



The FOSTER Occitanie experience

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#ERDF20212027



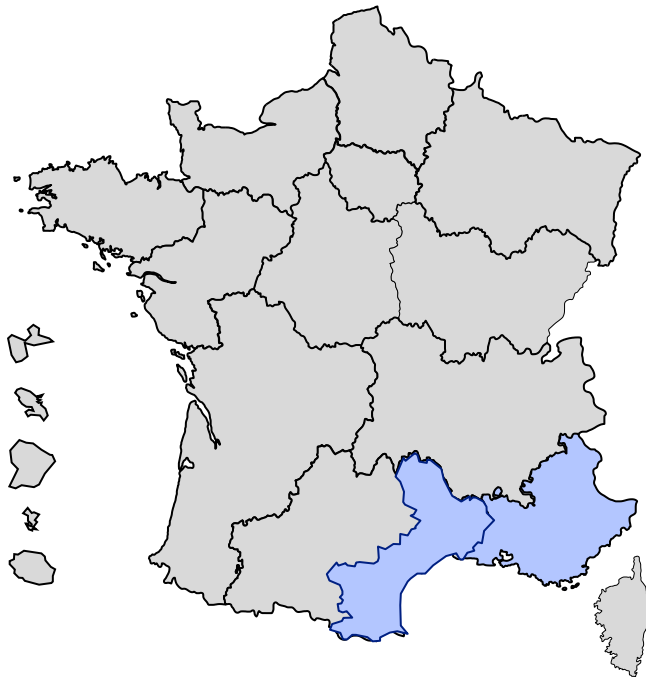
EIF Decentralised Financial Instruments managed in France - Overview



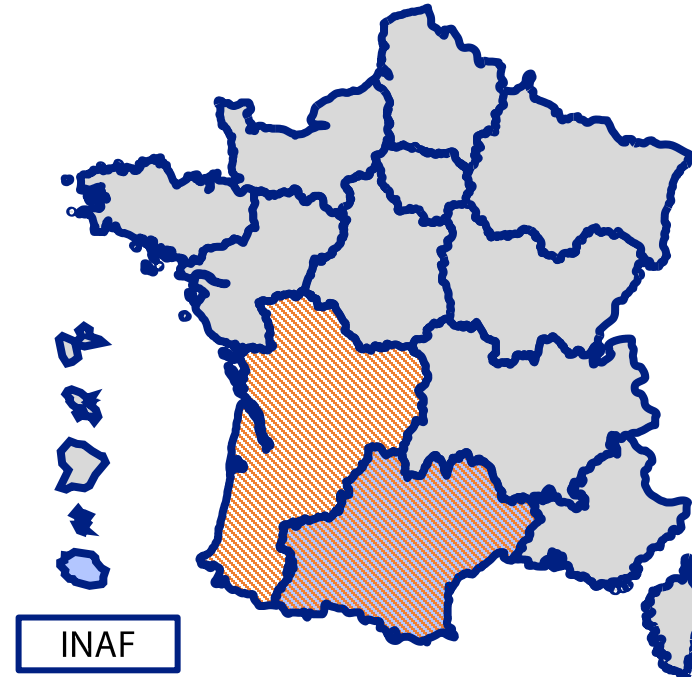
2007-2013

2014-2020

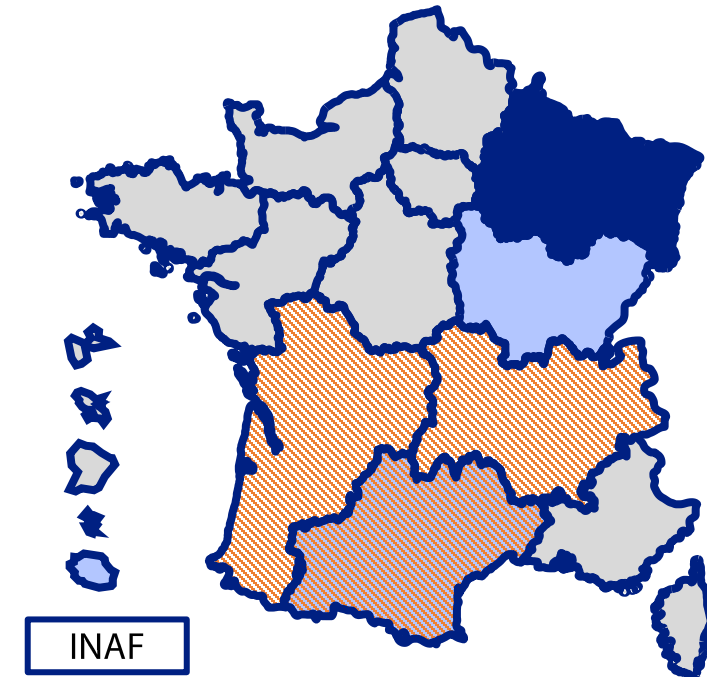
2021-



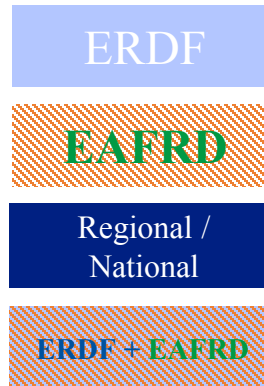
- Languedoc-Roussillon
- PACA



- Occitanie
- Nouvelle-Aquitaine
- Réunion
- National (agri)



- National (agri)
- Grand-Est
- Bourgogne Franche-Comté
- Auvergne Rhône-Alpes
- Nouvelle-Aquitaine
- Occitanie
- Réunion

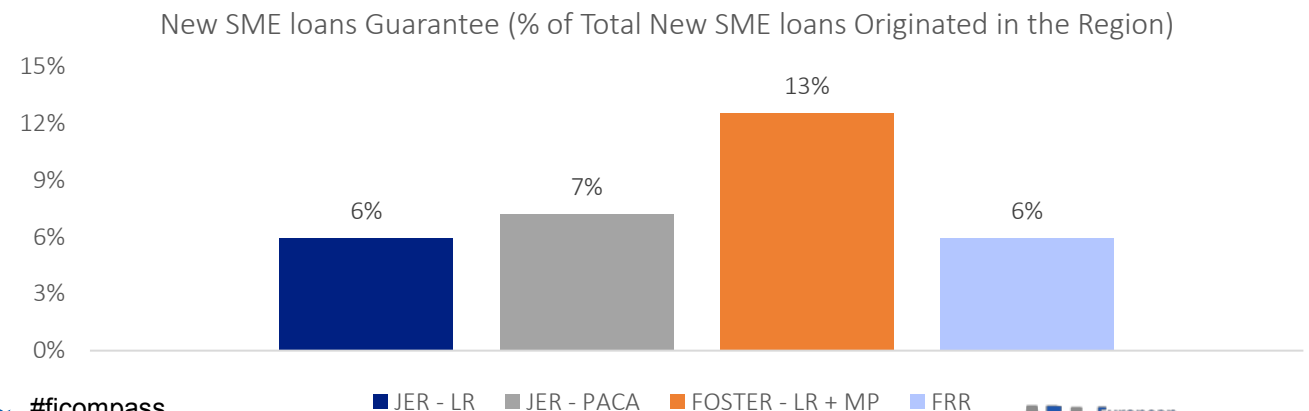
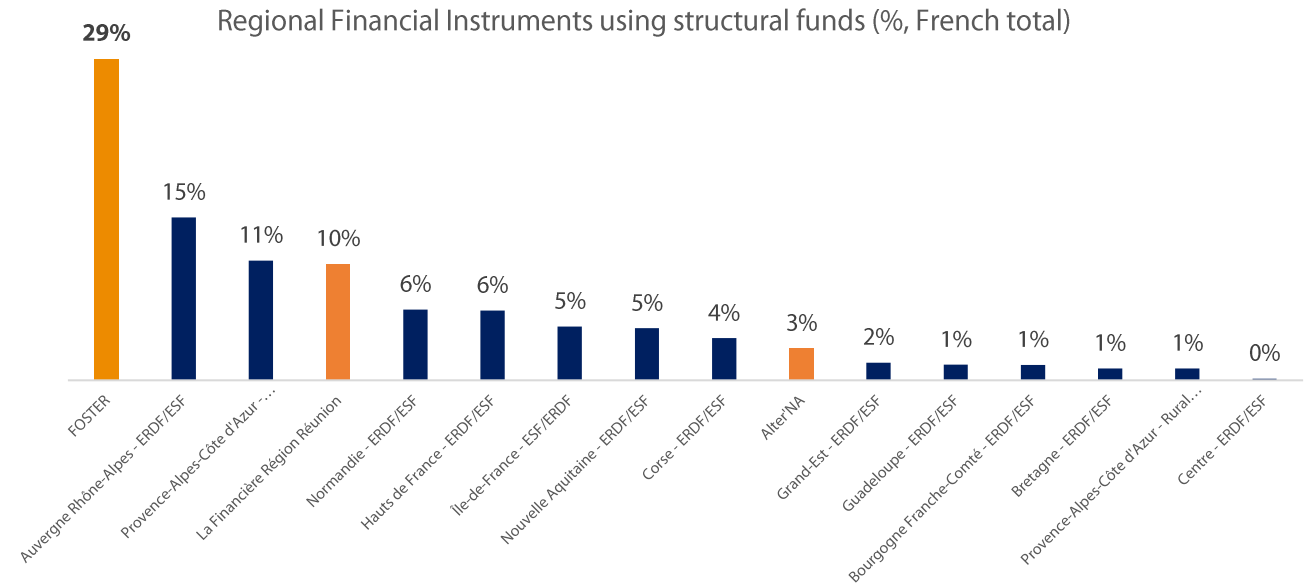


EIF Decentralised Financial Instruments managed in France

- Footprint



- The 3 regional programmes managed by EIF in 2014-2020 account for over **40%** of all French EU Funds
- Between **5%** and **15%** of new loans originated annually to SMEs in the partner regions



EIF Decentralised Financial Instruments managed in France

– Main results



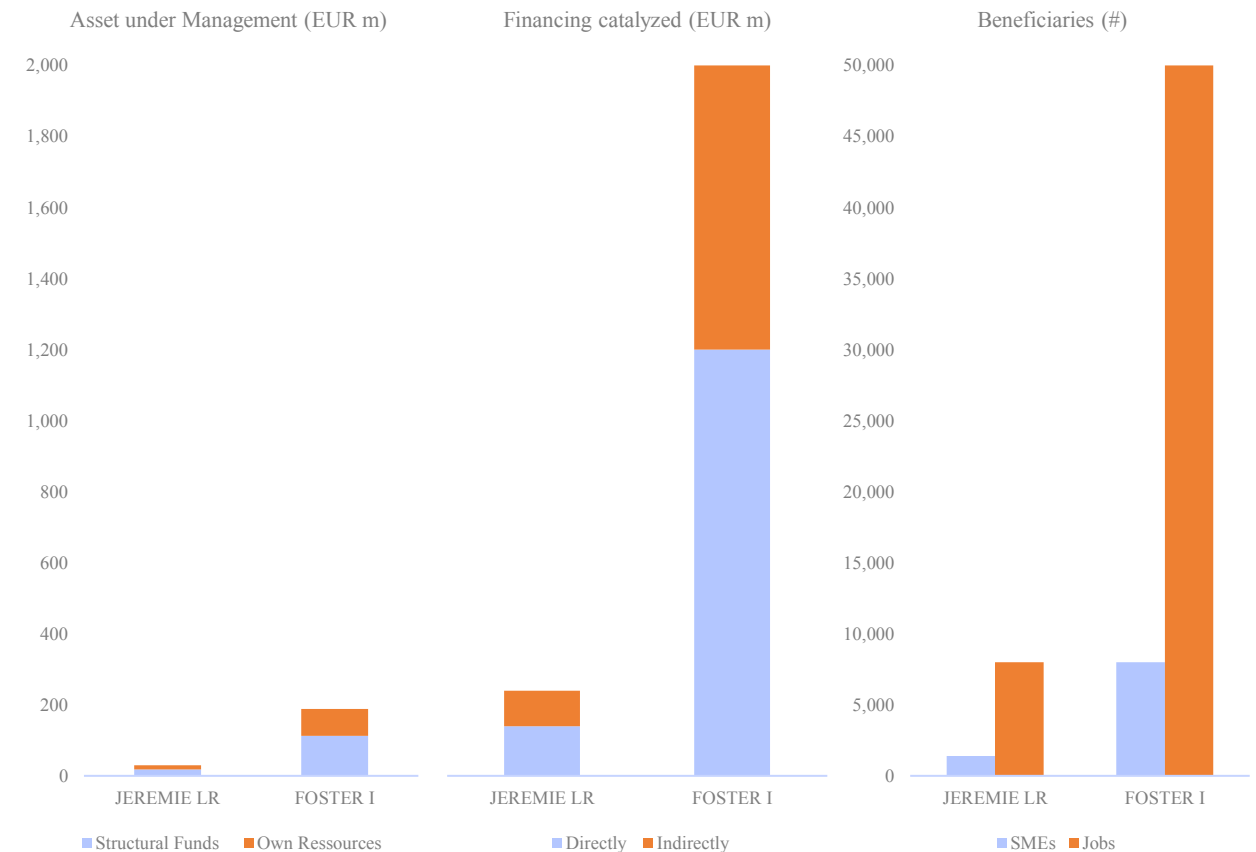
- Over **15,000 SMEs** and Farmers financed (at very preferential conditions)
- About EUR **1,900m of financing** catalyzed for almost EUR **4,000m of investment**
- Almost **80,000 jobs** supported
- Substantial **leverage** on public resources at over **7x** directly and **12x** indirectly
- Excellent and fruitful relationship with over **20 partner Financial Intermediaries**
- Majority of financing directed towards young microenterprises
- Contribution to key policy objectives of supporting the competitiveness of enterprises and modernisation of agriculture

The Foster Occitanie Experience - **Scaling up in practice**



- **Leapfrogging 3 generations of Decentralised Financial Instruments with Region Occitanie**
- **2007-2013** - one of EU's pioneer regions with the JEREMIE initiative
- **2014-2020** – extension and broadening with the FOSTER; with dynamic and proactive management became one of the largest regional holding funds in Europe
- **2021-2027** - the Region has asked the EIF to explore the opportunity to develop FOSTER II

Scale of EIF activities in Region Occitanie



The Foster Occitanie Experience – Fund of Funds Structure



Region + ERDF + EAFRD + EIF
EUR 188.1m



FoF manager

Fund of Funds
Investment Board: Region / EIF

Seed loan instrument for
innovative SMEs

EUR 14.5m
Minimum leverage of 4x
EUR 68m Available for
SMEs

Guarantee instrument
for SMEs

EUR 103m
Minimum leverage of 10x
EUR 1,003m available
for SMEs

Guarantee instrument for
agriculture

EUR 34m
Minimum leverage 4.5x
EUR 156.5m available for
farmers and agro-SMEs

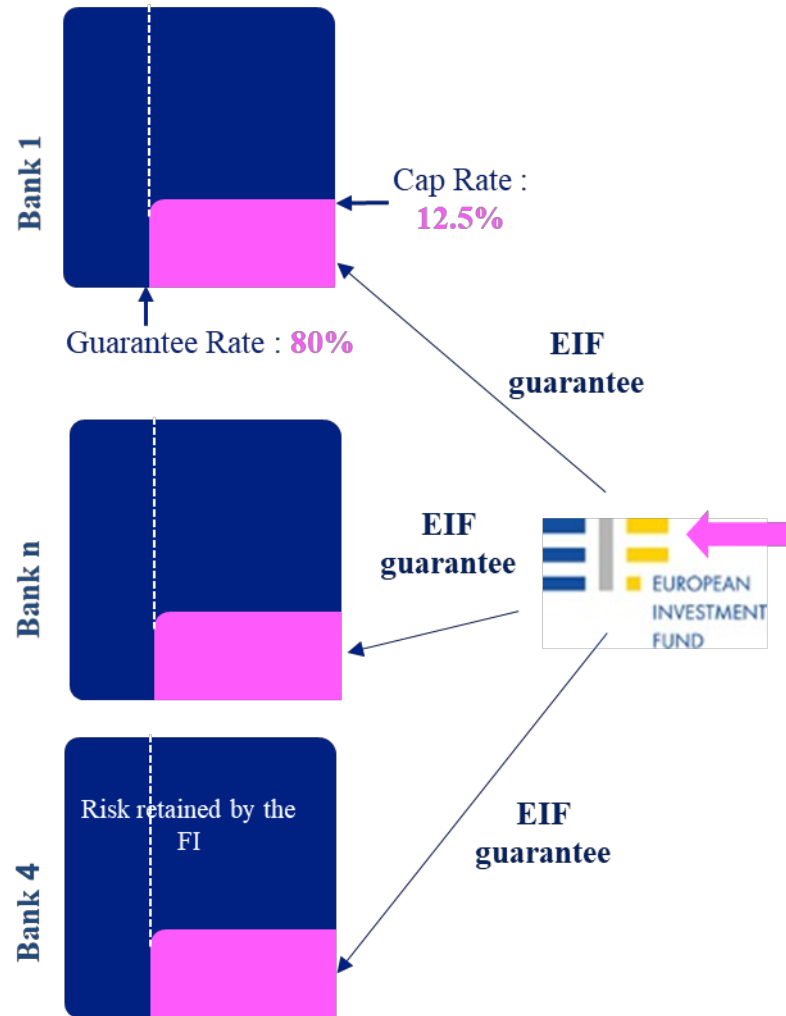
Co-Investment Instrument

EUR 45m
Leverage according to life-
cycle phase of the SME
EUR 150m for SMEs

EUR 1,400m for +/- 7,000 SMEs of Occitanie

FOSTER Relance: Extension of the Guarantee instrument for SMEs with a subordinated debt window – **Structure**

EUR 1,003m



- **Target:** SMEs;
- **Guarantee Rate:** 80%;
- **Cap Rate:** around 12.8%;
- **Pricing:** Free of charge guarantee / Significant ToB at SMEs level
- **Eligible investments:** tangible, intangible and working capital;
- **Duration of the guarantee:** up to 120 months / loans' maturity can be higher;
- **Loan amount:** up to EUR 1,875,000 for the investment [*depending on the maturity of the loan*];
- **Implementation period:** until the end of 2023



CAISSE D'EPARGNE
LANGUEDOC - ROUSSILLON



CAISSE D'EPARGNE
DE MIDI-PYRENEES



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FOSTER Relance: Extension of the Guarantee instrument for SMEs with subordinated debt – **Implementation Options**



- Smooth deployment of REACT-EU through limited contract amendment with partner Financial Intermediaries, including with similar leverage effect and transfer of benefit than initially negotiated
- Support provided in the form of subordinated loans for at least **50%** of the new portfolio to be built-up; the rest will be made up of traditional loans for tangible and intangible investments
- **Out of EUR 1bn** new financing available for SMEs in Occitanie, **EUR 241m** to be deployed through subordinated loans, a very risky financial product that entails last rank subordination for banks alongside longer maturities and grace period

FOSTER Relance: Extension of the Guarantee instrument for SMEs with subordinated debt – **Results and Experience to date**



- As of Mid September 2022 → **EUR 50m** [*~ 40% of the target*] **of financing provided through 320 loans;**
- It is a **Debt instrument** [*it is not a convertible loan into Equity*] enabling massification of the intervention;
- **Simple product** for the SMEs and Financial Intermediaries which adequately responds to the needs of SMEs seeking an intermediate financing between senior debt and equity;
- Aim to be **complementary to FR National Initiative** and to prepare the foundation of a swift recovery in Region Occitanie;
- Excellent Guarantee and **attractive loan conditions** (pricing, grace period, transfer of benefit, etc.) allowing to reach out to newer and riskier clients
- Critical support for projects in **exposed segments** (tourism, convenience stores, energy renovation, culture, etc.);
- FOSTER is a **global solution for viable SMEs** by including a range of possibilities for entrepreneurs to access to finance [*Equity, Debt, Subordinated Loans // SMEs, AGRI, Innovation, etc.*];
- Product **replicated** in Region Grand-Est.

FOSTER Relance: Extension of the Guarantee instrument for SMEs with subordinated debt – **Example of projects financed**



- **SAS MAISON SAINT PE GERS** - Tourism accommodation || EUR 56,000 loan
- Recently created gite in a rural area
- Financing required to finalize major renovation works including energy performance enhancement
- With Covid-19, business activity did not start as planned and SME could not have been financed without FOSTER

- **SEPALE** – Energy transition || EUR 650,000 loan
- Regional champion in the sector
- Financing provided for the acquisition of a company which has developed solutions to reduce wind turbine induced mortality on the flying environment
- FOSTER Relance has been instrumental because of its simplicity and attractive conditions



Thank you!

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