



# Implementation of EaSI guarantees

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# Background

- Microcredit as a means to achieve financial and social inclusion
- Lending to social enterprises to achieve social impact, e.g. work integration of vulnerable groups
- Builds on experience under Progress Microfinance (EPMF) from 2010 – 15

*Almost EUR 400 m of microcredits across 43,000 borrowers in 23 EU countries*

# Selection of Financial Intermediaries

- Open call
- Wide eligibility criteria (banks and non-banks)
- Focus on additionality and origination capacity
- Code / Mentoring (microfinance)
- Impact assessment (social entrepreneurship)



# Key product features for guarantees

- Portfolio approach with delegation to beneficiary
- 80% guarantee rate vs. 20% risk-retention
- Cap rate of 30% (ensure min. leverage)
- 6/10 year guarantee coverage
- Ex-ante recovery rate (typically 0% - 20%)
- Free of charge (no guarantee premium)
- Commitments fees to encourage utilisation



# EaSI going forward

- Funded instruments to complement guarantees
  - Senior loans
  - Subordinated loans
- Capacity building investments
  - Equity (direct and indirect)
  - Complementarity with EaSI TA activity



**Thank you**

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