



La Financière Région Réunion EIB Perspective

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The French Regions SME Programme (1)



- La Financière Région Réunion (FRR) is part of a wider Programme aiming at mobilising EFSI resources to co-finance FIs organised and sponsored by the French managing authorities and targeting SMEs and small mid-caps:
 - Innovating SMEs, start-ups and microenterprises;
 - Traditional SME seeking growth capital;
 - Under certain conditions, project companies.
- This Programme extends the MA's ESIF and/or own resources targeting for economic development activities:
 - Increase of the amounts deployed in favour of final recipients;
 - Catalytic effect towards other investors;
 - No recourse beyond the FIs (in line with EFSI risk appetite);
 - Sustainability by revolving effect.



The French Regions SME Programme (2)



- ❑ The projects that we have developed so far:
 - Equity instruments (venture capital/development), e.g. in Hauts-de-France and Occitanie;
 - Quasi-equity instruments (subordinated loans), e.g. in Normandy;
 - Sector-specific instruments (seed capital, sector equity funds), e.g. in Occitanie;
 - Debt instruments, e.g. in La Réunion Island, Auvergne-Rhône-Alpes.

- ❑ The Programme foresees two configurations:
 - Funds of funds, covering a spectrum of instruments (e.g. the FRR)
 - Individual funds.

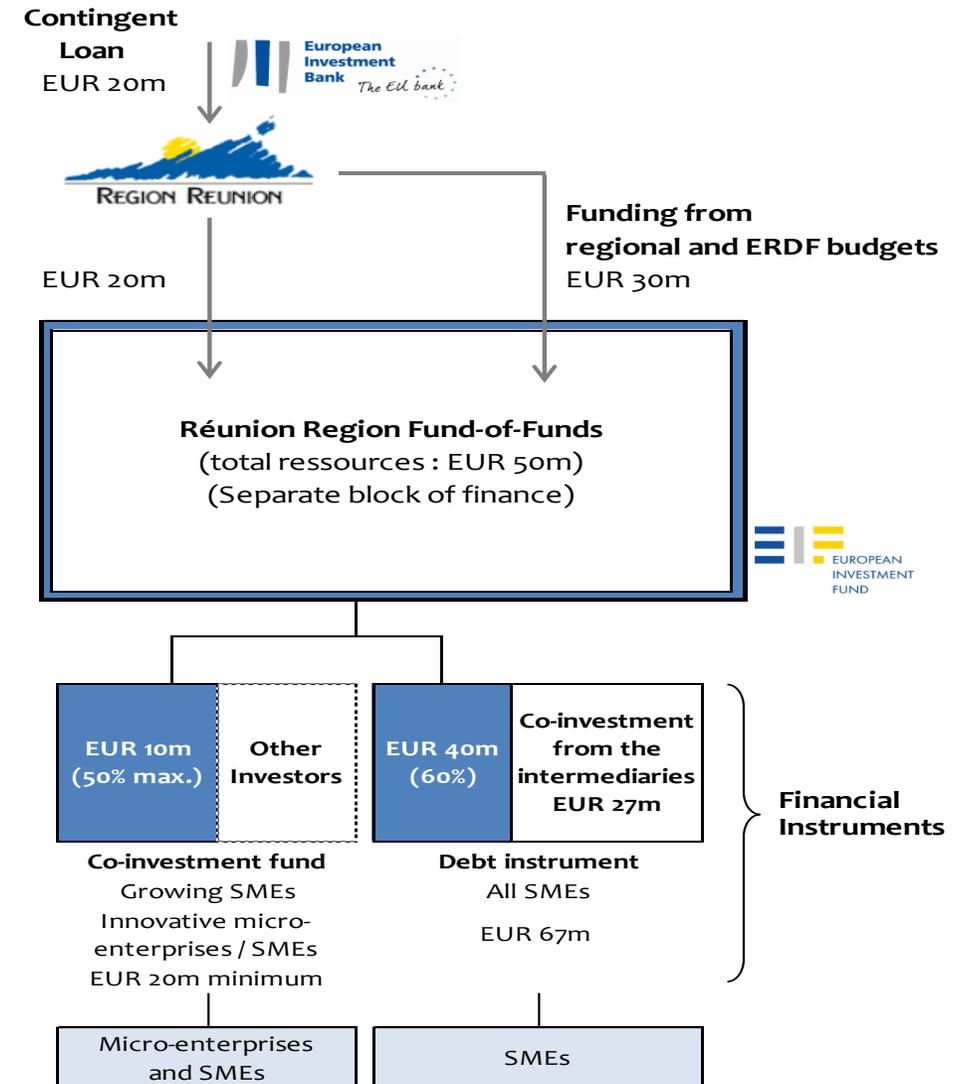
- **EIB's objective:** *EUR 300m of Financial Instrument co-financing in 7 to 10 French Regions by mid-2020. About EUR 160m have been earmarked so far.*
- At **final beneficiary** level the *multiplier effect on MA's resources is significant (between 5 and 10x).*



La Financière Région Réunion



- La Financière Région Réunion (FRR) is a fund of funds implemented by EIF.
- The La Réunion Region provides a total of EUR 50m from:
 - ✓ ESIF (ERDF) resources: EUR 24m
 - ✓ Its own budget: EUR 6m
 - ✓ An EIB financing: EUR 20m
- EIB financing benefits from the EFSI guarantee.
- Implementation of the two underlying instruments throughout 2018.
- Approx. 900 SMEs and particularly micro-enterprises will be receiving support.



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EIB support to La Financière Région Réunion

Main Take-Aways



- ❑ EFSI has enabled the EIB Group to consider new forms of intervention. Initially not a standard activity for EIB. The principle to “provide a loan to a fund” is now well accepted.
- ❑ FRR is not a combined Financial Instrument *stricto sensu* but a novel approach by many aspects:
 - ✓ Off-balance sheet financing to a public authority (“contingent loan”);
 - ✓ Cooperation between a MA, EIB and EIF for a funded instrument;
 - ✓ Another type of ESIF-EFSI combination.
- ❑ The FRR has shown that:
 - ✓ Financial instruments are a pertinent response to concrete regional issues
 - ✓ Blending fulfils its objective of catalytic effect and increased impact...
 - ✓ ... taking stakeholders’ risk appetite into consideration (junior / senior)
 - ✓ Technical challenges are not to be neglected, in particular extensive regulations (ESIF, EFSI)



