p.a 1.2% p.a	Uncapped Portfolio Guarantee for any Final Recipient Transaction that is not in the form of Subordinated Debt Uncapped Portfolio Guarantee for Subordinated Debt		Free of charge (uncapped inapplicable)	

Comparison of guarantee key features (2/2)

	SME Competitiveness	Sustainability	Innovation & Digitalisation	Cultural & Creative	Micro & Social Entrepreneurship	Skills & Education
Target final recipients	SMEs	SMEs; Small Mid-Caps; Natural Persons; Housing Associations	SMEs; Small mid-caps	SMEs; Small Mid-Caps; Small Public Enterprises	Micro Enterprises; Social Enterprises; Natural Persons	SMEs; Small Mid-Caps; Natural Persons; Small Public Enterprises For Category A
Maximum debt financing principal amount		€7.5m Private Financial Intermediary €2m Where Financial (Sub-) Intermediary is National Promotional Bank or Institution (as a direct lender)			€50k Microfinance €2m Social Entrepreneurship	€30k* Category A €2m All Categories except for A
Debt financing maturity range MIN	12m Higher Risk Category 1&2 3yrs Higher Risk Category 3	12 months			3 months	12 months
Debt financing maturity range MAX	No maximum maturity provided that the coverage of the Final Recipient Transactions shall not extend beyond Individual (Counter-) Guarantee Termination Date.					

* *In duly justified circumstances, such amount may be increased up to EUR 50 000. Please see Call for Expression of Interest for more information*

Enhanced access to finance measures

	SME Competitiveness	Sustainability	Innovation & Digitalisation	Cultural & Creative	Micro & Social Entrepreneurship	Skills & Education*
Enhanced access to finance implementation measures	Final Recipients falling within one of the 3 categories below: • Higher risk category 1 (start-ups, previously excluded SMEs and higher credit risk financing) • Higher risk category 2 (the most risky debt financing in the Financial (Sub-) Intermediary's SME loan book) • Higher risk category 3 (final recipients established prior to 2019 which suffered a 5% turnover decrease in 2020 or 2021)	• Reduction of cost of financing • Reduction of collateral requirements (not applicable for Cultural & Creative) • Reduction in down-payment (in case of leases) • Increase in financing volumes • Support to excluded segments • Financing at longer maturities • Bespoke financing arrangements • Any Subordinated Debt Transactions			• Reduction of cost of financing • Support to excluded segments • Reduction of collateral requirements • Financing at longer maturities • Bespoke financing arrangements	• Reduction of cost of financing • Reduction of collateral requirements • Reduction in down-payment (in case of leases) • Increase in financing volumes • Support to excluded segments • Financing at longer maturities • Bespoke financing arrangements • Any Subordinated Debt Transactions

* *Enhanced access to finance measure are differently applicable with respect to the different categories of Product Eligibility Criteria (Category A, B, C or D, as specified in the related term sheet)*

Microfinance and Social Portfolio Guarantee Product

The successor of EaSI GFI, aims at enhancing access to finance for microfinance and social enterprises

Eligibility

Financial Intermediaries

MICROFINANCE
Max FRT Amount:
EUR 50,000

SOCIAL ENTREPRENEURSHIP
Max FRT Amount:
EUR 2,000,000

Comply with the EU Code for Good Conduct

Offer BDS services

Banks, Non-banks, Credit Cooperatives, Ethical Banks, other lending providers (NGOs)

Final Recipients

Microenterprises

Natural Persons

Self-employed

that experience difficulties accessing credit for the purpose of professional and revenue-generating activities..

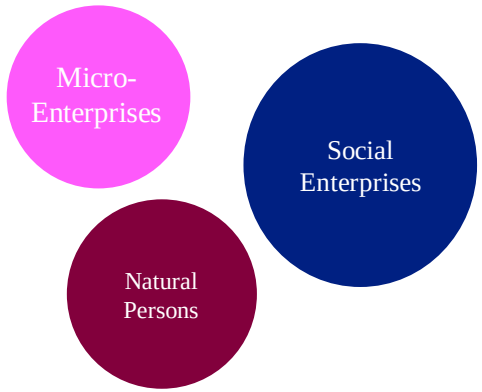
Social Enterprises

- **Achievement of measurable, positive social impacts,**
- **Provision of services/goods that generate a social return**
- **Predefined procedures and rules for profit distribution**
- **Managed in an entrepreneurial, participatory, accountable and transparent manner**

Microfinance & Social guarantee key terms

Type of Instrument	Guarantee cap rate	Guarantee fee	Guarantee rate
Capped Portfolio Guarantee	Up to 30%	Free of charge	Up to 80%

Target final recipients



Maximum Guarantee transaction amount

€50k	Microfinance
€2m	Social Entrepreneurship

Transaction maturity

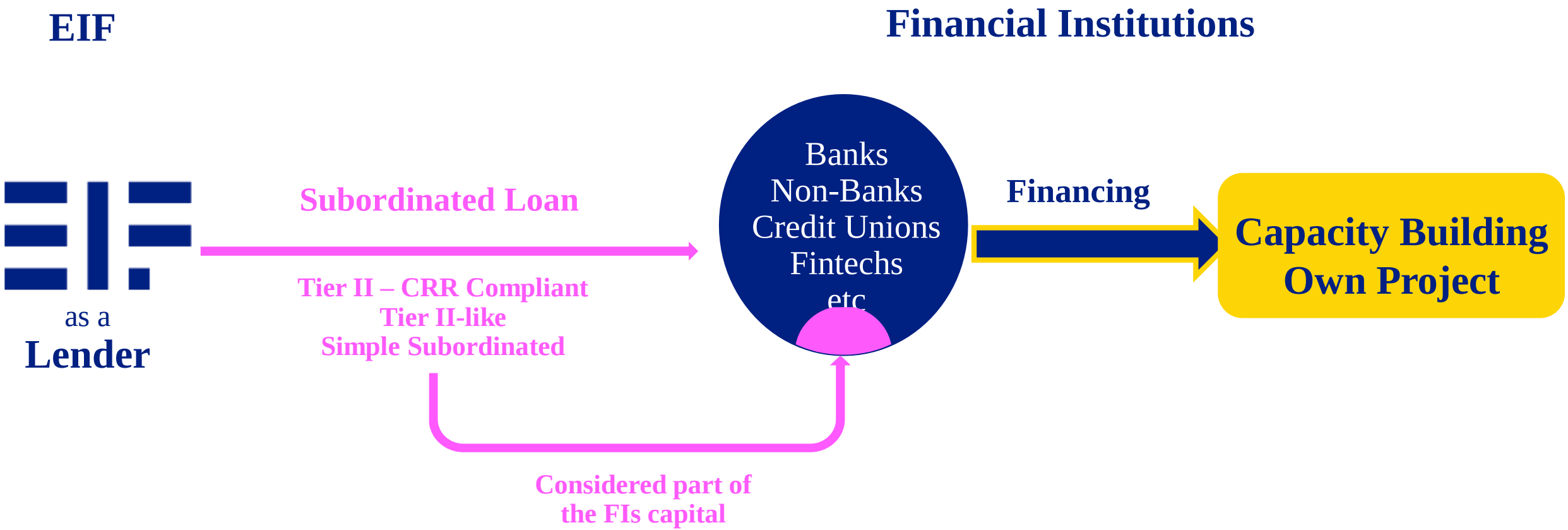
Minimum	Maximum
3 months	N/A*

* No maximum maturity - provided that the coverage of the Final Recipient Transactions shall not extend beyond Individual (Counter-) Guarantee Termination Date.

Capacity Building Investment Product

The successor of EaSI Capacity Building, aims at strengthening the institutional capacities of the financial institutions in the micro, social and skills and education finance space

Capacity building investment product



Capacity Building Projects

Organizational Development and Expansion

Investment in **organizational development and expansion**: new offices

- IT infrastructure
- New staff
- New branches
- …

Operational and Institutional Capabilities

Strengthening operational and institutional capabilities, **aimed at contributing to the sustainability of the FI**, i.e. operational expenses coverage for a certain period of time

Enhancing the Indebtedness Capacity

Increasing the indebtedness capacity of the FI, while supporting them to retain a balanced socio-commercial orientation

Key Terms

Summary

Type of instrument	Subordinated loan
Lending conditions	Unsecured
Tenor	Up to 10 years
Repayment terms	Bullet
Disbursement period	In min 2 tranches*, during a 24 months period
Availability period	Up to 3 years
Max EIF commitment:	Max 100% of the FI's equity Max EUR 5m

** In specific cases, disbursement in only one tranche may be agreed upon.*

Application, approval and implementation

InvestEU – how to apply

The application process in three steps

I am…

A financial intermediary interesting in applying for:

- ***One or more Guarantee products***
- ***The Capacity Building Investment Product***

Step 1

New

On-line

Explore the EIF's new *Information Point for Financial Intermediaries* to gain a first overview of the InvestEU products on offer & to understand where your interests may lie

Step 2

Open until 30 June 2027

Head over to www.eif.org to dig deeper into the *Call for Expression of Interest documentation*, which includes:

- detailed product term sheets
- reporting requirements & templates
- FAQs

… and more

Step 3

For Guarantees & CBI, submit your application via the *dedicated email address*

Overview of our deployment process

Application

Pre-selection

Due diligence

Final selection

Guarantee agreement

- Call for expression of interest published on website
- Eligible countries

if full Expression of Interest is submitted

- First assessment/screening based on compliance with formal criteria* and contribution of the proposal towards the mandate objectives
- First-come, first-assessed principle of application review

if the financial intermediary is pre-selected

- Due diligence meeting and analysis
- Requirement of further information if necessary

if the additionality requirements are met

- Proposal for approval by relevant decision making bodies

if EIF decision making bodies approve the transaction

- Legal implementation and signature
- Availability period starts at or shortly after the signature
- Availability period is usually 2 to 3 years

Typically up to 6 months (depending on quality of information received)

** Signed expression of interest and complete application package submitted*

Roles and responsibilities

During the application process (pre signature)

Apply for the relevant type of guarantee and guarantee product(s)

EIF has one open call for expression of interest for all portfolio guarantee products under InvestEU
Potential FIs can choose capped or uncapped guarantee for one or several guarantee products

Prepare and submit application in line with the call for expression of interest

Applicants need to send details on the expected portfolios to be originated under the chosen guarantee products
Particular focus on enhanced access to finance measures to eligible final recipients.

Due Diligence assessment

Pre-selected Applicants will be requested additional information and will be further assessed during a due diligence process.

FI

EIF

Provide guidelines on eligibility criteria

We can help you navigate the different types of guarantees and guarantee products and help you assess which solution is most relevant for you or your clients.

Application assessment

We will assess the quality and impact of the proposals received.
Applicants are pre-selected based on scoring of their application.

Pre-approval process

We will conduct an in depth due-diligence assessment. Additionally, we, together with you, agree on the guarantee products envisaged, enhanced access to finance measures, or any other specific lending and/or financial conditions.

Roles and responsibilities

Post signature – timely reporting is key

Preparation phase
Training & marketing, including dedicate webpage
IT set up to support reporting

Loan origination phase
Regular contact with EIF on origination pace

During the lifetime of the operation
Quarterly reporting on inclusions, guarantee calls, recoveries
Communication & promotion

FI

EIF

Monitoring and feedback
Transaction monitoring and feedback by your EIF relationship manager

Reporting assistance
Reporting monitoring and assistance by our middle/back office

Payments
Guarantee payments within 60 days of quarter end

• Monitoring visit(s) • Regular feedback
• Audit visits (if applicable)

Thank You!

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Cristina Dumitrescu
Inclusive Finance
c.dumitrescu@eif.org

To find out more please visit us at: www.eif.org

European
Investment Fund
37B avenue J.F. Kennedy

L-2968 Luxembourg
Phone: +352 2485-81545