



# EIF Introduction: Financial instruments supported by RDPs

Mr Alessandro Gargani, European Investment Fund



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# What is the EIF



“ We provide risk financing to stimulate entrepreneurship and innovation in Europe ”

## OBJECTIVE

To support **smart, sustainable and inclusive** growth for the benefit of European SMEs.

## HOW

By offering a wide range of **targeted products to support SMEs and mid-caps**, ranging from venture capital to guarantees and microfinance.

## WHERE

Working with financial intermediaries across the **EU-28 and EFTA countries, candidate and potential candidate** countries.



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# EIF in a nutshell



“ We are a value-driven institution with over 400 staff, committed to EU policy objectives and financial sustainability ”



## Shareholders

- 59.8% European Investment Bank (EIB)
- 28.1% European Union\*
- 12.1% 31 public and private financial institutions

## Strong capital base

of EUR 4.5bn

## AAA-rated

by the three major rating agencies

## Over 20 years

of market experience in SME financing



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# EIF's Counterparts



“ We work with a wide range of counterparts to support SMEs ”



## Resources and mandators

- EIB
- EIF own resources
- European Commission
- Member States/regions
- Managing authorities
- Corporates/private
- Public institutions
- Other third parties



## Intermediaries and counterparts

- Fund managers
- Commercial banks
- Development and promotional banks
- Guarantee institutions
- Leasing companies
- Corporates
- Business angels
- Microfinance institutions



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# Resources



“ We manage resources on behalf of various stakeholders ”

## European Investment Bank

- Risk Capital Resources (RCR)
- EIB Group Risk Enhancement Mandate (EREM)

### ▪ EFSI

## European Commission

- COSME
- InnovFin – EU Finance for Innovators
- EaSI, ERASMUS+, CCS GF\*, WB EDIF\*\*

## National and Regional Funds

- Fund of funds including in the Balkans, Baltics, Germany, Luxembourg, Netherlands, Poland, Turkey
- Holding funds supported by structural funds including in Bulgaria, Greece, France, Italy, Estonia, Sweden



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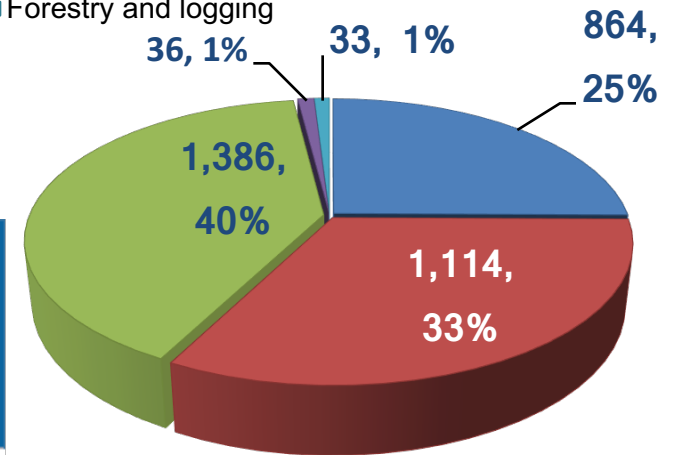
# EIF and AGRI



EIF has already created a significant portfolio in this sector:

- ✓ Over **EUR 3.4bn** of financing catalysed
- ✓ Over **53,400** enterprises supported since 2000 with average financing of **EUR 64,300**

- Crop and livestock production
- Agri-food-forest and bio-based industries
- Relevant retail and wholesale and other activities
- Fishing and aquaculture
- Forestry and logging



Bioeconomy/Agriculture Sector (as of 30 June 2016)	Total number of SMEs and small mid-caps	Number as %	Average financing amount	Total financing amount (mEUR)	Total financing as %
Crop and livestock production	17,623	33.0%	49,051	864.4	25.2%
Agri-food-forest and bio-based industries	7,110	13.3%	156,744	1,114.4	32.5%
Fishing and aquaculture	375	0.7%	95,785	35.9	1.0%
Forestry and logging	504	0.9%	65,920	33.2	1.0%
Relevant retail and wholesale and other services	27,796	52.0%	49,875	1,386.3	40.4%
<b>Total</b>	<b>53,408</b>	<b>100%</b>	<b>64,304</b>	<b>3,434.3</b>	<b>100%</b>



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# EIF and EAFRD



## Italy Agri Platform

Uncapped Guarantee – EUR 82m  
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EIF Board – 30/01/2017  
MoU – 08/04/2017

## Languedoc Roussillon EAFRD

FLPG – EUR 15m  
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EIF Board – 20/07/2015  
Funding Agr. – 27/11/2015

## Midi-Pyrénées EAFRD

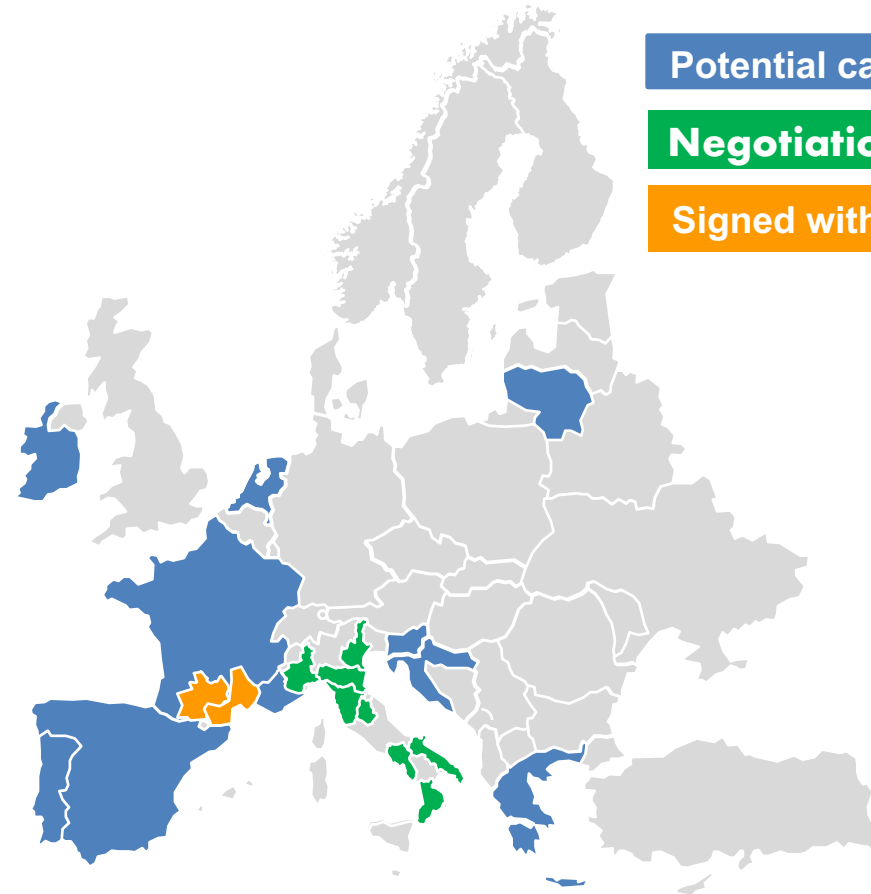
FLPG – EUR 13m  
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EIF Board – 11/10/2016  
Funding Agr. – 12/06/2017

EUR 110m of EAFRD resources for more than EUR 1 billion available to Agri SMEs/Farmers

Potential candidates

Negotiation with MA

Signed with MA



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# A streamlined approach



- Analysis of the RDP and ex-ante analysis ex art. 39 CPR
- Policy objectives and product design
- Mobilisation of additional resources (EFSI, EIB Group, Others)
- Investment Strategy and Market Testing
- Funding Agreement
- Selection of the Financial Intermediaries
- Monitoring and Control

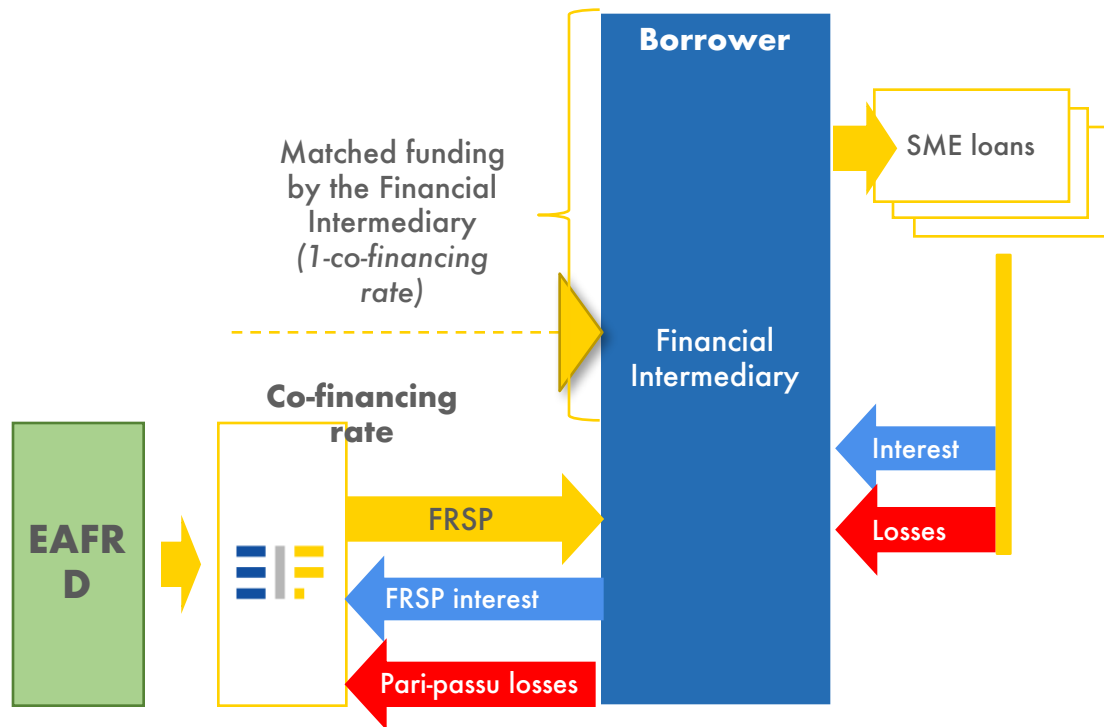




# Three Products



## Portfolio Risk-Sharing Loan

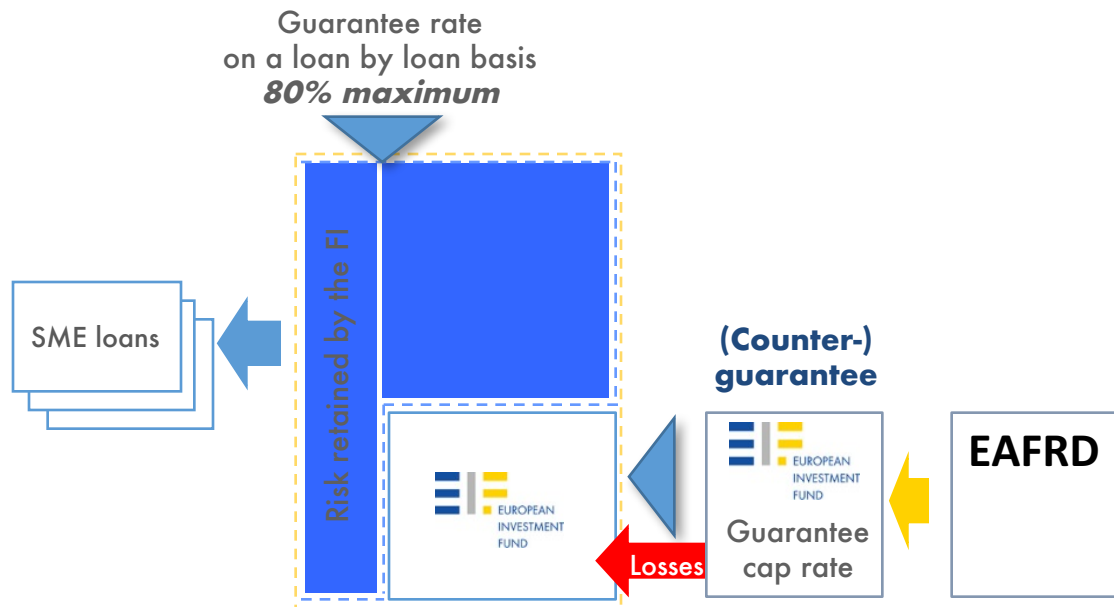


- Funded product (provides liquidity to the market)
- Lower leverage but faster reflows
- High Interest rate reduction
- Lower risk profile

# Three Products



## First Loss Portfolio Guarantee

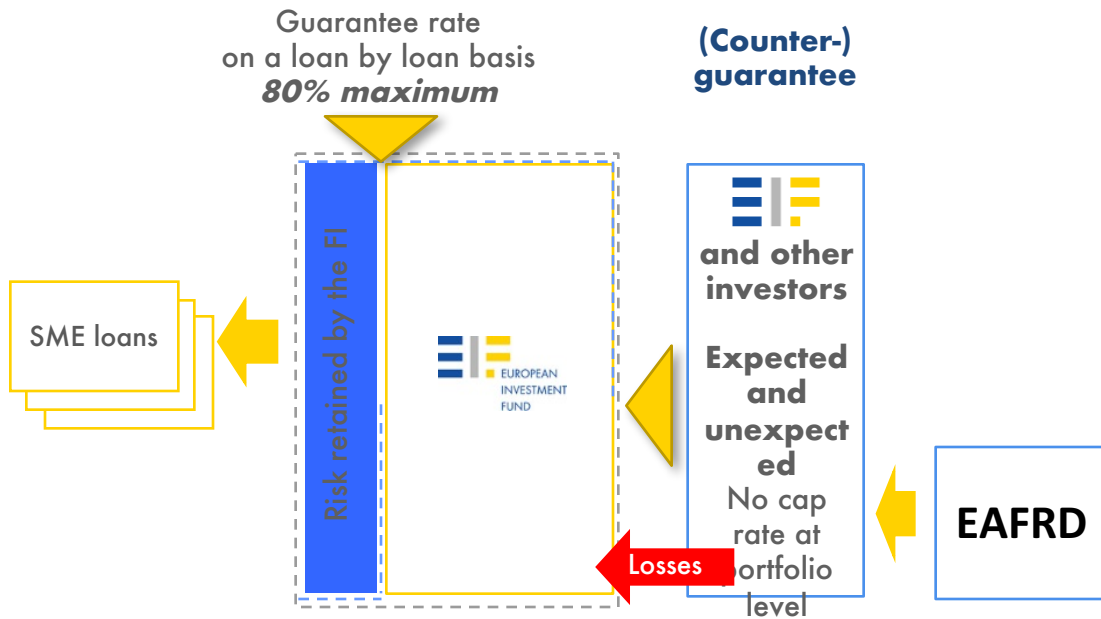


- Unfunded product (provides risk coverage to the market)
- Higher leverage but late reflows
- High risk profile

# Three Products



## Uncapped Portfolio Guarantee



- Unfunded product (provides risk coverage to the market)
- Higher leverage but late reflows. Leverage linked to other investors (EFSI/EIB)
- High risk profile and capital relief

# Lessons learnt



- Size of the Financial instrument (critical mass vs. market absorption)
- Policy objectives (eligibility vs. implementability)
- Selection of the financial intermediaries
- Governance and communication
- Back-office, monitoring, and control



# Contacts



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Thank you for your attention!



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