



Financial Instruments 2014-2020 under European Structural and Investment Funds (ESIF)

Brussels, 19-20 January 2015

*Financial Instruments – Implementation
through FoFs*

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Financial Instruments – Implementation through FoFs

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EIF manages Fund of Funds on behalf of Member States and/or Regions including both national and EU budget funding



Equity Fund-of-Fund Activity

UK FTF: GBP 200m	BIF (LT,LV,EE): EUR100m
ERP (DE): EUR 1000m	DVI (NL): EUR 150m
LFA-EIF (DE): EUR 1000m	PGFF (PL): EUR 90m
NEOTEC (SP): EUR 183m	MDD (GER): EUR 200m
PVCi (PT): EUR 111m	EAF (GER, SP, A): EUR 122.5m
iVCi (TR): EUR 160m	

TOTAL : EUR 2.4bn

Other Mandates

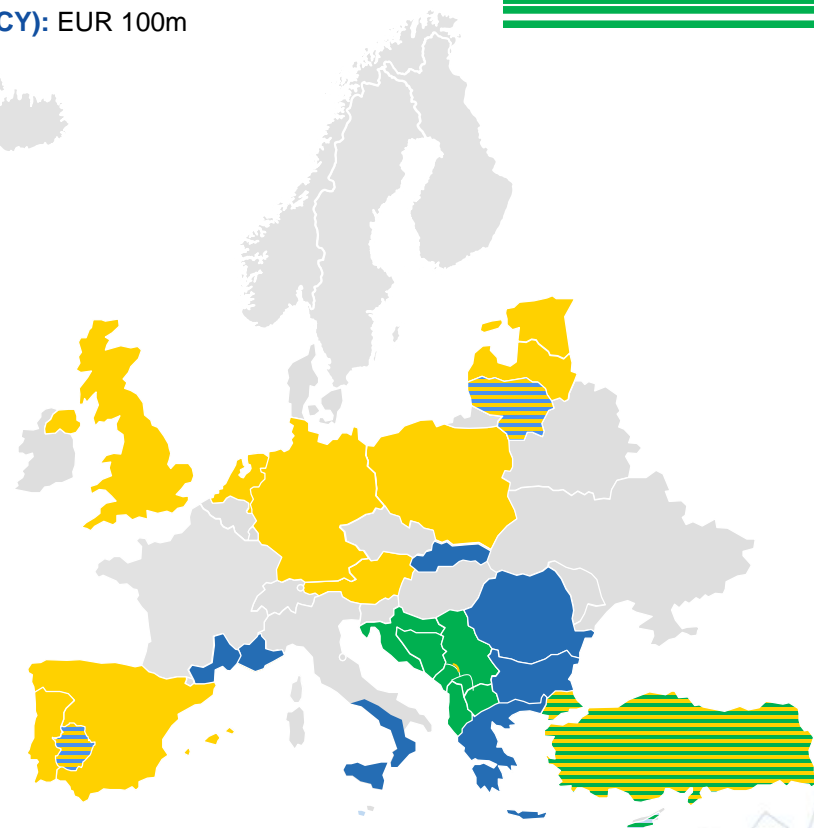
WBEDIF (AL,BA,HR,MK,ME,RS,XK): EUR 145m
IPA Turkey (GAGF-G43-TTA): EUR 126.9
CYPEF (CY): EUR 100m

TOTAL : EUR 371.9m

Holding Funds Supported by Structural Funds (JEREMIE)

BULGARIA: EUR 349m	LITHUANIA: EUR 67.1m
CALABRIA (I): EUR 45m	ROMANIA: EUR 150m
CAMPANIA (I): EUR 90m	MALTA: EUR 12m
CYPRUS: EUR 20m	PACA (FR): EUR 20m
EXTREMADURA (ES) : EUR 19.8m	SLOVAKIA: EUR 100m
GREECE: EUR 250m	SICILY (I): EUR 60m
LANGUEDOC ROUSSILLON (FR): EUR 30m	SICILY ESF (I): EUR 15m

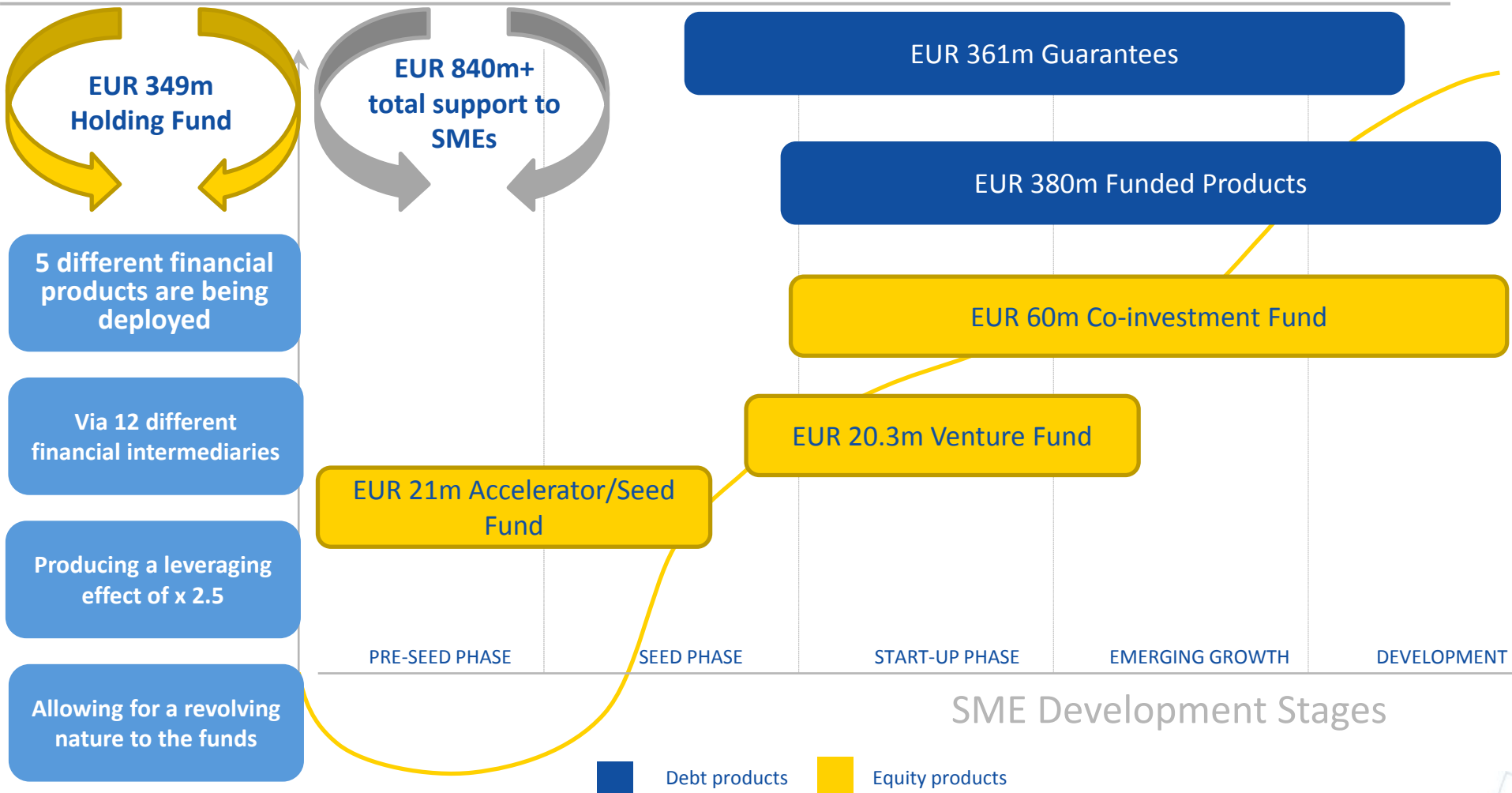
TOTAL : EUR 1.2bn



* ERP, LFA, BIF, WBEDIF will be increased in due course, along with EAF in Germany, Spain and Austria.

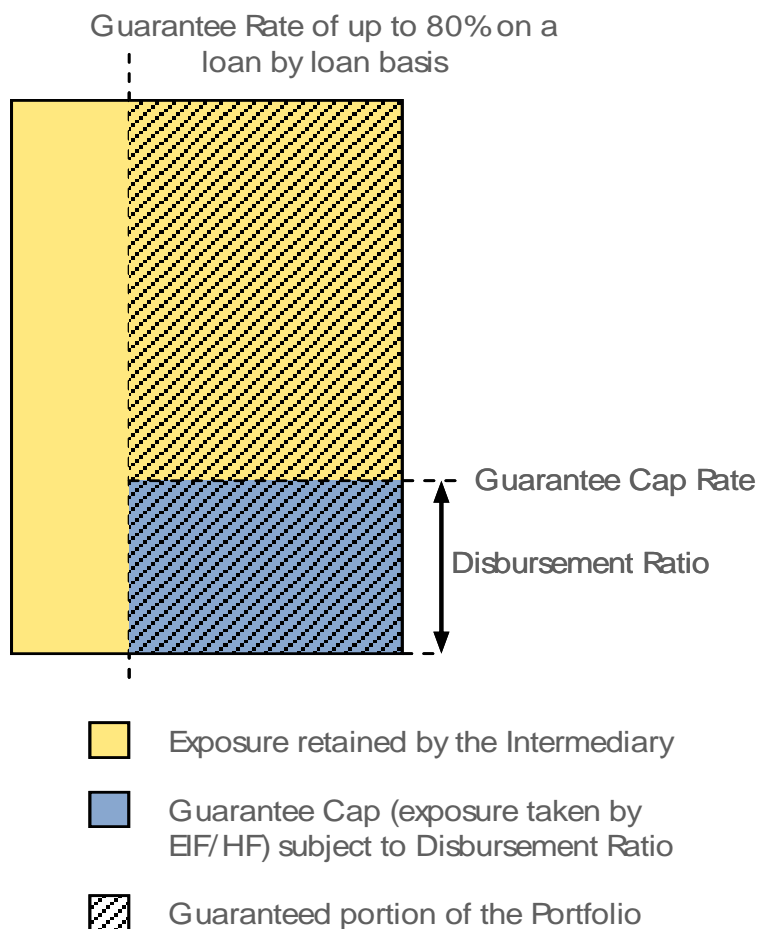
Example: JEREMIE Bulgaria

A multi instrument FoFs



First Loss Portfolio Guarantee (FLPG)

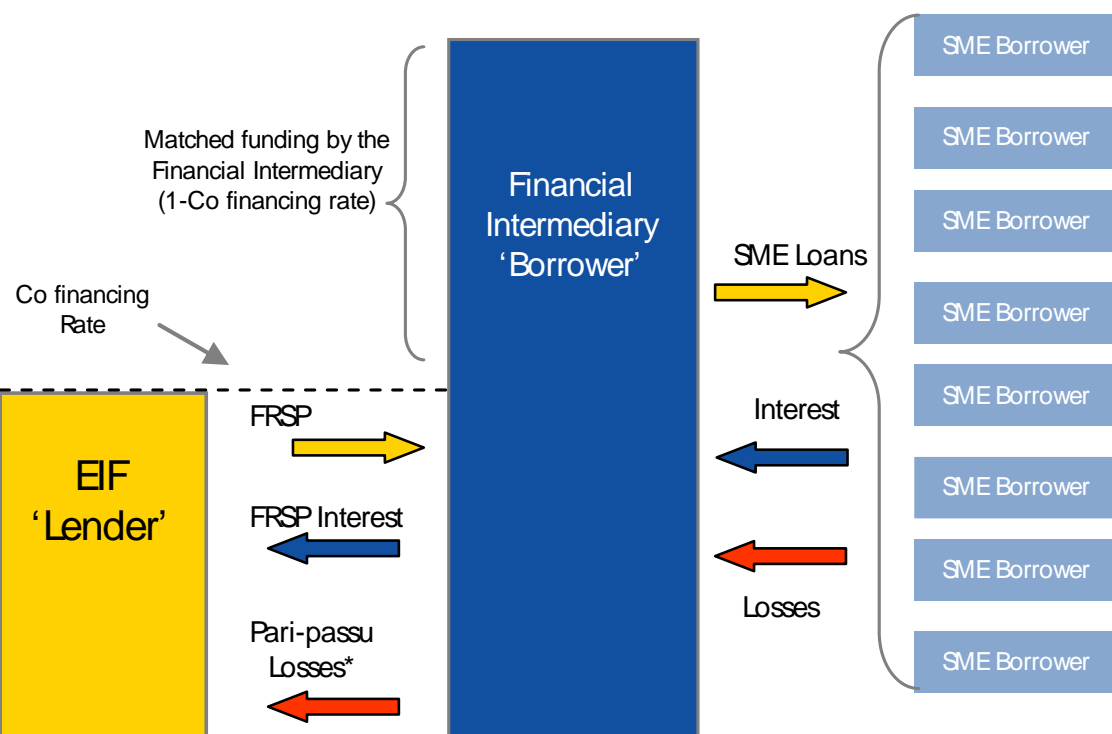
Portfolio of new SME Transactions



When is it useful

- High collateral requirements by banks;
- Risk-aversion of banks to finance riskier projects;
- Tightening of lending conditions stemming from regulatory pressure;

Portfolio Risk Sharing Loan (PRSL)



When is it useful

- High interest rates offered by banks;
- Risk-aversion of banks to finance longer-term projects / cash-flow based projects;
- Stimulates lending and pushes liquidity out of the banks;

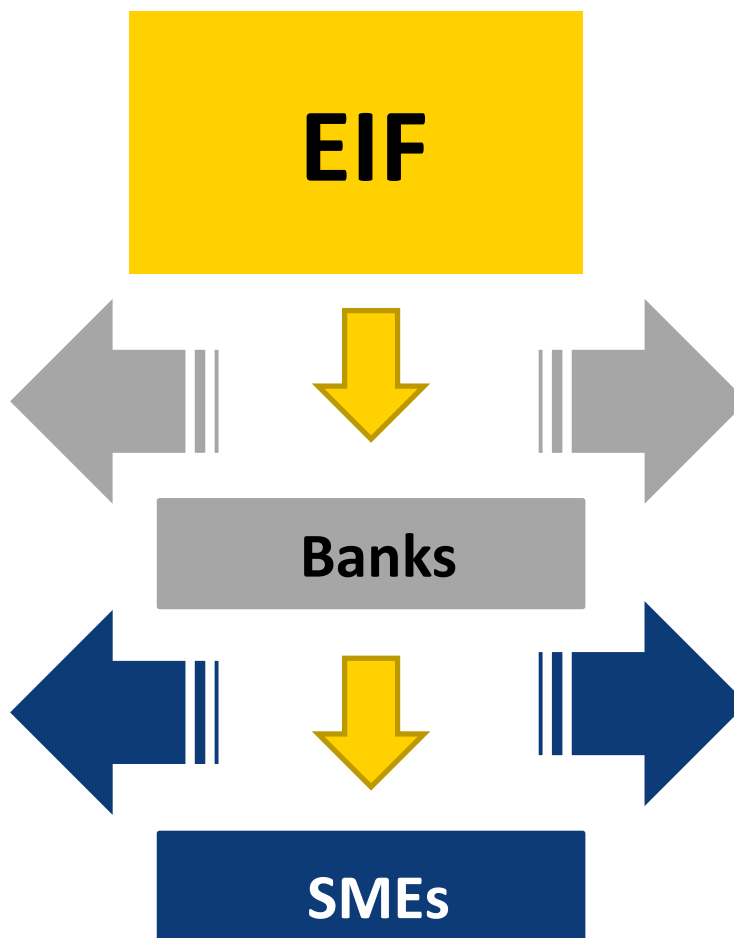
According to Co financing rate

FLPG/PRSL: Transfer of Benefits to SMEs

PRSL

- Long-term capital source (matching SME loan maturity)
- Risk-sharing element on each loan
- No interest on loans once extended to SMEs

- Longer maturity
- Interest rate reduction at least by 50%
- Some decrease in the collateral
- Decreases in fees (based on call)



FLPG

- Free of charge portfolio guarantee
- Delegation principle: eligibility & risk assessment by banks
- AAA rating: capital relief – reduced regulatory capital charge
- Significantly lower collateral requirement
- Reduction of risk related margin (decrease in the interest rate)
- Decreases in fees (based on call application)

JEREMIE in Bulgaria – Results

- JEREMIE Holding Fund in Bulgaria set-up in July 2010;
- First funds disbursed to SMEs in August 2011;

Debt Instruments

- Two instruments addressing the most critical market failures;
- A total of 7,150 operations financed for EUR 600m +;
- More than 50% of SMEs under both products are micro companies;
- FLPG – Collateralization down to 48% from 100 – 150% standard market requirement;
- PRSL – Overall interest rate below 3.9% compared to 8.25% market level;
- Diverse sectorial and geographical distribution in BG ensured through 7 FIs.

Equity Instruments

- Three different instruments tailored to support SMEs in all stages of their cycle;
- A total of 154 companies financed for EUR 21m.
- All risk financed SMEs are in high-growth sectors - ICT, software, engineering and med-tech, etc.;
- Follow-on investors in the companies include prominent VC and BAs;
- Employment of 700+ highly-paid people created to-date;
- Bulgaria is on the top of EU map for start-ups

Thanks for your attention !

For further information on the use of Financial Instruments,
please contact:

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