

Support for microfinance and social economy under InvestEU and synergies with ESF+

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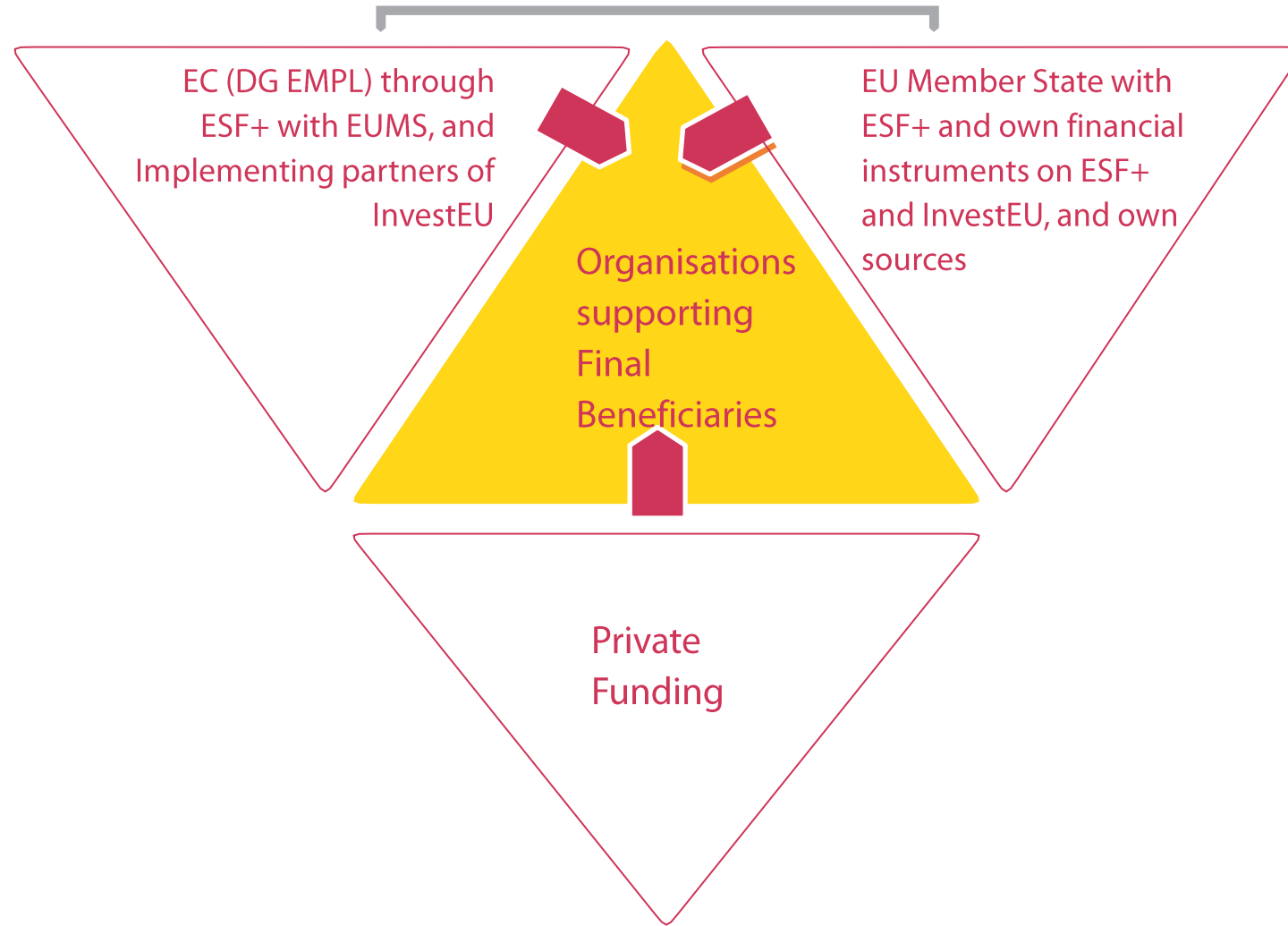


The actors and the instruments





The interaction to create the synergies





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ESF+

Thank you!



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EIF - Inclusive Finance activity

Simone Petrillo

Investment Manager, European Investment Fund

Marco Giuliani

Mandate Manager, European Investment Fund

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Inclusive Finance financial instruments

Two instruments, one goal: increase access to finance for vulnerable groups and social entrepreneurs

Inclusive Finance financial instruments & EIF's role

Portfolio guarantee:

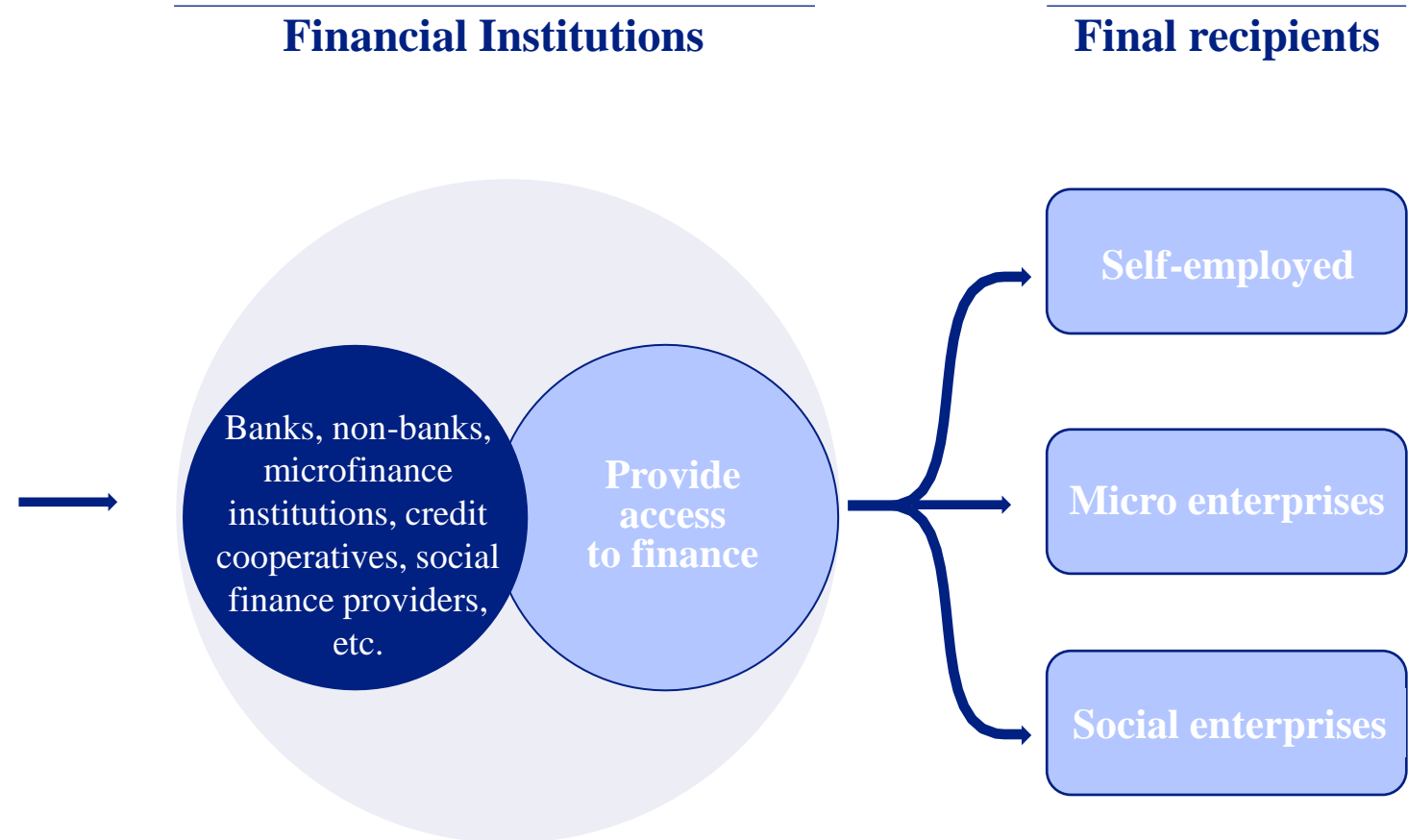
Free-of charge first-loss capped portfolio guarantee
EIF acting as guarantee provider

Capacity Building:

Subordinated loan / Tier-2 to eligible FIs to reinforce their institutional and / or indebtedness capacity
EIF acting as investor

Funded instrument:

Unsecured long-term debt and sub-debt for loan portfolio financing
EIF acting as lender



Microfinance and Social Portfolio Guarantee Product

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

Microfinance & Social Entrepreneurship guarantee



Key terms

Type of (Counter-)Guarantee	Capped (Counter-)Guarantee
(Counter-)Guarantee Rate	Up to 80%
Maximum Guarantee Cap Rate (where applicable)	Up to 30% set at the level of the expected loss
Guarantee Fee	Free of charge
Guarantee Termination Date	12 years after the end of Inclusion Period
Inclusion Period	2 to 3 years (may be extended from time to time)
Min / Max maturity	Min.: 3 months Max: N/A*
Risk Retention	20% of the outstanding principal amount of each Final Recipient Transaction (or lower in duly justified cases)
Eligible financing	<ul style="list-style-type: none"> Up to EUR 50 000 with respect to Microfinance Up to EUR 2 000 000 with respect to Social Entrepreneurship; no minimum principal amount is applicable Minimum maturity shall be 3 months; no maximum scheduled maturity
Enhanced Access to Finance	Reduce cost of financing, collateral requirements, support to excluded segments, longer maturities, offer bespoke financing arrangements and/or other measure(s) agreed with the EIF

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

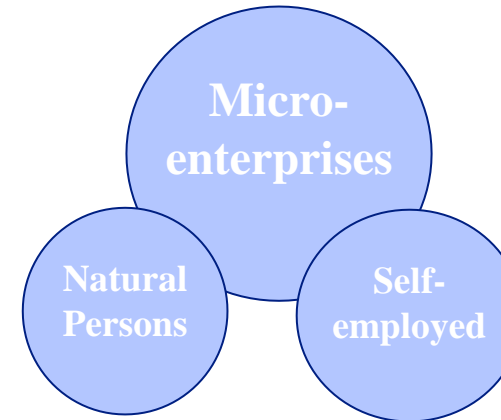
Microfinance & Social Entrepreneurship

Eligibility

Financial Intermediaries



Final Recipients



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

MICROFINANCE

Max Final Recipient
Transaction Amount:
EUR 50,000

SOCIAL ENTREPRENEURSHIP

Max Final Recipient
Transaction Amount:
EUR 2,000,000

Social Enterprises

- Definition
 - 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
- Social Business Declaration

InvestEU Capacity Building Investments Product

The CBI Product provides support to intermediaries providing financing in these emerging segments - to help them build up their institutional capacity.

IEU Capacity Building Investment (CBI) Product

The why

To build up the *institutional capacity* of Financial Intermediaries that have not yet reached sustainability (including Greenfield Financial Intermediaries) or that are *in need of risk capital* to sustain their *growth and development* in the area of *microfinance, social entrepreneurship* or the *skills* and education space (*Target Areas*).



The whom

The CBI Product is available to *any Financial Intermediary* operating in any of the 3 Target Areas and that is able to provide financing to and/or serving such Target Areas.

The what

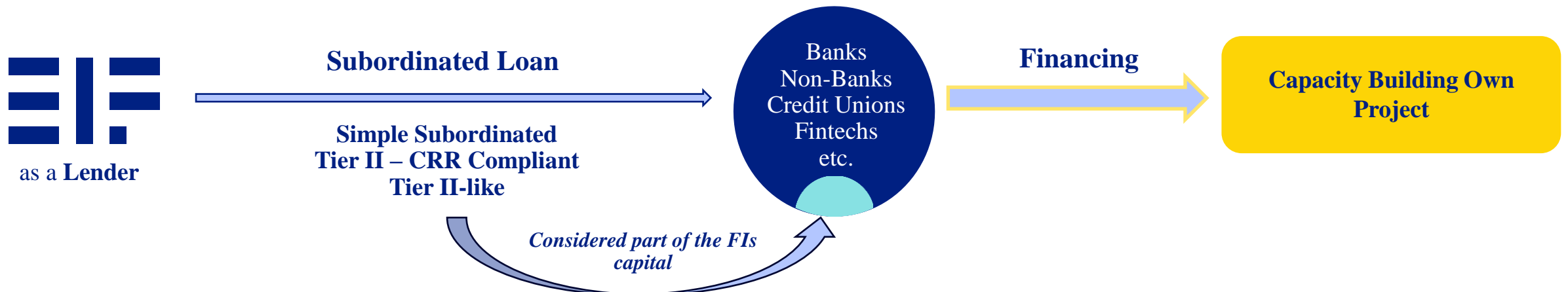
The CBI product will support dedicated investments in Financial Intermediaries primarily for (inter alia):

1. Investing in *organizational development and expansion*;
2. Strengthening *operational and institutional capabilities aiming at contributing to the sustainability* of a Financial Intermediary;
3. Institutional capacity building *to increase the borrowing capacity* of Financial Intermediaries while supporting them to retain a balanced socio-commercial orientation.

IEU Capacity Building Investment (CBI) Product

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



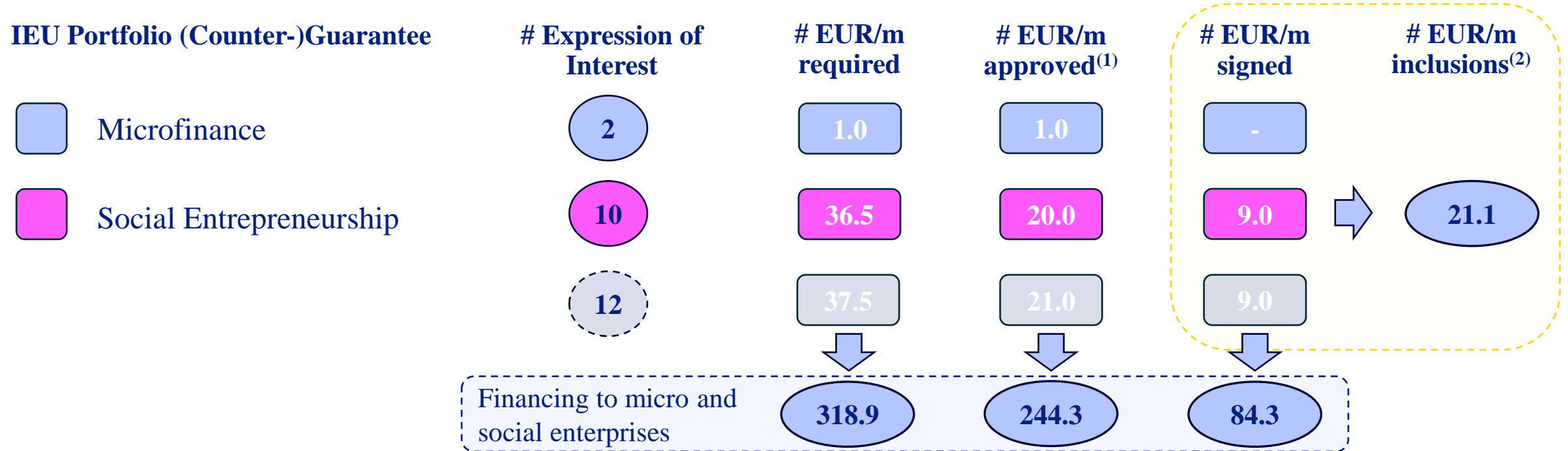
* In specific cases, disbursement in only one tranche may be agreed upon.

EIF Microfinance and Social Products in Italy

The market demand is significant for (i) subordinated loans (and to a lesser extent senior loans) and (ii) social entrepreneurship portfolio (counter-)guarantees

EIF Micro and Social Products in Italy

Overview – IEU Portfolio (Counter-)Guarantees



⁽¹⁾ Only deals in the pipeline are shown.

⁽²⁾ As of Q1 2024.

EIF Micro and Social Products in Italy

Overview – Funding products

Funding Products

 EaSI Funded

 IEU CBI

Expression of Interest

5

1

6

EUR/m required

26.4

5

31.4

EUR/m approved

20.7

-

20.7

EUR/m signed

13.2

-

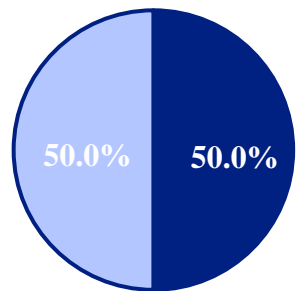
13.2

Notes

The application period ended on 16 April 2024. Max. EUR 25m per country.

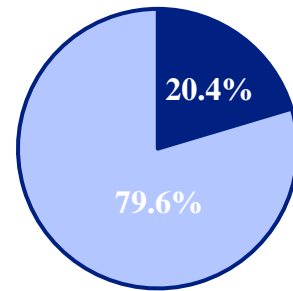
Max. EUR 5m per counterparty.

Requested Loan Type - # Applications



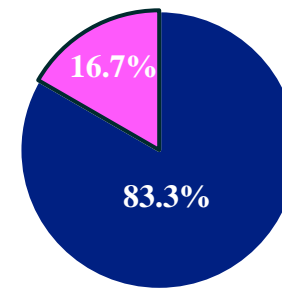
■ Senior ■ Subordinated

Requested Loan Type - Amount



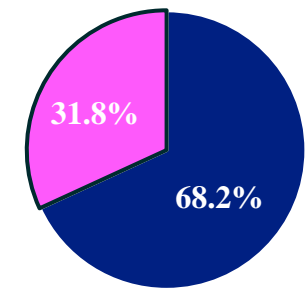
■ Senior ■ Subordinated

Policy Area – # Applications



■ Microfinance ■ Social Entrepreneurship

Policy Area – Requested Amount

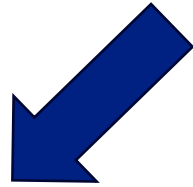


■ Microfinance ■ Social Entrepreneurship

How to deploy more resources?

New resources for social

Two options:



A new and customised
product funded by ESF+
resources

Increase of firepower for
existing and tested products

Option 1 – customised product

- ✓ Allocation of resources to financial instruments regulated under CPR
- ✓ Managing Authority to identify a counterpart for the engineering of the product and its deployment, either in the form of a fund of fund or as a financial intermediary
- ✓ Typical process as per CPR, i.e. ex-ante study showing the market gaps to be addressed, analysis of the relevant market, etc.
- ✓ Rules applicable to eligibility and checks will be the CPR, ESF+, the relevant Operational Programme(s) and Funding Agreement

Option 2 – more firepower to InvestEU

- ✓ **InvestEU** is the main instrument conceived for SME financing in the EU in the 2021-2027 period. InvestEU replaces the programmes available in the previous programming periods, such as EaSI, and is a budgetary guarantee from the Commission to pre-identified ‘Implementing Partners’
- ✓ EIF is, together with EIB, the main **Implementing Partner** for InvestEU, with guarantee agreements already in place and products already present and well tested in the market.
- ✓ **InvestEU resources are significantly lower than those of previous programmes.** For this reason, InvestEU regulations provide for Member States the possibility to contribute resources (ESIF, RRF, others) to a specific **Member State Compartment**, where resources are multiplied by leveraging on the EU guarantee and the existing products which can be deployed **exclusively in the contributing Member State.**

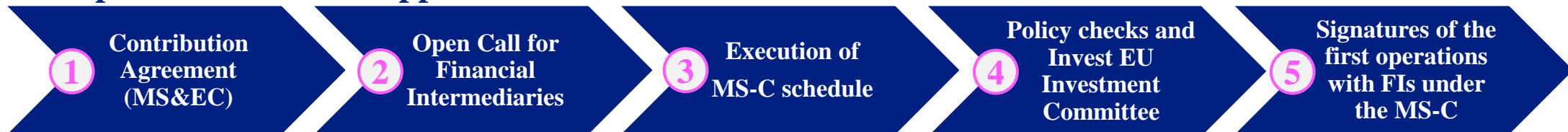
Why a Member State Compartment

A number of advantages underpinned by an efficient 5-step implementation process

- ✓ **Focus on national priorities**
- ✓ **No national co-financing required**
- ✓ **Member State contributions possible both to the InvestEU Fund and the InvestEU Advisory Hub**
- ✓ **Implementation under InvestEU, including simplified state aid rules**
- ✓ **Significantly reduced timeline**
- ✓ **Delegated model:** less administrative burden at MS-level and **implementation responsibility on EC and EIF** (monitoring/reporting). **Supervisory role retained at national-level** through a semi-annual dialogue based on the annual financial and operational reports, submitted by the EC.
- ✓ **Significant leverage**
- ✓ **European Commission support**

Member State resources

The resources channeled by Member States to the MS-Cs are part of their **Recovery and Resilience Funds** (RRF), and/or **Shared Management Funds** (e.g. ERDF, ESF+, etc.) and/or **other national budgets**.





fi  compass
ESF+

The logo for 'fi compass' features the letters 'fi' in a grey sans-serif font, followed by a red circular icon containing a yellow compass needle pointing towards the top-right. To the right of this icon is the word 'compass' in a blue sans-serif font. Below the 'fi compass' text is the acronym 'ESF+' in a red sans-serif font.

Thank you!



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SIFTA
**Social inclusive finance technical
assistance**

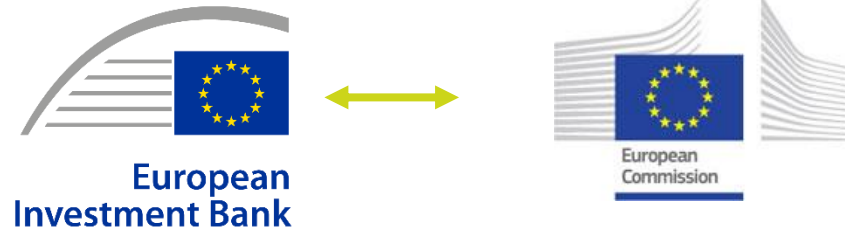
Jelena Emde
Financial Instruments Advisor,
European Investment Bank

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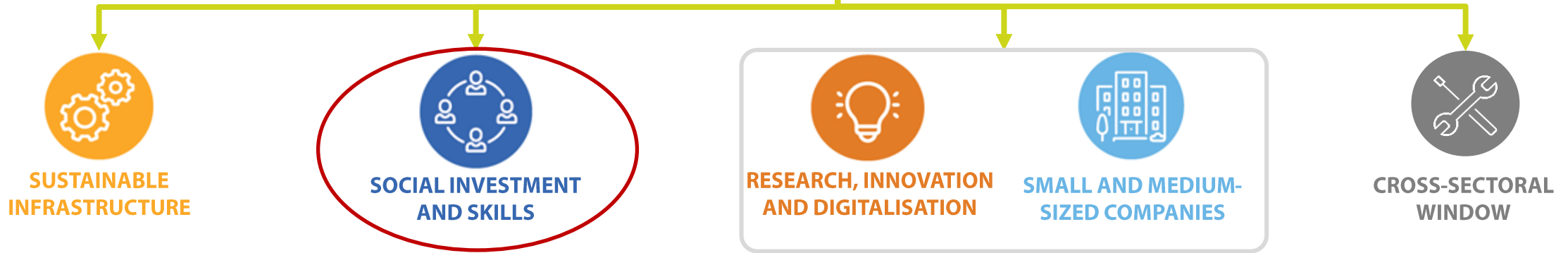




About the Invest EU Advisory Hub



The InvestEU Advisory Hub



**Social Inclusive Finance
Technical Assistance (SIFTA)**





SIFTA



SOCIAL INVESTMENT
AND SKILLS

Social Inclusive Finance Technical Assistance (SIFTA)

Project advisory,
Capacity building
and market
development

Rating,
Assessment and
Evaluation



Geographical eligibility

- EU-27 (Possibility to include the Western Balkans)

Timeframe of the initiative

- Initial budget available until December 2024

Beneficiaries

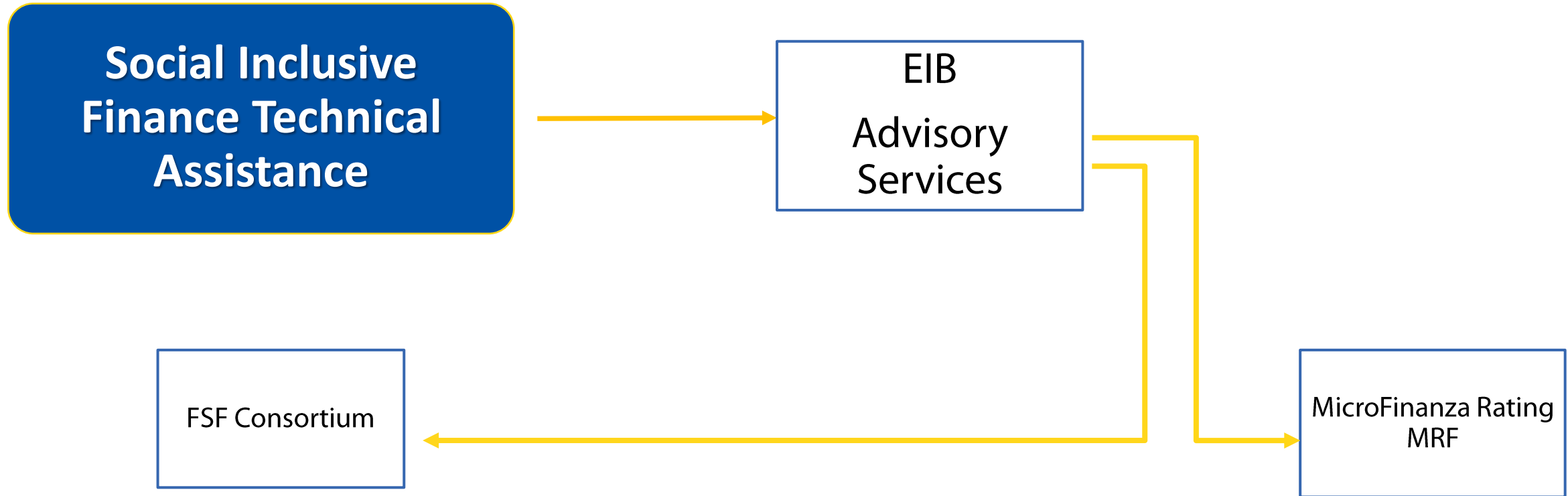
- **Microfinance providers such as banks and non-bank microfinance institutions**
- **Social Enterprise finance providers, such as:**
 - Banks and specialised credit institutions
 - investment funds,
 - impact investors,
 - incubators,
 - accelerators (among others)

that offer or are in the process of widening their scope with a view to providing accompanying financial support to social enterprises





SIFTA - Implementation and delivery of the TA services





SIFTA - Products

Services requested by eligible applicants

Specific services

Capacity building

- Provision of an institutional assessment and institutional rating
- ESG and Impact assessments
- Tailored trainings/coaching
- Investment readiness trainings

Dissemination of good practices

- Peer-to peer trainings
- Study visits

European Code of Good Conduct

- Training/coaching on the implementation of the Code
- Code Compliance Evaluation and renewals
- Post-evaluation capacity building

Portfolio analysis and pipeline building

- Improve the capacity of MF/SE providers who are engaged with the EIB Group
- Provide expertise in building portfolios and evaluating associated risks

Horizontal services

Market development, Communication and Awareness Raising

- Organisation /participation in events, conferences and networking events
- Communication / preparation of communication materials
- Help Desk

Analytical support

- Provide guidance to MF/SE providers on funding

Dissemination of good practices

- Workshops

to selected MF/SE finance providers

To selected MF providers only

to all MF/SE finance providers



SIFTA inception: September 2022

Specific services

123

Financial intermediaries showed interest in SIFTA

70

Eligible application received
61% linked to EIF operation

56

Advisory Services Agreement signed

14

Signatures underway

Situation at 31.12.2023

Horizontal services

90

Capacity Building Workshops:

- Digitalisation
- AML/KYC policies
- Managing green transition

Impact Measurement

...

2,659

Participants

89%

Average satisfaction rate

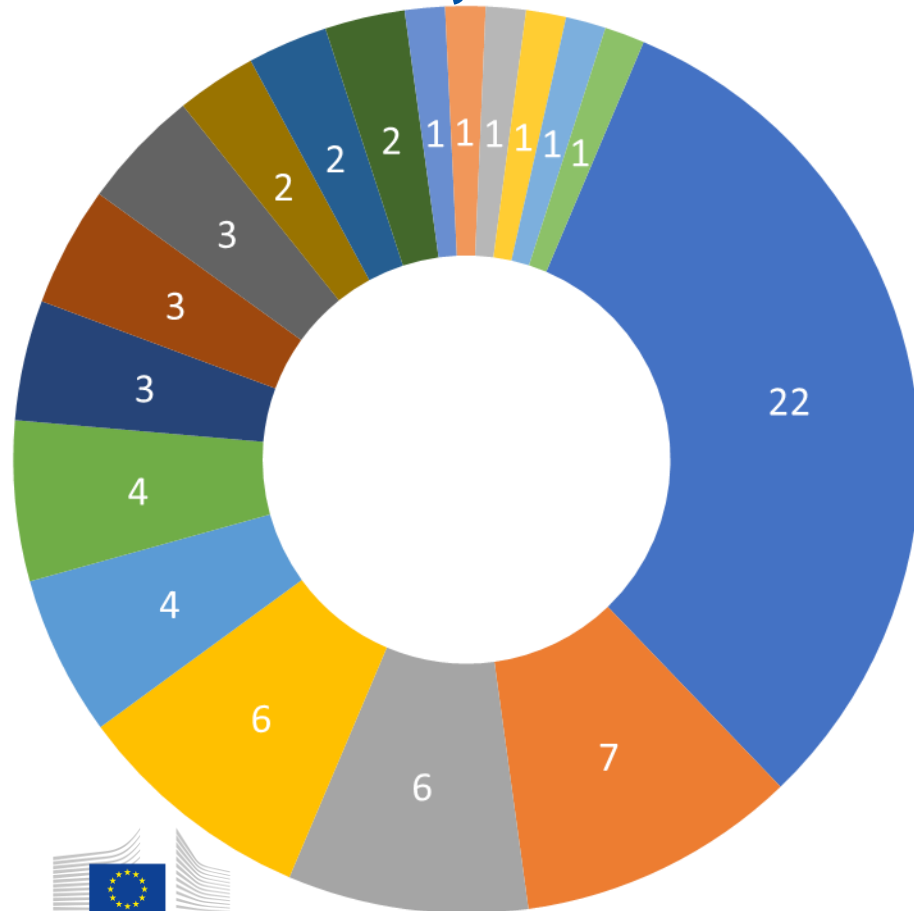




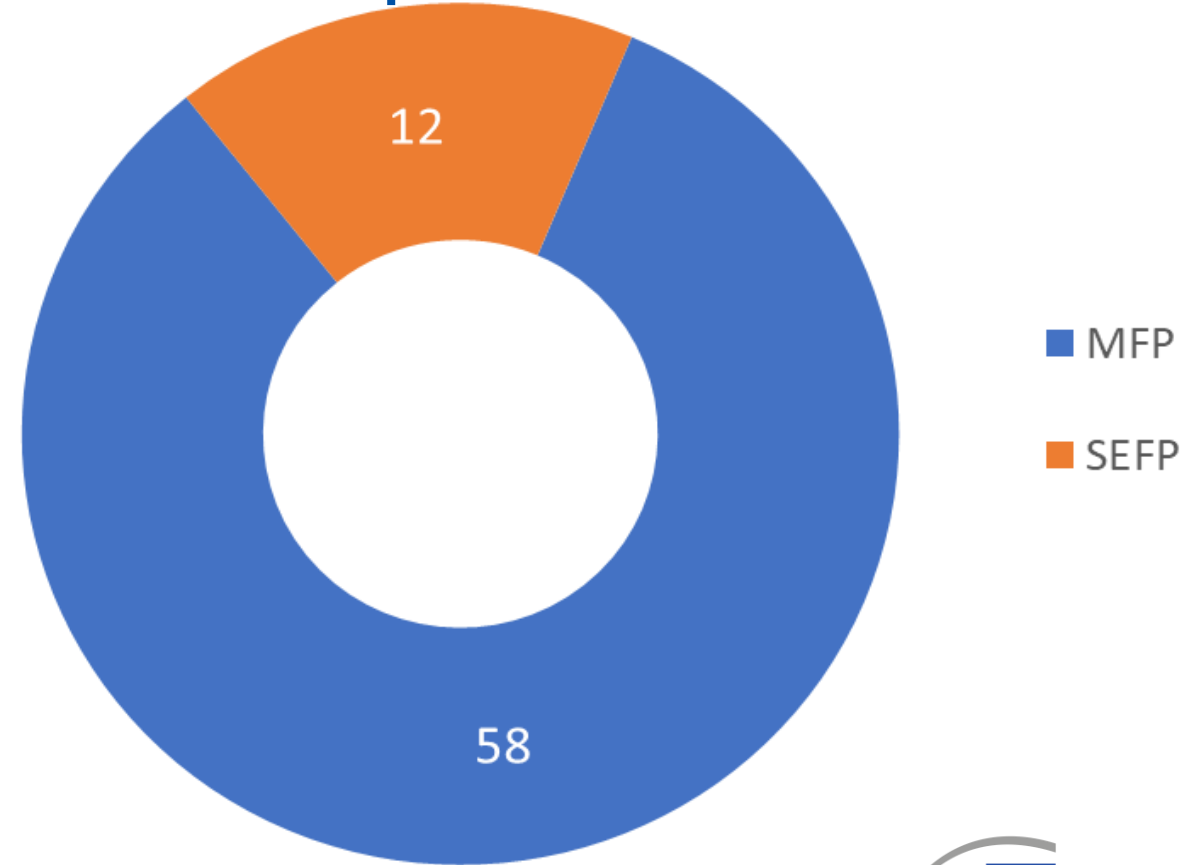
SIFTA – Portfolio Update

Situation at 21.06.2024

Eligible applicants by country



Eligible applicants by type of provider



- Romania
- Italy
- Lithuania
- Poland
- Greece
- Bulgaria
- Sweden
- Ireland
- Belgium
- Portugal
- Hungary
- Spain
- France
- Germany
- Latvia
- Austria
- The Netherlands
- Estonia



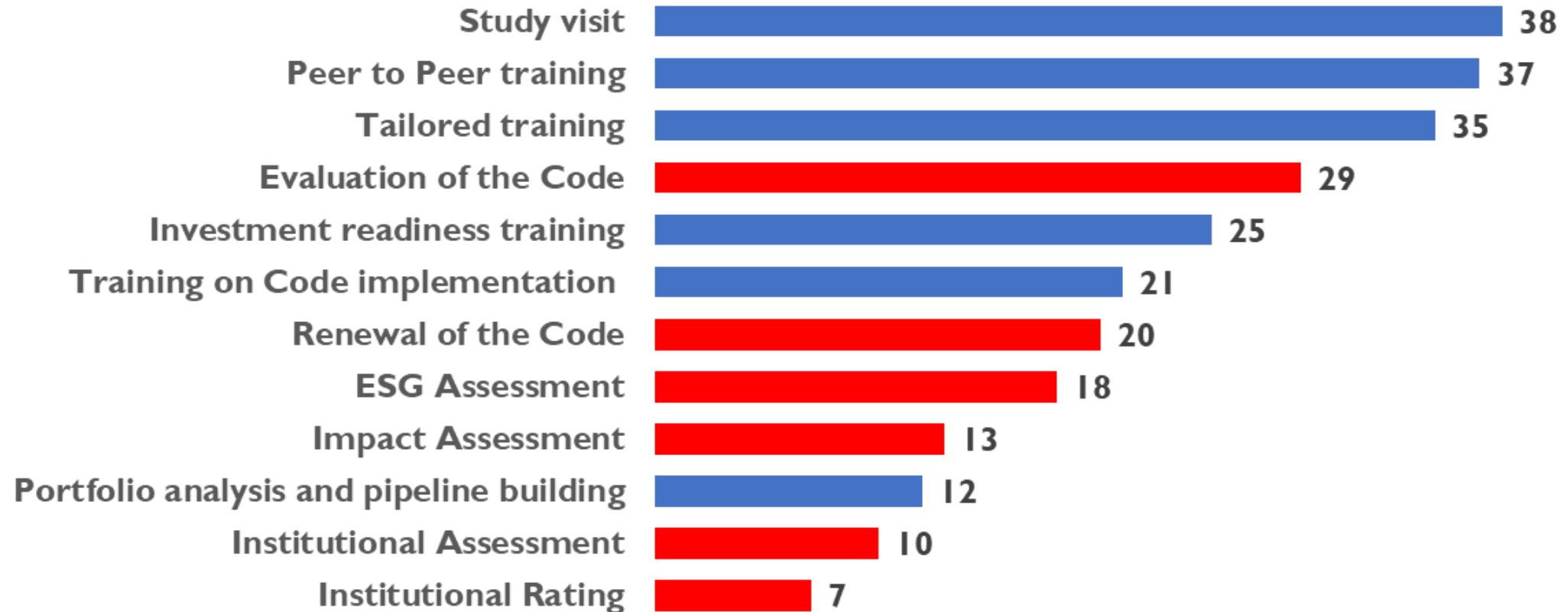
Source: EIB figures





SIFTA – Portfolio Update

Situation at 21.06.2024



Total: 258



SIFTA – More information?

- EIB dedicated page:
- [Reinforcing the European Microfinance and Social Enterprise Finance sectors \(eib.org\)](https://www.eib.org/en/press-releases/2024/04-reinforcing-the-european-microfinance-and-social-enterprise-finance-sectors)
- Applications to be send at : sifta@eib.org
- Dedicated SIFTA LinkedIn profile, April 2024
- First SIFTA promotional video
- List of SIFTA workshops on SIFTA LinkedIn Profile and FSF website





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ESF+

The logo for 'fi compass' features the letters 'fi' in a grey sans-serif font, followed by a red circular icon containing a yellow lightning bolt, and the word 'compass' in a blue sans-serif font. Below 'compass' is the text 'ESF+' in a red sans-serif font.

Thank you!



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L'esperienza di Banca Etica

Adriano Pallaro

Head of Special Projects and Innovation,
Banca Etica, Italy

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Chi siamo:

- Prima e unica banca italiana dedita alla finanza etica
- Opera da 25 anni su tutto il territorio nazionale attraverso una rete di filiali e consulenti e grazie ai servizi di *home e mobile banking*.
- Raccoglie il risparmio di organizzazioni e cittadini responsabili e lo utilizza interamente per finanziare progetti finalizzati al benessere collettivo.

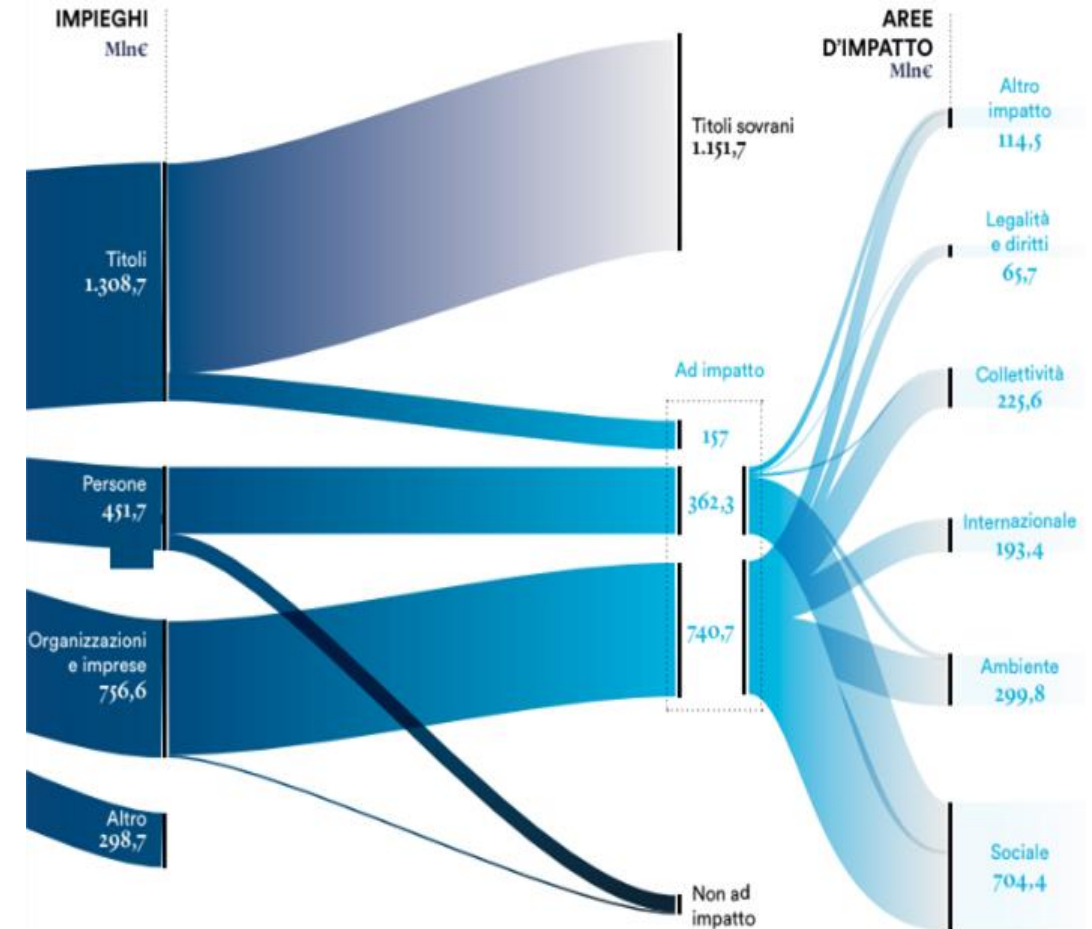
Qualche numero:

- 48 mila soci e 92 milioni di capitale sociale;
- una raccolta di risparmio di oltre 2,5 miliardi di euro
- finanziamenti per oltre 1,2 miliardi di euro a favore di iniziative di organizzazioni, famiglie e imprese nei settori della cooperazione e innovazione sociale, cooperazione internazionale, cultura e qualità della vita, tutela dell'ambiente, turismo responsabile, agricoltura biologica, diritto alla casa, legalità.
- Banca etica aderisce ai principali network internazionali della finanza etica: Global Alliance for Banking on Values (GABV) e Federazione Europea delle Banche Etiche e Alternative (Febea).



Highlights di una banca a Impatto

1/2





IMPATTI DIRETTI GENERATI NEL 2023

1.325

nuovi posti di lavoro

336

persone fragili inserite
al lavoro

175

nuclei familiari accolti
in social housing

4.095

migranti accolti

51

posti di lavoro salvati con
imprese di Workers Buyout

1.582

eventi culturali,
con la partecipazione
di 863.000 persone

67.337

persone che hanno beneficiato
di servizi sanitari, socio-
assistenziali e socio-educativi

3.308

persone beneficiarie di corsi
di istruzione/formazione

105

interventi di efficientamento
energetico

143

impianti ad energia rinnovabile
per complessivi L

7

L MW installati

emissioni evitate per

150mila

tonnellate di CO₂ eq

Progetti sviluppati in Partnership con EIF



Jeremie Campania - 2012-2016 finanza sociale FRSP

- Finanziamento a imprese sociali in modalità risk sharing BPE-Jeremie;
- 55 imprese - 6,3 Mln euro

Jeremie Sicily - 2012-2016 finanza sociale ESF

- Finanziamento a imprese sociali in modalità risk sharing BPE-Jeremie;
- 82 imprese - 4,7 Mln euro

EaSI Guarantee Portfolio 1 2017 - 2019

- Garanzia diretta per finanziamenti a imprese sociali in Italia;
- 370 imprese sociali - 50,0 Mln euro

EGF UnCapped Guarantee Port. 2021 - 2022

- Garanzia diretta per finanziamenti a micro e piccole imprese in Italia e Spagna;
- 235 imprese - 40,0 Mln euro

EaSI Guarantee Portfolio 2 2019 - 2021

- Garanzia diretta per finanziamenti a imprese sociali in Italia e Spagna;
- 630 imprese sociali - 70,0 Mln euro

EGF Capped Guarantee Port. 2021 - 2022

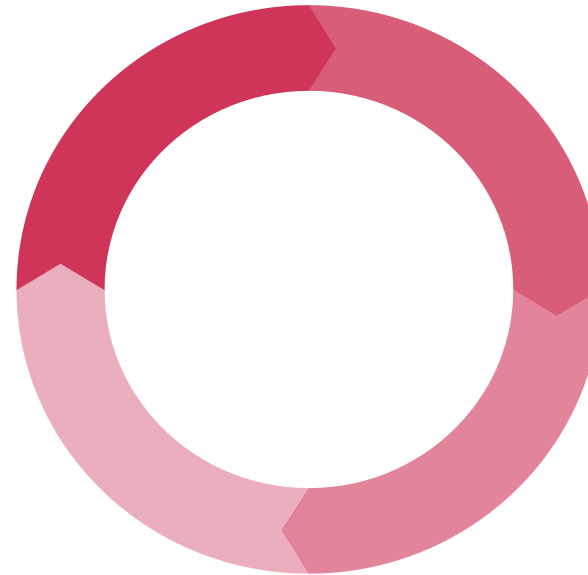
- Garanzia diretta per finanziamenti a micro e piccole imprese in Italia e Spagna;
- 290 imprese - 40,0 Mln euro

EaSI Funded Sub Loan Portfolio - 2021

- Prestito Subordinato dedicato allo sviluppo di un portafoglio crediti di 20 Mln destinato alle imprese sociali.

EaSI Capacity Building Sub Loan 2019

- Prestito Subordinato a sostegno di investimenti e spese per lo sviluppo delle attività di finanza sociale.

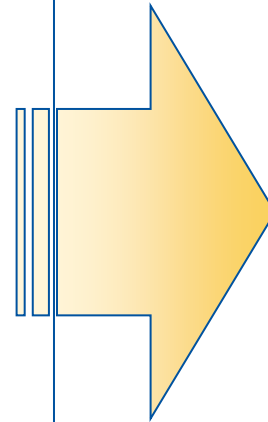




Good news!!!

EUROPEAN INVESTMENT BANK

LOAN 4 SMES GENDER EQUALITY AND REFUGEES



Finanziamento BEI da 60 milioni di euro volto ad attivare investimenti nell'economia reale; il finanziamento sarà attivato in due tranche distinte.

La prima tranche per 30 milioni ha visto la firma del contratto il 28.06.2024.

Le risorse messe a disposizione da BEI prevedono l'origination di un portafoglio di nuovi crediti concessi da Banca Etica con l'obiettivo di rispettare i seguenti criteri di priorità:

- 30% dedicati a SMEs guidate da donne,
- 30% dedicati a progetti realizzati nelle regioni di coesione,
- e 30% per favorire il miglioramento dei servizi ed emancipazione economica per i rifugiati.

SIFTA

Assistenza Tecnica - Sifta

BEI, nell'ambito del Programma SIFTA (Social Inclusive Finance Technical Assistance), fornirà a Banca Etica servizi di assistenza tecnica con il supporto finanziario di InvestEU Advisory Hub.

In questo modo Banca Etica verrà coadiuvata nell'allocare in maniera efficace le risorse messe a disposizione tramite il finanziamento erogato da BEI stessa.





Impegni per il futuro ...





Banca Etica - chi abbiamo finanziato?

Cooperativa Nuovi Profumi

Cooperativa di 34 soci **di cui 29 donne** nata da un progetto di **Workers Buyout**:

- Ha rilevato l'attività d'impresa dalla Morris profumi intenzionata a chiudere la produzione nel territorio in cui opera la cooperativa.
- **BPE ha sostenuto l'impresa nel 2020-2021 con un finanziamento rateale e con linee revolving per il circolante** (anticipo fatture).
- Fondamentale la partnership con Legacoop, Coopfond e CFI; questa ha consentito una sinergia tra modalità diverse di intervento finanziario (capitale di rischio e debito) unito all'accompagnamento per favorire la crescita imprenditoriale e manageriale delle neo imprenditrici.



<https://www.bancaetica.it/a-parma-si-respira-profumo-di-rinascita/>



Banca Etica - chi abbiamo finanziato?



<https://www.bancaetica.it/colori-vivi-torino-sartoria-donne-migranti/>

Colori Vivi s.r.l. Impresa Sociale

Impresa sociale avviata coinvolgendo **7 donne di cui 5 migranti**.

- Nasce come spin off imprenditoriale da Articolo 10 Onlus attiva nella formazione professionale e imprenditoriale rivolta in particolare a donne migranti inserite in percorsi di accoglienza.
- Impresa caratterizzata da una forte attenzione alla sostenibilità, favorendo produzioni anche grazie al riciclo e riuso di tessuti e altri materiali.
- Lavora sia producendo per conto di marchi di rilievo, sia aprendosi al mercato privato.
- Favorisce la crescita professionale delle lavoratrici coinvolte che riescono a trovare occupazione anche in altre aziende del settore.
- BPE ha sostenuto l'impresa con due interventi di **microcredito** fin dalla sua costituzione.



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CFI's experience with European institutions - period 2019-2024

Andrea Ruberti

Chief Financial Officer,
Cooperazione Finanza Impresa (CFI), Italy

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Who is CFI – Cooperazione Finanza Impresa

- CFI is a private institutional investor dedicated to cooperative companies, promoted in 1986 by Cooperative Confederations and Trade Unions to manage the Italian specific Law and to finance cooperative enterprises ("**Marcora Law**" L. 49/1985), monitored by the Ministry (Ministero delle Imprese e del Made in Italy).
- The **MISSION** is to promote, increase and safeguard employment, as well as to support the setting up and development of cooperative enterprises, particularly those created by workers of companies in crisis (worker buyouts). To support the birth and development of social cooperatives. To relaunch companies sequestered and/or seized from organized crime by creating worker cooperative enterprises.
- CFI invests in cooperatives, Small and Medium Enterprises, using risk capital and debt capital to support projects with a high social and employment impact regarding economic and financial sustainability and directly manages public financing measures for cooperative enterprises.



How CFI works and what financial instruments it uses

CFI is involved in projects for:

- Worker buyouts
- Startups
- Development
- Consolidation
- Company restructuring

created by worker-owned SME cooperatives

Projects are carried out with CFI's own resources, assuming direct credit risk

Share Capital – CFI shares the entrepreneurial risk

Hybrid Financial Instruments (quasi equity)

Financing for investments

Subordinated Loans

Participatory Loan

Subsidised financing or soft loans with other National and Regional Funds

Synergy with European Investment Fund – Grant Agreement



From October 2019 to April 2024

109 cooperative companies were funded

23 €/Mln the total funded amount

**with CFI funds and with the EIF EaSI Fund Guarantees
(80% of the disbursed amount)**

36,7% cooperatives are Workers Buyout operations

38,5% are Social Cooperatives

8 Defaults or in Crisis (of which 6 WBO)

(7,7% of the total number; 8,9% of the total invested amount)



Synergy with European Commission – Social Fund Plus (ESF+)

«Small2Big» project

To encourage the entry of qualified investors into smaller social enterprises, with small-scale equity and quasi-equity and to reduce the transaction costs of financial operations for the companies

Recipients

- worker cooperatives, workers buyouts following a crisis/business transfer
- social cooperatives: social, health and welfare services for people
- social cooperatives: job placement of disadvantaged people

26 interventions approved

3.6 €/Mln approved funds (equity and quasi equity) - CFI funds

3.3 €/Mln long term finance - Subsidised funds

1,493 employee involved





Suggestions

- Access to EIB funds that allow to further increase the capacity for financial support for the development of social economy businesses with high social impact (complementarity between national resources and European resources)
- Facilitate/increase the access of specialized financial intermediaries dedicated to investing in social economy businesses with high social impact, to:
 - Financial resources
 - Guarantee instruments
- Strengthen EIF guarantee instruments, ensuring coverage of all financial instruments used by investors



Thank you!

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