



Implementation of ESIF financial instruments by EIF

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EIF managed FoFs on behalf of Member States or Regions including both national and EU budget funding



Fund-of-Funds under regional mandates

JEREMIE (ERDF 2007-2013)

Bulgaria, Calabria, Campania, Cyprus, Sicily, Extremadura, Greece, Languedoc-Roussillon, Latvia, Lithuania, Malta, PACA, Romania

ERDF 2014-2020

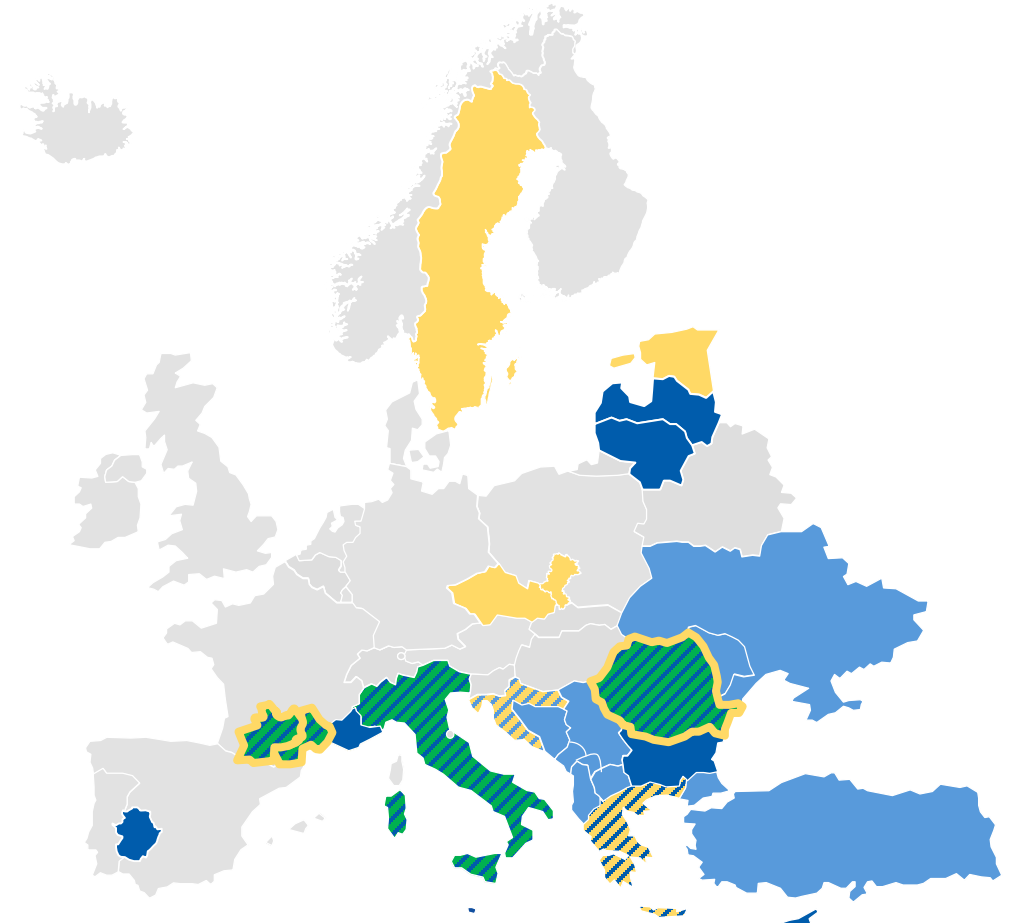
Croatia, Czech Republic, Estonia, Greece, Languedoc-Roussillon, Midi-Pyrenees, Romania, Silesia, Sweden

EAFRD 2014-2020

Languedoc-Roussillon, Midi-Pyrenees, Multi Regional Platform Italy, Romania

Mandates outside EU

DCFTA (Georgia, Moldova, Ukraine), GAGF (Turkey), Western Balkans



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Benefits to Member States' markets from guarantee instruments



❖ Reduce interest rates and collateral requirements, prolong maturities, make riskier and younger enterprises bankable

Credit spreads for SME loans differ substantially across many EU Member States. Fragmentation of funding rates undermines economic growth and job creation. Furthermore, credit to SMEs in vulnerable countries is hampered by investors' concerns as well as the credit risk linked to the sovereign ratings. EIF plays an important role in structuring each deal, providing significant value added to local financial intermediaries in terms of credit assessment, pricing and capital relief;

❖ **Overcome market fragmentation**

Lending to SMEs has been persistently extremely tight in many parts of Europe. Lending volumes keep declining due regulatory adjustments and deleveraging. By pooling structural funds in a pan-European initiative EIB and EIF seek to address this gap and foster the Single Market;

❖ **Provide capital relief to financial intermediaries**

Capital constraints remain a hurdle for banks to lend and invest in SMEs. As EIF feedback from markets shows, in many cases capital constrain is a more important factor than liquidity behind banks' reluctance to extend credit to SMEs;

❖ **Multiplier effects**

Guarantee instruments are designed with a view to scale up available resources and ensure swift and critical market impact. The EIF unique expertise and strong commitment to support small businesses acts as a catalyst helping achieve greater leverage and more liquid markets across Europe.



SME Initiative: Implementation overview



SPAIN

- ESIF: **EUR 800m** (from 16 region)
- Option 1
- **H2020**: EUR 14.3m
- **12** transactions signed
- Disbursed SME loans at Q1 2018: **EUR 4.12bn** (49,962 loans)

ITALY

- ESIF: **EUR 102.5m** plus **EUR 100m** of national contribution
- Option 2
- **COSME**: EUR 4m
- Target: ca. **EUR 1.3bn of new debt finance** in southern regions
- Agreement signed with 5 banks in December 2017

BULGARIA

- ESIF: **EUR 102m**
- Option 1
- **H2020**: EUR 1.8m
- **10** transactions signed
- Target: **EUR 608m of new debt finance**
- Disbursed SME loans at Q1 2018: **EUR 246.43m** (2,376 loans)

ROMANIA

- ESIF: **EUR 100m**
- Option 1
- **H2020**: EUR 2m
- **14** transactions signed with 8 banks
- Target: ca. **EUR 544m of new debt finance**
- Disbursed SME loans at Q1 2018: **EUR 163.49m** (751 loans)

MALTA

- ESIF: **EUR 15m**, Option 1
- **H2020**: EUR 229k
- 2 transactions signed
- Disbursed SME loans as at Q1 2018: **EUR 38.49m** (575 loans)

FINLAND

- ESIF+national: **EUR 40m**
- Option 1
- **H2020**: EUR 840k
- Available budget oversubscribed; **5** transactions signed
- Target: ca. **EUR 400m of new debt finance**
- Disbursed SME loans at Q1 2018: **273.28m** (498 loans)



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Lessons learnt for post 2020



❖ Post 2020 legislation

Need for improvement and simplification, i.e. consolidation of the regulatory framework with the purpose to have a « Single rule book »

❖ Blending of ESIF, national, regional and NPI/IFI resources:

New approach to facilitate the possibility to combine resources and to enable EU Regions to leverage on EU level instruments

❖ Focus on specific market segments

Design and implement industry and regional focused financial instruments tailored to address market specific needs, e.g. agriculture, innovation and technology transfer, export financing

❖ Doing more with less

By carefully crafting and blending public and private resources guarantee financial instrument can achieve substantial leverage and market impact, e.g. SME Initiative Finland achieved a 10x leverage of the Member State contribution



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